STARBUCKS CORP
Form DEF 14A
January 25, 2013
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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 Pursuant to §240.14a-12

Starbucks Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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Seattle, Washington

January 25, 2013

Dear Shareholders:

You are cordially invited to attend the Starbucks Corporation 2013 Annual Meeting of Shareholders on March 20, 2013 at 10:00 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 January 25, 2013, 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 2013 Annual Meeting of Shareholders and fiscal 2012 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 2013 Annual Meeting of Shareholders. On January 25, 2013, 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 or an admission ticket (as described in the section Annual Meeting Information in the proxy statement) and photo identification 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 log in to a live webcast of the meeting; please see details on our Investor Relations website at *http://investor.starbucks.com*. Doors will open at 8:00 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. We look forward to seeing you at the meeting.

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 20, 2013 at 10:00 a.m. (Pacific Time) for the following purposes:

1 To elect twelve directors nominated by the board of directors to serve until the 2014 Annual Meeting of Shareholders;

2 To approve an advisory resolution on executive compensation;

3 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;

4 To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 29, 2013;

5 To consider one shareholder proposal described in the accompanying proxy statement, if properly presented at the Annual Meeting of Shareholders; and

6 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 10, 2013 will be entitled to notice of and to vote at the Annual Meeting of Shareholders and any adjournments thereof.

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.

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,

Lucy Lee Helm

secretary

Seattle, Washington

January 25, 2013

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be Held on March 20, 2013. Our proxy statement is attached. Financial and other information concerning Starbucks is contained in our annual report to shareholders for the fiscal year ended September 30, 2012. The proxy statement and our fiscal 2012 annual report to shareholders are available on our website at http://investor.starbucks.com. Additionally, you may access our proxy materials at www.proxyvote.com, a site that does not have cookies that identify visitors to the site.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. It does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting Information

Time and Date:	10:00 a.m. (Pacific Time) on Wednesday, March 20, 2013
Place:	Marion Oliver McCaw Hall at the Seattle Center 321 Mercer Street Seattle, WA 98109
Record Date:	January 10, 2013
Voting:	Shareholders as of the record date are entitled to vote. Please vote your shares as soon as possible. Your broker will NOT be able to vote your shares with respect to any of the matters presented at the meeting other than the ratification of the selection of our independent registered public accounting firm, unless you give your broker specific voting instructions. Registered holders may vote via the Internet, by telephone, in person at the annual meeting, or, if they received a printed copy of these proxy materials, by mail, and beneficial shareholders may vote in accordance with the instructions they receive from the bank, broker or other person who is the holder of record of their shares. See the Voting Information section of this proxy statement for more information.
Attending the Annual Meeting:	*Via Webcast.* Shareholders may view and listen to a live webcast of the meeting. The webcast will start at 10:00 a.m. (Pacific Time). See our Investor Relations website at *http://investor.starbucks.com* for details. *In Person.* The meeting starts at 10:00 a.m. (Pacific Time); doors open at 8:00 a.m. (Pacific Time). You will be required to present either a Notice of Internet Availability of Proxy Materials or the admission ticket enclosed with the paper copy of the proxy materials. You do not need to attend the Annual Meeting of Shareholders to vote if you submitted your proxy in advance of the meeting.

Annual Meeting Agenda and Voting Recommendations

Proposal	**Board Voting Recommendation**	**Page Reference (for more detail)**
Management proposals		
Election of 12 directors	FOR EACH DIRECTOR NOMINEE	2
Advisory resolution on executive compensation	FOR	18
Approval of an amendment and restatement of the Long-Term Incentive Plan, including an increase in the number of authorized shares under the plan	FOR	46

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Board Nominees

The following table provides summary information about each director nominee. Each director nominee is elected annually by a majority of votes cast.

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships ACC	CMDC	NCGC
Howard Schultz	59	1985	chairman, president and chief executive officer of Starbucks Corporation				
William W. Bradley	69	2003	managing director of Allen & Company	X			X
Robert M. Gates	69	2012	former United States Secretary of Defense	X			X
Mellody Hobson	43	2005	president and director of Ariel Investments	X	X		
Kevin R. Johnson	52	2009	chief executive officer of Juniper Networks	X	X	C	
Olden Lee	71	2003	retired executive of PepsiCo	X		X	
Joshua Cooper Ramo	44	2011	vice chairman of Kissinger Associates	X			X
James G. Shennan, Jr.	71	1990	general partner emeritus of Trinity Ventures	X		X	C
Clara Shih	31	2011	chief executive officer of Hearsay Social	X			X
Javier G. Teruel	62	2005	retired vice chairman of Colgate-Palmolive Company	X	C	X	
Myron E. Ullman, III	66	2003	retired U.S. and international retail ceo	X		X	
Craig E. Weatherup	67	1999	retired chief executive officer of Pepsi-Cola	X, P	X		X

C	Chair
ACC	Audit and Compliance Committee
CMDC	Compensation and Management Development Committee
NCGC	Nominating and Corporate Governance Committee
P	Presiding independent director

Corporate Governance Highlights

Board Independence	
Independent director nominees	11 of 12
Independent presiding director	Craig E. Weatherup
Independent board committees	All
Age limit	75
Director Elections	
Frequency of board elections	Annual
Voting standard for uncontested elections	Majority of votes cast
Board Meetings in Fiscal 2012	
Full board meetings	9
Independent director-only sessions	9
Board Committee Meetings in Fiscal 2012	
Audit and Compliance	10
Compensation and Management Development	6
Nominating and Corporate Governance	5

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Evaluating and Improving Board Performance	
Board evaluations	Annually
Committee evaluations	Annually
Board orientation	Yes
Aligning Director and Shareholder Interests	
Director stock ownership guidelines	Yes
Director equity grants	Yes

Financial Highlights

Starbucks delivered outstanding performance in fiscal 2012. Net revenue increased 14% to a record $13.3 billion. Global comparable store sales increased 7%, driven by a 6% increase in traffic and a 1% increase in average ticket. The strength of our U.S. retail business, acceleration of our Channel Development business and expansion in Asia all contributed to these strong results. In addition to our solid fiscal 2012 financial performance, we returned approximately $1.1 billion to shareholders in the form of cash dividend payments and share repurchases.

Financial Results Under Incentive Plans:

The chart below sets forth certain key financial results that were used in determining payouts under our incentive compensation plans for fiscal 2012 compared to fiscal 2011. Note that these numbers vary from the comparable financial measures that we otherwise report publicly, as the numbers below are adjusted in accordance with the terms of our incentive compensation plans as discussed further in the Compensation Discussion and Analysis Analysis of Executive Compensation Decisions section.

Dollar amounts below are in millions, except per share amounts.

	Fiscal 2012[(1)]	Fiscal 2011[(1)]	Change
Consolidated Adjusted Operating Income [(2)]	2,032.6	1,668.3	21.8%
Adjusted EPS [(3)]	1.78	1.52	17.1%
ROIC [(4)]	23.6%	21.5%	210 bps

(1) Our fiscal year ends on the Sunday closest to September 30. Fiscal years 2012 and 2011 each included 52 weeks.

(2) Fiscal 2012 consolidated adjusted operating income results were adjusted to exclude the impact of significant acquisitions, restructuring, mark to market adjustments arising from our Management Deferred Compensation Plan, certain foreign currency fluctuations and certain other items. Fiscal 2011 consolidated adjusted operating income results were adjusted to exclude the impact of a non-routine gain from the sale of corporate real estate.

(3) Fiscal 2012 earnings per share results were adjusted to exclude the impact of significant acquisitions, restructuring and certain other items. Fiscal 2011 earnings per share results were adjusted to exclude the impact of non-routine gains resulting from the sale of corporate real estate and the acquisition of joint venture holdings in Switzerland and Austria.

(4) Return on Invested Capital (ROIC) is calculated as adjusted net operating profit after taxes (adjusted for implied interest expense on operating leases), divided by average invested capital. Invested capital is calculated on a five-point average and includes shareholders equity, short- and long-term debt, all other long-term liabilities, and capitalized operating leases, less cash, cash equivalents and short- and long-term investments.

Other Key Financial Results:

The chart below sets forth other key results over the previous two fiscal years. Dollar amounts below are in millions, except per share amounts.

	Fiscal 2012[(1)]	Fiscal 2011[(1)]
Revenues	13,299.5	11,700.4
Stock Price Per Share Fiscal Year-End[(2)]	50.71	37.29
Total Shareholder Return[(3)]	38%	46%

(1) Our fiscal year ends on the Sunday closest to September 30. Fiscal years 2012 and 2011 each included 52 weeks.

(2)

Represents the closing market price of our common stock on the last trading day (September 28, 2012) prior to our fiscal 2012 year-end and the last trading day (September 30, 2011) prior to our fiscal 2011 year-end.

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(3) Total shareholder return is calculated as the net price change in our common stock from the closing market price on the last trading day of fiscal 2011 to the closing market price on the last trading day of fiscal 2012, plus the dividends paid during the period, with dividends assumed to be reinvested into the stock.

Executive Compensation Highlights

Our executive compensation program is designed to achieve the following key objectives:

Attract and Retain Top Talent, by competing effectively for the highest quality of people who will determine our long-term success.

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

Stay True to Our Values, by supporting our mission statement and guiding principles.

Some of the compensation best practices we employ to achieve these objectives include:

What We Do	What We Don t Do
Deliver a majority of executives target total direct compensation in the form of variable compensation	Have single-trigger change-in-control equity acceleration provisions
Utilize performance-based RSUs with vesting requirements	Provide cash-based change-in-control benefits
Require our executives and directors to satisfy rigorous stock ownership guidelines	Provide excise tax gross-ups of perquisites
Maintain a clawback policy	Provide significant perquisites
Prohibit partners from engaging in hedging transactions in Starbucks stock	Maintain a supplemental executive retirement plan (SERP)
Conduct annual say-on-pay advisory votes	

Auditors

As a matter of good corporate governance, the Audit Committee is asking our shareholders to ratify the selection of Deloitte & Touche LLP to serve as our independent registered public accounting firm for fiscal 2013. The following table sets forth the aggregate fees billed by Deloitte for fiscal 2012 and fiscal 2011.

