STARBUCKS CORP
Form DEF 14A
January 25, 2019
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
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))
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):

No fee required.
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Cover La Lucila, Greater Buenos Aries. First Starbucks store in Argentina with Drive Thru.

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Letter to Our

Shareholders

Dear Fellow Shareholders:

Thank you for your support of Starbucks in 2018. This was a pivotal year for the Company, as we continued to streamline the business to amplify our focus on core value drivers and, with Howard Schultz s retirement, transitioned from founder-led to founder-inspired. Our goal is to drive growth at scale, and in many respects, it is a new era at Starbucks: we are growing off a larger base, requiring a sharper strategic focus and greater discipline. Nevertheless, Starbucks mission, values and guiding principles remain core to who we are as a Company.

Sustainable, long-term growth

Our view is that to continue to drive sustainable growth, we must evolve our relevance to customers and executing against this vision requires focus on our most important strategic priorities. To that end, we began streamlining our business in 2017, and in 2018 we advanced this initiative through a combination of retail market alignment, business simplification and the landmark deal to form the Global Coffee Alliance with Nestlé. While these measures are part of our long game, we began to see significant traction by year-end. Our record fourth quarter performance reflected meaningful sequential improvement in virtually every critical operating metric. Moreover, we entered fiscal 2019 executing against a clear growth agenda, with a focus on our long-term growth markets, the U.S. and China.

Effective executive leadership

As we enter this next phase of driving growth at scale, we are transforming to increase the velocity of innovation that is relevant to our customers, inspiring to our partners and meaningful to the business. We are embracing change and have evolved the executive leadership team to match current needs. Key additions in the past year and a half include Rosalind G. Brewer as our chief operating officer; Rachel A. Gonzalez as general counsel and secretary; and Patrick J. Grismer as chief financial officer. All bring exceptional qualifications to their important roles and value to an already strong executive leadership team that will drive growth in the years ahead.

High-functioning board

The board of directors remains as high functioning and engaged as ever, continuously monitoring the Company s business strategy, leadership, operations and risk management in the dynamic business environment in which we operate. Our governance is values-based, and the board has long been comprised of accomplished leaders representing diverse backgrounds and experience. After adding three new independent directors in 2017, Howard s retirement along with the departure of other long-serving members in 2018 updated the dynamic in the boardroom. We move forward with an average tenure of just eight years, an independent board chair and vice chair and three strong leaders, Jørgen Vig Knudstorp, Mary N. Dillon and Mellody Hobson, as chairs of our Nominating and Corporate Governance Committee, Compensation and Management Development Committee and Audit and Compliance Committee, respectively. Your board exhibited strong oversight and engagement on our strategy, collaboration with management and advocacy on the part of shareholders in 2018, and we look forward to engaging with you and obtaining your feedback through Starbucks governance outreach program in the year ahead.

Partnerships and community

Starbucks success has always been linked to the meaningful relationships we have with our partners and how we serve our communities. Starbucks mission, values and guiding principles are core to our focus on amplifying the brand. We have every confidence that our commitment to care for our partners, to serve our communities, to innovate and to pursue operational excellence in every market will keep us on the right path for long-term, sustainable growth.

On behalf of our board of directors and management team, we cordially invite you to attend the 2019 Annual Meeting of Shareholders on March 20, 2019 at 10:00 a.m. PT. *Please note the new location at the WAMU Theater next to CenturyLink Field, in Seattle, Washington.* More information about attending the Annual Meeting appears on the back cover of this proxy statement. The matters to be acted upon are described in the notice of Annual Meeting of Shareholders and the 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. The new location at WAMU Theater allows us to increase the seating capacity, however, seating will be on a first-come, first-served basis. As we have done before, we will also provide a live webcast of the meeting from the Investor Relations website at http://investor.starbucks.com. We hope this provides those unable to attend the meeting the opportunity to hear Starbucks leaders discuss our operating results and plans for the future.

Thank you for your continued investment in Starbucks.

Warm Regards,

Myron E. Ullman III

independent board chair

Kevin R. Johnson

president and ceo

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Starbucks Corporation

2401 Utah Avenue South

Seattle, Washington 98134

Notice of Annual Meeting

of Shareholders

The 2019 Annual Meeting of Shareholders (Annual Meeting) of Starbucks Corporation will be held at **WAMU Theater next to CenturyLink Field, located at 800 Occidental Avenue South, in Seattle, Washington,** on March 20, 2019 at 10:00 a.m. (Pacific Time) for the following purposes:

1. To elect 10 directors nominated by the board of directors to serve until the 2020 Annual Meeting of Shareholders;
2. To approve an advisory resolution on our executive officer compensation;
3. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 29, 2019;
4. To consider shareholder proposals described in the accompanying proxy statement, if properly presented at the Annual Meeting; and
5. To transact such other business as may properly come before the Annual Meeting.

Only shareholders of record at the close of business on January 10, 2019 will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

YOUR VOTE IS VERY IMPORTANT**.** Whether or not you plan to attend the Annual Meeting, we urge you to cast your vote and submit your proxy in advance of the Annual Meeting by one of the methods below. Make sure to have your proxy card or voting instruction form (VIF) in hand:

Submitting your proxy now will not prevent you from voting your shares at the Annual Meeting, as your proxy is revocable at your option. Shareholders may also vote in person at the Annual Meeting. If you are a registered shareholder (that is, you hold your shares in your name), you must present valid identification and proof of share ownership to vote at the Annual Meeting. If you are a beneficial shareholder (that is, your shares are held in the name of a broker, bank or other holder of record), you will also need to obtain a legal proxy from the registered shareholder to vote at the Annual Meeting.

Rachel A. Gonzalez

executive vice president, general counsel and secretary

Seattle, Washington

January 25, 2019

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on March 20, 2019. Our proxy statement follows. Financial and other information concerning Starbucks is contained in our Annual Report. The proxy statement and Annual Report are available on our Investor Relations 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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This proxy statement contains forward-looking statements regarding Starbucks current expectations within the meaning of the applicable securities laws and regulations. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations. These risks and uncertainties include, but are not limited to, the risks detailed in the company filings with the Securities and Exchange Commission, including the Risk Factors section of Starbucks Annual Report on Form 10-K for the fiscal year ended September 30, 2018. We assume no obligation to update any of these forward-looking statements.

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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

Wednesday, March 20, 2019 at	WAMU Theater next to CenturyLink Field
10:00 a.m. (Pacific Time)	800 Occidental Avenue South
Doors open at 8:00 a.m. (Pacific Time)	Seattle, WA 98134

Voting:	Shareholders as of the record date, January 10, 2019, are entitled to vote.
	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.
Attending the Annual Meeting:	*In Person.* To be admitted, you will be required to present a government-issued photo identification (such as a driver s license or passport) and proof of share ownership. More information can be found on the back cover of this proxy statement.
	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.*
	You do not need to attend the Annual Meeting of Shareholders to vote if you submitted your proxy in advance of the meeting.

Even if you plan to attend our Annual Meeting in person, please cast your vote as soon as possible. Make sure to have your proxy card or voting instruction form (VIF) in hand:

ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS

Proposal	Board Voting Recommendation	Page Reference (for more detail)
Management proposals		
Election of 10 directors	FOR EACH DIRECTOR NOMINEE	9
Approval of an advisory resolution on our executive officer compensation	FOR	25
Ratification of selection of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal 2019	FOR	53
Shareholder proposals		
True Diversity Board Policy	AGAINST	55

Report on Sustainable Packaging	AGAINST	57

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PROXY STATEMENT SUMMARY

BOARD NOMINEES

The following tables provide summary information about our director nominees. Directors are elected annually by a majority of votes cast. Your board of directors recommends that you vote FOR the election of each of the ten nominees.

					COMMITTEE MEMBERSHIPS		
NAME	AGE	DIRECTOR SINCE	PRINCIPAL OCCUPATION	INDEPENDENT	ACC	CMDC	NCGC
Rosalind G. Brewer	56	2017	group president, Americas and chief operating officer of Starbucks Corporation				
Mary N. Dillon	57	2016	chief executive officer and director of Ulta Beauty, Inc.			**C**	
Mellody Hobson	49	2005	president and director of Ariel Investments, LLC	**VC**	**C**		
Kevin R. Johnson	58	2009	president and chief executive officer of Starbucks Corporation				
Jørgen Vig Knudstorp	50	2017	executive chairman of LEGO Brand Group				**C**
Satya Nadella	51	2017	chief executive officer and director of Microsoft Corporation				
Joshua Cooper Ramo	50	2011	co-chief executive officer and vice chairman of Kissinger				

			Associates, Inc.	
Clara Shih	37	2011	chief executive officer and director of Hearsay Systems, Inc.	
Javier G. Teruel	68	2005	retired vice chairman of Colgate-Palmolive Company	
Myron E. Ullman, III	72	2003	retired executive chairman and ceo of J.C. Penney Company, Inc.	**CB**

C Committee Chair
VC Vice Chair of Board
CB Chair of Board
Member

ACC Audit and Compliance Committee
CMDC Compensation and Management Development Committee
NCGC Nominating and Corporate Governance Committee

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EXECUTIVE COMPENSATION ADVISORY VOTE

Our board of directors recommends that shareholders vote to approve an advisory resolution on the compensation paid to the Company s named executive officers, as described in this proxy statement, for the following reasons.

Pay Delivery Aligned with Performance

Based on effective program design and best practices, consistent with our pay for performance philosophy, our executive compensation is aligned with Company performance. The vast majority of compensation value we deliver to our executives is in the form of compensation that is variable and at-risk based on performance.

Starbucks has a demonstrated history of rigorous goal setting. The chart below illustrates that realizable compensation of our chief executive officer (ceo) is aligned with shareholder value creation and our performance against rigorous financial goals in fiscal 2018. Realizable compensation delivered in fiscal 2018 differs greatly from our ceo s target compensation because: annual incentive bonuses were earned at 32%, stock options granted during the year had exercise prices near our share price at fiscal year-end and performance-based restricted stock units (PRSUs) granted during the year are expected be earned at 0%:

CEO Fiscal 2018 Target vs Realizable Compensation

Strong Governance Standards and Best Practices

The Compensation and Management Development Committee (Compensation Committee) of our board of directors is fully engaged to respond to the dynamic business environment in which we operate. As discussed in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee acts to:

- Adapt our compensation program to match the needs of our business
- Enable the attraction and retention of top talent in a dynamic and challenging business environment

- Foster long-term shareholder value creation and pay for performance alignment by creating meaningful equity incentives linked to rigorous financial objectives
- Mitigate compensation-related risk to the organization
- Conduct an annual say-on-pay advisory vote and regularly engage with shareholders on executive compensation

Effective Program Design

- Competitive total rewards package benchmarked against reasonably comparable peers
- Vast majority of pay based on performance, primarily in the form of stock-based compensation
- Promotion of retention through multi-year vesting of stock awards
- Rigorous stock ownership guidelines
- Robust clawback policy
- No hedging or pledging transactions in Starbucks stock
- No single-trigger change-in-control equity acceleration provisions
- No change-in-control severance or tax gross-ups
- No significant perquisites

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PROXY STATEMENT SUMMARY

BUSINESS OVERVIEW

With more than 29,000 stores around the globe, Starbucks is the premier roaster and retailer of specialty coffee in the world. Since 1971, we have been committed to ethically sourcing and roasting high-quality *arabica* coffee. Through our unwavering commitment to excellence and our guiding principles, we bring the unique *Starbucks Experience* to life for every customer through every cup.

Starbucks reported solid top line growth in fiscal 2018, as we fundamentally streamlined our business to focus on our most important strategic priorities.

Fiscal 2018 was a year of transition for our business and leadership team as we realigned our strategies to drive growth at scale. While we achieved record revenues, we fell short of our expectations for the year. To accelerate growth and create long-term shareholder value, we took several actions throughout the year to streamline our business to enhance focus on our core value drivers (encompassed by the three strategic priorities summarized below).

Retail Market Alignment

We transitioned markets better suited to local ownership to allied partners and executed the $1.4 billion purchase of the outstanding interest of our East China joint venture, solidifying China as a central focus of our strategic priorities.

Business Simplification

We enhanced our focus on our core retail business by divesting Tazo, closing Teavana specialty retail stores and transitioning our e-commerce business to channel partners.

Global Coffee Alliance

We combined our brand and coffee leadership with Nestlé s leading global distribution network. Nestlé now markets our packaged coffee and tea brands in all of our at-home and away-from-home channels (including on Nestlé s single-serve capsule systems). We received $7.15 billion in an upfront payment and with a focus on long term shareholder value creation retained a significant stake as licensor and supplier.

