

STARBUCKS CORP

FORM S-3

(Securities Registration Statement (simplified form))

Filed 7/8/1998

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CIK	0000829224
Industry	Restaurants
Sector	Services
Fiscal Year	09/28

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549 **FORM S-3**

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

STARBUCKS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

WASHINGTON	5810	91-1325671
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

STARBUCKS CORPORATION
2401 UTAH AVENUE SOUTH
SEATTLE, WASHINGTON 98134
(206) 447-1575

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

SHELLEY B. LANZA, ESQ.
SENIOR VICE PRESIDENT, LAW AND CORPORATE AFFAIRS, AND GENERAL COUNSEL
STARBUCKS CORPORATION
2401 UTAH AVENUE SOUTH
SEATTLE, WASHINGTON 98134
(206) 447-1575

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Approximate date of commencement of proposed sale of securities to the public: AT SUCH TIME OR TIMES AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT AS THE SELLING SHAREHOLDERS SHALL DETERMINE.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box: [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE				
Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit(1)	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, no par value	1,817,894	\$52.53	\$95,493,972	\$28,171

(1) Estimated pursuant to Rule 457(c) solely for purposes of calculating amount of registration fee, based upon the average of the high and low prices reported on July 1, 1998, as reported on The Nasdaq Stock Market, Inc.

PROSPECTUS

[LOGO]

STARBUCKS CORPORATION
1,817,894 Shares of Common Stock
No Par Value Per Share

This Prospectus relates to up to 1,817,894 shares (the "Common Shares") of the common stock, no par value per share (the "Common Stock"), of Starbucks Corporation, a Washington corporation ("Starbucks" or the "Company"), which may be offered from time to time by the selling shareholders named herein (each a "Selling Shareholder" and, collectively, the "Selling Shareholders"). Starbucks will not receive any of the proceeds from the sale of the Common Shares. Starbucks will bear the costs relating to the registration and listing of the Common Shares (other than fees and expenses of counsel for the Selling Shareholders, if any) estimated to be approximately \$65,000.00.

The Common Shares are being registered in connection with the acquisition (the "Acquisition") by Starbucks of all of the equity interests in Seattle Coffee Holdings Limited, a limited company incorporated in England and Wales ("Seattle Coffee"). Pursuant to the terms of the Acquisition, Starbucks agreed to use its best efforts to register the Common Shares received by the Selling Shareholders in connection with the Acquisition. In connection with the Acquisition, (i) each Selling Shareholder who is a "U.S. Person" as defined in Rule 902(o) of Regulation S (a "U.S. Person") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), entered into an investment agreement with Starbucks (the "Investment Agreement") and acquired Common Shares in a transaction exempt from the registration requirements of the Securities Act, and (ii) each Selling Shareholder who is not a U.S. Person acquired Common Shares in an offshore transaction pursuant to Regulation S under the Securities Act.

Shares of Starbucks Common Stock are traded on the National Market Tier of The Nasdaq Stock Market, Inc. ("Nasdaq") under the symbol SBUX. The average of the high and low prices of the Common Stock as reported on Nasdaq on July 6, 1998 was \$58.28 per share.

SEE "RISK FACTORS" BEGINNING ON PAGE 3 FOR A DESCRIPTION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE SHARES OF COMMON STOCK OFFERED HEREBY.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND
EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES
AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED
UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.
ANY REPRESENTATION TO THE CONTRARY IS
A CRIMINAL OFFENSE.**

The date of this Prospectus is July 8, 1998.

All of the Common Shares to be registered hereby are to be offered or sold by the Selling Shareholders in ordinary course broker or dealer transactions not involving an underwritten public offering.

AVAILABLE INFORMATION

Starbucks is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and files reports and other information with the Securities and Exchange Commission (the "Commission") in accordance therewith. Such reports, proxy statements, and other information filed by Starbucks are available for inspection and copying at the public reference facilities of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's Regional Offices located at 7 World Trade Center, Suite 1300, New York, New York 10048, and at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material may be obtained by mail from the Public Reference Section of the Commission at 450 Fifth St., N.W., Washington, D.C. 20549, at prescribed rates. The Commission maintains a World Wide Web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants, including Starbucks, which file electronically with the Commission. Shares of Common Stock are traded on Nasdaq. Reports and other information filed by Starbucks can be inspected at the offices of the National Association of Securities Dealers, Inc., Reports Section, 1735 K Street, N.W., Washington, D.C. 20006.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents filed by Starbucks with the Commission are incorporated by reference in this Prospectus:

1. The Company's Registration Statement on Form 8-A dated June 18, 1992, which contains a description of the Common Stock, including any amendment or report filed for the purpose of updating such description.
2. Annual Report on Form 10-K for the fiscal year ended September 28, 1997, including Exhibit 13 thereto (as the financial statements therein have been restated in this Registration Statement and Prospectus).
3. Quarterly Report on Form 10-Q for the period ended December 28, 1997 (as the financial statements therein have been restated in this Registration Statement and Prospectus).
4. Proxy Statement for the Annual Meeting of Shareholders dated January 1, 1998.
5. Quarterly Report on Form 10-Q for the period ended March 29, 1998 (as the financial statements therein have been restated in this Registration Statement and Prospectus).
6. Current Report on Form 8-K (date of earliest event reported: April 29, 1998).
7. Current Report on Form 8-K (date of earliest event reported: June 4, 1998).

All documents filed by Starbucks pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the Common Shares offered hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof.

Starbucks hereby undertakes to provide without charge to each person to whom this Prospectus has been delivered, upon the written or oral request of any such person, a copy of any and all of the foregoing documents incorporated herein by reference (other than exhibits to such documents that are not specifically incorporated by reference into the information that this Prospectus incorporates). Written or telephone requests should be directed to Investor Relations Department, Starbucks Corporation, 2401 Utah Avenue South, Seattle, Washington 98134, telephone number (206) 447-1575.

No dealer, salesman, or any other person has been authorized to give any information or to make any representation not contained in this Prospectus, and, if given or made, such information and representation must not be relied upon as having been authorized by Starbucks. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Shares offered hereby in any state to any person to whom it is unlawful to make such offer in such state. Neither the delivery of this Prospectus nor any sales made hereunder

shall, under any circumstances, create any implication that there has been no change in the affairs of Starbucks since the date hereof.

This Prospectus constitutes a part of a Registration Statement that Starbucks has filed with the Commission under the Securities Act, with respect to the Common Shares. This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related Exhibits thereto for further information with respect to Starbucks and the Common Shares offered hereby. Such additional information can be obtained from the Commission's office in Washington, D.C. Any statements contained herein concerning the provisions of any documents are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. Each such statement is qualified in its entirety by such reference.

THE COMPANY

Starbucks purchases and roasts high-quality whole bean coffees and sells them, along with fresh, rich-brewed coffees, Italian-style espresso beverages, a variety of pastries and confections and coffee-related accessories and equipment, primarily through its Company-operated retail stores. In addition to sales through its Company-operated retail stores, Starbucks sells primarily whole bean coffees through a specialty sales group, a direct response business and supermarkets. Starbucks, through its joint venture partnerships, also produces and sells bottled Frappuccino(TM) coffee drink and a line of premium ice creams. The Company's objective is to establish Starbucks as the most recognized and respected brand of coffee in the world. To achieve this goal, the Company plans to continue to rapidly expand its retail operations, grow its specialty sales and other operations, and selectively pursue opportunities to leverage the Starbucks brand through the introduction of new products and the development of new distribution channels.

Starbucks is a Washington corporation and its principal executive offices are located at 2401 Utah Avenue South, Seattle, Washington 98134, and its telephone number is (206) 447-1575.

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating an investment in the Common Shares offered by this Prospectus.

COFFEE PRICES AND AVAILABILITY. Green coffee commodity prices are subject to substantial price fluctuations, generally caused by multiple factors, including weather, political and economic conditions in certain coffee-producing countries and other supply-related matters. In addition, green coffee prices have been affected in the past, and may be affected in the future, by the actions of certain organizations and associations, such as the International Coffee Organization and the Association of Coffee Producing Countries, which have historically attempted to influence commodity prices of green coffee through agreements establishing export quotas or restricting coffee supplies worldwide. The Company's ability to raise sales prices in response to rising coffee prices may be limited and the Company's gross margin and overall profitability may decline due to these higher coffee costs.

RELIANCE ON GROWTH STRATEGY. The Company is pursuing an aggressive growth strategy, the success of which will depend in part upon its ability to open new stores and to operate existing and new stores profitably. The Company has grown rapidly from 17 Company-owned stores at the end of 1987 to 1603 Company-owned stores, 122 licensed stores in continental North America and 53 licensed stores outside of North America (primarily in the Pacific Rim) at the end of June 1998. The Company and its licensees plan to open at least 350 new stores in Continental North America, 40 new stores in the Pacific Rim and 30 new stores in the United Kingdom during fiscal 1998. Starbucks expansion will present numerous operational and competitive challenges to the Company's senior management and employees and will place significant pressure on the Company's operating systems. In addition, consumer tastes vary from region to region, and there can be no assurance that consumers located in the regions in which the Company intends to expand its retail operations will be as receptive to specialty coffees as consumers in existing markets. The achievement of the Company's expansion plans will

depend in part upon its ability to (i) select, and compete successfully in, new markets; (ii) obtain suitable sites at acceptable costs; (iii) hire, train, and retain qualified personnel; (iv) integrate new stores into existing distribution, inventory control, and information systems; (v) expand distribution capabilities; and (vi) maintain quality control. The Company may incur significant start-up costs in connection with entering new markets. In addition, the opening of additional stores in current markets could have the effect of cannibalizing sales at some of the Company's existing stores. There can be no assurance that the Company will achieve its planned expansion goals, manage its growth effectively, or operate its existing and new stores profitably, and the failure of the Company in any of these areas could have an adverse effect on the Company's business, financial condition and results of operations.

COMPETITION. The Company's whole bean coffees compete directly against specialty coffees sold at retail through supermarkets, specialty retailers, and a growing number of specialty coffee stores. The Company's coffee beverages compete directly against all restaurant and beverage outlets that serve coffee and a growing number of espresso stands, carts, and stores. Both the Company's whole bean coffees and its coffee beverages compete indirectly against all other coffees on the market.

Management believes that supermarkets pose the greatest competitive challenge in the whole bean coffee market, in part because supermarkets offer customers the convenience of not having to make a separate trip to a specialty coffee store. A number of global coffee manufacturers, such as Kraft Foods, Inc., The Procter & Gamble Company, and Nestle USA, Inc., are distributing premium coffee products in supermarkets that may serve as substitutes for the Company's coffees. Regional specialty coffee companies also sell whole bean coffees in supermarkets. In addition to the competition generated by supermarket sales of coffee, Starbucks competes for whole bean coffee sales with franchise operators and independent specialty coffee stores. In virtually every major metropolitan area where Starbucks operates and expects to expand, there are local or regional competitors with substantial market presence in the specialty coffee business.

The Company's primary competitors for coffee beverage sales are restaurants, shops, and street carts. In almost all markets in which the Company does business there has been a significant increase in competition in the specialty coffee beverage business and management expects this trend to continue. Although competition in the beverage market is currently fragmented, a major competitor with substantially greater financial, marketing and operating resources than the Company could enter this market at any time and compete directly against the Company.

In addition to the competition for whole bean coffee and coffee beverage retail sales, the Company faces intense competition from both restaurants and other specialty retailers for suitable sites for new stores and qualified personnel to operate both new and existing stores. There can be no assurance that Starbucks will be able to continue to secure adequate sites at acceptable rent levels or that the Company will be able to attract a sufficient number of qualified workers. Starbucks specialty sales and other businesses also face significant competition from established wholesale and other suppliers, some of whom have greater financial and marketing resources than the Company.

STOCK PRICE VOLATILITY. There can be no assurance that the Company can continue to sustain its historical increases in net sales or net earnings, or comparable store sales. Due to all of the factors described above, it is possible that in some future quarter or quarters, the Company's operating results will be below the expectations of public market analysts and investors. Such event could have an adverse effect on the trading price of the Company's Common Stock.

USE OF PROCEEDS

Starbucks will not receive any proceeds from the sale of the Common Shares offered hereby; nor will such proceeds be available for Starbucks use or benefit.

SELLING SHAREHOLDERS

All of the Common Shares described in this Prospectus will be owned immediately after registration by former shareholders and/or optionholders of Seattle Coffee (the "Selling Shareholders"). All of the Common Shares offered by the Selling Shareholders were acquired in connection with the Acquisition. Such Common Shares represent, in the aggregate, less than 2.1% of Starbucks outstanding Common Stock. None of the Selling Shareholders has had a material relationship with Starbucks at any time within the past three years. Scott T. Svenson and Allyson Svenson, the Chief Executive and Managing Director, respectively, of Seattle Coffee prior to the consummation of the Acquisition, are now employed by Starbucks as the chief executive officer and director of Marketing and Communications, respectively, of Seattle Coffee.

The following table sets forth the names of certain Selling Shareholders, the aggregate number of shares of Common Stock owned by each such Selling Shareholder prior to this offering, the aggregate number of Common Shares to be offered by each Selling Shareholder, and the aggregate number of shares of Common Stock to be owned by each Selling Shareholder, assuming the sale of all of such Selling Shareholder's Common Shares in this offering. The 73 Selling Shareholders not individually listed below (the "Remaining Selling Shareholders") hold, in the aggregate, less than 23% of the Common Shares and less than one-half of one percent (.5%) of all of the outstanding shares of Common Stock. No Selling Shareholder will own one percent (1%) or more of the aggregate number of shares of Common Stock outstanding after this offering.

Selling Shareholder	Shares Owned Prior to the Offering	Shares Offered for the Selling Shareholder's Account	Shares to be Owned After the Offering(1)
Dalguise Limited	586,912	586,912	None
Gary F. Linden, Trustee of the Allyson Davis Svenson and Scott Trimble Svenson Revocable Management Trust	261,233	261,233	None
Scott & Allyson Svenson	103,742	103,742	None
Scott Svenson	10,997	10,997	None
Paulmac Ltd.	124,325	124,325	None
Grange Trustees Limited, as Trustee for Petrus Trust	124,324	124,324	None
PTC Finance Limited	108,670	108,670	None
Reunion Partners(2)	87,077	87,077	None
Remaining Selling Shareholders	410,814	410,614	200(3)
TOTAL	1,818,094	1,817,894	200(3)

(1) Assumes that all Common Shares are sold by such Selling Shareholder.