Type of Fees	Fiscal 2012	Fiscal 2011
Audit Fees	$ 4,878,000	$ 4,537,000
Audit-Related Fees	222,000	188,000
Tax Fees	856,000	199,000
All Other Fees		
Total	$ 5,956,000	$ 4,924,000

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Starbucks Corporation

2401 Utah Avenue South

Seattle, Washington 98134

PROXY STATEMENT

for the

2013 ANNUAL MEETING OF SHAREHOLDERS

We are making this proxy statement available to you on or about January 25, 2013 in connection with the solicitation of proxies by our board of directors for the Starbucks Corporation 2013 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 2013 Annual Meetin 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 2012 generally refers to our 2012 fiscal year, which was from October 3, 2011 through September 30, 2012 (fiscal 2012). Fiscal years 2012 and 2011 each included 52 weeks, fiscal 2010 included 53 weeks, with the 53rd week falling in the fourth fiscal quarter.

VOTING INFORMATION

Record Date. The record date for the annual meeting is January 10, 2013. On the record date, there were 749,166,587 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 twelve director candidates nominated by the board of directors; (ii) **FOR** approval of the advisory resolution on executive compensation; (iii) **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; (iv) **FOR** the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 29, 2013 (fiscal 2013); (v) **AGAINST** the shareholder proposal to prohibit political spending; and (vi) in accordance with the best judgment of the named proxies on any other matters properly brought before the annual meeting.

Revoking Your Proxy. If you are a registered shareholder (meaning, a shareholder who holds share certificates issued in his or her name and therefore appears on the share register) and have executed a proxy, you may revoke or change your proxy 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 revoking or changing your vote. If your shares are held in the name of a broker, bank or other holder of record, you also may follow the voting instructions you receive from the holder of record to revoke or change 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 purposes of determining the presence or absence of a quorum for the transaction of business at the annual meeting.

We have adopted majority voting procedures for the election of directors in uncontested elections. If a quorum is present, a nominee for election to a position on the board of directors will be elected as a director if the votes cast for the nominee exceed the votes cast against the nominee. The term of any incumbent director who does not

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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 from the date on which the voting results of the election are certified; (ii) the date the board of directors fills the position; or (iii) the date the director resigns. If a quorum is present, approval of the advisory resolution on executive compensation, approval of the amendment and restatement of the 2005 Long-Term Equity Incentive Plan, including the increase in the number of authorized shares under the plan, ratification of the selection of Deloitte & Touche LLP as 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 considered 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.

Unless you provide voting instructions to any broker holding shares on your behalf, your broker may not 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.

PROPOSAL 1 ELECTION OF DIRECTORS

Our board of directors currently has twelve 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 twelve current directors was elected at the 2012 annual meeting, other than Robert M. Gates, who was appointed to the board on May 1, 2012 upon the recommendation of the Nominating and Corporate Governance Committee (the Nominating/Governance Committee). Secretary Gates was first identified as a possible director candidate by a third party. The terms of all the directors expire upon the election and qualification of the directors to be elected at the 2013 annual meeting. The board of directors has nominated all twelve of the current directors for election at the annual meeting, to serve until the 2014 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 the board chooses to reduce its own size. The board of directors has no reason to believe that any of the nominees will be unable or will decline to serve if elected. Proxies cannot be voted for more than twelve 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 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.

Consumer products and foodservice experience. We seek directors with expertise in consumer products and foodservice as we continue to increase our focus on expanding our channel development business on a global scale.

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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 operations in 60 countries around the world and approximately 40,000 partners (employees) employed outside the U.S. as of the end of fiscal 2012. 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.

Digital and social media experience. As a consumer retail company, it is important for our directors to have digital and social media experience which can provide insight and perspective with respect to our marketing, sales and customer service functions.

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.

Nominees

HOWARD SCHULTZ, 59, 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 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, 69, has been a Starbucks director since June 2003. Since 2000, Senator 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, Sen. 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. from 1997 through 1999. During that time, Sen. Bradley also worked as an essayist for *CBS Evening News*, and as a visiting professor at Stanford University, the University of Notre Dame and the University of Maryland. Sen. 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. Sen. Bradley previously served on the board of directors of Seagate Technology and Willis Group Holdings Limited and currently serves on the board of directors of QuinStreet, Inc.

Director Qualifications: Based on over 18 years in the U.S. Senate, Sen. Bradley has a deep understanding of U.S. governmental and regulatory affairs, public policy and international relations. He is able to provide the board of directors with unique insights into Starbucks strategy, operations and business. Sen. Bradley also has extensive experience in the private sector, including in consulting, financial services and media and communications. In addition, Sen. Bradley brings to the board extensive experience as a director on the boards of other publicly traded companies, with knowledge in a number of important areas, including leadership and corporate governance.

ROBERT M. GATES, 69, has been a Starbucks director since May 2012. Secretary Gates served in numerous roles in the Executive Branch of the U.S. government for nearly half a century, culminating as Secretary of Defense from December 2006 to June 2011. In September 2011, Sec. Gates was named chancellor of the College of William & Mary. From August 2002 to December 2006, he served as president of Texas A&M University. Sec. Gates has previously been a member of the board of directors of several companies, including Brinker International, Inc., NACCO Industries, Inc., Parker Drilling Company and the Board of Independent Trustees of the Fidelity Funds.

Director Qualifications: Sec. Gates extensive career in various leadership roles in the executive branch of government provides the board of directors with invaluable perspective on domestic and international issues and risks affecting Starbucks business throughout the world. The board of directors also benefits from his leadership experience at large institutions that deal with problem solving in which many, often conflicting, public and private cultural, political, economic and other interests are involved. Additionally, his experience as a member of the board of directors of several public companies, including his roles as the chair of audit committees, strengthens the depth of corporate governance and risk assessment knowledge of the board.

MELLODY HOBSON, 43, 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 board member of the Field Museum and the Chicago Public Education Fund and as chairman of After School Matters, which provides Chicago teens with high quality, out-of-school time programs. Ms. Hobson also serves on the board of directors of DreamWorks Animation SKG, Inc., where she was named chairman of the board in 2012, The Estee Lauder Companies, Inc. and Groupon, 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 leadership, operational, investment and financial expertise to the board of directors. Ms. Hobson s experience as an on-air financial contributor for ABC s *Good Morning America* provides insight into media and communications and public relations considerations. Ms. Hobson also brings to the board of directors 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, which advises the SEC on matters of concern to investors in the securities markets. In addition, Ms. Hobson has brand marketing experience through her service on the board of directors of DreamWorks Animation and The Estee Lauder Companies.

KEVIN R. JOHNSON, 52, 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 into platforms for global integration of information systems as well as the

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use of technology in our brand marketing and media and communications efforts. Through his various senior leadership positions, including his experience as Chief Executive Officer of Juniper Networks and extensive senior executive experience with a large, multinational company, 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, 71, 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 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 as a senior human resources executive of a large, global food, snack and beverage company, Mr. Lee brings to the board experience in managing a complex international workforce in the food and beverage industry, as well as senior leadership experience. From this experience as well as his public company board experience, Mr. Lee offers the board of directors a unique perspective and insight into a number of important areas, including leadership, executive compensation, risk assessment, compliance and corporate governance. Mr. Lee also has significant experience in dealing with international operational and management issues.

JOSHUA COOPER RAMO, 44, has been a Starbucks director since May 2011. Mr. Ramo is Vice Chairman of Kissinger Associates, a strategic advisory firm where he has been employed since 2005. He was previously the Managing Partner and a senior advisor for the Office of John L. Thornton, a corporate advisory specialist and an advisor to Goldman Sachs, from 2003 to 2005. Mr. Ramo spent his early career as a journalist, most recently with *TIME* magazine, from 1996 to 2003 serving as Senior Editor and Foreign Editor. He is a leading China scholar and has written several papers on China s development that have been distributed in China and abroad. In 2008, Mr. Ramo served as China Analyst for NBC during the Summer Olympics in Beijing. He is the author of the *New York Times* best-selling book, *The Age of the Unthinkable*. Mr. Ramo has been a term member of the Council on Foreign Relations, Asia 21 Leaders Program, World Economic Forum s Young Global Leaders and Global Leaders for Tomorrow, and co-founder of the U.S. China Young Leaders Forum. He also serves on the board of directors of FedEx Corporation.

Director Qualifications: Mr. Ramo s broad international experience provides the board of directors with his unique insights related to Starbucks strategy, operations and business as a global company. Mr. Ramo brings to the board significant domestic and international public policy experience and media and communications experience from his career as a journalist and author and service with several international non-governmental organizations as well as public company board experience. Mr. Ramo has extensive knowledge in a number of important areas, including innovative problem-solving related to global risks and opportunities, particularly with regards to China.

JAMES G. SHENNAN, JR., 71, 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 previously served 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 knowledge of Starbucks culture, operations and development into a worldwide brand to the board of directors. In addition, Mr. Shennan provides the benefits of service on the boards of other publicly traded companies, including food and beverage industry experience and board leadership experience from his service as the lead independent director of P.F. Chang s China Bistro and extensive knowledge of executive compensation and corporate governance issues. Mr. Shennan also brings to the board brand marketing experience, international distributions and operations experience and finance experience from his roles with Trinity Ventures, Addison Consultants and Procter & Gamble.

CLARA SHIH, 31, has been a Starbucks director since December 2011. Ms. Shih is chief executive officer and a board member of Hearsay Social, Inc. an enterprise software company serving Fortune 500 brands that she

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co-founded in August 2009. From June 2006 to June 2009, she served as product management director, AppExchange of salesforce.com, inc., an enterprise software company. From 2004 to 2006, she served as associate, Strategy and Business Operations for Google, Inc. Previously, Ms. Shih was a software engineer at Microsoft Corporation. Ms. Shih, the creator of the first business application on Facebook, is the author of *The Facebook Era*, a marketing textbook at Harvard Business School. In 2011, she was named one of *Businessweek s* Top Young Entrepreneurs, one of *Fortune s* Most Powerful Women Entrepreneurs and one of CNN Money s 40 under 40: Ones to Watch.