We are committed to amplifying our brand through the Global Coffee Alliance and a targeted set of growth initiatives in the U.S. and China:

ENHANCING THE IN-STORE	DELIVERING BEVERAGE QUALITY	DRIVING DIGITAL
STARBUCKS EXPERIENCE		RELATIONSHIPS
	AND INNOVATION	

Leadership Transition

In fiscal 2018, Howard Schultz retired from his executive position and our board and was honored with the distinction of chairman emeritus. Mr. Johnson continues as ceo, reporting to a board led by Starbucks independent board chair, Myron E. (Mike) Ullman, III, with support from Mellody Hobson, board vice chair. This transition from founder-led to founder-inspired is a significant milestone both for executive leadership and for the functioning of our board. We have also solidified the executive leadership team reporting to our ceo with the appointment of new leaders in our top operations, finance and legal positions. During fiscal 2018 we completed many significant initiatives to realign our strategic focus, which allowed Starbucks to demonstrate an improved trajectory by year-end. We believe this is evidence of the successful transition of executive leadership, resulting from our board s focus on succession planning.

Fiscal 2018 Achievements

INCREASED NET REVENUES 10% TO A RECORD $24.7B	**GREW NON-GAAP EPS 17% TO $2.42***	**RETURNED NEARLY $9B TO SHAREHOLDERS**	**GREW U.S. ACTIVE DIGITAL STARBUCKS REWARDS MEMBERS TO 15.3M UP 15% YEAR OVER YEAR**	**FORMED THE ALLIANCE WITH NESTLÉ ahead OF SCHEDULE**

* Annex A includes a reconciliation of Non-GAAP EPS to diluted net earnings per share (EPS), the most directly comparable measure reported under accounting principles generally accepted in the United States (GAAP).

Opened 1,985 net new stores globally, representing approximately 7% growth in our worldwide base of retail stores

In addition to opening 585 net new stores and entering 17 new cities in China, unified mainland China as a Company-operated market which has positioned us for long-term expansion

Transitioned markets in Brazil and Taiwan to license partners; and most recently, announced plans to fully license France, Netherlands, Belgium and Luxembourg in fiscal 2019

Our record fourth quarter performance reflected meaningful sequential improvement in virtually every critical operating metric, and we entered fiscal 2019 executing against a clear growth agenda, with a focus on our long-term growth markets of the U.S. and China.

Long-Term Performance

Streamline initiatives released $8 billion of capital for redeployment, which supports our fiscal 2018 commitment to return $25 billion to shareholders through fiscal 2020. Our record of delivering total shareholder return (TSR) and returning capital to shareholders reflects our commitment to long-term shareholder value creation.

Cumulative TSR

as of 9/30/18

Starbucks has returned a total of $15.5 billion

in capital to shareholders in the last three years.

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PROXY STATEMENT SUMMARY

CORPORATE GOVERNANCE HIGHLIGHTS

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GLOBAL SOCIAL IMPACT HIGHLIGHTS

What is the Role and Responsibility of a For-Profit, Public Company?

We believe Starbucks can and should have a positive impact on the communities we serve: one person, one cup and one neighborhood at a time. As we have grown to more than 29,000 stores in more than 78 international markets, so too has our ability to lead and create global social impact. It is our vision that together we will elevate our partners, customers, suppliers and neighbors to create positive change. Doing good is so much a part of who we are as people, a company and a brand that our mission and values are ingrained in our business strategy.

Be Globally Responsible

Helping people thrive supports the long-term sustainability and availability of the premium products we provide. Whether it s *arabica* coffee, tea, cocoa or manufactured goods, we re committed to offering ethically sourced and responsibly produced sustainable high-quality products.

Here are a few examples of how we try to bring to life our goal of being globally responsible:

We continue to work towards making coffee the world s first sustainable agricultural product to improve the lives of at least 1 million people in coffee communities around the world

Since 2015, **99% of our coffee** has been ethically sourced

- we are committed to our goal of reaching 100% ethically sourced coffee, not just in our supply chain, but working with others to make coffee the world s first sustainable agricultural product

Thanks to our partners and customers, more than **25 million disease-resistant trees** have been donated to coffee farmers

We are committed to minimizing our environmental footprint and inspiring others to do the same

We expect to build and operate 10,000 Greener Stores by 2025:

- Powered by **renewable energy**
- Deploying technologies that deliver **25-30% energy and water savings**

¡ we aim to provide 100 million rust-resistant coffee trees to farmers by 2025

Our Global Agronomy Center at Hacienda Alsacia in Costa Rica and nine Farmer Support Centers in coffee growing regions across the globe provide **open-sourced training to farmers around the world**

We are **investing $50 million** in the Starbucks Global Farmer Fund to provide farmer loans to strengthen farms through coffee tree renovation and infrastructure

¡ Operated by partners (employees) who are **certified sustainability experts**

We are working across our industry to develop an open-sourced solution to provide **a more recyclable cup** (through the Next Gen Cup Challenge)

We are committed to **eliminating the use of plastic straws** from our products, globally, by 2020

Create Opportunities

Starbucks has and continues to look to create opportunities for our partners and customers in the communities we serve. From the neighborhoods where our stores are located to those where our coffee is grown, we are committed to creating and investing in opportunities for people around the world.

Starbucks College Achievement Plan is helping partners complete their education through Arizona State University online we aim to have 25,000 partners graduate by 2025

Since 2013, we have hired more than 21,000 veterans and military spouses we expect to hire 25,000 by 2025

We expect to employ 10,000 refugees globally by 2022

We have hired over 65,000 Opportunity Youth (young people who are not working or in school) we strive to employ 100,000 by 2020

Strengthen Communities

Each Starbucks store is a part of a community, and we re committed to strengthening neighborhoods wherever we do business.

We are committed to helping end hunger by

DONATING 100%

of food available for donation in

By 2020, we aim to have

100% OF OUR STORES

worldwide participating in

our U.S. company-owned stores by 2020	*community service annually*

For more information, please visit www.starbucks.com/responsibility

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Proxy Statement

We are making this proxy statement available to you on January 25, 2019 in connection with the solicitation of proxies by our board of directors for the Starbucks Corporation 2019 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 2019 Annual Meeting of Shareholders as the Annual Meeting. Whe 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 2018 generally refers to our 2018 fiscal year, which was from October 2, 2017 through September 30, 2018 (fiscal 2018). Fiscal years 2018 and 2017 each included 52 weeks. Fiscal 2016 included 53 weeks with the additional week falling in our fourth fiscal quarter.

VOTING INFORMATION

Record Date. The record date for the Annual Meeting is January 10, 2019. On the record date, there were 1,243,416,517 shares of our common stock outstanding and there were no outstanding shares of any other class of stock.

Voting Your Proxy. Holders of shares of common stock are entitled to cast one vote per share on all matters. Proxies will be voted as instructed by the shareholder or shareholders granting the proxy. Unless contrary instructions are specified, if the proxy is completed and submitted (and not revoked) prior to the Annual Meeting, the shares of Starbucks common stock represented by the proxy will be voted: (i) **FOR** the election of each of the ten director candidates nominated by the board of directors; (ii) **FOR** approval of the advisory resolution on our executive compensation; (iii) **FOR** ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending September 29, 2019 (fiscal 2019); (iv) **AGAINST** the shareholder proposal regarding true diversity board reporting; (v) **AGAINST** the shareholder proposal regarding a report on sustainable packaging; 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 shares issued in his or her name and therefore appears on the Company s 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 website, 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 should follow the voting instructions you receive from the holder of record to revoke your proxy 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 on that matter but are deemed to be present at the Annual Meeting) are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting.

We have 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 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, ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm and approval of all shareholder proposals, and any other matters that properly come before the meeting, require that the votes cast in favor of such actions exceed the votes cast opposing such actions. The following will not be considered votes cast and will not count in determining 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; and (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 but which is not voted.

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.

Even if you plan to attend our Annual Meeting in person, please cast your vote as soon as possible. Make sure to have your proxy card or voting instruction form (VIF) in hand:

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Proposal 1 Election of Directors

Our board of directors currently has ten members. The board of directors has nominated all ten directors for election at the 2019 Annual Meeting, to serve until the 2020 Annual Meeting of Shareholders and until their respective successors have been elected and qualified. All current directors were elected at the 2018 Annual Meeting.

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 ten persons.

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 several qualifications, including demonstrated integrity, a record of personal accomplishments, a commitment to participation in board activities and other attributes discussed below in Our Director Nominations Process. We also endeavor to have a board that represents a range of qualities, 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 experiences, qualifications, skills and attributes the director nominees bring to the board that, for reasons discussed in the chart below, are important considering Starbucks businesses and structure. The board considered these key experiences, qualifications, skills and attributes and the nominees other qualifications in determining to recommend that they be nominated for election.

EXPERIENCE/QUALIFICATIONS/SKILLS/ATTRIBUTES

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PROPOSAL 1 ELECTION OF DIRECTORS

DIRECTOR SKILLS MATRIX

The table below summarizes the key experience, qualifications and attributes for each director nominee and highlights the balanced mix of experience, qualifications and attributes of the board as a whole. This high-level summary is not intended to be an exhaustive list of each director nominee s skills or contributions to the board.

E	FINANCIAL/ CAPITAL ALLOCATION EXPERIENCE	GENDER, ETHNIC OR NATIONAL DIVERSITY	BRAND MARKETING EXPERIENCE	INTERNATIONAL OPERATIONS & DISTRIBUTION EXPERIENCE	DOMESTIC AND INTERNATIONAL SUSTAINABILITY & PUBLIC POLICY EXPERIENCE	TECHNOLOGY EXPERIENCE	HUMAN CAPITAL MANAGEMENT EXPERIENCE	P CO B EXP

The board of directors recommends that shareholders vote FOR *the election of each of the nominees to the board of directors.*

NOMINEES

ROSALIND G. BREWER

Age: 56

Director Since: 2017

Committees: None

ROSALIND G. BREWER**,** 56, has served as group president, Americas and chief operating officer since October 2017, and has been a director since March 2017. Ms. Brewer served as President and Chief Executive Officer of Sam s Club, a membership-only retail warehouse club and a division of Walmart Inc., from February 2012 to February 2017. Previously, Ms. Brewer was Executive Vice President and President of Walmart s East Business Unit from February 2011 to January 2012; Executive Vice President and President of Walmart South from February 2010 to February 2011; Senior Vice President and Division President of the Southeast Operating Division from March 2007 to January 2010; and Regional General Manager, Georgia Operations, from 2006 to February 2007. Prior to joining Walmart, Ms. Brewer was President of Global Nonwovens Division for Kimberly-Clark Corporation, a global health and hygiene products company, from 2004 to 2006 and held various management positions at Kimberly-Clark Corporation from 1984 to 2006. She serves as the Chair of the Board of Trustees for Spelman College and formerly served on the Board of Directors for Lockheed Martin Corporation and Molson Coors Brewing Company.

Director Qualifications:

In addition to her deep understanding of the Company s day-to-day business and operations as head of the Americas business and her role as chief operating officer, Ms. Brewer brings to the board of directors extensive insight on large scale operations and supply chain logistics based on her senior leadership positions as President and Chief Executive Officer of Sam s Club and as Executive Vice President for Walmart, as well as extensive experience in consumer products marketing and distribution. Ms. Brewer also brings to the board her vast experience in product development, product management, leadership, digital technology and innovation, international operations and distribution, the identification and nurturing of talent and the development of culture and values within organizations. She also has experience in capital allocation, productivity and optimizing margins in ways that promote sustainable growth.

MARY N. DILLON

Age: 57

Director Since: 2016

Committees: CMDC (Chair), NCGC

MARY N. DILLON**,** 57, has been a Starbucks director since January 2016. Since July 2013, Ms. Dillon has served as Chief Executive Officer and a member of the Board of Directors of Ulta Beauty, Inc., a beauty products retailer. Prior to joining Ulta Beauty, she served as President and Chief Executive Officer and a member of the Board of Directors of United States Cellular Corporation, a provider of wireless telecommunications services, beginning in June 2010. Prior to joining U.S. Cellular, Ms. Dillon served as Global Chief Marketing Officer and

Executive Vice President of McDonald s Corporation from 2005 to 2010, where she led the company s worldwide marketing efforts and global brand strategy. Prior to joining McDonald s, Ms. Dillon held several positions of increasing responsibility at PepsiCo Corporation, including as President of the Quaker Foods division from 2004 to 2005 and as Vice President of Marketing for Gatorade and Quaker Foods from 2002 to 2004. Ms. Dillon currently serves on the Board of Directors of KKR & Co. Inc. and previously served on the Board of Directors of Target Corporation.

Director Qualifications:

As CEO of a large publicly traded company and with her executive leadership experience, Ms. Dillon provides the board with top-level leadership perspective in organizational management and operations as well as capital allocation. With over thirty years of experience with large consumer-driven businesses, Ms. Dillon brings to the board her unique insights into the management of complex organizations and the development and motivating of employees in today s evolving retail environment. She also possesses valuable knowledge and expertise in brand marketing and strategy.