(2) Reunion Partners is a Washington general partnership in which Scott Svenson holds a 39.7% ownership interest.

(3) These shares are held by an investment club in which a Selling Shareholder has a 7.6% interest.

PLAN OF DISTRIBUTION

Starbucks has been advised by each Selling Shareholder that, subject to the terms of the Investment Agreement and/or the Form of Acceptance in respect of the Offer by Starbucks to acquire all of the equity interests in Seattle Coffee (the "Form of Acceptance"), each Selling Shareholder expects to offer his, her, or its Common Shares to or through brokers and dealers to be selected by the Selling Shareholder from time to time. In addition, the Common Shares may be offered for sale through Nasdaq, in the over-the-counter market, through a market maker, in one or more private transactions, or a combination of such methods of sale, at prices and on terms then prevailing, at prices related to such prices, or at negotiated prices. Each Selling Shareholder may also pledge all or a portion of the Common Shares owned by him, her, or it as collateral in loan transactions. Upon default by any such Selling Shareholder, the pledgee in such loan transaction would have the same rights of sale as such Selling Shareholder under this Prospectus. Subject to the terms of the Investment Agreement and/or the Form of Acceptance, each Selling Shareholder may also transfer Common Shares owned by him, her, or it in other ways not involving market makers or established trading markets, including directly by gift, distribution, or other transfer without consideration, and upon any such transfer the transferee would have the same rights of sale as such Selling Shareholder under this Prospectus. In addition, any Common Shares covered by this Prospectus that qualify for sale pursuant to Rule 144 of the Securities Act, may be sold under Rule 144 rather than pursuant to this Prospectus. Finally, each Selling Shareholder and any brokers and dealers through whom sales of the Common Shares are made may be deemed to be "underwriters" within the meaning of the Securities Act, and the commissions or discounts and other compensation paid to such persons may be regarded as underwriters' compensation.

LEGAL MATTERS

The validity of the Common Shares offered hereby will be passed upon for Starbucks by Preston Gates and Ellis LLP. As of the date hereof, attorneys in such firm who have worked on substantive matters for Starbucks own fewer than 100,000 shares of Common Stock.

EXPERTS

The supplemental consolidated financial statements as of September 28, 1997, and September 29, 1996, and for each of the three years in the period ended September 28, 1997 included in this prospectus have been audited by Deloitte & Touche LLP, independent auditors, as stated in their report appearing herein, and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

INDEX TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS

The following supplemental consolidated financial statements give retroactive effect to the acquisition by Starbucks of all of the equity interests of Seattle Coffee on May 28, 1998. This transaction has been accounted for as a pooling of interests as described in Notes 1 and 2 to the supplemental consolidated financial statements.

Financial Statements for Fiscal Year 1997	
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Supplemental Consolidated Statements of Cash Flows for the Years Ended September 28, 1997, September 29, 1996 and October 1, 1995	F-5
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INDEPENDENT AUDITORS' REPORT

Starbucks Corporation
Seattle, Washington

We have audited the accompanying supplemental consolidated balance sheets of Starbucks Corporation and subsidiaries (the Company) as of September 28, 1997, and September 29, 1996, and the related supplemental consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended September 28, 1997. The supplemental financial statements give retroactive effect to the merger of Seattle Coffee Holdings Limited ("Seattle Coffee"), with and into a wholly owned subsidiary of Starbucks Corporation on May 28, 1998, which has been accounted for as a pooling-of-interests as described in Notes 1 and 2 to the supplemental financial statements. These supplemental financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these supplemental financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the supplemental financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall supplemental financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such supplemental consolidated financial statements present fairly, in all material respects, the financial position of Starbucks Corporation and subsidiaries as of September 28, 1997, and September 29, 1996, and the results of their operations and their cash flows for each of the three years in the period ended September 28, 1997, after giving retroactive effect to the merger between Starbucks Corporation and subsidiaries and Seattle Coffee as described in Notes 1 and 2, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Seattle, Washington

June 8, 1998

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	Sept 28, 1997	Sept 29, 1996
	-----	-----
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 70,126	\$ 127,165
Short-term investments	83,504	103,221
Accounts and notes receivable	31,231	17,768
Inventories	119,767	83,412
Prepaid expenses and other current assets	8,763	6,534
Deferred income taxes, net	4,164	2,580
	-----	-----
Total current assets	317,555	340,680
Joint ventures and other investments	34,464	4,401
Property, plant, and equipment, net	488,791	370,952
Deposits and other assets	16,342	13,194
	-----	-----
Total	\$ 857,152	\$ 729,227
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 47,987	\$ 38,258
Checks drawn in excess of bank balances	28,582	16,241
Accrued compensation and related costs	25,894	15,001
Accrued interest payable	2,927	3,004
Accrued occupancy costs	12,184	7,976
Other accrued expenses	25,893	20,835
	-----	-----
Total current liabilities	143,467	101,315
Deferred income taxes, net	12,946	7,114
Capital lease obligations	2,009	1,728
Convertible subordinated debentures	165,020	165,020
Commitments and contingencies (notes 5, 6, 9, and 13)		
Shareholders' Equity:		
Common stock -- Authorized, 150,000,000 shares; issued and outstanding, 80,559,023 and 78,711,488 shares, respectively	391,284	364,020
Retained earnings, including cumulative translation adjustment of \$(1,511) and \$(679) respectively, and net unrealized holding gain on investments of \$63 and \$2,046, respectively	142,426	90,030
	-----	-----
Total shareholders' equity	533,710	454,050
Total	\$ 857,152	\$ 729,227
	-----	-----

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands, except earnings per share)

Fiscal year ended:	Sept 28, 1997	Sept 29, 1996	Oct 1, 1995
	-----	-----	-----
Net revenues	\$ 975,389	\$ 697,872	\$ 465,213
Cost of sales and related occupancy costs	436,942	336,658	211,279
Store operating expenses	314,064	211,575	148,757
Other operating expenses	28,239	19,787	13,932
Depreciation and amortization	52,801	36,019	22,486
General and administrative expenses	57,144	37,258	28,643
	-----	-----	-----
Operating income	86,199	56,575	40,116
Interest and other income	12,393	11,029	6,792
Interest expense	(7,282)	(8,739)	(3,765)
Gain on sale of investment in Noah's	--	9,218	--
	-----	-----	-----
Earnings before income taxes	91,310	68,083	43,143
Income taxes	36,099	26,373	17,041
	-----	-----	-----
Net earnings	\$ 55,211	\$ 41,710	\$ 26,102
	-----	-----	-----
Net earnings per common share - basic	\$ 0.69	\$ 0.56	\$ 0.38
Net earnings per common and common equivalent share - diluted	\$ 0.66	\$ 0.53	\$ 0.37
Weighted average common shares outstanding - basic	79,645	74,667	68,898
Weighted average common shares and common equivalent shares outstanding - diluted	90,159	80,916	71,309
	-----	-----	-----

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Fiscal year ended:	Sept 28, 1997	Sept 29, 1996	Oct 1, 1995
	-----	-----	-----
Operating Activities:			
Net earnings	\$ 55,211	\$ 41,710	\$ 26,102
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	58,864	39,438	24,827
Provision for store remodels and asset disposals	1,049	412	2,745
Deferred income taxes, net	5,490	4,407	84
Equity in losses of investees	2,760	1,935	1,156
Gain on sale of investment in Noah's	--	(9,218)	--
Cash (used) provided by changes in operating assets and liabilities:			
Accounts and notes receivable	(13,475)	(7,918)	(4,456)
Inventories	(36,382)	40,237	(67,579)
Prepaid expenses and other current assets	(2,236)	(1,769)	519
Accounts payable	9,559	9,527	19,590
Accrued compensation and related costs	10,871	2,208	3,717
Accrued interest payable	(77)	3,207	24
Accrued occupancy costs	4,208	3,345	2,353
Other accrued expenses	4,452	8,860	3,469
	-----	-----	-----
Net cash provided by operating activities	100,294	136,381	12,551
Investing Activities:			
Purchase of investments	(171,631)	(178,643)	(136,256)
Sale of investments	9,257	17,144	27,702
Maturity of investments	173,665	103,056	74,808
Investments in joint ventures and other investments	(27,624)	(6,040)	(12,484)
Proceeds from sale of equity investments	--	20,550	--
Additions to property, plant, and equipment	(174,363)	(163,284)	(129,386)
Additions to deposits and other assets	(1,004)	(1,132)	(854)
	-----	-----	-----
Net cash used by investing activities	(191,700)	(208,349)	(176,470)
Financing Activities:			
Increase in cash provided by checks drawn in excess of bank balances	12,287	3,096	1,180
Proceeds from sale of convertible debentures	--	165,020	--
Debt issuance costs	--	(4,045)	--
Proceeds from notes payable	--	--	19,000
Principal repayments of notes payable	--	--	(19,000)
Net proceeds from sale of common stock	1,696	2,711	163,873
Proceeds from sale of common stock under employee stock purchase plan	2,313	1,735	263
Exercise of stock options and warrants	13,629	8,032	3,157
Tax benefit from exercise of nonqualified stock options	9,626	6,808	4,754
Payments received on subscription notes receivable	--	--	3,671
Payments on capital lease obligations	(1,566)	(575)	(147)
Debt conversion costs	--	(290)	--
Advances to landlord	(3,600)	(4,300)	(300)
	-----	-----	-----
Net cash provided by financing activities	34,385	178,192	176,451
Effect of exchange rate changes on cash and cash equivalents	(18)	(3)	18
Decrease (increase) in cash and cash equivalents	(57,039)	106,221	12,550
Cash and Cash Equivalents:			
Beginning of year	127,165	20,944	8,394
End of year	\$ 70,126	\$ 127,165	\$ 20,944

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Fiscal year ended:	Sept 28, 1997	Sept 29, 1996	Oct 1, 1995
	-----	-----	-----
Cash paid during the year for:			
Interest	\$ 7,179	\$ 5,630	\$ 3,738
Income taxes	19,679	12,127	10,761
Noncash Financing and Investing Transactions:			
Equipment acquired under capital lease	\$ 2,434	\$ 2,089	\$ 1,522
Net unrealized holding gain (loss) on investments	(1,983)	2,012	141
Conversion of convertible debt into common stock, net of unamortized issue costs	--	79,345	100

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands, except share data)

	Common stock		Retained earnings	Total
	Shares	Amount		
Balance, October 2, 1994	57,936,988	\$ 89,861	\$ 20,037	\$ 109,898
Exercise of stock options including tax benefit of \$4,754	945,780	7,911	--	7,911
Sale of common stock	12,050,000	163,873	--	163,873
Payments received on stock subscription notes	--	3,671	--	3,671
Conversions of convertible debt into common stock	6,798	100	--	100
Sale of common stock under employee stock purchase plan	17,424	263	--	263
Net earnings	--	--	26,102	26,102
Unrealized holding gain, net	--	--	141	141
Translation adjustment	--	--	272	272
Balance, October 1, 1995	70,956,990	265,679	46,552	312,231
Exercise of stock options including tax benefit of \$6,808	1,177,736	14,840	--	14,840
Sale of common stock	1,127,620	2,711	--	2,711
Conversions of convertible debt into common stock	5,359,769	79,055	--	79,055
Sale of common stock under employee stock purchase plan	89,373	1,735	--	1,735
Net earnings	--	--	41,710	41,710
Unrealized holding gain, net	--	--	2,012	2,012
Translation adjustment	--	--	(244)	(244)
Balance, September 29, 1996	78,711,488	364,020	90,030	454,050
Exercise of stock options including tax benefit of \$9,626	1,381,915	23,255	--	23,255
Sale of common stock	372,649	1,696	--	1,696
Sale of common stock under employee stock purchase plan	92,971	2,313	--	2,313
Net earnings	--	--	55,211	55,211
Unrealized holding loss, net	--	--	(1,983)	(1,983)
Translation adjustment	--	--	(832)	(832)
Balance, September 28, 1997	80,559,023	\$ 391,284	\$ 142,426	\$ 533,710

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION

NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS

(YEARS ENDED SEPTEMBER 28, 1997, SEPTEMBER 29, 1996, AND OCTOBER 1, 1995)

Note 1: Summary of Significant Accounting Policies

BASIS OF PRESENTATION. The supplemental consolidated financial statements as of and for the periods ending September 28, 1997, September 29, 1996 and October 1, 1995 have been prepared by Starbucks Corporation ("Starbucks" or the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). As described in Note 2, on May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee Holdings Limited ("Seattle Coffee"). These supplemental consolidated financial statements have been prepared under the pooling of interests method of accounting and reflect the combined financial position and operating results of Starbucks and its wholly owned subsidiaries, including Seattle Coffee, for all periods presented. These supplemental consolidated financial statements will become the historical financial statements of the Company when the Company issues its financial statements for the third fiscal quarter of 1998. Investments in unconsolidated joint ventures are accounted for under the equity method. Material intercompany transactions during the periods covered by these supplemental consolidated financial statements have been eliminated.

DESCRIPTION OF BUSINESS. Starbucks purchases and roasts high-quality whole bean coffees and sells them, along with a variety of coffee beverages, pastries, confections, and coffee-related accessories and equipment, primarily through Company-operated and licensed retail stores located throughout the United States, in parts of Canada, the United Kingdom, and the Pacific Rim. In addition to sales through its Company-owned retail stores, the Company sells primarily whole bean coffees through a specialty sales group and a direct response business. Starbucks, through its joint venture partnerships, also produces and sells bottled Frappuccino(TM) coffee drink and a line of premium coffee ice creams.

FISCAL YEAR END. The Company's fiscal year ends on the Sunday closest to September 30. Fiscal years 1997, 1996, and 1995 each had 52 weeks.