Director Qualifications: Ms. Shih brings to the board digital and social media expertise, brand marketing, innovation and enterprenurial experience from her position with Hearsay Social, as well as her prior experience at other technology companies. She provides unique insights to Starbucks related to technology innovation and growth of business on social networking sites across marketing, sales, customer service, recruiting and R&D functions.

JAVIER G. TERUEL, 62, 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 Corporación 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 brings to the board extensive brand marketing experience and international distribution and operations experience from his various executive roles at a large, multinational consumer products company, including considerable product development, merchandising and marketing skills and perspectives. His international background provides unique insights relevant to Starbucks strategy, operations and business as a global company. Through his senior leadership and public company board experience, Mr. Teruel also possesses extensive knowledge in a number of important areas, including leadership, finance and risk assessment.

MYRON E. ULLMAN, III, 66, has been a Starbucks director since January 2003. Mr. Ullman served as executive chairman of J.C. Penney Company, Inc., a chain of retail department stores, from November 2011 to January 2012, and as the chairman of the board of directors and chief executive officer from December 2004 to November 2011. 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 Ralph Lauren Corporation, Taubman Centers and Pzena Investment Management, Inc. He currently serves as the deputy chairman of the Federal Reserve Bank of Dallas.

Director Qualifications: Through Mr. Ullman s senior leadership and public company 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 to the board brand marketing experience and international distribution and operations experience from his roles at major U.S. and international retailers, as well as 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, 67, 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.

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Director Qualifications: Through Mr. Weatherup s public company board experience from his service on the board of directors of Macy s, as well as his prior senior leadership 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, corporate governance, risk assessment and compliance. In addition, Mr. Weatherup brings to the board food and beverage industry experience, as well as brand marketing experience and international distribution and operations experience from his prior role as chief executive officer of a large, global food and beverage business.
Mr. Weatherup also possesses valuable knowledge of and insight into Starbucks business and operations from his 13 years of service as a member of our board of directors.

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

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 the chairman of the board and our president, as well as our chief executive officer. The independent directors of the board elected Craig Weatherup, a non-employee independent director, to serve as the presiding (lead) independent director pursuant to our Corporate Governance Principles and Practices. Mr. Weatherup s term as presiding independent director began at the first board meeting immediately following the Company s 2012 Annual Meeting of Shareholders upon the expiration of the term of our previous presiding independent director, Myron E. Ullman, III.

Our board leadership structure supports the independence of our non-management 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

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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 oversight 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 and from our Chief Compliance Officer on risks facing the Company 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 potential material risks related to Starbucks compensation policies and practices. The Compensation Committee reviews a summary and assessment of 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 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.
Robert M. Gates	Clara Shih
Mellody Hobson	Javier G. Teruel
Kevin R. Johnson	Myron E. Ullman, III
Olden Lee	Craig E. Weatherup
Joshua Cooper Ramo	

In addition, Ms. Sandberg, who served on our board during a portion of fiscal year 2012, qualified as an independent director as such term is defined under NASDAQ rules. In determining that Ms. Sandberg is independent, the board of directors considered her position as an officer of a company from which Starbucks purchased advertising space and marketing products in a transactional relationship in fiscal year 2012. In determining that Mr. Lee is independent, the board of directors considered that he previously served, at the request of Starbucks, as our interim executive vice president, Partner Resources. Mr. Lee served in this interim role for less than a year from April 2009 to March of 2010. The board of directors determined that neither 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.

Board Committees and Related Matters

During fiscal 2012, our board of directors had three standing committees: the Audit Committee, the Compensation Committee and the Nominating/Governance Committee. The board of directors makes committee and committee chair assignments annually at its meeting immediately preceding the annual meeting of shareholders, although further changes to committee assignments are made from time to time as deemed appropriate by the board. The committees operate pursuant to written charters, which are available on our website at *www.starbucks.com/about-us/company-information/corporate-governance*.

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

Director	Audit Committee	Compensation and Management Development Committee	Nominating and Corporate Governance Committee	Board of Directors
Howard Schultz				Chair
William W. Bradley			X	X
Robert M. Gates			X	X
Mellody Hobson	X			X
Kevin R. Johnson	X	Chair		X
Olden Lee		X		X
Joshua Cooper Ramo			X	X
James G. Shennan, Jr.		X	Chair	X
Clara Shih			X	X
Javier G. Teruel	Chair	X		X
Myron E. Ullman, III		X		X
Craig E. Weatherup	X		X	X
Fiscal 2012 Meetings	10	6	5	9

Attendance at Board and Committee Meetings, Annual Meeting

During fiscal 2012, each director attended at least 75% of all meetings of the board and board committees on which he or she served (held during the period that such director served), other than Secretary Gates, who joined the board in May and was unable to attend 3 of the 8 meetings that were held between that time and our fiscal year end due to pre-existing commitments scheduled prior to his appointment to the board. To date in fiscal 2013, Sec. Gates has attended all meetings of the board and committees on which he serves. 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, and 11 of the 12 directors who then served on the board attended our 2012 Annual Meeting of Stockholders. Ms. Sandberg, whose resignation from the board was effective at the conclusion of that meeting was the only director who did not attend.

Audit Committee

The Audit Committee annually reviews and reassesses the adequacy of its 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; and

review the Company s risk assessment and risk management policies.

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

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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 our independent auditor, Deloitte & Touche LLP.

Compensation Committee

The Compensation Committee annually reviews and reassesses the adequacy of its 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 of the board 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 measures 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 independent directors, together with the chair of the Nominating/Governance 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 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 and any related shareholder feedback;
- determine management stock ownership guidelines and periodically review ownership levels for compliance; and
- annually review a report from management regarding potential material risks, if any, created by the Company s compensation policies and practices and inform the board of any necessary actions.

Messrs. Johnson, Lee, Shennan, Teruel and Ullman served on the Compensation Committee during fiscal 2012. At least annually, the Compensation Committee reviews and approves our executive compensation strategy and principles to confirm that they are aligned with our business strategy and objectives, shareholder interests, desired behaviors and corporate culture.

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 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: 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.

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Management s Role in the Executive Compensation Process

Mr. Schultz, our chairman, president and chief executive officer, Kalen Holmes, our executive vice president, Partner Resources, and other key members of our human resources function (Partner Resources) each help support the Compensation Committee s executive compensation process and regularly attend portions of committee meetings. As part of the executive compensation process, Mr. Schultz provides his perspective to the Compensation Committee regarding the performance of his Senior Leadership Team, which includes all of our executive officers and other direct reports of the ceo. Members of the Partner Resources team present recommendations to the Compensation Committee on the full range of annual executive compensation decisions, including (i) annual and long-term incentive compensation programs; (ii) target competitive positioning of executive compensation; and (iii) target total direct compensation for each executive officer. These recommendations are developed in consultation with Mr. Schultz and are accompanied by market data provided by the Company s consultant, Towers Watson & Co. (Towers Watson).

The Compensation Committee did not request, and management did not provide, specific compensation recommendations for fiscal 2012 compensation for Mr. Schultz. In accordance with NASDAQ rules, Mr. Schultz was not present when his compensation was being discussed or approved and did not vote on executive compensation matters, and neither he nor other members of management attended executive sessions of the Compensation Committee.

The Role of Consultants in the Executive Compensation Process

For fiscal 2012, the Compensation Committee has engaged Frederic W. Cook & Co., Inc. (F.W. Cook) as its outside independent compensation consultant. The Compensation Committee s consultant regularly attends committee meetings and attends executive sessions as requested by the Compensation Committee s chair, Mr. Johnson. Without the Compensation Committee s prior approval, F.W. Cook will not perform any services for Starbucks management, although the Compensation Committee has directed that F.W. Cook work in cooperation with management as required to gather and review information necessary to carry out its obligations. During fiscal 2012, F.W. Cook did not perform any services for Starbucks other than making recommendations with respect to executive and director compensation under its engagement by the Compensation Committee, which included performing analyses of our equity program and its associated costs and other implications and advising on the amendments proposed to the 2005 Long-Term Equity Incentive Plan that will be voted on at this meeting. Its tasks also included reviewing, validating and providing input on information, programs and recommendations made by management and Towers Watson.

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

Compensation Committee Interlocks and Insider Participation

Messrs. Johnson, Lee, Shennan, Teruel and Ullman served on the Compensation Committee during fiscal 2012. 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.

Compensation Consultant Independence

In furtherance of maintaining the independence of the Committee s compensation consultant, the Committee has the sole authority to retain or terminate F.W. Cook. Further, as discussed above, the Committee s compensation consultant will not perform any services for Starbucks management unless approved in advance by the Committee.

In connection with its engagement of F.W. Cook, the Committee considered various factors bearing upon F.W. Cook s independence including, but not limited to, the amount of fees received by F.W. Cook from Starbucks as a percentage of F.W. Cook s total revenue, F.W. Cook s policies and procedures designed to prevent conflicts of interest, and the existence of any business or personal relationship that could impact F.W. Cook s independence. After reviewing these and other factors, the Committee determined that F.W. Cook was independent and that its

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engagement did not present any conflicts of interest. F.W. Cook also determined that it was independent from management and confirmed this in a written statement delivered to the Chair of the 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 members of the Senior Leadership Team, including the executive officers, and the succession plans for each 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

Mr. Schultz provides an annual review to the board of directors assessing the members of the Senior Leadership Team and their potential to succeed him. This review, which is developed in consultation with our executive vice president, Partner Resources, and the chair of our Compensation Committee, includes a discussion about development plans for the Company s executive officers to help prepare them for future succession and contingency plans in the event of our ceo s termination of employment with Starbucks for any reason (including death or disability) as well as our ceo s recommendation as to his successor. The full board has the primary responsibility to develop succession plans for the ceo position.