MELLODY HOBSON

Age: 49

Director Since: 2005

Committees: ACC (Chair)

MELLODY HOBSON, 49, has served as vice chair of the board since June 26, 2018 and has been a Starbucks director since February 2005. Ms. Hobson has served as the President of Ariel Investments, LLC, an investment management firm, since 2000. She is also the President and a Director of Ariel Investments governing member, Ariel Capital Management Holdings Inc. In addition, she serves as the President and Chairman of the Board of Trustees of the Ariel Investment Trust, a registered investment company advised by Ariel Investments. 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 Governance Board Member of 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 JPMorgan Chase & Co. Additionally, she is on the Board of Governors of the Investment Company Institute. Ms. Hobson formerly served on the Board of Directors of Groupon, Inc., DreamWorks Animation SKG, Inc., and The Estée Lauder Companies Inc.

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. She brings a strong investor perspective to the boardroom and infuses discussions with insights from a shareholder, capital markets and capital allocation lens. Ms. Hobson s experience as an on-air CBS news contributor and analyst on finance and the economy provides insight into media and communications and public relations considerations. Ms. Hobson also

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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 service on the Investment Company Institute s Board of Governors Executive Committee and her prior service on the Securities and Exchange Commission (SEC) Investment Advisory Committee. In addition, Ms. Hobson has brand marketing experience through her past service on the Board of Directors of The Estée Lauder Companies Inc. and the DreamWorks Animation SKG Board prior to its acquisition by Comcast Corporation.

KEVIN R. JOHNSON

Age: 58

Director Since: 2009

Committees: None

KEVIN R. JOHNSON**,** 58, has served as president and chief executive officer since April 2017 and has been a Starbucks director since March 2009. Mr. Johnson served as president and chief operating officer from March 2015 to April 2017. Mr. Johnson served as Chief Executive Officer of Juniper Networks, Inc., a leading provider of high-performance networking products and services, from September 2008 to December 2013. He also served on the Board of Directors of Juniper Networks from September 2008 through February 2014. 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 several 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:

Through his experience as a board member, former chief operating officer and current president and chief executive officer of the Company, Mr. Johnson provides the board of directors with a unique perspective of Starbucks business, operations and strategic direction and vision and the importance of identifying and developing talent and aligning employees to the Company s mission and values. Mr. Johnson s extensive experience in the technology industry provides the board of directors with unique insights into platforms for global integration of information systems as well as the 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 strategy, productivity and innovation.

JØRGEN VIG KNUDSTORP

Age: 50

Director Since: 2017

Committees: ACC, NCGC (Chair)

JØRGEN VIG KNUDSTORP, 50, has been a director since March 2017. Since January 2017, Mr. Knudstorp has served as Executive Chairman of LEGO Brand Group, owner of the LEGO brand and controlling company of the LEGO Group, a leading manufacturer of construction toys. From October 2004 to December 2016, he served as President and Chief Executive Officer of the LEGO Group. He previously held various leadership positions at the LEGO Group from 2001 to 2004, including Senior Vice President, Corporate Affairs from 2003 to 2004; Vice President, Strategic Development in 2003; Senior Director, Global Strategic Development & Alliance Management from 2002 to 2003; and Director, Strategic Development from 2001 to 2002. Prior to joining the LEGO Group, Mr. Knudstorp served as a Management Consultant at McKinsey & Company from 1998 to 2001.

Director Qualifications:

Mr. Knudstorp s top executive leadership experiences at one of the world s most renowned toy manufacturers, as well as a highly recognizable brand, brings to the board of directors a record of innovation and senior leadership. His extensive global leadership experience provides the board with his unique insights and knowledge of brand and digital marketing, strategy, consumer products, development and nurturing of human capital and organizational culture and values, finance, capital allocation, international operations and distribution and formation and management of strategic alliances.

SATYA NADELLA

Age: 51

Director Since: 2017

Committees: CMDC

SATYA NADELLA**,** 51, has been a director since March 2017. Mr. Nadella has served as Chief Executive Officer and a member of the Board of Directors of Microsoft Corporation, a worldwide provider of software, since February 2014. He has held various leadership positions at Microsoft since joining Microsoft in 1992, including Executive Vice President, Cloud and Enterprise from July 2013 to February 2014; President, Server and Tools from 2011 to 2013; Senior Vice President, Online Services Division from 2009 to 2011; and Senior Vice President, Search, Portal, and Advertising from 2008 to 2009. Mr. Nadella s roles also included Vice President of the Microsoft Business Division. Prior to joining Microsoft, Mr. Nadella was a member of the technology staff at Sun Microsystems, Inc. Mr. Nadella currently serves on the Board of Trustees of Fred Hutchinson Cancer Research Center. Mr. Nadella was formerly on the Board of Directors Riverbed Technology, Inc.

Director Qualifications:

Mr. Nadella brings to the board of directors global business leadership experience and extensive experience in the technology industry and an understanding of how technology will be used and experienced around the world, in addition to deep expertise in allocating capital

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and optimizing productivity. He also provides the board with invaluable insight as Starbucks continues its focus on innovative ways to use technology to elevate its brand and grow its business. His experience in leading a multi-national, complex enterprise, aligning and motivating employees, developing human capital and talent, fostering a robust culture and his strategic and operational expertise have facilitated important contributions to boardroom discussions and oversight. Mr. Nadella also brings insight and knowledge in international operations and distribution gained from his service as CEO and other senior leadership positions at one of the world s largest public technology companies.

JOSHUA COOPER RAMO

Age: 50

Director Since: 2011

Committees: ACC, NCGC

JOSHUA COOPER RAMO**,** 50, has been a Starbucks director since May 2011. Since July 2015, Mr. Ramo has served as Co-Chief Executive Officer and Vice Chairman of Kissinger Associates, Inc. an advisory firm where he has served as Vice Chairman since 2011 and been employed since 2005. He was previously the Managing Partner for the Office of JL Thornton & Co., LLC, 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 1995 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 two New York Times best-selling books, The Age of the Unthinkable (2009) and The Seventh Sense (2016). 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 strategic partnership, commercial transaction, business negotiation and advisory experience from his Kissinger Associates Co-CEO and Vice Chairmanship, as well as domestic and international public policy experience. Mr. Ramo has extensive knowledge in several important areas, including innovative problem-solving related to global risks and opportunities, particularly regarding China, and navigating cross-cultural and cross-border opportunities.

CLARA SHIH

Age: 37

Director Since: 2011

Committees: CMDC, NCGC

CLARA SHIH, 37, has been a Starbucks director since December 2011. Ms. Shih is Chief Executive Officer and a Board member of Hearsay Systems, Inc., an enterprise software company serving Fortune 500 firms that she 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 (2009) and The Social Business Imperative (2016). She has been 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. She was also named a Young Global Leader by the World Economic Forum.

Director Qualifications:

Ms. Shih brings to the board social media, digital, and mobile expertise, brand marketing, innovation and entrepreneurial experience from her founder and CEO position with Hearsay, as well as her prior experience at other technology companies. She provides unique insights to Starbucks related to technology innovation and growth of the business, including on social networking sites across marketing, sales, customer service, recruiting and R&D functions. She also provides valuable generational perspectives and insights into evolving consumer and generational trends.

JAVIER G. TERUEL

Age: 68

Director Since: 2005

Committees: ACC, CMDC

JAVIER G. TERUEL**,** 68, 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 impact investment and consulting firm, as Chairman of Alta Growth Capital, a private equity firm and is a majority owner of Mexican investment firm, Desarrolo Empressarial Sebara, SA de CV. He previously served on the Board of Directors of The Pepsi Bottling Group, Inc. and Corporación Geo S.A.B. de C.V. He currently serves on the Board of Directors of J.C. Penney Company, Inc. and Nielsen Holdings plc.

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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. He also provides important investment-oriented perspectives and insights into achieving growth in key business areas. Through his senior leadership and public company board experience, Mr. Teruel also possesses extensive knowledge in several important areas, including leadership, finance, risk assessment, and international, cross-border and cross-cultural dynamics faced by global companies.

MYRON E. ULLMAN, III

Age: 72

Director Since: 2003

Committees: NCGC

MYRON E. ULLMAN, III, 72, has served as chair of the board since June 26, 2018 and 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 August 2015 to August 2016, when he retired. From April 2013 to August 2015, Mr. Ullman served as Chief Executive Officer and a member of the Board of Directors of J.C. Penney Company, Inc. Mr. Ullman had previously served as Executive Chairman of J.C. Penney Company, Inc., 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 Board of Directors for Ralph Lauren Corporation, Saks, Inc., Pzena Investment Management, Inc. and as the Chairman of the Federal Reserve Bank of Dallas. He currently serves on the Board of Directors of Taubman Centers, Inc.

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, strategy and execution, finance, capital allocation, executive compensation, risk assessment and compliance. He also has a great appreciation for the importance of developing, nurturing and sustaining human capital to achieve strong business performance, promote a robust corporate culture and cultivate the commitment of employees and business partners. 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 real estate industry 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 and management with insight into navigating the challenges and opportunities inherent in managing a complex organization and consumer and retail-facing brands.

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Corporate Governance

SHAREHOLDER ENGAGEMENT

We have a long-standing history of actively engaging with our shareholders.

We believe that strong corporate governance should include year-round engagement with our shareholders. We have a long-standing, robust shareholder outreach program led by a cross-functional team including partners from our Investor Relations, Global Rewards, Law & Corporate Affairs and Global Social Impact departments. Through this outreach, we solicit feedback on our executive compensation program, corporate governance, disclosure practices and environmental and social impact programs and goals. We share feedback we receive with our board of directors and the Compensation Committee as demonstrated below.

As part of our regular outreach, during 2018 we reached out to our top shareholders and had conversations with corporate governance contacts of shareholders representing approximately 30% of our total shares outstanding. Additionally, our senior management team, including our ceo and chief financial officer (cfo), regularly engage in meaningful dialogue with our shareholders through our quarterly earnings calls and other channels of communication.

In recent years, shareholder feedback has influenced our implementation of proxy access and the specific terms adopted, disclosure regarding partner diversity, as well as certain of our compensation design and philosophy changes, including most recently lengthening the performance period for PRSUs from two years to three years and including relative TSR in the PRSU design (as discussed in the Compensation Discussion and Analysis section of this proxy statement). In prior years, shareholder feedback influenced our replacing EPS with adjusted net revenue as a performance measure for annual incentive bonuses and lengthening the performance period for PRSUs from one year to two years.

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CORPORATE GOVERNANCE

BOARD LEADERSHIP

The board of directors is responsible for overseeing the exercise of corporate power and ensuring 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.

In connection with the retirement of Howard Schultz from the Company, the board modified the leadership structure of the board. The board appointed Myron E. Ullman, III, as chair of the board and Mellody Hobson as vice chair of the board effective upon Mr. Schultz s retirement on June 26, 2018 and expiring at the 2020 Annual Meeting of Shareholders. Both Mr. Ullman and Ms. Hobson are independent, non-employee board members. At the time of his appointment, Mr. Ullman was serving as the lead independent director of the board, a role he had held since March 2016 and which expired when he became the independent chair of the board. Pursuant to our Corporate Governance Principles and Practices for the Board of Directors (Corporate Governance Principles and Practices) a lead independent director will only be appointed if the chair of the board is not an independent director.

Under this new leadership structure, the Corporate Governance Principles and Practices provide for the Nominating and Corporate Governance Committee (Nominating/Governance Committee) to recommend to the board on a biennial basis a director for election by the board as the chair of the board. The Nominating/Governance Committee may also recommend one or more vice chairs of the board for election by the board. The board believes that it should maintain flexibility to select Starbucks chair of the board and board leadership structures from time to time. It believes that the two-year term for the chair and vice chair provides continuity for the board.

As part of these changes to the leadership and dynamics of our board, the board appointed two of our newer board members, Jørgen Vig Knudstorp and Mary N. Dillon, as chairs of our Nominating/Governance Committee and our Compensation Committee, respectively, to fill the chair vacancies created in these committees by Mr. Weatherup s retirement from the board and Mr. Ullman s election as chair of the board, respectively. Ms. Hobson continues her service as chair the Audit and Compliance Committee (Audit Committee).

Our ceo is the principal executive officer of the Company and has general charge and supervision of the business and strategic direction of the Company. Our independent chair of the board facilitates the board s oversight of management and the Company s long-range strategy and business initiatives and serves as a liaison between management and independent directors.

The duties of the chair of the board include the following:

- Preside over and manage the meetings of the board of directors
- Approve the scheduling of meetings of the board of directors, lead the preparation of the agenda for each meeting and approve the agenda and materials for each meeting
- Serve as liaison between management and independent directors
- Represent the board of directors at annual meetings of shareholders and be available, when appropriate, for consultations with shareholders
- Act as an advisor to the ceo on strategic aspects of the business

- Such other duties as prescribed by the board

The duties of the vice chair of the board include the following:

- Preside over and manage the meetings of the board in the absence of the chair of the board
- Work closely with and under the direction of the chair to assist the chair in carrying out his or her duties, including, but not limited to, the duties of the chair listed above
- Provide such other assistance as the chair of the board may request
- Such other duties as prescribed by the board of directors

Our board believes that its leadership structure is appropriate because it effectively allocates authority, responsibility and oversight between management and the independent members of our board and supports the independence of our non-management directors.