ESTIMATES AND ASSUMPTIONS. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

CASH AND CASH EQUIVALENTS. The Company considers all highly liquid instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

CASH MANAGEMENT. The Company's cash management system provides for the reimbursement of all major bank disbursement accounts on a daily basis. Checks issued but not presented for payment to the bank are reflected as "Checks drawn in excess of bank balances" in the accompanying financial statements.

INVESTMENTS. The Company's investments consist primarily of investment-grade marketable debt securities, all of which are classified as available-for-sale and recorded at fair value as defined below. Unrealized holding gains and losses are recorded, net of any tax effect, as a component of retained earnings.

FAIR VALUE OF FINANCIAL INSTRUMENTS. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturity of those instruments. The fair value of the Company's investments in marketable debt and equity securities is based upon the quoted market price on the last business day of the fiscal year plus accrued interest, if any. The fair value and amortized cost of the Company's investments (short- and long-term) at September 28, 1997, were

\$88.7 million and \$88.6 million, respectively. The fair value and amortized cost of the Company's short-term investments at September 29, 1996, were \$103.2 million and \$99.9 million, respectively. For further detail on investments, see Note 4. The fair value of the Company's 4-1/4% Convertible Subordinated Debentures due 2002 (see Note 8) is based on the quoted market price on the last business day of the fiscal year. As of September 28, 1997, the fair value and principal amount of the 4-1/4% Convertible Subordinated Debentures due 2002 were \$294.6 million and \$165.0 million, respectively. The fair value and principal amount of these Debentures at September 29, 1996, were \$248.0 million and \$165.0 million, respectively.

INVENTORIES. Inventories are stated at the lower of cost (primarily moving average cost) or market.

PROPERTY, PLANT, AND EQUIPMENT. Property, plant, and equipment are carried at cost less accumulated depreciation and amortization. Depreciation of property, plant, and equipment, which includes amortization of assets under capital leases, is provided on the straight-line method over estimated useful lives, generally ranging from three to seven years for equipment and 40 years for buildings. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease life, generally ten years. The portion of depreciation expense related to production and distribution facilities is included in "Cost of sales and related occupancy costs". When facts and circumstances indicate that the cost of long-lived assets may be impaired, an evaluation of recoverability is performed by comparing the carrying value of the asset to projected future cash flows. Upon indication that the carrying value of such assets may not be recoverable, the Company recognizes an impairment loss by a charge against current operations.

HEDGING AND FUTURES CONTRACTS. The Company, from time to time, enters into futures contracts to hedge price-to-be-established coffee purchase commitments with the objective of minimizing cost risk due to market fluctuations. The Company does not hold or issue derivative instruments for trading purposes. In accordance with SFAS 80 "Accounting for Futures Contracts," these futures contracts meet the hedge criteria and are accounted for as hedges. Gains and losses are calculated based on the difference between the cost basis and the market value of the coffee contracts. Accordingly, gains and losses are deferred and recognized as adjustments to the carrying amount of coffee inventory when purchased, and recognized in results of operations as coffee products are sold. The market risk related to coffee futures is substantially offset by changes in the cost of coffee purchased. The Company did not purchase or sell futures contracts during fiscal 1997, 1996, or 1995.

ADVERTISING. The Company expenses costs of advertising the first time the advertising campaign takes place, except for direct response advertising, which is capitalized and amortized over its expected period of future benefit. Direct response advertising consists primarily of mail order catalog costs and customer retention program costs. Catalog costs are amortized over the period from the catalog mailing until the issuance of the next catalog, typically three months. Customer retention program costs are amortized over six months.

STORE PREOPENING EXPENSES. Costs incurred in connection with start-up and promotion of new store openings are expensed as incurred.

RENT EXPENSE. Certain of the Company's lease agreements provide for scheduled rent increases during the lease terms, or for rental payments commencing at a date other than the date of initial occupancy. Rent expenses are recognized on a straight-line basis over the terms of the leases.

FOREIGN CURRENCY TRANSLATION. The accumulated foreign currency translation relates to the Company's operations in Canada and the United Kingdom. Assets and liabilities are translated at exchange rates in effect at the balance sheet date and income and expense accounts at the average exchange rates during the year. Resulting translation adjustments are recorded directly to a separate component of shareholders' equity.

INCOME TAXES. The Company computes income taxes using the asset and liability method, under which deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities.

EARNINGS PER SHARE. The computation of basic earnings per share, in accordance with Statement of Financial Accounting Standards ("SFAS") 128 "Earnings per Share," is based on the weighted average number of common shares outstanding during the period. The numbers of shares resulting from this computation for fiscal 1997, 1996, and 1995 were 79.6 million, 74.7 million, and 68.9 million, respectively.

The computation of diluted earnings per share, in accordance with SFAS 128, includes the dilutive effect of common stock equivalents consisting of certain shares subject to stock options for both Starbucks and Seattle Coffee during the year using the treasury stock method. The computation of diluted earnings per share also assumes conversion of the Company's convertible subordinated debentures using the "if converted" method, when such securities are dilutive, with net income adjusted for the after-tax interest expense and amortization of issuance costs applicable to these debentures. The numbers of shares resulting from this computation for fiscal 1997, 1996, and 1995 were 90.2 million, 80.9 million, and 71.3 million, respectively. All periods presented have been calculated in accordance with SFAS 128.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued SFAS 130 "Reporting Comprehensive Income," which establishes standards for reporting and displaying comprehensive income and its components (revenue, expenses, gains, and losses) in a full set of general-purpose financial statements. The Company will adopt SFAS 130 in fiscal 1999.

In June 1997, the FASB issued SFAS 131 "Disclosures about Segments of an Enterprise and Related Information," which changes the way public companies report information about operating segments. The Company will adopt SFAS 131 in fiscal 1999. This statement, which is based on the management approach to segment reporting, establishes requirements to report selected segment information quarterly and to report entity-wide disclosures about products and services, major customers, and the major countries in which the Company holds assets and reports revenues.

Management believes that the adoption of these new standards will not have a material impact on the Company's financial position or results of operations.

RECLASSIFICATIONS. Certain reclassifications of prior years' balances have been made to conform to the fiscal 1997 presentation.

Note 2: Seattle Coffee

On May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee, a United Kingdom roaster/retailer of specialty coffee, in exchange for 1,817,894 shares of Starbucks common stock.

The business combination transaction has been accounted for as a pooling of interests for accounting and financial reporting purposes. The pooling-of-interests method of accounting is intended to present as a single interest two or more common shareholders' interests which were previously independent; accordingly, the historical financial statements for the periods prior to the business combination are restated as though the companies had been combined. The restated financial statements are adjusted to conform the accounting policies and fiscal reporting periods to Starbucks accounting policies and fiscal reporting periods.

This transaction is expected to result in one-time transaction and other related after-tax charges of approximately \$0.14 per share in the third fiscal quarter of 1998.

The following table compares amounts previously reported by Starbucks prior to the transaction with combined amounts for fiscal 1997 and 1996. Fiscal 1995 results have not been restated, as Seattle Coffee results of operations were not material to the combined totals (in thousands, except earnings per share):

1997	Starbucks	Seattle Coffee	Combined
	-----	-----	-----
Net revenues	\$ 966,946	\$ 8,443	\$ 975,389
Net earnings	57,412	(2,201)	55,211
Net earnings per share-diluted	\$ 0.70	\$ (0.04)	\$ 0.66
1996			
Net revenues	\$ 696,481	\$ 1,391	\$ 697,872
Net earnings	42,128	(418)	41,710
Net earnings per share-diluted	\$ 0.54	\$ (0.01)	\$ 0.53
	-----	-----	-----

Note 3: Cash and Cash Equivalents

Cash and cash equivalents consist of the following (in thousands):

	Sept 28, 1997	Sept 29, 1996
	-----	-----
Operating funds and interest-bearing deposits	\$ 14,482	\$ 12,019
Commercial paper	39,649	93,306
Money market funds	8,152	14,590
Local government obligations	4,022	7,250
Corporate debt securities	3,821	--
	-----	-----
	\$ 70,126	\$ 127,165
	-----	-----

Note 4: Investments

The Company's investments, including aggregate fair values, cost, gross unrealized holding gains, and gross unrealized holding losses, consist of the following (in thousands):

	Fair value	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses
September 28, 1997	-----	-----	-----	-----
Current investments:				
Corporate debt securities	\$ 25,948	\$ 25,944	\$ 10	\$ (6)
U.S. Government obligations	30,532	30,540	8	(16)
Commercial paper	25,720	25,721	--	(1)
Marketable equity securities	1,304	1,198	106	--
	-----	-----	-----	-----
	\$ 83,504	\$ 83,403	\$ 124	\$ (23)
	-----	-----	-----	-----
Non-current investments:				
Corporate debt securities	\$ 4,196	\$ 4,194	\$ 2	\$ --
U.S. Government obligations	1,005	1,006	--	(1)
	-----	-----	-----	-----
	\$ 5,201	\$ 5,200	\$ 2	\$ (1)
	-----	-----	-----	-----
September 29, 1996	Fair value	Amortized cost	Gross unrealized holding gains	Gross unrealized holding losses
	-----	-----	-----	-----
Current investments:				
Corporate debt securities	\$ 33,112	\$ 33,118	\$ 11	\$ (17)
U.S. Government obligations	45,041	45,017	36	(12)
Commercial paper	19,958	19,959	--	(1)
Marketable equity securities	5,110	1,800	3,310	--
	-----	-----	-----	-----
	\$ 103,221	\$ 99,894	\$ 3,357	\$ (30)
	-----	-----	-----	-----

All investments are classified as available-for-sale as of September 28, 1997 and September 29, 1996. Securities with remaining maturity dates of one year or less are classified as short-term investments. Securities with remaining maturity dates beyond one year are classified as long-term and are included in the line item "Joint ventures and other investments" in the accompanying balance sheets. The specific identification method is used to determine a cost basis for computing realized gains and losses.

During fiscal 1995, the Company invested \$11.3 million in cash for shares of Noah's New York Bagel, Inc. ("Noah's") Series B Preferred Stock. On February 1, 1996, Noah's merged with Einstein Brothers Bagels, Inc. In exchange for its investment in Noah's, the Company received \$20.6 million in cash and recognized a \$9.2 million pre-tax gain (\$5.7 million net of tax) on the transaction.

In fiscal 1997, 1996, and 1995, proceeds from the sale of investment securities were \$9.3 million, \$17.1 million, and \$27.7 million, respectively. Gross realized gains and losses were not material in 1997, 1996, and 1995 except for the sale of Noah's stock, which occurred in fiscal 1996.

Note 5: Inventories

Inventories consist of the following (in thousands):

	Sept 28, 1997	Sept 29, 1996
	-----	-----
Coffee		
Unroasted	\$ 65,296	\$ 37,127
Roasted	13,954	9,759
Other merchandise held for sale	33,253	29,542
Packaging and other supplies	7,264	6,984
	-----	-----
	\$ 119,767	\$ 83,412
	-----	-----

As of September 28, 1997, the Company had fixed price inventory purchase commitments for green coffee totaling approximately \$54 million. The Company believes, based on relationships established with its suppliers in the past, that the risk of non-delivery on such purchase commitments is remote.

Note 6: Joint Ventures and Other Investments

JOINT VENTURES. Starbucks has entered into several joint ventures, all of which are accounted for using the equity method. The Company's share of joint venture income or losses is included in "Other operating expenses."

The Company has domestic joint ventures with two companies to produce and distribute Starbucks branded coffee-related products. During fiscal 1994, the Company entered into a 50/50 joint venture and partnership agreement (the "Partnership Agreement") with Pepsi-Cola Company ("Pepsi") to develop ready-to-drink coffee-based beverages. During fiscal 1996, the Company modified the Partnership Agreement to revise the allocation of start-up risks and expenses between partners. Also during fiscal 1996, the Company entered into a 50/50 joint venture agreement with Dreyer's Grand Ice Cream, Inc. to develop and distribute premium coffee ice creams.

The Company is a partner in two other joint ventures. During fiscal 1996, the Company signed an agreement with SAZABY Inc., a Japanese retailer and restaurateur, to form a joint venture partnership (50/50) to develop Starbucks retail stores in Japan. On August 3, 1996, the Company entered into a joint venture partnership as a 5% partner with Cafe Hawaii Partners to develop Starbucks retail stores in Hawaii.

The Company's investments in and losses from these joint ventures are as follows (in thousands):

	Pepsi joint venture	All other joint ventures	Total
	-----	-----	-----
Balance, October 2, 1994	\$ 300	\$ --	\$ 300
Allocated share of losses	(1,156)	--	(1,156)
Capital contributions	1,150	--	1,150
	-----	-----	-----
Balance, October 1, 1995	294	--	294
Allocated share of losses	(401)	(1,534)	(1,935)
Capital contributions	2,725	3,315	6,040
	-----	-----	-----
Balance, September 29, 1996	2,618	1,781	4,399
Allocated share of losses	(2,384)	(376)	(2,760)
Capital contributions	27,259	365	27,624
	-----	-----	-----
Balance, September 28, 1997	\$ 27,493	\$ 1,770	\$ 29,263
	-----	-----	-----

Note 7: Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost and consist of the following (in thousands):

	Sept 28, 1997	Sept 29, 1996
	-----	-----
Land	\$ 3,602	\$ 3,602
Building	8,338	8,338
Leasehold improvements	352,640	256,134
Roasting and store equipment	168,929	121,261
Furniture, fixtures, and other	49,790	39,084
	-----	-----
	583,299	428,419
Less accumulated depreciation and amortization	(144,068)	(88,071)
	-----	-----
	439,231	340,348
Work in progress	49,560	30,604
	-----	-----
	\$ 488,791	\$ 370,952
	-----	-----

Note 8: Convertible Subordinated Debentures

During fiscal 1993, the Company issued \$80.5 million in principal amount of 4-1/2% Convertible Subordinated Debentures Due 2003. On April 12, 1996, the Company called these debentures for redemption. The total principal amount converted, net of unamortized issue costs, accrued but unpaid interest, and costs of conversion was credited to common stock.