Nominating and Corporate Governance Committee

The Nominating/Governance Committee annually reviews and reassesses the adequacy of its charter. As described more fully in its charter, the Nominating/Governance Committee is responsible for providing leadership with respect to the corporate governance of Starbucks and advising and making recommendations to the board of directors regarding candidates for election as directors of the Company. Among its specific duties, the Nominating/Governance Committee:

- makes recommendations to the board about our corporate governance processes;
- assists in identifying and recruiting board candidates;
- administers the Director Nominations Policy;
- considers shareholder nominations to the board;
- makes recommendations to the board regarding membership and chairs of the board s committees;

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

biennially recommends the board s presiding independent director;

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

annually reviews the Company s corporate political contributions and expenditures to confirm alignment with Company policies and values; and

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annually reviews and assesses the effectiveness of the Company s environmental and social responsibility policies, goals and programs through the annual Global Responsibility Report, and makes recommendations as deemed appropriate based on such review and assessment.

The Nominating/Governance 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/Governance 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/about-us/company-information/corporate-governance*. The purpose of the nominations policy is to describe the process by which candidates are identified and assessed for possible inclusion in our recommended slate of director nominees (the candidates). The nominations policy was approved by the full board of directors and is administered by the Nominating/Governance 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/Governance 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 in this proxy statement.

Desirable Qualities and Skills

In addition, the Nominating/Governance 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, sitting CEO of a large global company, large-

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company CEO experience, international 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/Governance Committee is responsible for reviewing the appropriate skills and characteristics required of directors in the context of prevailing business conditions and existing competencies on the board, 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/Governance 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/Governance Committee considers these criteria when evaluating director nominees in accordance with the procedures set forth below.

Internal Process for Identifying Candidates

The Nominating/Governance Committee has two primary methods for identifying candidates (other than those proposed by shareholders, as discussed below). First, on a periodic basis, the Nominating/Governance 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/Governance 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/Governance 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/Governance Committee and each candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Nominating/Governance Committee. The Nominating/Governance Committee retained a search firm during a portion of fiscal 2012 to help identify potential director nominees.

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 registered 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. See Proposals of Shareholders below for more information.

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

Director Recommendations by Qualified Shareholders

In addition to those candidates identified through its own internal processes, in accordance with the nominations policy, the Nominating/Governance 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/Governance Committee or by applicable law. Any candidate submitted by a qualified shareholder must also meet the definition of an independent director under NASDAQ rules.

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In order to be considered by the Nominating/Governance Committee for an upcoming annual meeting of shareholders, notice from a qualified shareholder regarding a potential candidate must be received by the Nominating/Governance 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/Governance 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.

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/Governance 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/Governance 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, evolving best practices and other considerations. They are posted on the Corporate Governance section of our website at *www.starbucks.com/about-us/company-information/corporate-governance*.

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.

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. Interested persons may telephone their complaints and concerns by calling the Starbucks Audit line at 1-800-300-3205 or

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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

P.O. Box 34507

Seattle, Washington 98124

Shareholders may address their communication to an individual director, to the Board of Directors, or to one of our board committees. Communications directed to the board, its members or any committee of the board are routed to the chief compliance officer, then prioritized and forwarded as appropriate.

COMPENSATION OF DIRECTORS

Fiscal 2012 Compensation Program for Non-Employee Directors

For fiscal 2012, the annual compensation program for non-employee directors provided for a total of $240,000 per year comprised of one or more of the following (as selected by the director each year): (i) cash (up to 50%); (ii) stock options; and (iii) time-based restricted stock units. New non-employee directors are entitled to payment of a pro-rated portion of the annual non-employee director compensation based on the number of days remaining in the fiscal year from the date the director joins the board. Such compensation may be in the form of stock options, time-based restricted stock units or a combination thereof (as selected by the director). Our non-employee directors are expected to satisfy stock ownership guidelines of $480,000, as discussed below under the caption Director Stock Ownership Guidelines.

Stock options have an exercise price equal to the closing market price of our common stock on the grant date. Annual stock option and RSU grants vest one year after the date of grant. Stock options and RSUs 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 (but not unvested RSUs) 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. Six of the board s eleven current non-employee directors meet the retirement criteria.

When the Nominating/Governance Committee considered and ultimately recommended the fiscal 2012 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 2011. The level of non-employee director total compensation approved by the Nominating/Governance Committee for fiscal 2012 was at the 75^{th} percentile among comparator group companies and the board believed that the level was appropriate to attract and retain top board candidates.

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 Compensation Discussion and Analysis section of this proxy statement.

Fiscal 2012 Compensation of Non-Employee Directors

The following table shows fiscal 2012 compensation for non-employee directors.

Fiscal 2012 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)(2)	Option Awards ($)(3)(4)	Total ($)
William W. Bradley	81,600		167,710	249,310
Robert M. Gates		100,847		100,847
Mellody Hobson		239,976		239,976
Kevin R. Johnson		239,976		239,976
Olden Lee			254,130	254,130
Joshua Cooper Ramo		239,976		239,976
Sheryl Sandberg (5)		239,976		239,976
James G. Shennan, Jr.		239,976		239,976
Clara Shih		144,352	50,160	194,512
Javier G. Teruel		239,976		239,976
Myron E. Ullman, III			254,130	254,130
Craig E. Weatherup			254,130	254,130

(1) The amounts shown in this column represent the aggregate grant date fair values of the restricted stock units (RSU) awarded to each of the non-employee directors (other than Ms. Shih and Secretary Gates) on November 14, 2011. Ms. Shih received an initial RSU grant on December 14, 2011 and Sec. Gates received an initial RSU grant on May 1, 2012.

(2) As of September 30, 2012 the aggregate number of shares of Starbucks common stock underlying the outstanding restricted stock awards for each non-employee director were: Sec. Gates 1,749, Ms. Hobson 5,499, Mr. Johnson 5,499, Mr. Ramo 5,499, Mr. Shennan 5,499, Ms. Shih 3,350 and Mr. Teruel 5,499.

(3) The amounts shown in this column represent the aggregate grant date fair values of the stock options awarded to each of the non-employee directors (other than Ms. Shih) on November 14, 2011. Ms. Shih received an initial stock option grant on December 14, 2011. The grant date fair values have been determined based on the assumptions and methodologies set forth in the Company s 2012 Form 10-K (note 12).

(4) As of September 30, 2012, the aggregate number of shares of Starbucks common stock underlying outstanding option awards for each non-employee director were: Sen. Bradley 125,783 shares; Ms. Hobson 185,825 shares; Mr. Johnson 46,655 shares; Mr. Lee 342,030 shares; Mr. Ramo 30,000 shares; Mr. Shennan 151,146 shares; Ms. Shih 3,348 shares; Mr. Teruel 264,175 shares; Mr. Ullman 322,030 shares; and Mr. Weatherup 300,406 shares.

(5) Ms. Sandberg resigned from the Board in March 2012, effective at the conclusion of the 2012 annual meeting of shareholders. Her November 14, 2011 RSU grant was forfeited at that time.

Deferred Compensation Plans

For fiscal 2012 the board adopted a Deferred Compensation Plan for Non-Employee Directors under which non-employee directors may, for any fiscal year, irrevocably elect to defer receipt of shares of common stock the director would have received upon vesting of restricted stock units. The purpose of the plan is to enhance the Company s ability to attract and retain non-employee directors with training, experience and ability who will promote the interests of the Company and to directly align the interests of such non-employee directors with the interests of the Company s shareholders. Prior to 2006, non-employee directors could defer all or a portion of their compensation in the form of unfunded deferred stock units under the Directors Deferred Compensation Plan.

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 level of ownership within four years. In May 2007, the board increased the guidelines to $240,000 in tandem with the increase to non-employee director compensation. In June 2012, the board increased the guidelines to $480,000 to further align the interests of our non-employee directors to those of our shareholders. After this increase, our non-employee director stock ownership guidelines were above the 75th

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percentile of our comparator group. Directors initially appointed or elected to the board prior to January 1, 2011 are expected to meet the new guidelines by December 1, 2014. Directors initially appointed or elected after January 1, 2011 and prior to June 5, 2012 have five years from their appointment or election to meet the new guidelines. Directors appointed or elected after June 5, 2012 have four years from their date of appointment or election to meet the new guidelines. Stock options do not count toward meeting the guidelines. Each director is expected to continue to meet the ownership requirement for as long as he or she serves on our board. All non-employee directors have met these guidelines, except Sec. Gates, Mr. Ramo and Ms. Shih, who are relatively new to the board and are working toward meeting the guidelines.

PROPOSAL 2 ADVISORY RESOLUTION TO APPROVE OUR EXECUTIVE COMPENSATION

We are asking shareholders to approve an advisory resolution (commonly referred to as a say-on-pay 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
Attract and Retain Top Talent	Competing effectively for the highest quality people who will determine our long-term success Targeting total direct compensation at the 50th percentile range among companies with which we compete for executive talent
Pay For Performance	Aligning executive compensation with Company, business unit and individual performance on both a short-term and long-term basis 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 satisfy rigorous stock ownership guidelines and prohibiting them from engaging in hedging transactions with respect to Starbucks stock

We urge shareholders to read the Compensation Discussion and Analysis section 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, 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.

The board has adopted a policy providing for an annual say-on-pay advisory vote. In accordance with this policy and Section 14A of the Securities Exchange Act of 1934, as amended, and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 2013 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 2013 Annual Meeting of Shareholders.

This advisory 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. Unless the board modifies its policy on the frequency of future say-on-pay advisory votes, the next say-on-pay advisory vote will be held at the 2014 Annual Meeting of Shareholders.

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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information on our executive compensation program and the amounts shown in the executive compensation tables that follow. In this proxy statement, the term Named Executive Officers or NEOs means our ceo and cfo and three of our business unit presidents. These five executive officers are named in the compensation tables of this proxy statement. Compensation Committee or Committee means the Compensation and Management Development Committee of the board of directors. We refer to all of our employees as partners, due to the significant role they play in the success of the Company.

Executive Summary

Starbucks delivered outstanding performance in fiscal 2012. Net revenue increased 14% to a record $13.3 billion. Global comparable store sales increased 7%, driven by a 6% increase in traffic and a 1% increase in average ticket. The strength of our U.S. retail business, acceleration of our Channel Development business and expansion in Asia all contributed to these strong results. In addition to our solid fiscal 2012 financial performance, we returned approximately $1.1 billion to shareholders in the form of cash dividend payments and share repurchases.