RISK OVERSIGHT

The board of directors has overall responsibility for risk oversight, including, as part of regular board and committee meetings, general oversight of executives management of risks relevant to the Company. A fundamental part of risk oversight is not only understanding the material risks a company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for that company. The involvement of the board of directors in reviewing Starbucks business strategy as more fully discussed below, 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 Committee and the Compensation Committee. The Audit Committee is responsible for reviewing and discussing with management the Company s major and emerging risk exposures, including financial, operational, technology, privacy, data and physical security, disaster recovery and business continuity, ethics and compliance and food safety, legal and regulatory risks; the steps the Company has taken to monitor and control such exposures; and the Company s risk assessment and risk management policies. The Audit Committee receives regular reports from management including from our chief ethics and compliance officer, vice president and controller and vice president of Internal Audit on risks facing the Company at its regularly scheduled meetings and other reports as requested by the Audit Committee from time to time. The chair of the Audit Committee regularly reports to the board on the substance of such reviews and discussions.

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.

Further, in 2016, the Company management established the Risk Management Committee which is co-managed by Starbucks cfo and general counsel. The Risk Management Committee is focused on risks facing the Company, including strategic, market, internal control and operational risks, and provides information and input to management and to the board.

BOARD OVERSIGHT OF STRATEGY

The board is deeply engaged and involved in overseeing the Company s long-range strategy, including evaluating key market opportunities, consumer trends and competitive developments. This also includes aspects of our sustainability initiatives and social impact agenda that relate to our strategy. The board s oversight of risk, as further discussed above, is another integral component of the board s oversight and engagement on strategic matters as well. Strategy-related matters are discussed as matters of course at regular board meetings and, as relevant, committee meetings, and we also dedicate at least one board meeting every year to an even more intensive review and discussion of the Company s strategic plans. Matters of strategy also inform committee-level discussions of many issues, including business risk. Engagement of the board on these issues and other matters of strategic importance continues in between meetings, including through updates to the board on significant items and discussions by the president and ceo with the independent chair and vice-chair of the board on a periodic basis. Each director is expected to and does bring to bear their own talents, insights and experiences on these strategy discussions. Additionally, in order to increase each director s engagement with and understanding of our strategy, each director participates in an extensive orientation program when first joining the board, including meeting with key members of our senior leadership team and other key leaders of the Company to gain a deeper understanding of Starbucks businesses and operations, attendance at cultural immersion programs, and visits to our stores to engage with store partners and customers first hand. Our directors also have the opportunity through our annual meeting business overviews and periodic investor day presentations and discussions to understand and assess how we are communicating our strategy to our investors and other important constituencies.

BOARD AND COMMITTEE EVALUATIONS

Our board is committed to continual corporate governance improvement, and annually the board and each committee conducts a self-evaluation to review and assess the overall effectiveness of the board and each committee, including with respect to strategic oversight, board structure and operation, interaction with and evaluation of management, governance policies, and committee structure and composition. Committee self-assessments of their performance are shared with the full board. The Nominating/Governance Committee also reviews the Corporate Governance Principles and Practices each year in light of changing conditions and shareholders interest and recommends appropriate changes to the board for consideration and approval. Matters with respect to the nomination of directors and board composition, information needs and topics addressed at board and committee sessions are also considered part of our self-assessment process. As appropriate, these assessments result in updates or changes to our practices as well as commitments to continue existing practices that our directors believe contribute positively to the effective functioning of our board and its committees.

The board s role in risk oversight has not resulted in any additional changes to the board s leadership structure, and the board believes that its leadership structure, coupled with the structure and work of the various committees referenced above, is appropriate and effective in facilitating board-level risk oversight.

AFFIRMATIVE DETERMINATIONS REGARDING DIRECTOR INDEPENDENCE AND OTHER MATTERS

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

Mary N. Dillon	Joshua Cooper Ramo
Mellody Hobson	Clara Shih
Jørgen Vig Knudstorp	Javier G. Teruel
Satya Nadella	Myron E. Ullman, III

In determining that Mr. Nadella is independent, the board considered payments in the ordinary course of business in fiscal 2018 between Starbucks and the public company in which he serves as an executive officer and as a director, which were for amounts representing less than 2% of the annual revenues of the company receiving the payments and did not constitute a related party transaction under SEC rules. The board determined that these transactions would not interfere with Mr. Nadella s exercise of independent judgment in carrying out his responsibilities as a director. The board also determined that Senator William W. Bradley, Secretary Robert M. Gates and Mr. Craig Weatherup each qualified as an independent director under NASDAQ rules during their terms of service as directors for part of fiscal

2018.

BOARD COMMITTEES AND RELATED MATTERS

During fiscal 2018, our board of directors had three standing committees: the Audit Committee, the Compensation Committee and the Nominating/Governance Committee. The board of directors, upon recommendation of the Nominating/Governance Committee, makes committee and committee chair assignments annually at its meeting immediately preceding the annual meeting of shareholders, although 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*.

The current composition of each board committee and the number of meetings held by each during fiscal 2018 are set forth below.

Director	Audit and Compliance Committee (ACC)	Compensation and Management Development Committee (CMDC)	Nominating and Corporate Governance Committee (NCGC)	Board of Directors
Rosalind G. Brewer				
Mary N. Dillon		**C**		
Mellody Hobson	**C**			**VC**
Kevin R. Johnson				
Jørgen Vig Knudstorp			**C**	

Satya Nadella				
Joshua Cooper Ramo				
Clara Shih				
Javier G. Teruel				
Myron E. Ullman, III				**CB**
Fiscal 2018 Meetings	**9**	**7**	**4**	**9**

C Committee Chair **CB** Chair of Board **VC** Vice Chair of Board Member

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CORPORATE GOVERNANCE

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS, ANNUAL MEETING

During fiscal 2018, 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). 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. 10 of the 12 directors who then served on the board attended our 2018 Annual Meeting of Shareholders.

AUDIT AND COMPLIANCE COMMITTEE

Committee Members*

Mellody Hobson (Chair)

Robert M. Gates

Jørgen Vig Knudstorp

Joshua Cooper Ramo

Javier G. Teruel

Craig E. Weatherup

Number of meetings in fiscal 2018: 9

The Audit Committee annually reviews and reassesses the adequacy of its charter and recommends any proposed changes to the charter to the board for approval. 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 pre-approval 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 review of the internal audit plan;

discuss any material weakness or significant deficiency and any steps taken to resolve the issue;

review any significant findings and recommendations from internal audit;

review and approve or ratify all transactions with related persons and potential conflicts of interests that are required to be disclosed in the proxy statement; and

review periodically and discuss with management the Company s major and emerging risk exposures, including financial, operational, privacy, data security, food safety and legal and regulatory risks, the steps the Company has taken to monitor and control such exposures, and the Company s risk assessment and risk management policies; and regularly report to the board the substance of such reviews and discussions.

Audit Committee Financial Expert

*Each of Ms. Hobson and Messrs. Gates, Knudstorp, Ramo, Teruel and Weatherup served on the Audit Committee during fiscal 2018. Secretary Gates ceased membership on the Committee upon his retirement from the board in March 2018, and Mr. Weatherup ceased membership on the Committee upon his retirement from the board in June 2018. Currently, each of Ms. Hobson, and Messrs. Knudstorp, Ramo and Teruel: (i) meets the independence criteria prescribed by applicable law and the rules of the SEC for audit committee membership and is an independent director as defined by NASDAQ rules; and (ii) meets NASDAQ s financial knowledge and sophistication requirements. Each of Ms. Hobson and Mr. Teruel have 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 AND MANAGEMENT DEVELOPMENT COMMITTEE

Committee Members*

Mary N. Dillon (Chair)

Satya Nadella

Clara Shih

Javier G. Teruel

Myron E. Ullman, III

Number of meetings in fiscal 2018: 7

The Compensation Committee annually reviews and reassesses the adequacy of its charter and recommends any proposed changes to the charter to the board for approval. 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 ceo;

conduct an annual review and approve the compensation package for the Company s executive officers and senior officers (as defined in its charter);

annually review and approve objective performance measures and performance targets for all executive officers and senior officers participating in the annual incentive bonus plan and long-term incentive plans, and 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 ceo and meets with him to share the findings of the review;

annually review and approve our management development and succession planning practices and strategies, including the review and oversight of risks and exposures associated with the succession planning practices and strategies;

annually review and approve the Company s peer 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 regarding potential material risks, if any, created by the Company s compensation policies and practices and inform the board of any necessary actions.

The charter allows the Compensation Committee to form and delegate any or all of its responsibilities to a subcommittee or subcommittees of the Compensation Committee, as may be necessary or appropriate, and within certain limits.

*Messrs. Nadella, Teruel, Ullman, and Mses. Dillon and Shih served on the Compensation Committee during fiscal 2018. Mr. Ullman ceased membership on the Compensation Committee upon selection as independent board chair in June 2018. 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.

Compensation Committee Interlocks and Insider Participation

Messrs. Nadella, Teruel, Ullman and Mses. Dillon, and Shih served on the Compensation Committee during fiscal 2018. As stated above, Mr. Ullman ceased membership on the Compensation Committee upon selection as independent board chair. During fiscal 2018, none of our executive officers served on the Compensation Committee (or its equivalent) or on the board of directors of another entity where one of our Compensation Committee members was an executive officer.

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. This process is enterprise wide for managers up to and including our ceo.

Our board of directors involvement in our annual succession planning process is outlined in our Corporate Governance Principles and Practices. The Corporate Governance Principles and Practices provide that each year, the chair of the Compensation Committee, together with the chair of the board and our ceo, will review succession plans with the board, and provide the board with a recommendation as to succession in the event of certain senior officers termination of employment with Starbucks for any reason (including death or disability).

Our Compensation Committee, pursuant to its charter, annually reviews and discusses with the panel of independent directors of the board the performance of certain senior officers of the Company and the succession

plans for each such officer s position including recommendations and evaluations of potential successors to fill these positions. 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

Our ceo provides an annual review to the board of directors assessing the members of the executive leadership team and their potential to succeed him. This review, which is developed in consultation with our chief partner officer, and the chair of our Compensation Committee, includes a discussion about development plans for the Company s executive officers and senior 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.

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CORPORATE GOVERNANCE

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Committee Members*

- Jørgen Vig Knudstorp (Chair)
- William W. Bradley
- Mary N. Dillon
- Robert M. Gates
- Joshua Cooper Ramo
- Clara Shih
- Myron E. Ullman, III
- Craig E. Weatherup

Number of meetings in fiscal 2018: 4

The Nominating/Governance Committee annually reviews and reassesses the adequacy of its charter and recommends any proposed changes to the charter to the board for approval. As more fully described in its charter, the primary responsibilities of the Nominating/Governance Committee are to:

- recommend to the board on a biennial basis a director for election by the board as chair of the board and, if one or more vice chairs are to be elected by the board, recommend to the board directors to serve as vice chairs;
- make recommendations to the board about our corporate governance processes;
- assist in identifying and screening board candidates;
- administer the Director Nominations Policy;
- consider shareholder nominations to the board;
- make recommendations to the board regarding membership and chairs of the board s committees;
- oversee the annual evaluation of the effectiveness of the board and each of its committees;
- biennially recommend the board s lead independent director, if the chair of the board is not an independent director;
- annually review the type and amount of board compensation for independent directors;
- annually review the Company s corporate political contributions and expenditures to confirm alignment with Company policies and values; and
- annually review and assess the effectiveness of the Company s environmental and social responsibility policies, goals and programs through the annual Global Social Impact Performance 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 independent directors of the board, the chair of the Nominating/Governance Committee and the chair of the Compensation Committee annually review the performance of the ceo and meets with him to share the findings of the review.

*Messrs. Bradley, Gates, Knudstorp, Ramo, Ullman and Weatherup and Mses. Dillon and Shih served on the Nominating/Governance Committee during fiscal 2018. Senator Bradley and Secretary Gates ceased membership on the Nominating/Governance Committee upon their retirement from the board in March 2018. Mr. Weatherup ceased membership on the Nominating/Governance Committee upon his retirement from the board in June 2018.

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 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 or any entity with which the candidate may be affiliated;
- 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 under 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;
- each candidate shall intend to serve as a director at least until the next annual meeting of shareholders or until a successor has been qualified and preferably would intend to make a long-term commitment to serve on the board if re-nominated from time to time;
- each candidate shall acknowledge and comply with the Company s confidentiality, corporate governance and other policies and guidelines applicable to directors;
- 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;
- each candidate shall not have made any commitments or assurance to any person as to how the candidate would vote or act on any issue or question that has not been disclosed to the Company (with the understanding that the

existence of any such commitment or assurance to a third party is likely to be deemed disqualifying by the Nominating/Governance Committee) nor any such commitments or assurances that could limit or interfere with the candidate s ability to comply with his or her fiduciary duties; and

each candidate will not be a party to any compensation or incentive arrangements with any person or entity other than the Company with respect to service or action as a director that has not been disclosed to the Company (with the understanding that the existence of any such arrangement is likely to be deemed disqualifying by the Nominating/Governance Committee in light of the conflicts that may result).