During the first quarter of fiscal 1996, the Company issued approximately \$165.0 million in principal amount of 4-1/4% Convertible Subordinated Debentures Due 2002 (the "Debentures"). Net proceeds to the Company were approximately \$161.0 million. Interest was payable on May 1 and November 1 of each year. The Debentures were convertible into common stock of the Company at a price of \$23.25, subject to adjustment under certain conditions, and were redeemable on or after November 10, 1997 at the option of the Company, at specified redemption prices and subject to certain conditions. Costs incurred in connection with the issuance of the Debentures were included in "Deposits and other assets" and were amortized on a straight-line basis over the seven-year period to maturity.

On October 21, 1997, the Company called the Debentures for redemption. Substantially all of these Debentures were converted into approximately 7.1 million shares of the Company's common stock prior to the redemption date.

Note 9: Leases

The Company leases retail stores, roasting and distribution facilities, and office space under operating leases expiring through 2023. Most lease agreements contain renewal options and rent escalation clauses. Certain leases provide for contingent rentals based upon gross sales. The Company also leases certain computer equipment and software under agreements classified as capital leases with original lease terms ranging from two to four years.

Rental expense under these lease agreements was as follows (in thousands):

Fiscal year ended:	Sept 28, 1997	Sept 29, 1996	Oct 1, 1995
Minimum rentals	\$ 54,093	\$ 37,675	\$ 21,590
Contingent rentals	1,193	1,190	1,088
	\$ 55,286	\$ 38,865	\$ 22,678

Minimum future rental payments under non-cancelable lease obligations as of September 28, 1997 are as follows (in thousands):

Fiscal year ending:	Capital Leases	Operating Leases
1998	\$ 2,155	\$ 54,521
1999	1,543	54,793
2000	783	55,023
2001	--	55,327
2002	--	55,226
Thereafter	--	218,450
Total minimum lease payments	\$ 4,481	\$ 493,340
Less: Amounts representing interest and other expenses	(669)	
Present value of net minimum lease payments	3,812	
Less: Current portion	(1,803)	
Long-term capital lease obligations	\$ 2,009	

Assets recorded under capital leases are included in "Property, plant, and equipment" within the "Furniture, fixtures, and other" category. Assets recorded under capital leases, net of accumulated amortization, totaled \$3.9 million and \$3.6 million at September 28, 1997, and September 29, 1996, respectively.

The Company opened a roasting and distribution facility in York County, Pennsylvania in September 1995 (the "York Plant"). Under the terms of this lease agreement, the Company has an option to purchase the land and building comprising the York Plant for approximately \$14 million within five years of the date of occupancy. Such option to purchase also provides that the Company may purchase, within seven years of occupancy, additional land adjacent to the York Plant.

Note 10: Shareholders' Equity

In November 1994, the Company completed a public offering of 12,050,000 shares of newly issued common stock for proceeds of approximately \$163.9 million, net of expenses.

The Company's common stock was split two-for-one on December 1, 1995. All applicable share and per-share data in these consolidated financial statements have been restated to give effect to this stock split.

On February 28, 1996, the Company's shareholders approved an amendment to the Company's articles of incorporation increasing the number of authorized common shares from 100,000,000 to 150,000,000.

The Company has authorized 7,500,000 shares of its preferred stock, none of which is outstanding at September 28, 1997.

Share amounts outstanding are based on the historical outstanding shares of both Starbucks and Seattle Coffee adjusted for the exchange of 1,817,894 shares of Starbucks stock for all of the equity interests of Seattle Coffee.

Note 11: Employee Benefit Plans

The Company maintains several stock option plans under which the Company may grant incentive stock options and nonqualified stock options to employees and non-employee directors. Stock options have been granted at prices at or above the fair market value on the date of grant. Options vest and expire according to terms established at the grant date.

The following summarizes all stock option transactions from October 2, 1994, through September 28, 1997.

	Shares	Weighted average price per share
Outstanding, October 2, 1994	6,117,966	\$ 6.61
Granted	2,853,476	13.19
Exercised	(945,780)	3.34
Cancelled	(1,151,006)	10.12
Outstanding, October 1, 1995	6,874,656	9.52
Granted	2,538,466	18.64
Exercised	(1,177,736)	6.78
Cancelled	(449,158)	13.99
Outstanding, September 29, 1996	7,786,228	12.69
Granted	2,929,796	33.24
Exercised	(1,381,915)	9.92
Cancelled	(380,448)	21.30
Outstanding, September 28, 1997	8,953,661	\$ 19.32
Exercisable, September 28, 1997	3,713,676	\$ 10.86

At September 29, 1996 and October 1, 1995, 3,316,967 and 3,108,578 outstanding options, respectively, were exercisable. The weighted average exercise prices for options were \$8.43 and \$6.36 at September 29, 1996 and October 1, 1995, respectively.

At September 28, 1997, there were 10,640,907 shares of common stock reserved for issuance pursuant to future stock option grants.

Additional information regarding options outstanding as of September 28, 1997 is as follows:

Range of Exercise Prices		Options Outstanding			Options Exercisable		
		Shares	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	
\$ 0.33	\$ 8.91	1,750,141	3.36	\$ 5.98	1,650,024	\$ 5.00	
10.28	14.56	2,344,737	6.77	12.44	1,355,532	12.44	
15.00	18.81	1,564,803	8.02	18.43	383,811	18.15	
19.38	32.50	926,701	8.35	24.35	305,213	24.91	
33.00	43.50	2,367,279	9.16	34.62	19,096	34.58	
\$ 0.33	\$ 43.50	8,953,661	7.12	\$ 19.32	3,713,676	\$ 10.86	

EMPLOYEE STOCK PURCHASE PLAN. During fiscal 1995, the Company implemented an employee stock purchase plan. The Company's plan provides that eligible employees may contribute up to 10% of their base earnings toward the quarterly purchase of the Company's common stock up to \$25,000 of common stock. The employee's purchase price is 85% of the lesser of the fair market value of the stock on the first business day or the last business day of the quarterly offering period. No compensation expense is recorded in connection with the plan. The total number of shares issuable under the plan is 4,000,000. There were 92,971 shares issued under the plan during fiscal 1997 at prices ranging from \$23.59 to \$25.71. There were 89,373 shares issued under the plan during fiscal 1996 at prices ranging from \$15.99 to \$24.65. There were 17,424 shares issued under the plan during fiscal 1995 at a price of \$15.09. Of the 14,583 employees eligible to participate, 2,549 were participants in the plan as of September 28, 1997.

ACCOUNTING FOR STOCK-BASED COMPENSATION. The Company accounts for its stock-based awards using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and its related interpretations. Accordingly, no compensation expense has been recognized in the financial statements for employee stock arrangements.

Statement of Financial Accounting Standards 123, "Accounting for Stock-Based Compensation," ("SFAS 123") requires the disclosure of pro forma net income (loss) and net income (loss) per share as if the Company adopted the fair value method as of the beginning of fiscal 1996. The fair value of stock-based awards to employees is calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	Employee Stock Options		Employee Stock Purchase Plan	
	1997	1996	1997	1996
Expected life (years)	1.5 - 6	1.5 - 6	.25	.25
Expected volatility	40%	40%	45 - 47%	39 - 61%
Risk-free interest rate	5.41 - 6.54%	5.01 - 6.74%	5.27 - 5.53%	5.27 - 5.49%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%

The Company's valuations are based upon a multiple option valuation approach and forfeitures are recognized as they occur. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective

input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

As required by SFAS 123, the Company has determined that the weighted average estimated fair values of options granted during fiscal 1997 and 1996 were \$10.85 and \$5.64 per share, respectively. Had compensation costs for the Company's stock-based compensation plans been accounted for using the fair value method of accounting described by SFAS 123, the Company's net income and earnings per share would have been as follows (in thousands, except earnings per share):

Fiscal Year Ended:	As Reported	Pro Forma Under SFAS 123
	-----	-----
September 28, 1997		
Net Income	\$ 55,211	\$ 45,808
Net earnings per common & common equivalent share:		
Basic	\$ 0.69	\$ 0.58
Diluted	\$ 0.66	\$ 0.56
September 29, 1996		
Net Income	\$ 41,710	\$ 37,801
Net earnings per common & common equivalent share:		
Basic	\$ 0.56	\$ 0.51
Diluted	\$ 0.53	\$ 0.49

In applying SFAS 123, the impact of outstanding non-vested stock options granted prior to 1996 has been excluded from the pro forma calculations; accordingly, the 1997 and 1996 pro forma adjustments are not indicative of future period pro forma adjustments.

DEFINED CONTRIBUTION PLANS. Starbucks maintains voluntary defined contribution plans covering eligible employees as defined in the plan documents. Participating employees may elect to defer and contribute a percentage of their compensation to the plan, not to exceed the dollar amount set by law. The Company matches 25% of each employee's contribution up to a maximum of the first 4% of each employee's compensation.

The Company's matching contributions to the plans were approximately \$0.6 million, \$0.3 million, and \$0.3 million for fiscal 1997, 1996, and 1995, respectively.

DEFERRED STOCK PLAN. During the first quarter of fiscal 1998, the Company adopted a Deferred Stock Plan for certain key employees that enables participants in the plan to defer receipt of ownership of common shares from the exercise of non-qualified stock options. The minimum deferral period is five years.

Note 12: Income Taxes

A reconciliation of the statutory federal income tax rate with the Company's effective income tax rate is as follows:

Fiscal year ended:	Sept 28, 1997	Sept 29, 1996	Oct 1, 1995
Statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.6	3.1	3.6
Other	0.9	0.6	0.9
Effective tax rate	39.5%	38.7%	39.5%

The provision for income taxes consists of the following (in thousands):

Fiscal year ended:	Sept 28, 1997	Sept 29, 1996	Oct 1, 1995
Currently payable:			
Federal	\$ 25,884	\$ 19,568	\$ 14,672
State	4,725	2,398	2,285
Deferred liability	5,490	4,407	84
	\$ 36,099	\$ 26,373	\$ 17,041

Deferred income taxes (benefits) reflect the tax effect of temporary differences between the amounts of assets and liabilities for financial reporting purposes and amounts as measured for tax purposes. The tax effect of temporary differences and carryforwards that cause significant portions of deferred tax assets and liabilities are as follows (in thousands):

	Sept 28, 1997	Sept 29, 1996
Depreciation	\$ 17,136	\$ 10,699
Accrued rent	(4,356)	(2,839)
Accrued compensation and related costs	(1,786)	(1,219)
Inventory	(1,474)	(1,531)
Unrealized holding gain on investments, net	39	1,281
Other, net	(777)	(1,857)
	\$ 8,782	\$ 4,534

Taxes payable of \$4.5 million and \$2.7 million are included in "Other accrued expenses" as of September 28, 1997 and September 29, 1996, respectively.

Note 13: Commitments and Contingencies

Under the amended terms of the Company's corporate office lease, the Company provides financing to the building owner to be used exclusively for facilities and leasehold development costs to accommodate the Company. Under this agreement, the Company advanced approximately \$3.6 million, \$4.3 million and \$0.3 million during fiscal 1997, 1996, and 1995, respectively. As of September 28, 1997 and September 29, 1996, the amounts outstanding under the agreement

totalled \$8.2 million and \$4.6 million, respectively. These amounts are included in "Deposits and other assets" on the balance sheet. The maximum amount available under the agreement is \$17.0 million. Any funds advanced by the Company will be repaid with interest at 9.5% over a term not to exceed 20 years.

During fiscal 1997, the Company, through its Seattle Coffee subsidiary, entered into a financing arrangement for a line of credit for \$5.0 million, an overdraft facility of \$0.8 million and a rental guarantee of \$0.5 million. As of September 28, 1997, the amount outstanding on the line of credit of \$2.8 million is included in "Accounts payable" on the balance sheet. Upon completion of the acquisition of Seattle Coffee, the amount outstanding on the line of credit was repaid.

In the normal course of business, the Company has various legal claims and other contingent matters outstanding. Management believes that any ultimate liability arising from these actions would not have a material adverse effect on the Company's results of operations or financial condition as of and for the fiscal year ended September 28, 1997.

Note 14: Related Party Transactions

An employee director of the Company serves as chairman of a wholesale customer of the Company. Sales to this customer were \$31.0 million, \$22.7 million, and \$18.5 million for fiscal 1997, 1996, and 1995, respectively. Amounts receivable from this customer totaled \$4.6 million and \$2.7 million as of September 28, 1997 and September 29, 1996, respectively.