Financial Results Under Incentive Plans:

The chart below sets forth certain key financial results that were used in determining payouts under our incentive compensation plans for fiscal 2012 compared to fiscal 2011. Note that these numbers vary from the comparable financial measures that we otherwise report publicly as the numbers below are adjusted in accordance with the terms of our incentive compensation plans as discussed below in the Analysis of Executive Compensation Decisions section.

Dollar amounts below are in millions, except per share amounts.

	Fiscal 2012(1)	Fiscal 2011(1)	Change
Consolidated Adjusted Operating Income (2)	2,032.6	1,668.3	21.8%
Adjusted EPS (3)	1.78	1.52	17.1%
ROIC (4)	23.6%	21.5%	210 bps

(1) Our fiscal year ends on the Sunday closest to September 30. Fiscal years 2012 and 2011 each included 52 weeks.

(2) Fiscal 2012 consolidated adjusted operating income results were adjusted to exclude the impact of significant acquisitions, restructuring, mark to market adjustments arising from our Management Deferred Compensation Plan, and certain foreign currency fluctuations and certain other items. Fiscal 2011 consolidated adjusted operating income results were adjusted to exclude the impact of a non-routine gain from the sale of corporate real estate.

(3) Fiscal 2012 earnings per share results were adjusted to exclude the impact of significant acquisitions, restructuring and certain other items. Fiscal 2011 earnings per share results were adjusted to exclude the impact of non-routine gains resulting from the sale of corporate real estate and the acquisition of joint venture holdings in Switzerland and Austria.

(4) Return on Invested Capital (ROIC) is calculated as adjusted net operating profit after taxes (adjusted for implied interest expense on operating leases), divided by average invested capital. Invested capital is calculated on a five-point average and includes shareholders equity, short- and long-term debt, all other long-term liabilities, and capitalized operating leases, less cash, cash equivalents and short- and long-term investments.

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Other Key Financial Results:

The chart below sets forth other key results over the previous two fiscal years. Dollar amounts below are in millions, except per share amounts.

	Fiscal 2012[(1)]	Fiscal 2011[(1)]
Revenues	13,299.5	11,700.4
Stock Price Per Share Fiscal Year-End[(2)]	50.71	37.29
Total Shareholder Return[(3)]	38%	46%

(1) Our fiscal year ends on the Sunday closest to September 30. Fiscal years 2012 and 2011 each included 52 weeks.
(2) Represents the closing market price of our common stock on the last trading day (September 28, 2012) prior to our fiscal 2012 year-end and the last trading day (September 30, 2011) prior to our fiscal 2011 year-end.
(3) Total shareholder return is calculated as the net price change in our common stock from the closing market price on the last trading day of fiscal 2011 to the closing market price on the last trading day of fiscal 2012, plus the dividends paid during the period, with dividends assumed to be reinvested into the stock.

Performance versus Compensation Comparator Group Companies

In 2012, we significantly improved our position relative to our compensation comparator group companies in revenue growth for both the one-year and three-year performance periods. In addition, we ranked in the top three in all but one category in each of the one-year and three-year performance periods. Our one-year total shareholder return through the end of fiscal 2012 was 38% and our three-year cumulative total shareholder return was 166%.

The 2012 data shows where we ranked among the 16 current comparator group companies as of the end of fiscal 2012. The 2011 data below shows where we ranked among the 17 former comparator group companies as of the end of fiscal 2011. Our current comparator group differs from our prior group in that it does not include Best Buy. See Comparator Group Companies and Benchmarking for further discussion on how we use comparator group company data in our compensation setting process.

	Ranking	
One-Year Performance	**2012 (rank out of 16)**	**2011 (rank out of 17)**
Revenue growth	2nd	6th
Earnings Per Share growth	4th	1st
Net Income growth	3rd	1st
Total Shareholder Return	3rd	2nd
Three-Year Performance	**2012 (rank out of 16)**	**2011 (rank out of 17)**
Revenue growth	4th	9th
Earnings Per Share growth	2nd	1st
Net Income growth	2nd	1st
Total Shareholder Return	2nd	2nd

Pay for Performance:

In line with our compensation program s emphasis on pay-for-performance and our performance relative to comparator group companies, compensation awarded to our partners (including to the NEOs) for fiscal 2012 performance reflected Starbucks strong financial results.

Annual Incentive Plan: All of our NEOs earned payouts above target under our Executive Management Bonus Plan with a payout range among all NEOs from 103% to 147% of target as a result of the Company s strong fiscal 2012 performance. See Analysis of Executive Compensation Decisions Summary of Fiscal 2012 Performance and Payouts under the Executive Management Bonus Plan.

Performance-Based Restricted Stock Units: Each of the recipients of performance-based restricted stock units (performance RSUs) granted in November 2011 (including the NEOs) earned 104% of their target number as a result of the Company s actual fiscal 2012 adjusted earnings per share exceeding the target performance goal.

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Broad-Based Equity Program: A long-term incentive grant of time-based RSUs was made to over 108,000 eligible non-executive partners in 19 markets around the world, including qualified part-time partners. We refer to this broad-based equity program as our Bean Stock program. Participants in this program include those partners that work in our stores and serve our customers directly. In fiscal 2012, participants in the Bean Stock program realized over $214 million in pre-tax gains resulting from RSU vestings and option exercises.

Executive Compensation Program Objectives and Design

Our Total Pay philosophy is designed to recognize and reward the contributions of all partners, including executives. We offer a comprehensive benefits package to all eligible full- and part-time partners in the United States and locally competitive benefit packages in other countries. In addition to the Bean Stock plan discussed above, we offer a stock purchase plan to partners in the United States and Canada. We believe our Total Pay practices motivate our executives to build long-term shareholder value and to take care of the partners who take care of our customers.

The Compensation Committee determines the compensation objectives, philosophy and forms of compensation and benefits for our executives, and recommends to the independent members of the full board of directors the compensation elements for our chairman, president and ceo. The Compensation Committee is supported by F.W. Cook, its outside independent compensation consultant, and several members of senior management (as discussed in the Compensation Committee section). Our executive compensation program is designed to:

Attract and Retain Top Talent Compete effectively for the highest quality people who will determine our long-term success. We have structured our executive compensation program to be competitive with compensation paid by comparator group companies in the same market for executive talent.

Pay for Performance Align executive compensation with Company, business unit and individual performance on both a short-term and long-term basis. The majority of our target total direct compensation is comprised of variable compensation through our annual incentive bonuses and long-term incentive compensation. Actual total direct compensation varies based on the extent of achievement of financial and operational performance goals and stock performance.

Be True to Our Values Support our mission statement and guiding principles. We have structured our compensation program to recognize and reward the contributions of all partners, including executives, in achieving our strategic goals and business objectives, while aligning the program with shareholder interests and our mission statement and guiding principles. We provide limited executive perquisites and require our executives to satisfy rigorous stock ownership guidelines. You can find a copy of our mission statement and guiding principles on our website in the About Us section.

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Elements of Our Executive Compensation Program

The following table provides information regarding the elements of our fiscal 2012 executive compensation program:

Element	Form	Objectives and Basis
Base Salary	Cash	Attract and retain high quality executives to drive our success Competitive for each role, responsibilities and experience Targeted within the median range
Annual Incentive Bonus	Cash	Drive Company and business unit results Target bonus amount is set as a percentage of base salary Actual payout determined by Company and business unit financial performance Target total cash (base salary + target bonus) designed to deliver cash compensation within the median range of peers based on performance at target
Long-Term Incentive Compensation	Performance RSUs, stock options	Drive Company performance; align interests of executives with those of shareholders; retain executives through long-term vesting; and provide potential wealth accumulation Target long-term incentive award size designed to deliver target total direct compensation (base salary + target bonus + target long-term incentive) within the market median Actual awards of annual stock options and performance RSUs based on individual and Company performance for the previous year
Special Equity Awards	Time-based restricted stock units (time-based RSUs)	Reward extraordinary performance Retain executives through long-term vesting and potential wealth accumulation Attract top executive talent, includes new hire and promotion-related equity awards and special retention awards
Perquisites and Other Executive Benefits	Various (see discussion below)	Provide for the safety and wellness of our executives, and other purposes as discussed below
Deferred Compensation	401(k) plan, non-qualified MDCP	Provide tax-deferred methods for general savings including for retirement
General Partner Benefits	Health and welfare plans, stock purchase plan and other broad-based partner benefits	Offer competitive benefits package that generally includes benefits offered to all partners

Our Executive Compensation Process

Target total direct compensation for our NEOs is comprised of base salary, target bonus, and target value of long-term equity incentives. Target total direct compensation for on-target performance is designed to deliver awards within the median range of our comparator group, as explained below under Comparator Group Companies and Benchmarking.

The Compensation Committee approves target total direct compensation annually at the September meeting. Actual base salaries, bonus payments and long-term equity incentives are approved after the end of each fiscal year at the November meeting. This process allows the Compensation Committee to consider comprehensive information, including the performance of each NEO during the recent fiscal year, when approving compensation actions.

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Analysis of Executive Compensation Decisions

The table below provides an overview comparing each element of fiscal 2012 target versus actual total direct compensation for each of the NEOs.

This table shows long-term incentive compensation awards granted in fiscal 2013 for fiscal 2012 performance. We believe this provides a more precise view of compensation decisions driven by fiscal 2012 performance than the Summary Compensation Table which, in accordance with SEC disclosure rules, shows annual long-term incentive compensation awards granted in fiscal 2012 for fiscal 2011 performance.