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 qualifications or experience as the Nominating/Governance Committee shall deem appropriate, sitting CEO of a large global company, large-company CEO experience, international CEO experience, senior-level international experience, senior-level consumer products, food, food service and beverage industry experience, multi-unit small box retail or restaurant experience, technology expertise, and relevant senior-level expertise in one or more of the following areas: finance, accounting, branding, sales and marketing, organizational development, international or large-scale operations, logistics and distribution, information technology, social media, public relations, sustainability and public policy. Public company board experience is also valued.

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; advisors to the Company (including the board); 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). In August 2018, the Nominating/Governance Committee retained a search firm to assist in the identification of possible candidates to serve on our board who meet the minimum and desired qualifications being sought in candidates, to interview and screen such candidates (including conducting reference checks) and assist in scheduling candidate interviews with board members.

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 following two paragraphs 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.

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 set of flexible guidelines for the effective functioning of our director nominations process. The Nominating/Governance Committee reviews the nominations policy at least annually and makes modifications 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.

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CORPORATE GOVERNANCE

Proxy Access

In addition, our bylaws permit a shareholder, or a group of up to 20 shareholders, owning at least 3% of the Company s outstanding shares of common stock continuously for at least three years, to nominate and include in our annual meeting proxy materials director nominees constituting up to the greater of two nominees or 20% of the board, subject to the requirements specified in our bylaws.

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

Starbucks Corporation

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.

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Compensation of Directors

FISCAL 2018 COMPENSATION PROGRAM FOR NON-EMPLOYEE DIRECTORS

Under its charter, the Nominating/Governance Committee annually reviews and recommends the type and amount of board compensation for non-employee directors.

For fiscal 2018, the annual compensation program for non-employee directors provided total annual compensation for non-employee directors of $260,000 per year comprised of one or more of the following (as selected by the director for such year): (i) cash (up to 50%); (ii) stock options; and (iii) time-based restricted stock units (RSUs). For fiscal 2018, the program remained unchanged from fiscal 2017 in both amount and design, where the choice between cash and RSUs or stock options was intended to provide individual financial and tax planning flexibility. Non-employee directors continuing to serve on the board received their annual cash and equity compensation in November, at the same time as regular annual equity grants were made to executive officers and other partners. New non-employee directors who first joined the board other than at an annual meeting were entitled to payment of a portion of the annual compensation pro-rated based on the number of days remaining in the fiscal year from the date the director joined the board. A new non-employee director may have selected to receive such compensation in the form of stock options, time-based RSUs or a combination thereof. There were no new directors in fiscal 2018.

Stock options have an exercise price equal to the closing market price of our common stock on the grant date and have a 10-year term from the date of grant. Stock Options and RSUs granted to non-employee directors in fiscal 2018 vested one year after the date of grant. Stock options and RSUs generally ceased vesting as of the date a director no longer served on the board of directors. However, unvested stock options and unvested RSUs vested in full upon a non-employee director s death, disability or retirement (retirement defined as ceasing to be a director (i) pursuant to not being elected at a meeting of the Company s shareholders at which he or she was a nominee, (ii) by voluntary resignation with the approval of the board s chair, after attaining age 55 and at least six years of continuous board service, or (iii) due to mandatory retirement immediately before the Company s annual meeting of shareholders during the calendar year in which he or she attains age 75) or upon a change in control of Starbucks. Directors generally have 36 months to exercise their stock options after ceasing to be a board member.

For fiscal 2018 compensation, in considering and ultimately recommending the compensation for our non-employee directors, the Nominating/Governance Committee reviewed competitive market data for the same peer group used to benchmark executive compensation and used this data in determining the fiscal 2018 level of compensation.

In June 2018, upon the recommendation of the Nominating/Governance Committee, the board amended the non-employee director compensation program. Beginning immediately after the 2019 annual meeting of shareholders, total annual compensation for non-employee directors will increase to $270,000, paid at the election of

the director as follows: (i) $130,000 either entirely in cash (in one lump sum) or entirely in fully-vested RSUs and (ii) $140,000 either entirely in fully-vested stock options or entirely in fully-vested RSUs. The non-executive chair of the board, the non-executive vice chair of the board and chairs of the Audit, Compensation and Nominating/Governance committees are entitled to additional annual compensation of $185,000, $100,000 and $20,000, respectively, payable entirely in cash or entirely in fully vested RSUs, at the election of the director. However, a chair of a committee will not be entitled to the $20,000 committee chair compensation if he or she also serves as the chair or vice chair of the board. Time-based vesting on directors equity was eliminated, as the purpose of such awards is not to retain our directors.

To simplify ongoing administration, the timing of regular annual non-employee director compensation also was changed from November to the date of the annual meeting of shareholders beginning in 2019. New non-employee directors appointed to the board at other than an annual meeting will be entitled to payment of a portion of the annual non-employee director compensation prorated based on the number of days left until the anniversary of the prior year s annual meeting, subject to the same elective choices to receive such compensation in cash, fully-vested stock options and/or fully-vested RSUs in the same proportion as the annual compensation described above. The grant date for the initial awards for such new non-employee directors will be the day they are appointed or elected to the board, if such date is open for trading under Starbucks blackout policy, or the next open trading day under Starbucks blackout policy. Directors will continue to generally have 36 months to exercise their stock options after ceasing to be a board member.

Stock options will continue to have an exercise price equal to the closing market price of our stock on the grant date and a ten-year term. With respect to RSUs, elective deferral will continue to be available for in-service or separation as described below. With respect to stock options, whereas the number of stock options granted was previously based on a widely-used approximation of the relative value of stock options when compared to cash and RSUs, under the new program the number of options awarded to non-employee directors who elect to receive a portion of their compensation in options will be based on the grant date fair value of the stock options as determined for our financial reporting purposes at the time of grant. Non-employee directors are expected to satisfy stock ownership guidelines of $650,000 as discussed below under the caption Director Stock Ownership Guidelines.

In considering and ultimately recommending the changes to the compensation program for our non-employee directors, the Nominating/Governance Committee considered peer data, analysis and recommendations provided by F.W. Cook, an independent compensation consulting firm, under F.W. Cook s engagement with the Compensation Committee discussed in the Our Executive Compensation Process section of the proxy statement. The peers considered were the same peer group used to benchmark executive compensation. The goal of the changes was to move to current best practice among our peers, to recruit and retain the most qualified individuals to serve as non-employee directors, and to compensate them for their service and objectivity, while mitigating potential compensation-related risks.

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COMPENSATION OF DIRECTORS

Mr. Johnson and Ms. Brewer do not participate in the compensation program for non-employee directors, but rather are compensated as executive officers. Mr. Schultz was also compensated as an executive officer for the portion of the year he was executive chairman prior to his retirement. Mr. Schultz ceased being a board member and an officer of the Company upon his retirement and does not receive any compensation as chair emeritus. Information on compensation paid to Mr. Schultz, Mr. Johnson and Ms. Brewer in fiscal 2018 is described in the Compensation Discussion and Analysis section of the proxy statement.

FISCAL 2018 NON-EMPLOYEE DIRECTOR COMPENSATION

The following table shows fiscal 2018 compensation for non-employee directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)[1][2]	Option Awards ($)[3][4]	Total ($)
William W. Bradley[5]		254,520		254,520
Mary N. Dillon		254,520		254,520
Robert M. Gates[5]		254,520		254,520
Mellody Hobson		254,520		254,520
Jørgen Vig Knudstorp			149,122	149,122

Satya Nadella		127,232	74,545	201,777
Joshua Cooper Ramo	130,000	127,232		257,232
Clara Shih	130,000		74,545	204,545
Javier G. Teruel			149,122	149,122
Myron E. Ullman, III			149,122	149,122
Craig E. Weatherup(6)			149,122	149,122

(1) The amounts shown in this column represent the grant date fair values of the RSU awards granted to each of the non-employee directors on November 15, 2017. The grant date fair values have been determined based on the assumptions and methodologies set forth in the Company s fiscal 2018 Annual Report on Form 10-K (Note 12: Employee Stock and Benefit Plans).

(2) As of September 30, 2018, the aggregate number of shares of Starbucks common stock underlying outstanding unvested RSU awards for each non-employee director were: Sen. Bradley 0; Ms. Dillon 4,585; Sec. Gates 0; Ms. Hobson 4,585; Mr. Knudstorp 0; Mr. Nadella 2,292; Mr. Ramo 2,292; Ms. Shih 0; Mr. Teruel 0; Mr. Ullman 0; and Mr. Weatherup 0.

(3) The amounts shown in this column represent the grant date fair values of the stock option awards granted to each of the non-employee directors on November 15, 2017. The grant date fair values have been determined based on the assumptions and methodologies set forth in the Company s fiscal 2018 Annual Report on Form 10-K (Note 12: Employee Stock and Benefit Plans).

(4) As of September 30, 2018, the aggregate number of shares of Starbucks common stock underlying outstanding option awards for each non-employee director were: Sen. Bradley 6,426; Ms. Dillon 3,480; Sec. Gates 0; Ms. Hobson 106,616; Mr. Knudstorp 20,661; Mr. Nadella 6,876; Mr. Ramo 0; Ms. Shih 19,998; Mr. Teruel 165,623; Mr. Ullman 245,345; and Mr. Weatherup 138,729.

(5) Mr. Bradley and Mr. Gates retired from the board effective March 21, 2018, pursuant to the board mandatory retirement age requirements.

(6) Mr. Weatherup retired from the board effective June 1, 2018.

Deferred Compensation Plan

Under the Deferred Compensation Plan for Non-Employee Directors, a non-employee director may irrevocably elect to defer receipt of shares of common stock the director would have received upon vesting of RSUs until (1) the earlier of three years from the vesting of the RSU and separation from the board or (2) separation from the board. The purpose of the plan is to enhance the Company s ability to attract and retain non-employee directors by providing individual financial and tax planning flexibility.

Director Stock Ownership Guidelines

In June 2018, the board of directors increased the minimum Company stock ownership guidelines for non-employee directors from $480,000 to five (5) times the maximum portion of annual compensation that can be paid in cash, not including cash payable as additional retainer for serving as chair or vice chair of the board or for serving as a committee chair. The guidelines serve to align the interests of our non-employee directors to those of our shareholders. Under this formula, the current holding requirement is $650,000 (5 x $130,000) of Company stock. Current directors will have five years to meet this new requirement and new directors will have five years from when they first join the board.

Deferred stock units resulting from deferrals under the deferred compensation plan for directors described above count toward meeting the guidelines. Each director is expected to continue to meet the ownership requirement for as long as he or she serves as a non-employee director of the board. Except for Mr. Nadella, who joined the board in March 2017 and has additional time to meet the requirement, all current non-employee directors have met these guidelines as of the date of this proxy statement.

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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.

We encourage shareholders to read the Compensation Discussion and Analysis section of this proxy statement, which describes 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, (the Exchange Act) and as a matter of good corporate governance, we are asking shareholders to approve the following advisory resolution at the 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 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 2020 Annual Meeting of Shareholders.

The board of directors recommends a vote FOR the approval of the advisory vote on executive compensation.

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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. NEOs refers to the Named Executive Officers, who are the following six executive officers named in the compensation tables of this proxy statement. Compensation Committee or Committee refers to 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 that they all play in the success of the Company.

Named Executive Officers (NEOs)

Kevin R. Johnson, president and chief executive officer

Scott Maw, executive vice president and chief financial officer (retired November 30, 2018)

Rosalind G. Brewer, group president, Americas and chief operating officer

Clifford Burrows, group president Siren Retail

John Culver, group president International, Channel Development and Global Coffee & Tea

Howard Schultz, executive chairman (retired June 26, 2018)

EXECUTIVE SUMMARY

Fiscal 2018 was a year of transition for our business and our leadership team as we realigned our strategies to drive growth at scale. While we achieved record revenues, overall financial performance for fiscal 2018, following years of outstanding growth, fell below our rigorous internal goals. As a result, consistent with our pay for performance philosophy and compensation program design, realizable pay of our NEOs for fiscal 2018 was well below target levels. Responding to the dynamic environment, as well as feedback from our shareholders, the Committee actively engaged in the review and adaptation of our incentive compensation program following the close of fiscal 2018 to fit the program to the current needs of the Company. In this executive summary we review business performance and its alignment with fiscal 2018 executive compensation and summarize the actions that the Committee took following fiscal 2018 to drive our growth-at-scale agenda.

Fiscal 2018 Financial Highlights

The Company delivered solid results in fiscal 2018, increasing consolidated net revenue by 10% and Non-GAAP* EPS by 17% to $2.42 per share. During the year, Starbucks made significant investments to support the growth of our business, adding 1,985 net new stores to end fiscal 2018 with more than 29,000 stores globally. We also returned nearly $9 billion to shareholders in fiscal 2018 through a combination of dividends and share repurchases.