Note 15: Quarterly Financial Information (Unaudited)

Summarized quarterly financial information for fiscal years 1997 and 1996 is as follows (in thousands, except earnings per share):

	First	Second	Third	Fourth
	-----	-----	-----	-----
1997 quarter:				
Net revenues	\$ 240,154	\$ 216,269	\$ 244,241	\$ 274,725
Gross margin	124,053	116,297	140,406	157,691
Net earnings	13,886	9,241	14,199	17,885
Net earnings per common and common equivalent share -- diluted	\$ 0.17	\$ 0.12	\$ 0.17	\$ 0.21
1996 quarter:				
Net revenues	\$ 169,798	\$ 153,838	\$ 177,205	\$ 197,031
Gross margin	83,022	76,790	93,921	107,481
Net earnings	9,359	10,416	9,454	12,481
Net earnings per common and common equivalent share -- diluted	\$ 0.12	\$ 0.14	\$ 0.12	\$ 0.15
	-----	-----	-----	-----

STARBUCKS CORPORATION

SUPPLEMENTAL CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except earnings per share)

	Three Months Ended	
	December 28, 1997 (13 Weeks)	December 29, 1996 (13 Weeks)
	(unaudited)	
Net revenues	\$ 321,325	\$ 240,154
Cost of sales and related occupancy costs	146,235	116,101
Store operating expenses	98,101	71,016
Other operating expenses	9,674	7,779
Depreciation and amortization	16,051	11,576
General and administrative expenses	17,783	12,920
Operating income	33,481	20,762
Interest and other income	2,157	3,936
Interest expense	(845)	(1,804)
Earnings before income taxes	34,793	22,894
Income taxes	13,838	9,008
Net earnings	\$ 20,955	\$ 13,886
Net earnings per common share - basic	\$ 0.25	\$ 0.18
Net earnings per common and common equivalent share - diluted	\$ 0.23	\$ 0.17
Weighted average common shares outstanding - basic	84,978	78,905
Weighted average common and common equivalent shares - diluted	90,962	89,726

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION

SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS

(In thousands, except numbers of shares)

	December 28, 1997 (unaudited)	September 28, 1997
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 105,646	\$ 70,126
Short-term investments	76,927	83,504
Accounts and notes receivable	35,761	31,231
Inventories	116,012	119,767
Prepaid expenses and other current assets	9,395	8,763
Deferred income taxes, net	6,483	4,164
	-----	-----
Total current assets	350,224	317,555
Joint ventures and other investments	35,364	34,464
Property, plant and equipment, net	520,602	488,791
Deposits and other assets	13,614	16,342
	-----	-----
Total	\$ 919,804	\$ 857,152
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 62,091	\$ 47,987
Checks drawn in excess of bank balances	33,243	28,582
Accrued compensation and related costs	27,226	25,894
Accrued interest payable	-	2,927
Accrued occupancy costs	14,022	12,184
Other accrued expenses	41,241	25,893
	-----	-----
Total current liabilities	177,823	143,467
Deferred income taxes, net	14,912	12,946
Capital lease obligations	1,656	2,009
Convertible subordinated debentures	--	165,020
Shareholders' equity:		
Common stock, no par value -- 150,000,000 shares authorized; 88,316,635 (includes 424,275 common stock units) and 80,559,023 shares, respectively, issued and outstanding	563,646	391,284
Retained earnings, including cumulative translation adjustment of \$(2,777) and \$(1,511), respectively, and net unrealized holding (loss) gain on investments of \$(285) and \$63, respectively	161,767	142,426
	-----	-----
Total shareholders' equity	725,413	533,710
	-----	-----
Total	\$ 919,804	\$ 857,152
	-----	-----

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended	
	December 28, 1997 (13 Weeks) (unaudited)	December 29, 1996 (13 Weeks) (unaudited)
Operating activities:		
Net earnings	\$ 20,955	\$ 13,886
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	17,764	12,603
Deferred income taxes, net	(134)	1,159
Equity in losses of investees	45	1,318
Cash provided (used) by changes in operating assets and liabilities:		
Accounts and notes receivable	(4,557)	(1,032)
Inventories	3,714	19,861
Prepaid expenses and other current assets	(640)	(363)
Accounts payable	13,740	(7,413)
Income taxes payable	9,905	3,863
Accrued compensation and related costs	1,292	750
Accrued occupancy costs	1,838	1,280
Accrued interest payable	(2,927)	(1,792)
Other accrued expenses	5,601	2,407
Net cash provided by operating activities	66,596	46,527
Investing activities:		
Purchase of investments	(22,698)	(51,442)
Maturity of investments	28,740	882
Sale of investments	4,150	31,700
Investments in joint ventures and equity securities	(6,131)	(35)
Distributions from joint venture	1,000	0
Additions to property, plant and equipment	(49,979)	(37,734)
Additions to deposits and other assets	(443)	(1,579)
Net cash used by investing activities	(45,361)	(58,208)
Financing activities:		
Increase in cash provided by checks drawn in excess of bank balances	4,631	6,817
Proceeds from sale of common stock under employee stock purchase plan	879	684
Exercise of stock options	2,950	2,868
Tax benefit from exercise of non-qualified stock options	1,565	1,912
Payments on capital lease obligations	(545)	(217)
Proceeds from sale of common stock	4,912	1,919
Net cash provided by financing activities	14,392	13,983
Effect of exchange rate changes on cash and cash equivalents	(107)	35
Increase in cash and cash equivalents	35,520	2,337
Cash and cash equivalents:		
Beginning of the period	70,126	127,165
End of the period	\$ 105,646	\$ 129,502
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 3,679	\$ 3,555
Income taxes	2,569	2,071
Noncash financing and investing transactions:		
Net unrealized holding loss on investments	(348)	(344)
Conversion of convertible debt into common stock, net of unamortized issue costs and accrued interest	162,056	--
Common stock tendered in settlement of stock options exercised	4,859	--

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION

NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS

For the 13 Weeks Ended December 28, 1997 and December 29, 1996

Note 1: Financial Statement Preparation

The supplemental consolidated financial statements as of December 28, 1997 and September 28, 1997 and for the 13-week periods ended December 28, 1997 and December 29, 1996 have been prepared by Starbucks Corporation ("Starbucks" or the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). As described in Note 2, on May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee Holdings Limited ("Seattle Coffee"). These supplemental consolidated financial statements have been prepared under the pooling of interests method of accounting and reflect the combined financial position and operating results of Starbucks and its wholly owned subsidiaries including, Seattle Coffee, for all periods presented. The financial information for the 13-week periods ended December 28, 1997 and December 29, 1996 is unaudited, but, in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments and accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods.

The financial information as of September 28, 1997, is derived from the Company's audited supplemental consolidated financial statements and notes thereto for the year ended September 28, 1997 included in this Registration Statement, and should be read in conjunction with such financial statements.

Certain reclassifications of prior year's balances have been made to conform to the current format.

The results of operations for the 13-week periods ended December 28, 1997, are not necessarily indicative of the results of operations that may be achieved for the entire fiscal year ending September 27, 1998.

Note 2: Seattle Coffee

On May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee, a United Kingdom roaster/retailer of specialty coffee, in exchange for 1,817,894 shares of Starbucks common stock.

The business combination transaction has been accounted for as a pooling of interests for accounting and financial reporting purposes. The pooling-of-interests method of accounting is intended to present as a single interest two or more common shareholders' interests which were previously independent; accordingly, the historical financial statements for the periods prior to the business combination are restated as though the companies had been combined. The restated financial statements are adjusted to conform the accounting policies and fiscal reporting periods to Starbucks accounting policies and fiscal reporting periods.

This transaction is expected to result in one-time transaction and other related after-tax charges of approximately \$0.14 per share in the third fiscal quarter of 1998.

The following table compares amounts previously reported by Starbucks prior to the transaction with combined amounts for fiscal 1998 and 1997 (in thousands, except earnings per share):

	Starbucks	Seattle Coffee	Combined
	-----	-----	-----
Q1 1998			
Net revenues	\$ 316,952	\$ 4,373	\$ 321,325
Net earnings	22,104	(1,149)	20,955
Net earnings per share-diluted	\$ 0.25	\$ (0.02)	\$ 0.23
Q1 1997			
Net revenues	\$ 239,142	\$ 1,012	\$ 240,154
Net earnings	14,390	(504)	13,886
Net earnings per share-diluted	\$ 0.18	\$ (0.01)	\$ 0.17

Note 3: Earnings Per Share

During the first quarter of fiscal 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) 128 "Earnings per Share." The computation of basic earnings per share, in accordance with SFAS 128, is based on the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share, in accordance with SFAS 128, also includes the dilutive effect of common stock equivalents consisting primarily of certain shares subject to stock options. The computation of diluted earnings per share assumes conversion of the Company's convertible subordinated debentures using the "if converted" method, when such securities are dilutive, with net income adjusted for the after-tax interest expense and amortization of issuance costs applicable to these debentures. All periods presented have been calculated in accordance with SFAS 128.

Note 4: Inventories

Inventories consist of the following (in thousands):

	December 28, 1997	September 28, 1997
	-----	-----
Coffee:		
Unroasted	\$ 63,143	\$ 65,296
Roasted	16,418	13,954
Other merchandise held for sale	29,719	33,253
Packaging and other supplies	6,732	7,264
	-----	-----
	\$ 116,012	\$ 119,767
	-----	-----

As of December 28, 1997, the Company had fixed-price purchase commitments for green coffee totaling approximately \$44 million.

Note 5: Property, Plant, and Equipment

Property, plant, and equipment consist of the following (in thousands):

	December 28, 1997	September 28, 1997
	-----	-----
Land	\$ 3,602	\$ 3,602
Building	8,338	8,338
Leasehold improvements	377,637	352,640
Roasting and store equipment	178,314	168,929
Furniture, fixtures and other	60,458	49,790
	-----	-----
	628,349	583,299
Less accumulated depreciation and amortization	(158,921)	(144,068)
	-----	-----
	469,428	439,231
Work in progress	51,174	49,560
	-----	-----
	\$ 520,602	\$ 488,791
	-----	-----

Note 6: Convertible Subordinated Debentures

On October 21, 1997, the Company called for redemption its 4 1/4% Convertible Subordinated Debentures Due 2002. Substantially all of these debentures were converted into the Company's common stock prior to the redemption date. The total principal amount converted, net of unamortized issue costs, accrued but unpaid interest, and costs of conversion, was credited to common stock.

Note 7: Deferred Stock Plan

During the first quarter of fiscal 1998, the Company adopted a Deferred Stock Plan for certain key employees that enables participants in the plan to defer receipt of ownership of common shares from the exercise of non-qualified stock options. The minimum deferral period is five years. During the first quarter of fiscal 1998, receipt of 424,275 shares was deferred under the terms of this plan. The rights to receive these shares, represented by common stock units, are included in the calculation of basic and diluted earnings per share as common stock equivalents.

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except earnings per share)

	Three Months Ended		Six Months Ended	
	March 29, 1998 (13 Weeks)	March 30, 1997 (13 Weeks)	March 29, 1998 (26 Weeks)	March 30, 1997 (26 Weeks)
	(unaudited)		(unaudited)	
Net revenues	\$ 295,243	\$ 216,269	\$ 616,568	\$ 456,424
Cost of sales and related occupancy costs	133,501	99,972	279,736	216,071
Store operating expenses	95,026	70,057	193,126	141,073
Other operating expenses	8,634	6,931	18,307	14,713
Depreciation and amortization	17,435	12,494	33,487	24,070
General and administrative expenses	19,307	13,236	37,090	26,157
Operating income	21,340	13,579	54,822	34,340
Interest and other income	2,329	3,531	4,486	7,468
Interest expense	(235)	(1,834)	(1,080)	(3,638)
Earnings before income taxes	23,434	15,276	58,228	38,170
Income taxes	9,472	6,035	23,310	15,043
Net earnings	\$ 13,962	\$ 9,241	\$ 34,918	\$ 23,127
Net earnings per common share - basic	\$ 0.16	\$ 0.12	\$ 0.40	\$ 0.29
Net earnings per common and common equivalent share - diluted	\$ 0.15	\$ 0.12	\$ 0.39	\$ 0.28
Weighted average common shares outstanding - basic	88,579	79,425	86,778	79,164
Weighted average common and common equivalent shares outstanding - diluted	91,440	89,822	91,191	89,766

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED BALANCE SHEETS
(In thousands, except numbers of shares)

	March 29, 1998 ----- (unaudited)	September 28, 1997 -----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 107,938	\$ 70,126
Short-term investments	44,402	83,504
Accounts and notes receivable	35,333	31,231
Inventories	129,223	119,767
Prepaid expenses and other current assets	9,893	8,763
Deferred income taxes, net	5,813	4,164
	-----	-----
Total current assets	332,602	317,555
Joint ventures and other equity investments	33,818	34,464
Property, plant and equipment, net	545,416	488,791
Deposits and other assets	14,400	16,342
	-----	-----
Total	\$ 926,236	\$ 857,152
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 69,711	\$ 47,987
Checks drawn in excess of bank balances	21,518	28,582
Accrued compensation and related costs	30,564	25,894
Accrued occupancy costs	14,850	12,184
Other accrued expenses	24,164	28,820
	-----	-----
Total current liabilities	160,807	143,467
Deferred income taxes, net	15,058	12,946
Capital lease and other obligations	1,313	2,009
Convertible subordinated debentures	--	165,020
Shareholders' equity:		
Common stock, no par value -- 150,000,000 shares authorized; 88,789,274 (includes 424,275 common stock units) and 80,559,023 shares, respectively, issued and outstanding	573,218	391,284
Retained earnings including cumulative translation adjustment of \$(2,609) and \$(1,511), respectively, and net unrealized holding (loss) gain on investments of \$(343) and \$63, respectively	175,840	142,426
	-----	-----
Total shareholders' equity	749,058	533,710
	-----	-----
Total	\$ 926,236	\$ 857,152
	-----	-----

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION
SUPPLEMENTAL CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended	
	March 29, 1998 (26 Weeks)	March 30, 1997 (26 Weeks)
	(unaudited)	
Operating activities:		
Net earnings	\$ 34,918	\$ 23,127
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	37,154	26,797
Deferred income taxes, net	719	1,015
Equity in losses of investees	177	2,176
Cash provided (used) by changes in operating assets and liabilities:		
Accounts and notes receivable	(4,120)	(3,865)
Inventories	(9,489)	1,853
Prepaid expenses and other current assets	(1,138)	(1,677)
Accounts payable	21,401	3,175
Accrued compensation and related costs	4,636	4,200
Accrued occupancy costs	2,666	1,939
Other accrued expenses	(4,288)	(2,739)
Net cash provided by operating activities	82,636	56,001
Investing activities:		
Purchase of short-term investments	(47,140)	(107,010)
Maturity of short-term investments	85,640	76,760
Sale of investments	5,137	9,747
Investments in joint ventures and equity securities	(6,131)	(11,581)
Distributions from joint venture	1,400	0
Additions to property, plant and equipment	(93,993)	(71,614)
Additions to deposits and other assets	(1,415)	(3,116)
Net cash used by investing activities	(56,502)	(106,814)
Financing activities:		
(Decrease)/increase in cash provided by checks drawn in excess of bank balances	(7,090)	3,546
Proceeds from sale of common stock under employee stock purchase plan	2,020	684
Exercise of stock options	8,609	5,388
Tax benefit from exercise of non-qualified stock options	4,408	3,597
Payments on capital lease obligations	(1,091)	(525)
Proceeds from the sale of common stock	4,861	1,783
Net cash provided by financing activities	11,717	14,473
Effect of exchange rate changes on cash and cash equivalents	(39)	1
Net increase (decrease) in cash and cash equivalents	37,812	(36,339)
Cash and cash equivalents:		
Beginning of the period	70,126	127,165
End of the period	\$ 107,938	\$ 90,826
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	\$ 3,828	\$ 3,614
Income taxes	18,756	11,259
Noncash financing and investing activities:		
Net unrealized holding (loss) gain on investments	(406)	1,044
Conversion of convertible debt into common stock, net of unamortized issue costs and accrued interest	162,036	--
Common stock tendered in settlement of stock options exercised	4,859	--

See Notes to Supplemental Consolidated Financial Statements

STARBUCKS CORPORATION

NOTES TO SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS

For the 13 Weeks and 26 Weeks Ended March 29, 1998 and March 30, 1997

Note 1: Financial Statement Preparation

The supplemental consolidated financial statements as of March 29, 1998 and September 28, 1997 and for the 13-week and 26-week periods ended March 29, 1998 and March 30, 1997 have been prepared by Starbucks Corporation ("Starbucks" or the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). As described in Note 2, on May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee Holdings Limited ("Seattle Coffee"). These supplemental consolidated financial statements have been prepared under the pooling of interests method of accounting and reflect the combined financial position and operating results of Starbucks and its wholly owned subsidiaries including, Seattle Coffee, for all periods presented. The financial information for the 13-week and 26-week periods ended March 29, 1998 and March 30, 1997 is unaudited, but, in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments and accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods.