Compensation for Fiscal 2012 Performance Table

Named		Target Bonus		Actual	Long-Term Incentive(2)		Total Direct Compensation		
Executive Officer	Base Pay ($)	(%)	($)	Bonus(1) ($)	Target ($)	Actual ($)	Target ($)	Actual ($)	% of Target(3)
Howard Schultz	1,500,000	150	2,250,000	2,308,500	7,540,000	12,000,000	11,290,000	15,808,500	140%
Troy Alstead	703,500	85	597,975	613,522	1,400,000	1,750,000	2,701,475	3,067,022	114%
Jeff Hansberry	504,700	75	378,525	542,180	1,100,000	1,540,000	1,983,225	2,586,880	130%
Clifford Burrows	719,300	85	611,405	666,676	1,400,000	1,750,000	2,730,705	3,135,976	115%
John Culver	563,800	75	422,850	621,061	1,100,000	1,900,000	2,086,650	3,084,861	148%

(1) The Actual Bonus column represents bonus payouts under the Executive Management Bonus Plan, which are disclosed in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. We did not pay discretionary or non-incentive based bonuses to our NEOs.

(2) The Target Long-Term Incentive and Actual Long-Term Incentive columns represent the economic value of target and actual annual long-term incentive awards granted in November 2012 based on fiscal 2012 performance.

(3) The NEOs received above-target total direct compensation as a result of achieving above-target performance under the Executive Management Bonus Plan, and receiving above target long-term incentive awards as a result of strong fiscal 2012 performance.

Mr. Culver received a special time-based RSU award in November 2012, which is not reflected in the table above, with an economic value of $1.0 million. The award is scheduled to vest, subject to continued employment, 50% on the second anniversary of the grant date and 50% on the fourth anniversary of the grant date. Mr. Culver s special RSU award was granted to recognize his exceptional leadership in driving growth and performance in the China/Asia Pacific segment, and to promote his retention.

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Fiscal Year 2012 Actual Total Compensation Mix

A significant percentage of compensation awarded to our NEOs, especially our ceo, is variable, performance-based compensation and at-risk. This is illustrated in the charts below that show the pay mix for Mr. Schultz, our ceo, and for our other NEOs as a group based on the total compensation reported for these executives in fiscal 2012 as shown in the Summary Compensation Table.

Base Salary

The Compensation Committee generally reviews and adjusts base salaries annually at its November meeting, with new salaries effective in late November or early December. In November 2011, the Committee approved (and with respect to Mr. Schultz, the Committee recommended and the independent directors approved), the following base salary increases, which became effective in December 2011:

	Base Salary [1]		
	Fiscal 2012	Fiscal 2011	
Named Executive Officer	($)	($)	% Change
Howard Schultz	1,500,000	1,400,000	7.1%
Troy Alstead	703,500	670,000	5.0%
Jeff Hansberry	504,700	490,000	3.0%
Clifford Burrows	719,300	685,000	5.0%
John Culver	563,800	550,000	2.5%

(1) The base salaries shown above reflect year-end annualized salary numbers.

The independent directors increased Mr. Schultz s fiscal 2012 base salary in recognition of his exceptional performance and leadership in driving record fiscal 2011 results, placing his base salary above the median range of his peers at our comparator group companies. Fiscal 2012 base salary increases were approved for all other NEOs in recognition of their individual performance in fiscal 2011.

Annual Incentive Bonus

Overview of Annual Incentive Bonus. For fiscal 2012, all of the executive officers with the title of executive vice president or above participated in the Executive Management Bonus Plan. For fiscal 2012, the target annual incentive bonuses as a percentage of base salary increased from fiscal 2011 for Messrs. Alstead, Burrows and

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Hansberry. The new target bonuses positioned each NEO s target cash compensation generally within the median range of our comparator group companies.

The total annual incentive bonus award *actually delivered* to each executive for fiscal 2012 was determined based on the extent to which the objective performance goals under the Executive Management Bonus Plan were achieved based on fiscal 2012 performance. The possible payouts for each NEO of the annual incentive bonus award based on achievement of threshold, target and maximum performance levels are disclosed in the Fiscal 2012 Grants of Plan-Based Awards Table.

Objective Performance Goals (primary, secondary and tertiary). For fiscal 2012, the primary objective performance goal for Messrs. Schultz and Alstead, was adjusted consolidated operating income. For NEOs responsible for a single business unit, the performance goal was adjusted business unit operating income Consumer Products Group/Food Service (which we now refer to as our Channel Development segment) and Seattle s Best Coffee for Mr. Hansberry, Americas for Mr. Burrows and China/Asia Pacific for Mr. Culver. For compensation purposes, in fiscal 2012, consolidated operating income is the total of all business units operating income less total unallocated corporate expenses; and business unit operating income equals the revenues of the business unit less the business unit s operating expense. The secondary objective performance goal for all NEOs was adjusted earnings per share. The tertiary objective performance goal for all NEOs was return on invested capital (ROIC). The weighting (as a percentage of each executive s target annual incentive bonus amount) among the goals for each of the NEOs for fiscal 2012 was as follows:

	Goal Weighting		
Named Executive Officer	**Primary Objective Goal (Adjusted BU/ Consolidated Operating Income)**	**Secondary Objective Goal (Adjusted EPS)**	**Tertiary Objective Goal (ROIC)**
Howard Schultz	50%	30%	20%
Troy Alstead	50%	30%	20%
Jeff Hansberry	50%	30%	20%
Clifford Burrows	50%	30%	20%
John Culver	50%	30%	20%

We chose these measures because we believe they motivate our executives to further drive Company and business unit performance. Since business unit operating income and consolidated operating income track core operating performance and because our business unit leaders have direct responsibility over business unit operating income, we based a greater percentage of the total annual incentive bonus on the primary objective performance measure than on either the secondary or tertiary objective performance measures.

To reward performance above plan, the primary objective measure had a sliding scale that provided for annual incentive bonus payouts greater than the target bonus if adjusted consolidated operating income or adjusted business unit operating income was greater than the target (up to a maximum 200% payout) or less than the target bonus if adjusted consolidated operating income or adjusted business unit operating income was lower than the target (down to a threshold of 20% of target payout, below which the payout would be $0). In setting the objective performance scales, we considered target Company performance under the challenging board-approved annual operating and long-term strategic plans, the potential payouts based on achievement at different levels on the sliding scale and whether the portion of incremental earnings paid as bonuses rather than returned to shareholders was appropriate. The Compensation Committee and the independent directors have the discretion to reduce the awards paid under the Executive Management Bonus Plan, but do not have discretion to increase payouts that are based on achievement of the objective performance goals or make a payout based on the objective performance goals if the threshold targets are not achieved.

The targets were designed to be challenging while recognizing significant economic uncertainties, including continued consumer spending restraint and volatility of commodities, specifically coffee.

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The fiscal 2012 performance targets and results for the primary objective measure are as follows:

Primary Objective Measure [1] [2]	Threshold (Millions US$)	Target (Millions US$)	Maximum (Millions US$)	Adjusted Actual Performance (Millions US$)	% Payout
Consolidated Adjusted Operating Income (Schultz and Alstead)	1,928.2	2,020.0	2,284.2	2,032.6	102%
Consumer Products Group/Food Service (Channel Development) SBC Adjusted Operating Income (Hansberry)	295.3	311.3	360.4	342.2	160%
Americas Adjusted Operating Income (Burrows)	1,947.7	2,041.9	2,308.4	2,073.8	111%
China/Asia Pacific Adjusted Operating Income (Culver)	203.1	215.3	259.4	252.4	165%

(1) The results shown above represent aggregate segment performance results. For the business president NEOs, bonus results were calculated using a strategic weighting of regional results (and for Mr. Hansberry, strategic weighting between Consumer Products Group/Food Service and Seattle s Best Coffee). We have discontinued the use of strategic weighting for the 2013 EMBP.

(2) The performance plan measures under the EMBP that were approved at the beginning of the performance period provided for certain non-GAAP adjustments so that the performance measures would better reflect underlying business operations than the comparable GAAP measures. Fiscal 2012 consolidated operating income results were adjusted to exclude the impact of significant acquisitions, restructuring, mark to market adjustments to our Management Deferred Compensation Plan, certain foreign currency fluctuations and certain other items; Consumer Products Group/Food Service operating income was adjusted to exclude the impact of certain foreign currency fluctuations; Americas operating income was adjusted to exclude the effect of certain foreign currency fluctuations, a significant acquisition and certain other items; and China/Asia Pacific operating income was adjusted to exclude the effect of certain foreign currency fluctuations and certain other items. We used the same adjusted measures for our broader-based management incentive plan.

The fiscal 2012 secondary objective performance measure was adjusted earnings per share, with target adjusted earnings per share of $1.76. To provide increased incentive for better performance, the secondary objective performance measure had a sliding scale that provided for bonus payouts greater than the target bonus if adjusted earnings per share was $1.77 or more (up to a maximum 200% payout for $1.99 or greater) or less than the target bonus if adjusted earnings per share was $1.75 or lower (down to a 20% threshold payout for adjusted earnings per share of $1.68, below which the payout would be $0). Fiscal 2012 adjusted earnings per share was $1.78, resulting in a 104% payout with respect to the secondary objective performance measure. In accordance with the terms of our incentive plans, earnings per share results were adjusted to exclude the effect of significant acquisitions, restructuring and certain other items.

The fiscal 2012 tertiary objective performance measure was ROIC, with a target of 23%. ROIC of between 21.9% and 22.9% would result in a threshold tertiary measure payout of 75% of target and the payout below 21.9% would be $0. Actual fiscal 2012 ROIC was 23.6%, which was above target. Pursuant to the terms of the bonus plan, if the primary objective performance goal (business unit/consolidated operating income) for an executive is above target (which was the case for each NEO in fiscal 2012) and ROIC is at or above target, the tertiary objective goal is increased to match the primary objective performance goal result. This is reflected in the table below entitled Fiscal 2012 Executive Management Bonus Plan Payout.