Starbucks reported solid top line growth in fiscal 2018, as we fundamentally streamlined our business

to focus on our most important strategic priorities.

+10%	**+17%***	**$8.9 billion**
Revenues	Non-GAAP EPS	Capital Returned to Shareholders

* Annex A includes a reconciliation of Non-GAAP EPS to diluted net earnings per share, the most directly comparable GAAP measure.

Total Shareholder Return

Starbucks cumulative TSR for the ten years ending September 30, 2018 was an impressive 770%, despite more modest returns towards the end of that period as we fell off the pace of our long-term growth targets. As discussed below, solidifying our growth-at-scale agenda was a major theme of fiscal 2018. Though we are in the early stages of implementation, we are beginning to see traction with strong relative TSR performance since the end of the fiscal year, as shown in the following graph.

TSR* Comparison Graph

* $100 invested on 9/29/13, including reinvestment of dividends, through 12/31/18. Calculated on the same basis as the performance comparison graph in our 2018 Annual Report on Form 10-K.

Executive Compensation Objectives and Program Design

Our success is based on having the right leaders to guide Starbucks and successfully execute our strategy, so it is critical to attract and retain the highest level of executive talent. Further, our executive compensation program is structured to closely align with our business purpose and commitment to shareholder value creation: focusing on long-term sustainable growth and increasing shareholder returns while staying true to our core principles. We believe our compensation structure and its realizable pay results for executives demonstrates our strong commitment to linking compensation to Company performance and strategy.

The vast majority of compensation value we deliver to our executives is in the form of compensation that is variable and at-risk based on performance. The at-risk elements of our fiscal 2018 program include our cash annual incentive bonus and the stock options and performance-based restricted stock units (PRSUs) that were granted as long-term incentives. Our executive compensation program for fiscal 2018 remained consistent with our fiscal 2017 program, with only a minor change to the weighting of performance measures in our annual incentive bonus plan.

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EXECUTIVE COMPENSATION

Pay Delivery and Performance Alignment

Rigorous Goal-Setting

Starbucks is performance-driven, and the Committee believes there is a strong connection between our impressive track record of profitable growth over the last ten years, the rigorous targets we communicate externally and the corresponding goals that we set for ourselves under our incentive plans.

Annual Incentive Bonus Plan

Our ceo, Kevin Johnson, earned an annual award at 32% of target for fiscal 2018, reflecting below-target performance against challenging goals based on adjusted operating income and adjusted net revenue. For reference, his earned award was 22.5% of target for fiscal 2017, further illustrating Starbucks pattern of setting rigorous goals.

Long-Term Incentive Awards

For fiscal 2018, long-term incentives were awarded in the form of: (1) PRSUs, where the number of shares earned is dependent on the achievement of a two-year EPS goal, with potential for downward adjustment based on a return on invested capital (ROIC) metric and earned PRSUs subject to further time vesting and (2) stock options, where the realizable value is dependent on future share price appreciation. The Company did not meet the relevant goals for the PRSUs granted to our NEOs in fiscal 2017, and we do not expect to meet the relevant goals for PRSUs granted to our NEOs in fiscal 2018. Further, the stock options awarded to Mr. Johnson in fiscal 2017 and 2018 have exercise prices close to our closing stock price as of year-end fiscal 2018, providing low realizable value as of that time.

The charts below illustrate that our ceo s realizable compensation is aligned with shareholder value creation and our performance against rigorous financial goals during our last two fiscal years. For each of the two years shown, the realizable value of Mr. Johnson s compensation package as of September 30, 2018 is significantly less than the target value awarded due to (i) a common stock price that was only slightly above the exercise prices of stock options and (ii) EPS performance below PRSU payout thresholds. The values he may ultimately realize from his stock options will match or exceed targets only when Starbucks common stock price increases.

CEO Target vs Realizable Compensation

(1) Target Value at Award Date reflects: (i) annual base salary rate, (ii) target annual incentive bonus opportunity and (iii) grant date value of long-term equity awards (40% stock options and 60% PRSUs).

(2) Realizable Value at September 30, 2018 reflects: (i) paid base salary during the fiscal year, (ii) the actual annual incentive bonus earned for that year and (iii) the actual prevailing value of long-term equity at September 30, 2018. For stock options: reflects exercise prices of $56.10 (fiscal 2017) and $56.70 (fiscal 2018) relative to Starbucks closing common stock price at September 28, 2018 (the last trading day of fiscal 2018) of $56.84. PRSUs reflect 0% payout percentage based on failure to meet two-year EPS performance goal of 2017 PRSUs and the expectation that 2018 PRSUs will not be earned based on EPS performance tracking as of September 30, 2018.

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Executive Leadership Transitions

In June 2018, Howard Schultz retired from his executive position and the board and was awarded the distinction of chairman emeritus. At that time, Mr. Johnson continued as ceo, reporting to a board led by Starbucks independent board chair, Myron E. (Mike) Ullman, III, with support from Mellody Hobson, board vice chair. This transition from founder-led to founder-inspired is a significant milestone both for executive leadership and for the functioning of our board. Mr. Schultz s retirement arrangements provided for retirement benefits in line with what Starbucks typically awards retiring senior executives. For detail, see the Employment Agreements and Termination Arrangements section below.

The past year also included several important changes to solidify the executive leadership team reporting to our ceo. Rosalind Brewer became our chief operating officer; Rachel Gonzalez was appointed general counsel and secretary; and Patrick Grismer was appointed chief financial officer. All bring exceptional qualifications to their important roles.

During fiscal 2018 we accomplished many significant initiatives to realign our strategic focus, which allowed Starbucks to demonstrate an improved trajectory by year-end. We believe this is evidence of the successful transition of executive leadership, resulting from the board s focus on succession planning.

Growth-at-Scale Agenda

As discussed in more detail in the Business Overview section of the Proxy Statement Summary, to accelerate growth at scale and create long-term shareholder value, we took several actions throughout fiscal 2018 to streamline our business to enhance focus on our core value drivers.

Streamlining our Business

Retail market alignment, business simplification and the formation of the Global Coffee Alliance with Nestlé have allowed us to focus our energy, capital and resources on executing against three strategic priorities to elevate and build our brand and maximize growth at scale.

Strategic Priorities

Our three strategic priorities are: 1) accelerate growth in our targeted long-term growth markets, the U.S. and China; 2) expand the global reach of the Starbucks brand, leveraging the Global Coffee Alliance; and 3) increase returns to shareholders. We are consistent in these priorities and have clear operational initiatives related to each to drive actions and results.

Recent Outcomes

Streamlining initiatives released $8 billion of capital for redeployment, supporting our fiscal 2018 commitment to return $25 billion to shareholders through fiscal 2020, including an accelerated share repurchase utilizing the $5 billion of after-tax proceeds from the upfront Nestlé prepaid royalty payment. Business simplification is also creating value through a more focused and efficient operation, enabling our leaders to concentrate on a targeted set of growth initiatives in the U.S. and China: enhancing the in-store experience, delivering beverage quality and innovation and driving digital relationships. Our record fiscal 2018 fourth quarter performance reflected meaningful sequential improvement in virtually every critical operating metric, and we entered fiscal 2019 executing against a clear growth agenda, with a focus on our long-term growth markets, the U.S. and China. Moreover, we are beginning to see traction with strong relative TSR performance since the end of fiscal 2018, as shown in the TSR Comparison Graph.

True to our values.

Following leadership transition, we move forward with the renewed focus of the executive team led by ceo Kevin Johnson. Our mission and values, which are ingrained in our business strategy, are unchanged. Please see page 7 for an update on Starbucks global social impact agenda.

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EXECUTIVE COMPENSATION

Year-End Compensation Decisions

Following fiscal 2018, based on a review of our compensation program with the support of its independent consultant, the Committee approved modifications to position the Company for future success. The Committee determined that the modifications were necessary to provide more optimal performance risk and leverage to align incentive compensation opportunities with shareholder interests during the critical period ahead. Factors considered by the Committee included the low realizable value of previously granted long-term equity awards, feedback received from our shareholders through Starbucks governance outreach program and the need to differentiate individual performance through rewards decisions to reflect value added but not fully recognized by incentive plan performance metrics. In sum, the Committee s year-end compensation decisions:

- Adapt our compensation program to match our new growth-at-scale agenda
- Foster long-term shareholder value creation and pay for performance alignment by creating meaningful equity incentives linked to rigorous financial objectives
- Enable the retention of top talent in a dynamic and challenging business environment

Annual Incentive Bonus Plan

Fiscal 2018 Awards. The Committee adjusted annual incentive bonuses for two executives, Ms. Brewer and Mr. Culver, to a level above the result indicated by the quantitative formula under our plan. The adjustments were based on outstanding individual performances that (i) contributed to the Company s strong financial performance at the end of fiscal 2018 and (ii) were not fully measured by the quantitative formula under the plan. For more detail, see discussion under the heading Annual Incentive Bonus Plan below. Our ceo and the Committee believe it was important to recognize the significant contributions of these executives in fiscal 2018; however, even after adjustment, each executive s bonus for the year was well below target. As discussed immediately below, the Committee made the decision to revise the plan design for fiscal 2019 to ensure that individual performance is differentiated (consistent with the adjustments to the incentive bonuses determined for fiscal 2018) and that contributions that drive shareholder value are rewarded appropriately.

Fiscal 2019 Plan Design. For fiscal 2019, 30% of the target value of each executive officer s annual cash incentive will be determined

based on an assessment of individual performance against strategic, operational and leadership goals. Performance indicators for fiscal 2019 are linked to Starbucks strategic priorities and tailored to individual responsibilities. The objective portion of the plan based on Company financial performance, utilizing the same metrics as fiscal 2018, is weighted 70%.

Fiscal 2019 Long-Term Awards

PRSU Design. Our annual PRSU payouts in recent years have been determined based on performance against EPS and ROIC goals over two-year performance periods. In response to shareholder feedback and consistent with our focus on strategic performance that will drive longer-term TSR, beginning with the PRSUs granted in fiscal 2019, the Committee lengthened the performance period to three years and will use EPS and relative TSR to determine payouts.

Annual EPS performance will be averaged over three years to determine baseline payouts, and three-year relative TSR performance versus the S&P 500 will modify the award. PRSUs were 60% of target long-term award value for fiscal 2019, consistent with fiscal 2018.

Restricted Stock Units. In view of the challenges related to transitioning leadership and executing strategic priorities, the Committee determined it was important to provide additional emphasis on building executive ownership and encouraging retention. Accordingly, the Committee determined that for fiscal 2019, the portion of long-term incentives previously awarded to executive officers in stock options (40% of target long-term award value) would be delivered instead in time-based restricted stock units (RSUs), just as for other partners throughout the organization, including under Starbucks unique broad-based Bean Stock program.

Award Opportunity. In addition to the annual award of PRSUs and RSUs, Mr. Johnson s fiscal 2019 annual long-term opportunity was enhanced with an award of performance-vesting stock options. These options only become exercisable if Starbucks delivers absolute TSR (including stock price appreciation and dividends) of at least 25% during the three years following the grant date of the award. The Committee took this action with a view to restoring appropriate long-term performance risk and leverage for shareholder alignment and to demonstrate the board s support for management s strategic vision, acknowledging the accomplishment of numerous initiatives in fiscal 2018 to shape Starbucks future.

Compensation Policy Highlights

The remainder of this Compensation Discussion and Analysis details our fiscal 2018 executive compensation program for NEOs.

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EXECUTIVE COMPENSATION

ELEMENTS OF FISCAL 2018 EXECUTIVE COMPENSATION

The following table provides information regarding the elements of our fiscal 2018 executive compensation program.

Element	Form	Objectives and Basis
Base Salary	Cash	Attract and retain highly qualified executives to drive our success
Annual Incentive Bonus	Cash	Drive Company performance Target bonus amount set as a percentage of base salary Actual payout based on financial performance against pre-established net revenue and operating income targets and Committee discretion
Long-Term Incentive	PRSUs and stock options	Drive Company performance; align interests of executives with those of shareholders; retain executives through long-term vesting; and provide potential wealth accumulation Delivered 60% in PRSUs and 40% in stock options

		PRSUs are earned based on two-year EPS performance against pre-established targets, subject to downward adjustment based on ROIC; vesting is 50% after two years and 50% after three years; options have ten-year terms and vest ratably over four years
Perquisites and Other Executive Benefits	Limited (See Other Compensation Perquisites and Other Executive Benefits)	Provide for the safety and wellness of our executives and other purposes as discussed below
Deferred Compensation	401(k) plan and non-qualified Management Deferred Compensation Plan	Provide methods for general savings including for retirement
General 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 composed of base salary, target annual incentive bonus and target value of long-term equity incentives. Target total direct compensation is designed to be competitive with peer companies and market data, as explained below under Peer Group Companies and Benchmarking.