The financial information as of September 28, 1997, is derived from the Company's audited supplemental consolidated financial statements and notes thereto for the year ended September 28, 1997 included in this Registration Statement, and should be read in conjunction with such financial statements.

Certain reclassifications of prior year's balances have been made to conform to the current format.

The results of operations for the 13-week and 26-week periods ended March 29, 1998 are not necessarily indicative of the results of operations that may be achieved for the entire fiscal year ending September 27, 1998.

Note 2: Seattle Coffee

On May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee, a United Kingdom roaster/retailer of specialty coffee, in exchange for 1,817,894 shares of Starbucks common stock.

The business combination transaction has been accounted for as a pooling of interests for accounting and financial reporting purposes. The pooling-of-interests method of accounting is intended to present as a single interest two or more common shareholders' interests which were previously independent; accordingly, the historical financial statements for the periods prior to the business combination are restated as though the companies had been combined. The restated financial statements are adjusted to conform the accounting policies and fiscal reporting periods to Starbucks accounting policies and fiscal reporting periods.

This transaction is expected to result in one-time transaction and other related after-tax charges of approximately \$0.14 per share in the third fiscal quarter of 1998.

The following table compares amounts previously reported by Starbucks prior to the transaction with combined amounts for fiscal 1998 and 1997 (in thousands, except earnings per share):

	Starbucks	Seattle Coffee	Combined
	-----	-----	-----
Q2 1998			
Net revenues	\$ 289,606	\$ 5,637	\$ 295,243
Net earnings	15,135	(1,173)	13,962
Net earnings per share-diluted	\$ 0.17	\$ (0.02)	\$ 0.15
Q2 1997			
Net revenues	\$ 214,915	\$ 1,354	\$ 216,269
Net earnings	9,643	(402)	9,241
Net earnings per share-diluted	\$ 0.12	\$ --	\$ 0.12
	-----	-----	-----

Note 3: Earnings Per Share

The computation of basic earnings per share, in accordance with Statement of Financial Accounting Standards ("SFAS") 128 "Earnings per Share," is based on the weighted average number of common shares and common stock units outstanding during the period. The computation of diluted earnings per share, in accordance with SFAS 128, includes the dilutive effect of common stock equivalents consisting of certain shares subject to stock options. The computation of diluted earnings per share also assumes conversion of the Company's convertible subordinated debentures using the "if converted" method, when such securities are dilutive, with net income adjusted for the after-tax interest expense and amortization of issuance costs applicable to these debentures. The convertible subordinated debentures were converted to equity in the first quarter of fiscal 1998. All periods presented have been calculated in accordance with SFAS 128.

Note 4: Deferred Stock Plan

During the first quarter of fiscal 1998, the Company adopted a Deferred Stock Plan for certain key employees that enables participants in the plan to defer receipt of ownership of common shares from the exercise of non-qualified stock options. The minimum deferral period is five years. During the first quarter of fiscal 1998, receipt of 424,275 shares was deferred under the terms of this plan. The rights to receive these shares, represented by common stock units, are included in the calculation of basic and diluted earnings per share as common stock equivalents.

Note 5: Inventories

Inventories consist of the following (in thousands):

	March 29, 1998	September 28, 1997
Coffee:		
Unroasted	\$ 77,826	\$ 65,296
Roasted	13,490	13,954
Other merchandise held for sale	30,923	33,253
Packaging and other supplies	6,984	7,264
	<u>\$ 129,223</u>	<u>\$ 119,767</u>

As of March 29, 1998, the Company had fixed price purchase commitments for green coffee totaling approximately \$55 million.

The Company, from time to time, enters into futures contracts to hedge price-to-be-established coffee purchase commitments with the objective of minimizing cost risk due to market fluctuations. The Company does not hold or issue derivative instruments for trading purposes. In accordance with SFAS 80 "Accounting for Futures Contracts," these futures contracts meet the hedge criteria and are accounted for as hedges. Gains and losses are calculated based on the difference between the cost basis and the market value of the coffee contracts. Accordingly, gains and losses are deferred and recognized as adjustments to the carrying amount of coffee inventory when purchased, and recognized in results of operations as coffee products are sold. The market risk related to coffee futures is substantially offset by changes in the cost of coffee purchased. The aggregate commitment underlying the Company's futures contracts and deferred losses from the hedged coffee were immaterial as of March 29, 1998. Such losses in fair value, if realized, would be offset by lower costs of coffee purchased during the remainder of fiscal 1998 and 1999.

Note 6: Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost and consist of the following (in thousands):

	March 29, 1998	September 28, 1997
Land	\$ 3,602	\$ 3,602
Building	8,338	8,338
Leasehold improvements	402,128	352,640
Roasting and store equipment	191,996	168,929
Furniture, fixtures and other	64,567	49,790
	<u>670,631</u>	<u>583,299</u>
Less accumulated depreciation and amortization	<u>(177,928)</u>	<u>(144,068)</u>
	492,703	439,231
Work in progress	52,713	49,560
	<u>\$ 545,416</u>	<u>\$ 488,791</u>

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

SEC Registration Fee	\$ 28,171.00
Nasdaq Listing Fee	17,500.00
Accounting Fees and Expenses	6,000.00
Legal Fees and Expenses	10,000.00
Printing Expenses	3,000.00
Miscellaneous	329.00
Total	\$ 65,000.00
	=====

ITEM. 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Article VIII of the Amended and Restated Bylaws of Starbucks authorizes Starbucks to indemnify any present or former director or officer to the fullest extent not prohibited by the Washington Business Corporation Act (the "WBCA") or other applicable law. Chapter 23B.8.510 and .570 of the WBCA authorizes a corporation to indemnify its directors, officers, employees, or agents in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including provisions permitting advances for expenses incurred) arising under the Securities Act.

Article X of the Restated Articles of Incorporation of Starbucks, as amended, provides that, to the fullest extent that the WBCA permits the limitation or elimination of directors' liability, a director shall not be liable to Starbucks or its shareholders for monetary damages as a result of acts or omissions as a director.

Pursuant to the Registration Rights Agreement by and among Starbucks and each of the Selling Shareholders, the directors and officers of Starbucks are entitled to indemnification by each of the Selling Shareholders against any cause of action, loss, claim, damage, or liability to the extent it arises out of or is based upon the failure of any Selling Shareholder (or his donees, legatees, or pledgees) to comply with the Prospectus delivery requirements under the federal securities laws or any applicable state securities laws or upon any untrue statement or alleged untrue statement or omission or alleged omission made in this Registration Statement and the Prospectus contained herein, as the same shall be amended or supplemented, made in reliance upon or in conformity with written information furnished to Starbucks by such Selling Shareholder.

In addition, Starbucks maintains directors' and officers' liability insurance under which Starbucks directors and officers are insured against loss (as defined in the policy) as a result of claims brought against them for their wrongful acts in such capacities.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

Exhibit	

4	--Form of Registration Rights Agreement between Starbucks and each of the Selling Shareholders.
5	--Opinion of Preston Gates and Ellis LLP as to the legality of the securities being registered.
11	--Computations of Per Share Earnings.
12	--Ratio of Earnings to Fixed Charges.

Exhibit

- | | |
|------|---|
| 23.1 | --Consent of Preston Gates and Ellis LLP (included in Exhibit 5). |
| 23.2 | --Consent of Deloitte & Touche LLP. |
| 24 | --Powers of Attorney (included in signature page). |
| 27 | --Financial Data Schedules. |

All exhibits are filed herewith.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by section 10(a)(3) of the Securities Act;

(b) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) that, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement;

provided, however, that paragraphs (1)(a) and (1)(b) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by Starbucks pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this registration statement.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

4. That for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

5. That insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seattle, State of Washington, on the 7th day of July, 1998.

STARBUCKS CORPORATION

By: */s/ Howard Schultz*

Howard Schultz
Chief Executive Officer and Chairman
of the Board of Directors

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the persons whose name and signature appears below constitutes and appoints Howard Schultz and Orin C. Smith, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and any and all Registration Statements filed pursuant to Rule 462 under the Securities Act, and to file the same with all exhibits thereto, and all documents in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

STARBUCKS CORPORATION

SIGNATURE -----	TITLE -----	DATE ----
<i>/s/ Howard Schultz</i> ----- Howard Schultz	Chief Executive Officer and Chairman of the Board of Directors	July 7, 1998
<i>/s/ Orin C. Smith</i> ----- Orin C. Smith	President, Chief Operating Officer and Director	July 1, 1998
<i>/s/ Howard P. Behar</i> ----- Howard P. Behar	President, Starbucks Coffee International, Inc. and Director	July 1, 1998
<i>/s/ Michael Casey</i> ----- Michael Casey	Executive Vice President, Chief Financial Officer and Chief Administrative Officer (principal financial officer and principal accounting officer)	July 2 , 1998

SIGNATURE

TITLE

DATE

/s/ Barbara Bass

Director

July 6, 1998-----
Barbara Bass

/s/ Jeffrey H. Brotman

Director

July 2, 1998

Jeffrey H. Brotman

/s/ Craig J. Foley

Director

July 6, 1998

Craig J. Foley

/s/ Arlen I. Prentice

Director

July 7, 1998

Arlen I. Prentice

/s/ James G. Shennan

Director

July 6, 1998

James G. Shennan

EXHIBIT INDEX

Exhibit Number -----	Description -----
4	Form of Registration Rights Agreement between Starbucks and each of the Selling Shareholders.
5	Opinion of Preston Gates & Ellis LLP as to the legality of the securities being registered.
11	Computations of Per Share Earnings.
12	Ratio of Earnings to Fixed Charges.
23.1	Consent of Preston Gates & Ellis LLP (included in Exhibit 5.1).
23.2	Consent of Deloitte & Touche LLP.
24	Powers of Attorney (included in signature page).
27	Financial Data Schedules.

EXHIBIT 4

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, entered into this ____ day of _____ 1998 between Starbucks Corporation, a Washington corporation (the "COMPANY"), and certain shareholders of Seattle Coffee Holdings Limited ("SEATTLE") whose names and addresses are set out in Annex I (the "SHAREHOLDERS") who will be shareholders of the Company upon the consummation of the transactions described in the Offer Document dated April 29, 1998 delivered by the Company to the Shareholders (the "OFFER DOCUMENT").

WITNESSETH:

WHEREAS, pursuant to the Offer Document, the Company is to acquire from the Shareholders the entire issued and to be issued share capital of Seattle (the "ACQUISITION");

WHEREAS, pursuant to the terms set out in the Offer Document, the Company will issue to the Shareholders on the date of the consummation of the Acquisition the number of shares of common stock of the Company, no par value set forth in the Offer Document (the "FREE SHARES"), and will issue to the escrow agents the number of shares of common stock of the Company, no par value, which are to be held in escrow pursuant to the escrow arrangements set forth in Appendix 4 of the Offer Document and which are subject to cancellation, in whole or in part, by the Company until released from escrow (the "HOLD BACK SHARES"); and

WHEREAS, in connection with the consummation of the Acquisition and subject to the terms of this Agreement, the Company has agreed to provide the Shareholders with certain rights to require the Company to register the Free Shares and the Hold Back Shares released from escrow to the Shareholders (collectively, the "REGISTRABLE SECURITIES") with the Securities and Exchange Commission (the "COMMISSION") and applicable state securities agencies in order to permit the free transferability and sale of the Registrable Securities by the Shareholders.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

1. REGISTRATION RIGHT

1.1 The Company will prepare and file, promptly following the consummation of the Acquisition, and thereafter use its best efforts to cause to become effective, on, or as soon as practicable after, the date on which the Company publicly releases financial results covering 30 days of post-Acquisition combined operations, a registration statement on Form S-3 or any equivalent form to be selected by the Company ("REGISTRATION STATEMENT"). Notwithstanding the foregoing, if Form S-3 shall be or become unavailable, the Company shall register the Registrable Securities on Form S-1. The Registration Statement will (i) incorporate and describe a plan of distribution acceptable to the Company and the Sellers' Representative (as such term is defined in the Offer Document) (ii) be filed under and comply with the Securities Act of 1933, as amended (the "ACT") and (iii) cover the Registrable Securities. The Company will use its best efforts to cause the Registration Statement to remain effective until the three hundred sixty-fifth day (including any days during which the Company suspends the Shareholders' right to sell under the Registration Statement pursuant to Section 1.3 hereof) after the date it is declared effective the staff of the Commission (the "Effective Date").