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Summary of Fiscal 2012 Performance and Payouts Under the Executive Management Bonus Plan. After the end of fiscal 2012, the Compensation Committee determined the extent to which the performance goals were achieved, and subsequently approved and certified the amount of the award to be paid to each participant in the Executive Management Bonus Plan other than Mr. Schultz. The Compensation Committee recommended to the independent directors the amount of the award to be paid to Mr. Schultz under the Executive Management Bonus Plan, and the independent directors approved the award. Our strong fiscal 2012 financial performance exceeded the target primary objective performance goal for all NEOs and exceeded the target secondary objective performance goal for all NEOs. The tertiary objective performance goal was met at 100% for all NEOs. As a result, consistent with our pay-for-performance philosophy, annual incentive bonus payouts for fiscal 2012 exceeded target bonuses for our NEOs. The table below shows the fiscal 2012 actual payout levels for each component of the Executive Management Bonus Plan, based on achievement of the performance metrics, and the aggregate fiscal 2012 annual incentive payouts, which are also disclosed in the Non-Equity Incentive Compensation Plan column of the Summary Compensation Table.

	Fiscal 2012 Executive Management Bonus Plan Payout				
	Payout on Primary Objective Measure (50% Weighting)	Payout on Secondary Objective Measure (30% Weighting)	Payout on Tertiary Objective Measure (20% Weighting) (1)	Bonus Payout	
Named Executive Officer				**(%) of Target**	**($)**
Howard Schultz	102%	104%	102%	103%	2,308,500
Troy Alstead	102%	104%	102%	103%	613,522
Jeff Hansberry	160%	104%	160%	143%	542,180
Clifford Burrows	111%	104%	111%	109%	666,676
John Culver	165%	104%	165%	147%	621,061

(1) As discussed above, if the primary objective performance goal for an executive is above target and the tertiary objective goal is at or above target, the tertiary objective goal will be increased to match the primary objective performance goal result.

Fiscal 2013 Executive Management Bonus Plan Changes

For fiscal 2013, the Compensation Committee (and with respect to Mr. Schultz, the independent directors) have approved changes to the Executive Management Bonus Plan design. Under the new design, bonuses are calculated based on the achievement of the objective performance measures of adjusted business unit operating income and net revenue (measured on a consolidated basis for executives with responsibilities that cross business units), with an equal 50% weighting for each measure. If the target goal of ROIC under the EMBP is not met, the resulting score will be modified down by as much as 50%.

Long-Term Incentive Compensation

Overview of Annual Long-Term Incentive Awards. Executives were granted long-term performance-based compensation for fiscal 2011 and fiscal 2012 in the form of stock options and performance RSUs. The Compensation Committee believes stock options and performance RSUs incentivize executives to drive long-term company performance, thereby aligning our executives interests with the long-term interests of shareholders. The Committee determined to grant half (50%) of the total award values in stock options and half (50%) in performance RSUs. This mix reflects the Compensation Committee s consideration of competitive market practices and the desire to focus the Company s executives on long-term stock price appreciation. Stock options provide value only if our stock price increases over time. By comparison, performance RSUs are earned based on achievement of objective, pre-established performance goals and, once earned, are subject to additional time-based vesting requirements. Although the value of performance RSUs is impacted by our stock price during the vesting period, performance RSUs serve to retain executives as they have a more stable value than stock options during periods of stock price volatility.

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The table below reflects the economic value of annual long-term incentive awards established for each of the last two fiscal years. We determined the number of RSUs to be delivered by dividing half of the economic value below by the closing price of our stock on the grant date. For options, we divided half of the economic value by a closing price multiplier. This multiplier was calculated by multiplying the closing price of our common stock on the grant date by a Black-Scholes factor. Because it is calculated in advance of the actual grants and may use different assumptions than are applied to individual awards for accounting purposes, the economic value of awards may be higher or lower than the grant date fair value of equity awards as disclosed in the Summary Compensation Table.

Economic Value of Annual Long-Term Incentive Compensation Awards

Named Executive Officer	Awarded in Fiscal 2013 (for fiscal 2012 performance) ($)	Awarded in Fiscal 2012 (for fiscal 2011 performance) ($)
Howard Schultz	12,000,000	12,000,000(1)
Troy Alstead	1,750,000	3,000,000
Jeff Hansberry	1,540,000	1,400,000(1)
Clifford Burrows	1,750,000	3,000,000
John Culver	1,900,000(2)	1,750,000

(1) Does not include special retention awards of $12 million for Mr. Schultz and $2 million for Mr. Hansberry granted in fiscal 2012.

(2) Does not include a special retention award of $1 million for Mr. Culver granted in fiscal 2013.

Target long-term incentive award amounts are designed to deliver target total direct compensation (base salary + target bonus + target long-term incentive) within the market median. See Comparator Group Companies and Benchmarking below for further discussion on our use of market data in setting executive compensation levels. In fiscal 2012, we granted long-term incentive awards above target to all of our NEOs in recognition of their outstanding performance in contributing to record fiscal 2011 results.

Annual long-term incentive awards granted in fiscal 2012 for fiscal 2011 performance resulted in actual total direct compensation that was above the median range for all NEOs. Due in large part to his above market long-term incentive award, Mr. Schultz s actual total direct compensation was above the 75th percentile. The committee and the independent directors believe this was appropriate in light of Mr. Schultz s leadership in delivering record results and the Company s strong performance relative to that of our comparator companies.

Annual long-term incentive awards granted in fiscal 2013 for fiscal 2012 performance resulted in actual total direct compensation that was slightly above the market median for all NEOs. Mr. Schultz s total direct compensation was positioned above the 75th percentile in recognition of his leadership in continuing to drive record results during fiscal 2012.

Performance RSUs. Performance RSUs granted prior to fiscal year 2013 had a one-year performance period based on achievement of adjusted earnings per share for the fiscal year in which they were granted followed by a vesting schedule of 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date. Beginning with the most recent annual equity grant made in November 2012 (early fiscal 2013), the performance period of our RSUs was extended from one year to two years, and ROIC was added as a performance measure. If the target ROIC goal under the performance RSUs is not met, the number of performance RSUs to be delivered based on achievement of the adjusted earnings per share goal will be adjusted downward by as much as 50%. In making these design changes, the Compensation Committee believed that (1) having a multi-year performance period would increase executive focus on long-term performance and better align the interests of our executives with those of our shareholders; and (2) the addition of ROIC would increase executive focus on ROIC, which we believe is an important measure of the Company s success.

For annual performance RSU awards granted in November 2011, the actual number of performance RSUs earned was based on achievement of adjusted earnings per share for fiscal 2012. Target adjusted earnings per share for fiscal 2012 performance was $1.76. To provide increased incentive for better performance, the fiscal 2012 performance measure for the performance RSUs had a sliding scale so each NEO could achieve from 0% (for adjusted earnings per share below $1.68) to 200% (for adjusted earnings per share of $1.99 or greater) of the target award amount. Actual fiscal 2012 adjusted earnings per share was $1.78, which resulted in each of the

NEOs earning 104% of the target fiscal 2012 performance RSU award. In accordance with the pre-established terms of the November 2011 performance RSU awards, in determining achievement against the fiscal 2012 objective performance goal, certain adjustments were made in order to result in a final score that better reflects executive performance during the fiscal year. Consolidated earnings per share results were adjusted to exclude the effect of significant acquisitions, restructuring and certain other items.

The number of fiscal 2012 performance RSUs that could have been earned by each NEO based on adjusted earnings per share achievement at threshold, target and maximum performance levels are disclosed in the Fiscal 2012 Grants of Plan-Based Awards Table. The amounts shown in the table below represent the target number of shares awarded and the actual number of RSUs earned by each NEO for fiscal 2012 performance.

Fiscal 2012 Performance RSUs

Named Executive Officer	Target Number of Shares Awarded	Earned Number of Shares Awarded
Howard Schultz	137,489	142,989
Troy Alstead	34,372	35,747
Jeff Hansberry	16,040	16,682
Clifford Burrows	34,372	35,747
John Culver	20,050	20,852

Special Equity Awards. In certain circumstances we grant discretionary equity awards in order to retain key executives, recognize expanded roles and responsibilities, or recognize exceptional performance.

In November 2011, the independent members of the board approved a special RSU award for Mr. Schultz with an economic value of $12.0 million and 100% vesting on the third anniversary of the grant date. The board made this special grant in recognition of Mr. Schultz s leadership in driving record fiscal 2011 performance and the board s desire to retain Mr. Schultz as the ceo for at least three years following the award date. In making this determination, the board concluded that it was appropriate to reward Mr. Schultz for his critical role as the chief architect and leader of the Starbucks transformation agenda, which the Company believes was instrumental in achieving record performance over the past several years. Having successfully led us through the transformation agenda, Mr. Schultz will continue to be our chief architect in leading the Company s strategic expansion into new markets, channels and products. This retention grant is subject to the attainment of a performance threshold of positive cumulative net income over the vesting period and Mr. Schultz s continued employment as the Company s ceo through the vesting date. The award was structured to qualify as performance-based and therefore is intended to be deductible under Section 162(m) of the Internal Revenue Code.

In November 2011, Mr. Hansberry received two special RSU awards with a combined grant date fair value of $2 million ($1 million each). The awards were granted to recognize his significant work in growing the Company s Channel Development business (formerly, our Global Consumer Products group), building its infrastructure and enhancing its market position, as well as to promote retention. One award is scheduled to vest, subject to continued employment, 100% on the fourth anniversary of the grant date. The other award is scheduled to vest, subject to continued employment, 50% on the second anniversary of the grant date and 50% on the fourth anniversary of the grant date.

In November 2012, Mr. Culver received a special time-based RSU award with an economic value of $1.0 million. The award is scheduled to vest, subject to continued employment, 50% on the second anniversary of the grant date and 50% on the fourth anniversary of the grant date. Mr. Culver s special RSU award was granted to recognize his exceptional leadership in driving growth and performance in the China/Asia Pacific segment, and to promote his retention.

Other Compensation

Sign-on Bonuses and New Hire Equity Awards. We provide sign-on bonuses and new-hire equity awards when necessary and appropriate, including to attract top-executive talent from other companies. Sign-on bonuses and new hire equity awards are an effective means of offsetting the compensation opportunities executives forfeit when they leave a former employer to join Starbucks. We typically require newly recruited executives to return a pro rata portion of their sign-on bonus if they voluntarily leave Starbucks within a certain period of time (usually one to two years) after joining us, and new-hire equity awards are subject to a time-based vesting period. We did not award a sign-on cash bonus or new-hire equity award to any NEO for fiscal 2012.