The Compensation Committee typically reviews target total direct compensation and approves the target value of annual incentive bonuses (as a percentage of base salary) annually at its September meeting. Base salaries, bonus payments (for performance in the prior fiscal year), performance goals for annual incentive bonuses and long-term equity grants 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 prior fiscal year, when making final compensation decisions.

Management s Role in the Executive Compensation Process

Mr. Johnson, our ceo, along with key members of our human resources function (Partner Resources) and our Law & Corporate Affairs Department 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. Johnson provides his perspective to the Compensation Committee regarding the performance of his executive leadership team, which includes all of our executive officers and certain other senior officers of the Company. 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 plans; (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. Johnson, except with regard to his compensation, and are supported by market data.

In accordance with NASDAQ rules, Messrs. Johnson and Schultz, were not present when their compensation for fiscal 2018 was being discussed or approved and did not vote on executive compensation matters, and neither they nor other members of management attended executive sessions of the Compensation Committee.

The Role Of Consultants in the Executive Compensation Process

For fiscal 2018, the Compensation Committee engaged F.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. 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 2018, F.W. Cook did not perform any services for Starbucks other than making recommendations with respect to executive compensation and non-employee director compensation under its engagement by the Compensation Committee. Its tasks also included reviewing, validating and providing input on information, programs and recommendations made by management.

At-Risk Compensation

A core principle of our executive compensation program is that a large majority of compensation awarded to our NEOs, especially to our ceo, be variable, performance-based and at-risk. This type of compensation is primarily dependent on the financial success of our Company and the performance of Starbucks common stock. This means that our executives are rewarded when they produce value for our shareholders and our partners. Elements of our fiscal 2018 program that fall within this category include annual incentive bonuses, stock options and PRSUs.

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, 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, RSUs and PRSUs. This information helps the Compensation Committee 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. The Compensation Committee believes that a failure to maintain an appropriate balance in the pay levels among members of our executive leadership team creates inappropriate business risks.

Peer Group Companies and Benchmarking

The Compensation Committee reviews compensation levels and design at peer companies as part of its decision-making process so it can set total compensation levels and practices that it believes are competitive and aligned with Starbucks scale and level of performance. The Compensation Committee generally sets target total direct compensation for our executives to be competitive with peer companies and other market data, and also takes into consideration scope of job responsibilities, individual performance of the executive and other factors. The Compensation Committee s executive compensation determinations are based on its review of such factors and is informed by the experiences of the members of the Compensation Committee as well as input from, and peer group data provided by, the Compensation Committee s independent compensation consultant, F.W. Cook.

The market data considered by the Committee as part of the annual pay-setting process reflects compensation levels and practices for executives holding comparable positions at peer group companies and also includes broader compensation survey data.

The Compensation Committee, with assistance from F.W. Cook, annually reviews the composition of our peer group. As part of such reviews, the Committee considers specific criteria and recommendations regarding companies to add or remove from the peer group. The industries from which we select our peer group companies consist of consumer staples, consumer discretionary and information technology-software and services. From those industries, the Committee selected a peer group that includes global companies with complex management needs and strong brand profiles. There were no changes to the peer group for fiscal 2018.

The Compensation Committee and independent directors considered the peer group in connection with their fiscal 2018 target total direct compensation decisions. The table below lists the companies that were considered for fiscal 2018.

Starbucks Fiscal 2018 Executive Compensation Peer Group Companies

Consumer Staples	Consumer Discretionary	IT-Software and Services
Coca-Cola Company	Estee Lauder Companies	PayPal Holdings, Inc.
Colgate-Palmolive Co.	Home Depot	Visa Inc.
General Mills, Inc.	L Brands, Inc.	
Kellogg Company	McDonald s Corp.	
Kraft Heinz Company	Marriott International	
PepsiCo. Inc.	NIKE, Inc.	

Procter & Gamble Co.	Target Corp.
	V.F. Corporation
	Yum! Brands, Inc.

SAY-ON-PAY ADVISORY VOTE

Starbucks provides shareholders with an annual advisory vote to approve its executive compensation program under Section 14A of the Exchange Act. At our 2018 Annual Meeting of Shareholders, approximately 93% of the votes cast approved our advisory vote on executive compensation.

As discussed above, our executive compensation program was one of the topics discussed as part of our ongoing investor engagement process. During this process, we received overall positive feedback regarding the core structure and elements of our executive compensation program.

EXECUTIVE COMPENSATION

The Compensation Committee evaluated our Say-on-Pay result and considered investor feedback in evaluating Starbucks executive compensation programs, as discussed in this Compensation Discussion and Analysis. The Committee also assessed the interaction of our compensation programs with our business objectives, input from F.W. Cook and peer data, each of which is evaluated in the context of the Committee s fiduciary duty to act as the directors determine to be in the best interests of the Company. While each of these factors bore on the Compensation Committee s decisions regarding NEO compensation, the Committee did not make any changes to our executive compensation program and policies as a result of our 2018 advisory vote on executive compensation. However, we did take certain actions following fiscal 2018 to address the specific needs of our business, as previously discussed.

FINANCIAL RESULTS UNDER INCENTIVE PLANS

The charts below compare fiscal 2016, 2017 and 2018 results [1] under financial performance metrics that are used in determining (i) annual incentive bonus payouts, and (ii) the number of PRSUs earned. Note that these financial measures may differ from the comparable GAAP and Non-GAAP measures reported above and in our financial statements, as the measures below are adjusted to exclude the impact of certain non-routine and other items, as described in the footnotes to the charts below in accordance with the terms of our annual incentive bonus plan and our 2005 Long-Term Equity Incentive Plan.

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

(1) Our fiscal year ends on the Sunday closest to September 30. Fiscal years 2018 and 2017 each included 52 weeks. Fiscal year 2016 included 53 weeks with the additional week falling in our fourth fiscal quarter. The objective performance goals under our annual incentive bonus plan for fiscal 2016 were set on a comparable 52-week fiscal year. The impact of the 53rd week was excluded from our fiscal 2016 EPS results for purposes of our PRSUs.
(2) The fiscal 2018 adjusted net revenue result excludes the impact of foreign currency fluctuations, ownership changes related to E. China, Singapore, Taiwan, Tazo and Brazil, the Nestlé transaction and other items. The fiscal 2017 adjusted net revenue result excludes the impact of foreign currency fluctuations and ownership changes in Singapore. The fiscal 2016 adjusted net revenue result excludes the impact of foreign currency fluctuations and the sale of our German market retail operations.
(3) The fiscal 2018 adjusted operating income result excludes the impact of foreign currency fluctuations, restructuring, impairment and optimization costs, ownership changes related to E. China, Singapore, Taiwan, Tazo, Brazil and Japan, the net impact of U.S. tax reform and other items. The fiscal 2017 adjusted operating

income result excludes the impact of foreign currency fluctuations, ownership changes in Japan and Singapore, Greater China transaction costs, restructuring and impairment charges associated with our restructuring efforts, a donation to The Starbucks Foundation and other items. The fiscal 2016 adjusted operating income result excludes the impact of foreign currency fluctuations, mark to market adjustments of our Management Deferred Compensation Plan liability, an accrual for a multi-year tax audit, the sale of our German market retail operations, the sale of our ownership interest in our Spanish joint venture and an accounting change and costs associated with the Starbucks Japan transaction and integration.

(4) 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 shareholder s 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. The fiscal 2018 ROIC result excludes the impact of certain impairment charges associated with our restructuring efforts, acquisition and integration costs and One-time Partner Investments. The fiscal 2017 ROIC result excludes the impact of certain impairment charges associated with our restructuring efforts. The fiscal 2016 ROIC result excludes the impact of the sale of our German market retail operations and the reclassification of deferred income taxes on our balance sheet associated with the adoption of new accounting guidance.

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(5) The fiscal 2018 adjusted earnings per share result excludes the impact of foreign currency fluctuations, restructuring, impairment and optimization costs, ownership changes related to E. China, Singapore, Taiwan, Tazo, Brazil and Japan, the net impact of U.S. federal tax reform and other items. The fiscal 2017 adjusted earnings per share result excludes the impact of foreign currency fluctuations, ownership changes in Japan, Germany and Singapore, Greater China transaction costs, restructuring and impairment charges associated with our restructuring efforts, a donation to The Starbucks Foundation, and unbudgeted share repurchases. The fiscal 2016 adjusted earnings per share result excludes the impact of foreign currency fluctuations, incremental benefits from additional manufacturing deductions, the Starbucks Japan transaction and integration, the sale of our German market retail operations, the 53rd week of fiscal 2016 and unbudgeted share repurchases.

BASE SALARY

The Compensation Committee generally reviews and approves base salaries annually at its November meeting with new salaries effective in late November or early December and also makes periodic adjustments in connection with promotion or changes in position. For fiscal 2018, the Committee reviewed and approved the base salaries shown below (and with respect to Messrs. Schultz and Johnson, the Committee recommended, and the independent directors approved).

	Base Salary (Annualized Rate)		
	Fiscal 2018	Fiscal 2017	% Change
Named Executive Officer			
Kevin Johnson	$ 1,500,000	$ 1,300,000[(1)]	15%
Scott Maw	$ 800,000	$ 800,000	0%
Rosalind Brewer	$ 1,000,000[(2)]		N/A
Clifford Burrows	$ 825,000	$ 825,000	0%
John Culver	$ 825,000	$ 825,000	0%
Howard Schultz	$ 1	$ 1[(3)]	0%

(1) Mr. Johnson was named president and chief executive officer effective April 3, 2017. In connection with this change in role, Mr. Johnson s annualized salary was increased to $1,300,000 from $1,000,000.
(2) Ms. Brewer was named group president and chief operating officer effective October 2, 2017.
(3) Mr. Schultz was named executive chairman and ceased serving as chief executive officer effective April 3, 2017. In connection with this change in role, Mr. Schultz s annualized salary was reduced to $1 from $1,500,000.

ANNUAL INCENTIVE BONUS PLAN

Starbucks annual incentive bonuses for NEOs are paid pursuant to our shareholder-approved Executive Management Bonus Plan. The target opportunities as a percentage of base salary for fiscal 2018 for our NEOs are shown below.

	Bonus Targets Percentage of Base Salary		
Named Executive Officer	Fiscal 2018	Fiscal 2017	% Change
Kevin Johnson	200%	200%	0%
Scott Maw	100%	100%	0%
Rosalind Brewer	150%	N/A	N/A
Clifford Burrows	120%	120%	0%
John Culver	120%	120%	0%
Howard Schultz	$ 3,750,000	$3,750,000	0%

The total annual incentive bonus delivered to each NEO (other than Mr. Schultz) for fiscal 2018 was determined based on both the extent to which objective financial performance goals were achieved and discretionary factors considered by the Committee. The possible payouts for each NEO based on achievement of threshold, target and maximum performance levels are disclosed in the Fiscal 2018 Grants of Plan-Based Awards Table. Mr. Schultz s award was determined in connection with his retirement in June 2018.

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EXECUTIVE COMPENSATION

The graphic below illustrates the weighting of the performance goals and the calculation of the objective component of the annual incentive bonuses.

Objective Performance Goals

For fiscal 2018, the objective component of the annual incentive bonuses was based on the achievement of performance goals for adjusted net revenue and adjusted operating income. We chose these measures because we believe they motivate our executives to drive Company growth and profitability. For fiscal 2018, weighting of operating income was increased to 60% (from 50% in fiscal 2017), and Net Revenue was reduced to 40% (from 50% in fiscal 2017), to increase the emphasis on prioritization of investments.

To reflect performance above or below targets, adjusted net revenue and adjusted operating income have sliding scales that provide for annual incentive bonus payouts greater than the target bonus if results are greater than target (up to a maximum 200% payout) or less than the target bonus if results are lower than the target (down to a threshold of 20% of target payout, below which the result would be 0%).

In November 2017, the Committee established the performance goals for fiscal 2018 annual incentive bonuses. In setting the objective performance scales, the Committee 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 targets were designed to be challenging while recognizing economic uncertainties existing at the time the goals were established, including continued global macroeconomic, retail and consumer headwinds.

Committee Discretion

Prior to determining the final bonus payable to each NEO, individual performance is assessed to determine if an adjustment is warranted. The ceo makes recommendations to the Committee for adjustments, if any, for executive officers other than himself, and the Committee decides whether any adjustment is warranted for the ceo in a session in which the ceo is not present. In assessing each NEO s individual performance, initiatives beyond the objective performance goals described above and challenges that the NEO faced over the course of the year are considered in addition to financial performance in determining final bonus amounts earned.