1.2 The Company shall be entitled to postpone the filing of any Registration Statement otherwise required to be prepared and filed by it pursuant to this Section if, at the time of such registration, counsel for the Company is reasonably of the opinion that a material event or pending transaction of the Company or any of its subsidiaries renders the filing of such Registration Statement inappropriate at the time; provided, that the Company shall promptly make such filing as soon as the conditions which permit it to delay such filing no longer exist.

1.3 At any time and from time to time following the Effective Date, if the Chief Executive Officer or Chief Financial Officer of the Company concludes in good faith that the Registration Statement must be amended or the prospectus included therein must be supplemented in order to disclose facts required to be disclosed by applicable securities laws, the Company may notify the Shareholders who are selling Registrable Securities thereunder (the "SELLING SHAREHOLDERS") that their right to sell Registrable Securities pursuant to the Registration Statement has been suspended. Each Shareholder agrees that, upon receipt of any such notice, such Shareholder will keep confidential the fact

that such notification has been given and the content of such notification and forthwith discontinue disposition of Registrable Securities until such Shareholder's receipt of a notice terminating such suspension or containing copies of the supplemented or amended prospectus contemplated by Section 3.4 hereof, as the case may be. If so directed by the Company, such Shareholder will deliver to the Company all copies of the prospectus covering such Registrable Securities current at the time of receipt of the notice suspending the Selling Shareholder's rights to sell Registrable Securities.

1.4 No securities to be sold by the Company shall be included in the Registration Statement. However, the holders of the Registrable Securities acknowledge that the Company may file other registration statements registering securities and may also make distributions of securities (within the meaning of Regulation M under the Securities Exchange Act of 1934, as amended ("Regulation M")) during the period the Registration Statement is effective. In the event the Company files other registration statements or commences distributions of securities within the meaning of Regulation M during such period, it will notify the Selling Shareholders and will direct the Selling Shareholders to suspend any sales under the Registration Statement to the extent necessary to comply with the provisions of Regulation M. The Selling Shareholders will suspend sales of Shares to the extent necessary to comply with the provisions of Regulation M.

2. COVENANTS OF THE SHAREHOLDERS

By execution of this Agreement, the Shareholders hereby undertake to provide all such information and materials and take all such actions and execute all such documents as may be required in order to permit the Company (i) to comply with all applicable requirements of the Commission and to obtain acceleration of the Effective Date and (ii) to list the Registrable Securities on the stock exchange or stock market on which the Company's equity securities are then listed.

3. COVENANTS OF THE COMPANY

So long as the Company is under an obligation pursuant to the provisions of Section 1, the Company shall:

3.1 prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus forming part of such Registration Statement as may be necessary to implement the terms of this Agreement and to keep such Registration Statement effective until the three hundred sixty-fifth day (including any days during which the Company suspends the Selling Shareholder's right to sell under the Registration Statement pursuant to Section 1.3 hereof) after the Effective Date;

3.2 furnish to the Selling Shareholders such number of copies of a prospectus, including, without limitation, a preliminary prospectus (if applicable), in conformity with the requirements of the Act, and such other documents as the Selling Shareholders may reasonably request in order to facilitate the public sale or other disposition of such Registrable Securities;

3.3 use its best efforts to register or qualify, not later than the Effective Date, the Registrable Securities covered by such Registration Statement under the securities or "blue sky" laws of such jurisdictions within the United States as the Selling Shareholders may reasonably request and do any and all other acts or things which may be necessary or advisable to enable the Selling Shareholders to consummate the public sale or other disposition in such jurisdictions of such Registrable Securities; provided, however, that the Company shall not be required to qualify as a foreign corporation or to execute a general service of process in any such jurisdiction;

3.4 promptly notify the Selling Shareholders, at any time when a prospectus relating to the Registrable Securities being distributed is required to be delivered under the Act, of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and promptly prepare, file with the Commission and furnish to the Selling Shareholders a reasonable number of copies of a supplement to, or an amendment of, such prospectus as may be necessary, or make any other appropriate filing with the Commission pursuant to the Securities Exchange Act of 1934, as amended, which will be incorporated by reference into the Registration Statement so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact

required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

3.5 use its best efforts to furnish, at the request of any Selling Shareholder, an opinion of counsel (which counsel may be the general counsel of the Company), covering such matters relating to the Company and the issuance of the Shares as are typically covered by opinions of issuer's counsel in secondary offerings under the Act; and

3.6 use its best efforts to cause all of the Registrable Securities as to which the Selling Shareholders shall have requested registration to be listed on any recognized securities exchange or stock market, including, without limitation, The Nasdaq Stock Market, Inc., on which the Company's equity securities are then listed and to maintain the currency and effectiveness of any such listings.

4. COSTS AND EXPENSES

Except for expenses referred to in the following sentence, the Company shall bear the entire cost and expense of any registration and listing of the Registrable Securities, including, without limitation, all registration and filing fees, printing expenses, the fees and expenses of the Company's counsel and its independent accountants and all other out-of-pocket expenses incident to the preparation, printing and filing under the Act of the Registration Statement and all amendments and supplements thereto, the cost of furnishing copies of each preliminary prospectus, each final prospectus and each amendment or supplement thereto to brokers and dealers and other purchasers of the securities so registered, and the costs and expenses incurred in connection with the qualification of the securities so registered under "blue sky" or other state securities laws. Notwithstanding the foregoing, the Company shall not be liable or responsible for the fees and expenses of counsel, if any, for the Selling Shareholders, or any underwriting discounts and commissions attributable to Registrable Securities registered at the request of the Selling Shareholders. All such fees and expenses not paid by the Company shall be prorated on the basis of the number of shares of Registrable Securities and paid by the Selling Shareholders.

5. INDEMNIFICATION

5.1 Indemnity to the Selling Shareholders. The Company shall indemnify each Selling Shareholder, its officers and directors, if any, as well as any person who controls such Selling Shareholder, if any, against all claims, losses, damages, liabilities and expenses resulting from any untrue statement or alleged untrue statement of a material fact contained in a prospectus or in any related Registration Statement, notification or similar filing under the securities laws of any jurisdiction or from any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, except insofar as the same may have been based upon information concerning such Selling Shareholder furnished in writing to the Company by such Selling Shareholder expressly for use therein and used in accordance with such writing.

5.2 Indemnity to the Company. Each Selling Shareholder, by requesting registration of his, her or its Registrable Securities, agrees to furnish to the Company such information as may be requested by the Company and which is necessary or required by then applicable securities laws, the rules and regulations thereunder and any stock exchange or stock market in connection with any registration, qualification or listing of the Registrable Securities and to indemnify the Company, its officers, directors, employees and any person who controls the Company, against all claims, losses, damages, liabilities and expenses resulting from the utilization of such information furnished in writing to the Company expressly for use therein and used in accordance with such writing.

5.3 Indemnification Procedures. If any action is brought or any claim is made against any party entitled to be indemnified pursuant to this Section 5 in respect of which indemnity may be sought against the indemnifying party pursuant to this Section 5, such party shall promptly notify the indemnifying party in writing of the institution of such action or the making of such claim and the indemnifying party shall assume the defense of such action or claim, including the employment of counsel and payment of expenses. Such indemnified party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such party unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action or claim or such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the indemnifying party or that there otherwise exists a conflict of interest (in which case the indemnifying party shall not have the right to direct any

different or additional defense of such action or claim on behalf of the indemnified party or parties), in any of which events such fees and expenses of not more than one additional counsel in each relevant jurisdiction for the indemnified parties shall be borne by the indemnifying party. Except as expressly provided above, if the indemnifying party shall not previously have assumed the defense of any such action or claim, at such time as the indemnifying party does assume the defense of such action or claim, the indemnifying party shall thereafter be liable to any person indemnified pursuant to this Agreement for any legal or other expenses subsequently incurred by such person in investigating, preparing or defending against such action or claim. Anything in this paragraph to the contrary notwithstanding, the indemnifying party shall not be liable for any settlement of any claim or action effected without its written consent.

5.4 If the indemnification provided for in this Section 5 is unavailable or insufficient to hold harmless an indemnified party under Subsections 5.1 or 5.2 above, then each indemnifying party shall contribute in the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to in Subsections 5.1 or 5.2 above in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Selling Shareholders on the other in connection with the misstatement or omission which resulted in such losses, claims, damages or liabilities (or actions in respect thereof). The relative fault is determined by reference to, among other things, whether the misstatement or omission relates to information prepared by the Company or the Selling Shareholder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission.

6. MISCELLANEOUS

6.1 Notices. Notices given under this Agreement shall be deemed received three business days after mailing to the addresses for the parties set forth below and may be delivered by telex or other telecommunications device producing a document setting forth such notices, in which case, such notices shall be deemed received on the day confirmation of such transmission is received by the sender.

If to the Company: Starbucks Corporation 2401 Utah Avenue South Seattle, Washington 98134 Attention: Corporate Counsel, Securities
Facsimile No.: (206) 442-7793

If to the Shareholders, at the addresses and facsimile numbers (if any) specified with respect thereto in Annex I.

6.2 Binding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective permitted successors and assigns.

6.3 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Washington without regard to the choice of law principles thereof.

6.4 Assignability. The rights of any Shareholder hereunder may be assigned (without impairing the rights of such Shareholder with respect to Registrable Securities the Shareholder continues to hold) or transferred to (i) a member of a Shareholder's immediate family or a trust for the benefit of a member of a Shareholder's family, (ii) any affiliate (as defined in Rule 144 under the Act) of a Shareholder, (iii) any partner of a Shareholder that is a partnership or any beneficiary of a Shareholder that is a trust, or (iv) any person that acquires Registrable Securities valued at \$50,000 or more in the Acquisition. Upon any such assignment or transfer, each transferee shall be deemed to have the accepted rights and obligations of a Shareholder hereunder on the terms set forth herein and shall be deemed for all purposes of this Agreement to be a "Shareholder," and shall be entitled to be included as a Selling Shareholder in the Registration Statement.

6.5 Succeeding Securities. If the Registrable Securities of the Company covered by this Agreement are converted into any other security of the Company or any other corporation, the terms of this Agreement shall apply with full force and effect to any such other security, and the obligations of the Company to effect registration shall include such other filings, qualifications, notices and similar acts as may be necessary to enable the Shareholders to realize the benefits of registration provided by this Agreement.

6.6 Other Registration Rights. Nothing in this Agreement shall prohibit the company from registering securities other than the Registrable Securities or from granting registration rights on its securities in the future which do not conflict with the rights granted under this Agreement.

6.7 Headings. The headings of the sections and paragraphs of this Agreement have been inserted for convenience of reference only and do not constitute a part of this Agreement.

6.8 Complete Agreement; Severability. The Agreement (including any schedules, exhibits and annexes attached hereto) constitutes the entire agreement and understanding among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, written or oral, with respect thereto. If any provision of this Agreement shall be held to be illegal, invalid or unenforceable under any applicable law, then such contravention or invalidity shall not invalidate the entire Agreement. Such provision shall be deemed to be modified to the extent necessary to render it legal, valid and enforceable, and if no such modification shall render it legal, valid and enforceable, then this Agreement shall be construed as if not containing the provision held to be invalid, and the rights and obligations of the parties shall be construed and enforced accordingly.

6.9 Counterparts. This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original, but both of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

STARBUCKS CORPORATION

BY:

ITS: _____

EXECUTED ON BEHALF OF THE SHAREHOLDERS

BY:

THEIR: Attorney-In-Fact

EXHIBIT 5

OPINION OF PRESTON GATES & ELLIS LLP

July 8, 1998

Starbucks Corporation
2401 Utah Avenue South
Seattle, Washington 98134

Re: Registration Statement on Form S-3

Ladies and Gentleman:

In connection with the registration of shares of Common Stock, no par value per share (the "Shares"), of Starbucks Corporation (the "Company") with the Securities and Exchange Commission on a Registration Statement on Form S-3 (the "Registration Statement"), relating to the sales of the Shares by certain selling shareholders named in the Registration Statement, we have examined such documents, records and matters of law as we have considered relevant.

Based on this review, it is our opinion that the Shares are validly issued, fully paid and non-assessable under the Washington Business Corporation Act.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to all references to our firm included in or made a part of this Registration Statement.

Very truly yours,

PRESTON GATES & ELLIS LLP

By: /s/ G. SCOTT GREENBURG

G. Scott Greenburg

EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS
(in thousands, except earnings per share)

	September 28, 1997	September 29, 1996	October 1, 1995
	-----	-----	-----
CALCULATION OF EARNINGS PER COMMON SHARE-BASIC			
Net earnings	\$ 55,211	\$ 41,710	\$ 26,102
	-----	-----	-----
Weighted average shares outstanding calculation:			
Weighted average shares outstanding	79,645	74,667	68,898
	-----	-----	-----
Net earnings per common share	\$ 0.69	\$ 0.56	\$ 0.38
	-----	-----	-----
CALCULATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE-DILUTED:(1)			
Net earnings calculation:			
Net earnings	\$ 55,211	\$ 41,710	\$ 26,102
Add after-tax interest expense on debentures	4,300	1,248	--
Add after-tax amortization of issuance costs related to the debentures	354	93	--
	-----	-----	-----
Adjusted net earnings	\$ 59,865	\$ 43,051	\$ 26,102
	-----	-----	-----
Weighted average shares outstanding calculation:			
Weighted average number of common shares outstanding	79,645	74,667	68,898
Dilutive effect of outstanding common stock options and warrants	3,416	3,223	2,411
Assuming conversion of convertible subordinated debentures	7,098	3,026	--
	-----	-----	-----
Weighted average shares outstanding	90,159	80,916	71,309
	-----	-----	-----
Net earnings per common and common equivalent share-diluted	\$ 0.66	\$ 0.53	\$ 0.37
	-----	-----	-----

(1) Diluted earnings per share assumes conversion of the Company's convertible subordinated debentures using the "if converted" method, when such securities are dilutive, with income adjusted for the after-tax interest expense and amortization applicable to these debentures.

EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS

(in thousands, except earnings per share)

	Three Months Ended	
	December 28, 1997 (13 Weeks)	December 29, 1996 (13 Weeks)

CALCULATION OF EARNINGS PER COMMON SHARE-BASIC		
Net earnings	\$ 20,955	\$ 13,886

Weighted average shares outstanding calculation:		
Weighted average shares outstanding	84,978	78,905

Net earnings per share	\$ 0.25	\$ 0.18

CALCULATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE-DILUTED:(1)		
Net earnings calculation:		
Net earnings	\$ 20,955	\$ 13,886
Add after-tax interest expense on debentures	348	1,075
Add after-tax amortization of issuance costs related to the debentures	30	89

Adjusted net earnings	\$ 21,333	\$ 15,050

Weighted average shares outstanding calculation:		
Weighted average number of common shares and common stock units outstanding	84,978	78,905
Dilutive effect of outstanding common stock options and warrants	3,176	3,723
Assuming conversion of convertible subordinated debentures	2,808	7,098

Weighted average shares outstanding	90,962	89,726

Net earnings per common and common equivalent share-diluted	\$ 0.23	\$ 0.17

(1) Diluted earnings per share assumes conversion of the Company's convertible subordinated debentures using the "if converted" method, when such securities are dilutive, with income adjusted for the after-tax interest expense and amortization applicable to these debentures.

EXHIBIT 11

COMPUTATION OF PER SHARE EARNINGS (in thousands, except earnings per share)

	Three Months Ended		Six Months Ended	
	March 29, 1998 (13 Weeks)	March 30, 1997 (13 Weeks)	March 29, 1998 (26 Weeks)	March 30, 1997 (26 Weeks)
CALCULATION OF EARNINGS PER COMMON SHARE-BASIC				
Net earnings	\$ 13,962	\$ 9,241	\$ 34,918	\$ 23,127
Weighted average shares outstanding calculation:				
Weighted average shares outstanding	88,579	79,425	86,778	79,164
Net earnings per share	\$ 0.16	\$ 0.12	\$ 0.40	\$ 0.29
CALCULATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE-DILUTED:(1)				
Net earnings calculation:				
Net earnings	\$ 13,962	\$ 9,241	\$ 34,918	\$ 23,127
Add after-tax interest expense on debentures	0	1,075	348	2,151
Add after-tax amortization of issuance costs related to the debentures	0	89	30	178
Adjusted net earnings	\$ 13,962	\$ 10,405	\$ 35,296	\$ 25,456
Weighted average shares outstanding calculation:				
Weighted average number of common shares and common stock units outstanding	88,579	79,425	86,778	79,164
Dilutive effect of outstanding common stock options and warrants	2,861	3,299	3,009	3,504
Assuming conversion of convertible subordinated debentures	0	7,098	1,404	7,098
Weighted average shares outstanding	91,440	89,822	91,191	89,766
Net Earnings per common and common equivalent share-diluted	\$ 0.15	\$ 0.12	\$ 0.39	\$ 0.28

(1) Diluted earnings per share assumes conversion of the Company's convertible subordinated debentures using the "if converted" method, when such securities are dilutive, with income adjusted for the after-tax interest expense and amortization applicable to these debentures.

EXHIBIT 12

STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES (1)

(In thousands, except ratio data)

	September 28, 1997	September 29, 1996	October 1, 1995	October 2, 1994	October 3, 1993
	-----	-----	-----	-----	-----
COMPUTATION OF EARNINGS:					
Earnings before income taxes	\$ 91,310	\$ 68,083	\$ 43,143	\$ 17,754	\$ 13,526
Interest expense	7,282	8,739	3,765	3,807	772
Amortization of debt expense	578	682	260	260	43
Portion of rents representative of interest factor	28,030	20,847	14,713	7,144	3,892
Less: Capitalized interest	(241)	(306)	(160)	(99)	--
	-----	-----	-----	-----	-----
Total earnings (as calculated)	\$ 126,959	\$ 98,045	\$ 61,721	\$ 28,866	\$ 18,233
	-----	-----	-----	-----	-----
COMPUTATION OF FIXED CHARGES:					
Interest expense	\$ 7,282	\$ 8,739	\$ 3,765	\$ 3,807	\$ 772
Amortization of debt expense	578	682	260	260	43
Portion of rents representative of interest factor	28,030	20,847	14,713	7,144	3,892
	-----	-----	-----	-----	-----
Total fixed charges	\$ 35,890	\$ 30,268	\$ 18,738	\$ 11,211	\$ 4,707
	-----	-----	-----	-----	-----
Ratio of earnings to fixed charges	3.54x	3.24x	3.29x	2.57x	3.87x
	-----	-----	-----	-----	-----

(1) For purposes of computing the ratio of earnings to fixed charges, earnings include earnings before income taxes, amortization of debt expense, and interest expense, including that portion of rental expense attributable to interest costs. Fixed charges consist of interest expense, including that portion of rental expense attributable to interest costs, and interest capitalized during the period.

EXHIBIT 23.2

INDEPENDENT AUDITOR'S CONSENT

We consent to the use in this Registration Statement on Form S-3 of Starbucks Corporation of our report dated June 8, 1998, appearing in the Prospectus, which is part of this Registration Statement, and to the reference to us under the heading "Experts" in such Prospectus.

DELOITTE & TOUCHE LLP

Seattle, Washington

July 7, 1998

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS SECOND QUARTER 1996 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AS SUMMARIZED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 29 1996
PERIOD START	OCT 02 1995
PERIOD END	MAR 31 1996
CASH	131,174
SECURITIES	91,870
RECEIVABLES	12,388
ALLOWANCES	225
INVENTORY	90,822
CURRENT ASSETS	335,177
PP&E	371,360
DEPRECIATION	68,305
TOTAL ASSETS	652,420
CURRENT LIABILITIES	65,519
BONDS	245,747
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	270,263
OTHER SE	65,818
TOTAL LIABILITY AND EQUITY	652,420
SALES	323,635
TOTAL REVENUES	323,635
CGS	163,824
TOTAL COSTS	136,824
OTHER EXPENSES	136,635
LOSS PROVISION	0
INTEREST EXPENSE	4,959
INCOME PRETAX	32,534
INCOME TAX	12,759
INCOME CONTINUING	19,775
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	19,775
EPS PRIMARY	0.28
EPS DILUTED	0.26

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION THIRD QUARTER 1996 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AS SUMMARIZED IN THE REGISTRATION STATEMENTS ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 29 1996
PERIOD START	OCT 02 1995
PERIOD END	JUN 30 1996
CASH	141,966
SECURITIES	89,860
RECEIVABLES	15,523
ALLOWANCES	302
INVENTORY	76,974
CURRENT ASSETS	334,624
PP&E	413,124
DEPRECIATION	78,320
TOTAL ASSETS	682,788
CURRENT LIABILITIES	77,459
BONDS	166,038
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	357,998
OTHER SE	75,386
TOTAL LIABILITY AND EQUITY	682,788
SALES	500,840
TOTAL REVENUES	500,840
CGS	247,108
TOTAL COSTS	247,108
OTHER EXPENSES	215,926
LOSS PROVISION	0
INTEREST EXPENSE	6,919
INCOME PRETAX	48,032
INCOME TAX	18,802
INCOME CONTINUING	29,230
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	29,230
EPS PRIMARY	0.40
EPS DILUTED	0.38

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION FISCAL YEAR 1996 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 29 1996
PERIOD START	OCT 02 1996
PERIOD END	SEP 29 1996
CASH	127,165
SECURITIES	103,221
RECEIVABLES	17,884
ALLOWANCES	116
INVENTORY	83,412
CURRENT ASSETS	340,680
PP&E	459,023
DEPRECIATION	88,071
TOTAL ASSETS	729,227
CURRENT LIABILITIES	101,315
BONDS	166,748
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	364,020
OTHER SE	90,030
TOTAL LIABILITY AND EQUITY	729,227
SALES	697,872
TOTAL REVENUES	697,872
CGS	336,658
TOTAL COSTS	336,658
OTHER EXPENSES	304,639
LOSS PROVISION	0
INTEREST EXPENSE	8,739
INCOME PRETAX	68,083
INCOME TAX	26,373
INCOME CONTINUING	41,710
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	41,710
EPS PRIMARY	0.56
EPS DILUTED	0.53

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION FIRST QUARTER FISCAL 1997 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 28 1997
PERIOD START	SEP 30 1996
PERIOD END	DEC 29 1996
CASH	129,502
SECURITIES	121,522
RECEIVABLES	18,983
ALLOWANCES	180
INVENTORY	63,561
CURRENT ASSETS	343,230
PP&E	496,661
DEPRECIATION	100,273
TOTAL ASSETS	757,365
CURRENT LIABILITIES	107,223
BONDS	166,431
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	371,403
OTHER SE	103,887
TOTAL LIABILITY AND EQUITY	757,365
SALES	240,154
TOTAL REVENUES	240,154
CGS	116,101
TOTAL COSTS	116,101
OTHER EXPENSES	103,291
LOSS PROVISION	0
INTEREST EXPENSE	1,804
INCOME PRETAX	22,894
INCOME TAX	9,008
INCOME CONTINUING	13,886
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	13,886
EPS PRIMARY	0.18
EPS DILUTED	0.17

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION SECOND QUARTER FISCAL 1997 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 28 1997
PERIOD START	SEP 30 1996
PERIOD END	MAR 30 1997
CASH	90,826
SECURITIES	122,026
RECEIVABLES	21,861
ALLOWANCES	228
INVENTORY	81,560
CURRENT ASSETS	327,962
PP&E	530,895
DEPRECIATION	113,601
TOTAL ASSETS	774,619
CURRENT LIABILITIES	111,877
BONDS	166,542
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	375,472
OTHER SE	112,126
TOTAL LIABILITY AND EQUITY	774,619
SALES	456,424
TOTAL REVENUES	456,424
CGS	216,071
TOTAL COSTS	216,071
OTHER EXPENSES	206,013
LOSS PROVISION	0
INTEREST EXPENSE	3,638
INCOME PRETAX	38,170
INCOME TAX	15,043
INCOME CONTINUING	23,127
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	23,127
EPS PRIMARY	0.29
EPS DILUTED	0.28

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION THIRD QUARTER FISCAL 1997 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AS SUMMARIZED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	SEP 28 1997
PERIOD START	SEP 30 1996
PERIOD END	JUN 29 1997
CASH	90,773
SECURITIES	92,032
RECEIVABLES	18,471
ALLOWANCES	280
INVENTORY	110,141
CURRENT ASSETS	324,375
PP&E	574,462
DEPRECIATION	128,368
TOTAL ASSETS	811,410
CURRENT LIABILITIES	125,713
BONDS	166,348
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	382,281
OTHER SE	124,762
TOTAL LIABILITY AND EQUITY	811,410
SALES	700,665
TOTAL REVENUES	700,665
CGS	319,906
TOTAL COSTS	319,906
OTHER EXPENSES	323,849
LOSS PROVISION	0
INTEREST EXPENSE	5,454
INCOME PRETAX	61,521
INCOME TAX	24,194
INCOME CONTINUING	37,327
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	37,327
EPS PRIMARY	0.47
EPS DILUTED	0.45

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION FISCAL 1997 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	SEP 28 1997
PERIOD START	SEP 30 1996
PERIOD END	SEP 28 1997
CASH	70,126
SECURITIES	83,504
RECEIVABLES	31,504
ALLOWANCES	273
INVENTORY	119,767
CURRENT ASSETS	317,555
PP&E	632,859
DEPRECIATION	144,068
TOTAL ASSETS	857,152
CURRENT LIABILITIES	143,467
BONDS	167,029
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	391,284
OTHER SE	142,426
TOTAL LIABILITY AND EQUITY	857,152
SALES	975,389
TOTAL REVENUES	975,389
CGS	436,942
TOTAL COSTS	436,942
OTHER EXPENSES	452,248
LOSS PROVISION	0
INTEREST EXPENSE	7,282
INCOME PRETAX	91,310
INCOME TAX	36,099
INCOME CONTINUING	55,211
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	55,211
EPS PRIMARY	0.69
EPS DILUTED	0.66

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION FIRST QUARTER FISCAL 1998 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	SEP 27 1998
PERIOD START	SEP 29 1997
PERIOD END	DEC 28 1997
CASH	105,646
SECURITIES	76,927
RECEIVABLES	36,116
ALLOWANCES	355
INVENTORY	116,012
CURRENT ASSETS	350,224
PP&E	679,523
DEPRECIATION	158,921
TOTAL ASSETS	919,804
CURRENT LIABILITIES	177,823
BONDS	1,656
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	563,646
OTHER SE	161,767
TOTAL LIABILITY AND EQUITY	919,804
SALES	321,325
TOTAL REVENUES	321,325
CGS	146,235
TOTAL COSTS	146,235
OTHER EXPENSES	141,609
LOSS PROVISION	0
INTEREST EXPENSE	845
INCOME PRETAX	34,793
INCOME TAX	13,838
INCOME CONTINUING	20,955
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	20,955
EPS PRIMARY	0.25
EPS DILUTED	0.23

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION SECOND QUARTER FISCAL 1998 SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH SUPPLEMENTAL CONSOLIDATED FINANCIAL STATEMENTS INCLUDED IN THE REGISTRATION STATEMENT ON FORM S-3 FILING DATED JULY 8, 1998.

RESTATED:

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	SEP 27 1998
PERIOD START	SEP 29 1997
PERIOD END	MAR 29 1998
CASH	107,938
SECURITIES	44,402
RECEIVABLES	35,768
ALLOWANCES	435
INVENTORY	129,223
CURRENT ASSETS	332,602
PP&E	723,344
DEPRECIATION	177,928
TOTAL ASSETS	926,236
CURRENT LIABILITIES	160,807
BONDS	1,313
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	573,218
OTHER SE	175,840
TOTAL LIABILITY AND EQUITY	926,236
SALES	616,568
TOTAL REVENUES	616,568
CGS	279,736
TOTAL COSTS	279,736
OTHER EXPENSES	282,010
LOSS PROVISION	0
INTEREST EXPENSE	1,080
INCOME PRETAX	58,228
INCOME TAX	23,310
INCOME CONTINUING	34,918
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	34,918
EPS PRIMARY	0.40
EPS DILUTED	0.39

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