Perquisites and Other Executive Benefits. Our executive compensation program includes limited executive perquisites and other benefits. The aggregate incremental cost of providing perquisites and other benefits to the NEOs is detailed in the Fiscal 2012 All Other Compensation Table.

We believe the perquisites and other executive benefits we provide are representative of those offered by the companies that we compete with for executive talent, and therefore offering these benefits serves the objective of attracting and retaining top executive talent.

We provided the following perquisites to NEOs in fiscal 2012:

Security. Under our executive security program, we provide security services to Mr. Schultz and certain other executives. Security services include home security systems and monitoring and, in the case of Mr. Schultz, personal security services. These protections are provided due to the range of security issues encountered by senior executives of large, multinational corporations, and particularly with respect to high-profile CEOs such as Mr. Schultz. We believe that the personal safety and security of our senior executives is of the utmost importance to the Company and its shareholders. Therefore, we consider the costs associated with these benefits to be appropriate and necessary business expenses notwithstanding the incidental personal benefit to the executive. For fiscal 2012, Mr. Schultz reimbursed the Company for incremental cost in excess of $200,000 for personal security.

Personal Use of Corporate Aircraft. Under our corporate aircraft use policy, Mr. Schultz and, in certain circumstances, other members of management are permitted limited personal use of our corporate-owned aircraft, but are required to reimburse Starbucks for the incremental costs attributable to their personal use. Those reimbursements are discussed in the section entitled Certain Relationships and Related Transactions. In addition, family members or other guests occasionally accompany Mr. Schultz on business trips when space is available. We do not incur any aggregate incremental costs for this use, but it is treated as imputed income to Mr. Schultz under IRS rules. Mr. Schultz is not provided a tax gross-up on the imputed income.

Executive Physicals, Life and Disability Insurance. We offer to pay for annual physical examinations for all partners at the senior vice president level and above at minimal cost for the Company s benefit. We also provide life and disability insurance to all partners at the vice president level and above at a higher level than is provided to partners generally.

Relocation and Expatriate Expenses. We provide relocation assistance to some manager-level partners and all partners at the director level and above. Under limited circumstances, we provide certain reimbursements and benefits to partners that expatriate to another country for work on the Company s behalf.

Deferred Compensation. Executives, as well as partners at the director level and above, are eligible to defer cash compensation under the Management Deferred Compensation Plan, and certain executives previously were eligible to defer gains from equity awards under the 1997 Deferred Stock Plan. The Management Deferred Compensation Plan is primarily intended to provide eligible partners an additional before-tax means of saving over and above that available under the 401(k) plan. We do not pay or guarantee above-market returns. The appreciation, if any, in the account balances of plan participants is due solely to contributions by participants, the underlying performance of the measurement funds selected by the participants. The measurement fund alternatives available to Management Deferred Compensation Plan participants are identical to the investment funds available to 401(k) plan participants. Effective January 1, 2011, we ceased making Company matching contributions under the Management Deferred Compensation Plan.

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

We offer a comprehensive benefits package, including health care insurance, to all eligible partners in the United States and locally competitive benefits packages in other countries.

Among the plans we offer to U.S. and Canadian partners generally, including executive officers, is our U.S. tax-qualified employee stock purchase plan. Under the plan, eligible partners may acquire our stock through payroll deductions at a 5% discount to the market price on the last trading day of the purchase period. No plan participant is allowed to purchase more than $25,000 in market value of our stock under the plan in any calendar year.

Comparator Group Companies and Benchmarking

The Compensation Committee refers to executive compensation surveys prepared by Towers Watson when it reviews and approves executive compensation. The surveys reflect compensation levels and practices for executives holding comparable positions at comparator group companies, which help the Compensation Committee set compensation at competitive levels. The Compensation Committee, with assistance from F.W. Cook & Co., annually reviews specific criteria and recommendations regarding companies to add or remove from the comparator group. The Committee s primary selection criteria are industry (specialty retail, consumer products and restaurants), size (revenue and market capitalization), and geography or scope (global reach); secondary selection criteria are brand recognition, performance (revenue growth, earnings per share growth and total shareholder return growth), as well as other considerations, including companies with which we compete for executive talent or customers, and companies known for innovation.

As a result of the Committee s review in June 2012, Best Buy was removed from the comparator group. Although the Compensation Committee prefers to keep the comparator group substantially the same from year to year, the Committee believes such adjustments are occasionally warranted so that our comparator group companies remain aligned with the Company s strategic plan. For a comparison of our recent performance to that of our comparator group companies, please refer to the tables in the Performance versus Compensation Comparator Group Companies section of the Executive Summary above.

Starbucks Fiscal 2012 Executive Compensation Comparator Group Companies

Specialty Retail	Consumer Products	Restaurants
Bed Bath & Beyond	Avon Products	Darden Restaurants
~~Best Buy~~	Colgate-Palmolive	McDonald s
Coach	General Mills	YUM! Brands
Gap	Hershey Foods	
Limited Brands	Kellogg	
Polo Ralph Lauren	NIKE	
Staples	PepsiCo	

The former comparator group was used by the Compensation Committee and independent directors in connection with its fiscal 2012 target total direct compensation decisions, and fiscal 2011 performance-driven compensation decisions made in November 2011. The new comparator group was used by the Compensation Committee and independent directors in connection with its fiscal 2012 performance-driven decisions made in November 2012.

The Compensation Committee compares each executive officer s base salary, target annual incentive bonus and target long-term incentive compensation value to amounts paid for similar positions at comparator group companies. The Compensation Committee sets target total direct compensation for executives within the median (or 50^{th} percentile) range among comparator group companies (based on the Company s target performance in accordance with its annual operating plan). The Compensation Committee considers the median range to generally be plus or minus 10% for base salary, plus or minus 15% for target total cash compensation and plus or minus 20% for target total direct compensation.

The Compensation Committee believes that setting target total direct compensation within the median range helps achieve the executive compensation program s objectives described above. However, target total direct compensation for each executive may vary from the median range of comparator group companies depending on the factors the Compensation Committee considers most relevant each year. Fiscal 2012 target total direct compensation for the NEOs (including Mr. Schultz) was positioned within the median range.

Other Policies and Considerations

2012 Say-on-Pay Advisory Vote to Approve Executive Compensation

Starbucks provided shareholders an advisory vote to approve its executive compensation in 2012 under Section 14A of the Securities Exchange Act of 1934, as amended. At our 2012 Annual Meeting of Shareholders,

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shareholders expressed substantial support for the compensation of our NEOs, with approximately 94% of the votes cast for approval of the advisory vote on executive compensation. The Compensation Committee evaluated the results of the 2012 advisory vote at its September meeting. The Compensation Committee also considered many other factors in evaluating Starbucks executive compensation programs as discussed in this Compensation Discussion and Analysis, including the Committee s assessment of the interaction of our compensation programs with our corporate business objectives, input from F.W. Cook, and review of data of a comparator group of peers, each of which is evaluated in the context of the Committee s fiduciary duty to act as the directors determine to be in shareholders best interests. While each of these factors bore on the Compensation Committee s decisions regarding our NEOs compensation, the Committee did not make any changes to our executive compensation program and policies as a result of the 2012 advisory vote on executive compensation.

Risk Considerations

We believe that the design and objectives of our executive compensation program provide an appropriate balance of incentives for executives and avoid inappropriate risks. In this regard, our executive compensation program includes, among other things, the following design features:

- Balanced mix of fixed versus variable compensation and cash-based versus equity-based compensation;
- Variable compensation based on a variety of performance goals, including Company, business unit and, where appropriate, individual performance goals;
- Compensation Committee discretion to lower annual incentive award amounts;
- Balanced mix of short-term and long-term incentives;
- Additional time-based vesting requirements for earned performance RSUs;
- Stock ownership and holding requirements;
- Prohibition on hedging Company stock that applies to all partners; and
- Clawback policy (our Recovery of Incentive Compensation Policy, described below in this section).

Management performed an annual assessment of our compensation objectives, philosophy, and forms of compensation and benefits for all partners, including executives, to determine whether the risks arising from such policies or practices are reasonably likely to have a material adverse effect on the Company. Based upon this review, management concluded that our compensation practices and policies do not create risks that are reasonably likely to have a material adverse effect on the Company. A report summarizing the results of this assessment was reviewed and discussed with the Compensation Committee at its September 2012 meeting.

Review of Tally Sheet Information

The Compensation Committee generally considers the following information for each executive when setting compensation: (i) the targeted value of base pay, annual incentive bonus target, equity grants and other benefits; and (ii) the accumulated value of in-the-money outstanding equity grants broken out by (a) exercisable value for options and (b) unvested value for options and RSUs. This information helps the Compensation Committee to understand the total compensation being delivered to executives and the long-term retentive elements in place for executives. This information is considered by the Compensation Committee, along with market data, performance and the other factors discussed above in setting executive compensation.

Internal Pay Equity

The Compensation Committee considers internal pay equity, among other factors, when making compensation decisions. However, the Compensation Committee does not use a fixed ratio or formula when comparing compensation among executive officers.

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Our ceo is compensated at a higher level than other executive officers due to his significantly higher level of responsibility, accountability and experience. For fiscal 2012, Mr. Schultz s base salary was set at $1.5 million. Mr. Schultz receives more of his pay in the form of long-term incentive compensation, rather than annual cash compensation, as compared to the compensation of the other NEOs. Given Mr. Schultz s responsibility for overall Company performance, the independent directors believe that compensating the ceo at a higher level than the other executives and weighting the ceo s total compensation more heavily toward long-term incentive compensation is consistent with market practices and appropriately reflects the contributions of our ceo.

We believe the fiscal 2012 target total direct compensation for the NEOs other than Mr. Schultz in relation to the compensation targeted for Mr. Schultz and to one another was reasonable and appropriate given each executive s responsibilities and fiscal 2011 performance. For fiscal 2012, the differences in pay among our NEOs relative to each other and Mr. Schultz are based on market differences for the particular job, job responsibilities and scope, professional experience and adjustments for individual performance.

Employment Agreements

Although we typically sign