Adjusted Net Revenue

For the NEOs, 40% of the objective component of annual incentive bonuses was based on a consolidated adjusted net revenue goal. The fiscal 2018 performance target was set at levels above fiscal 2017 performance based upon our challenging business growth plans. The threshold, target and maximum criteria and actual results for Adjusted Net Revenue for fiscal 2018 are as follows:

Adjusted Net Revenue (1)	Threshold (Millions US$)	Target (Millions US$)	Maximum (Millions US$)	Adjusted Actual Performance (Millions US$)	Payout Percentage
Consolidated	23,142.1	24,360.1	25,090.9	24,065.8	80%

(1) The performance measures under the plan that were approved at the beginning of the performance period provided for certain non-GAAP adjustments so that the performance measures would more consistently reflect underlying business operations than the comparable GAAP measures. The fiscal 2018 consolidated adjusted net revenue result excludes the impact of foreign currency fluctuations, ownership changes related to E. China, Singapore, Taiwan, Tazo and Brazil, the Nestlé transaction and other items.

Adjusted Operating Income

For the NEOs, 60% of the objective component of annual incentive bonuses was based on a consolidated adjusted operating income goal. In fiscal 2018, consolidated adjusted operating income equaled

the total of all business units operating income less total unallocated corporate expenses. The fiscal 2018 performance target was set at levels above fiscal 2017 performance. The threshold, target and maximum criteria and actual results for fiscal 2018 Adjusted Operating Income are as follows:

Adjusted Operating Income(1)	Threshold (Millions US$)	Target (Millions US$)	Maximum (Millions US$)	Adjusted Actual Performance (Millions US$)	Payout Percentage
Consolidated (All NEOs)	4,494.6	4,832.9	5,267.8	4,424.8	0%

(1) The performance measures under the plan that were approved at the beginning of the performance period provided for certain non-GAAP adjustments so that the performance measures would more consistently reflect underlying

business operations than the comparable GAAP measures. The fiscal 2018 consolidated operating income result excludes the impact of foreign currency fluctuations, restructuring, impairment and optimization costs, ownership changes related to E. China, Singapore, Taiwan, Tazo, Brazil and Japan, the net impact of U.S. tax reform and other items.

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Fiscal 2018 Bonuses Earned

Bonuses earned are aligned with Starbucks fiscal 2018 performance.

After the end of fiscal 2018, the Compensation Committee determined the extent to which the performance goals were achieved, considered individual adjustments, and subsequently approved the amount of the bonus award to be paid to each NEO, other than for Mr. Johnson, whose award was recommended by the Committee and approved by all of our independent directors.

The table below shows the fiscal 2018 actual bonus levels for each component of the plan, based on achievement of the performance

metrics, individual adjustments (for Ms. Brewer and Mr. Culver) and the aggregate fiscal 2018 annual incentive bonuses earned, which are also disclosed in the Non-Equity Incentive Compensation Plan column of the Summary Compensation Table. The bonus amounts paid to Messrs. Johnson, Maw, Burrows, Culver and Ms. Brewer, which were based on our challenging Company revenue and operating income growth targets, reflected the fiscal 2018 financial performance achieved by the Company. The basis of individual adjustments for Ms. Brewer and Mr. Culver are discussed below the table.

Fiscal 2018 Annual Incentive Bonus Plan

Named Executive Officer	Payout on Consolidated Adjusted Operating Income (60% Weighting)	Payout on Business Unit/ Consolidated Adjusted Net Revenue (40% Weighting)	Formulaic Result (%) of Target	Individual Adjustment (%) of Target	Bonus Earned (%) of Target	Bonus Earned ($)
Kevin Johnson	0%	80%	32%	0%	32%	$960,000

Scott Maw	0%	80%	32%	0%	32%	$256,000
Rosalind Brewer	0%	80%	32%	33%	65%	$980,000
Clifford Burrows	0%	80%	32%	0%	32%	$316,800
John Culver	0%	80%	32%	33%	65%	$643,500
Howard Schultz	N/A	N/A	N/A	N/A	N/A	$1,875,000(1)

(1) Pursuant to his retirement agreement, Mr. Schultz was paid 50% of this target bonus upon retirement as explained below under Employment Agreements and Termination Arrangements.

Discretionary Adjustments

The ceo evaluated the performance of the other NEOs and presented the results of those evaluations to the Committee at its November 2018 meeting. The evaluations included an analysis of the executives performance against their strategic priorities and operational initiatives. The Committee concurred with the ceo s recommendation to adjust the annual bonus determined for Ms. Brewer and Mr. Culver. The key drivers for that determination are summarized below:

Ms. Brewer. The Committee determined to adjust Ms. Brewer s total bonus amount primarily based on her outstanding leadership during the impact of the Philadelphia incident, which resulted in delayed marketing and customer disruption, and her efforts to turn around the underperforming U.S. business for which she assumed responsibility. Her management of the U.S. business and leadership through a potential brand crisis yielded positive outcomes by year-end.

Mr. Culver. The Committee determined to adjust Mr. Culver s total bonus amount primarily based on his successful integration of East China and the rapid start to the Global Coffee Alliance, which established two critical long-term growth pillars for Starbucks as discussed above.

LONG-TERM INCENTIVE COMPENSATION

Overview

In fiscal 2018, we granted each of our NEOs who was employed by the Company prior to the beginning of the year long-term performance-based compensation in the form of stock options and PRSUs. For Ms. Brewer, who joined the Company in the first quarter of fiscal 2018, her long-term incentive award was negotiated as part of her sign-on agreement as discussed on page 39. The Compensation Committee expects that future long-term incentive awards for Ms. Brewer will reflect its practices for other NEOs.

Stock options provide value only if our stock price increases over time. PRSUs are earned only to the extent pre-established performance goals are met and, if earned, are subject to additional time-based vesting requirements. The values of the long-term incentive awards reflected in the table below were designed to be competitive to market, recognize personal performance of each executive in the fiscal year prior to the November grant date (as applicable), and to further increase the percentage of total pay that is variable and at risk based on Company financial performance.

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EXECUTIVE COMPENSATION

The table below reflects the value of annual long-term incentive awards approved by the Committee for our NEOs in each of the last two fiscal years. We determined the number of PRSUs to be delivered by dividing 60% of the value approved by the Committee by the closing price of our stock on the grant date. For options, we divided 40% of the 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 the value approved by the Committee is approved in advance of the awards being granted and may use different assumptions than are applied to the awards for accounting purposes, the value of awards approved by the Committee may be different than the grant date fair value of equity awards as disclosed in the Summary Compensation Table.

Value of Annual Long-Term Incentive Compensation Awards

Named Executive Officer	Granted in Fiscal 2018	Granted in Fiscal 2017	% Change
Kevin Johnson	$ 11,100,000	$ 10,300,000	8%
Scott Maw	$ 5,000,000	$ 5,000,000	0%
Rosalind Brewer(1)	N/A	N/A	N/A
Clifford Burrows	$ 4,500,000	$ 4,500,000	0%
John Culver	$ 4,500,000	$ 4,500,000	0%
Howard Schultz	$ 14,500,000	$ 13,750,000	5.5%

(1) Pursuant to the sign-on agreement entered into by Ms. Brewer and the Company, Ms. Brewer was awarded $7,000,000 in sign-on equity and did not receive an annual grant in fiscal 2018.

Fiscal 2018 Stock Options

In fiscal 2018, stock options were granted to our NEOs on November 15, 2017 based on 40% of the value shown above. Stock options generally vest annually in equal installments of 25%, commencing on the first anniversary of the grant date. The exercise price is equal to the closing market price of our common stock on the date of grant. The stock options granted to the NEOs in fiscal 2018 are disclosed in the Grants of Plan-Based Awards Table for Fiscal 2018.

Fiscal 2018 PRSUs

The extent to which PRSUs are earned is based on our achievement of adjusted EPS and ROIC goals for the fiscal year after the fiscal year in which awards are granted. To reflect performance above or below target, adjusted EPS has a sliding scale that provides for payouts greater than the target number of PRSUs if performance results are greater than target (up to a maximum 200% payout) or less than the target number if performance results are lower than target (down to a 25% payout for threshold performance, below which the payout would be 0%). If the target ROIC goal under the PRSUs is not met, the number of PRSUs to be delivered based on achievement of the adjusted EPS goal will be adjusted downward by as much as 50%. To the extent the performance targets are met, earned PRSUs generally vest 50% on each of the second and third anniversaries of the grant date.

The Compensation Committee granted PRSUs in November 2017 (fiscal 2018) for 60% of the value of the long-term incentive awards shown above. The target and maximum number of PRSUs that could have been earned by the NEOs are disclosed in the Grants of Plan-Based Awards Table for Fiscal 2018.

Payout on the fiscal 2018 PRSUs is now expected to be 0%. At the beginning of the performance measurement period, an adjusted EPS goal was set to determine the payout. The relevant goal was adjusted EPS for fiscal 2019, which was determined based on our operating

plan reflecting our long-term growth targets at the beginning of the measurement period in November 2017. We have since revised our expectations for fiscal 2019 EPS and our long-term growth targets, and we currently carry no expense in our financial statements with respect to the fiscal 2018 PRSUs. The ROIC performance goal operates as a downward modifier and will have no impact on the payout percentage of the fiscal 2018 PRSUs.

Fiscal 2017 PRSU Results

The Compensation Committee granted PRSUs in fiscal 2017 based on adjusted EPS performance for fiscal 2018 (the year after the date of grant). Following the end of fiscal 2018, the Committee certified below-threshold adjusted EPS performance and a payout percentage of 0% for these PRSUs.

Special Equity Awards

The Compensation Committee retains the ability to grant discretionary equity awards in certain circumstances, including to support our succession-planning goals and incentivize and retain key executives. We did not grant any special equity awards to any of our NEOs in fiscal 2018.

OTHER COMPENSATION POLICIES

Sign-On Bonuses and New Hire Equity Awards

We provide sign-on bonuses and new-hire equity awards when the Compensation Committee determines it is necessary and appropriate to advance the Company s interests, 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 after joining us, and new-hire equity awards are subject to a time-based vesting period.

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In connection with Ms. Brewer s appointment in fiscal 2018 as our group president, Americas and chief operating officer, the Compensation Committee approved an annualized base salary of $1,000,000, an annual bonus target of 150% of base salary, a new hire equity award of $7,000,000 and a new hire cash award of $1,000,000. The Committee determined Ms. Brewer s new hire compensation package after considering several factors, including compensation data for comparable positions at other companies and the need to provide a meaningful retention incentive. The equity award consists of approximately 40% stock options and 60% performance-vesting RSUs (based on positive adjusted operating income performance during the three-fiscal-quarter period ended July 1, 2018). One third of the stock options and RSUs vest on each anniversary of the grant date, subject to continued employment. One third of the new hire cash award was paid 30 days after Ms. Brewer s start date, one third was paid after twelve months of employment, and one third will be paid after 24 months of employment, subject to continued employment.

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 our NEOs is detailed in the Fiscal 2018 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 offer the following perquisites to our NEOs:

Security. Pursuant to our executive security program, we may from time to time provide personal security services to certain executives. Security services include home security systems and monitoring and, in some cases, 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 executives. We believe that the personal safety and security of our senior executives is of the utmost importance to the Company and its shareholders. For fiscal 2018, the Company paid $325,000 toward Mr. Schultz and $45,000 toward Mr. Johnson s personal security, respectively. Mr. Schultz reimbursed the Company for personal security costs in excess of $325,000. The Company did not pay personal security costs for any other executive in fiscal 2018, except in connection with business-related travel.

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. These examinations provide a benefit to the Company and the executive at a relatively small cost to the Company. 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. The amounts paid in respect of these benefits to our NEOs in fiscal 2018 are detailed in the Fiscal 2018 All Other Compensation Table.

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 (MDCP). The MDCP 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 and the underlying performance of the measurement funds selected by the participants. The measurement fund alternatives available to MDCP 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 MDCP.

Investing in Our Partners *(Our Total Rewards Philosophy)*

We believe that investing in our partners results in increased engagement, satisfaction and retention, which ultimately leads to an elevated Starbucks Experience for our customers.

Our Total Rewards 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 U.S. and locally competitive benefit packages in other countries. In addition to our equity incentive plans discussed above, we offer an employee stock purchase plan to partners in the U.S. and Canada that allows participants to purchase Starbucks stock at a 5% discount to the fair market value at the end of each offering period under the plan. We believe our Total Rewards practices motivate our executives to build long-term shareholder value and reward the partners who take care of our customers.

In April 2018, U.S. hourly and salaried partners (excluding the NEOs) received a second wage increase in addition to their normal annual increases. With this increase, we converted approximately $120 million of federal tax reform benefits into investments in our partners.

Below is a summary of our broad-based benefits.

Broad-Based Bean Stock Program: A long-term incentive grant of time-based RSUs was made in November 2017 to approximately 176,000 eligible non-executive partners in 21 markets around the world, including qualified part-time partners. We refer to this broad-based equity program as our Bean Stock program. Bean Stock participants include those partners who work in our stores and serve our customers directly.

- In April 2018, we utilized benefits of federal tax reform to make more than $115 million in additional Bean Stock grants to our partners.
- In fiscal 2018, Bean Stock participants realized approximately $144 million in pre-tax gains from previously-granted Bean Stock awards.