STARBUCKS CORP

FORM 10-K
(Annual Report)

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SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Fiscal Year Ended September 29, 1996 or
[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-20322

STARBUCKS CORPORATION

(Exact name of registrant as specified in its charter)

WASHINGTON	91-1325671
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2401 UTAH AVENUE SOUTH, SEATTLE, WASHINGTON 98134
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(206) 447-1575

Securities registered pursuant to Section 12(b) of the Act:

Name of each exchange Title of each class on which registered
None N/A

Securities registered pursuant to Section 12(g) of the Act:
COMMON STOCK, NO PAR VALUE
4 1/4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2002
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non- affiliates of the registrant, based upon the closing sale price of the registrant's Common Stock on December 1, 1996, as reported on the NASDAQ National Market System, was $2,598,426,062.

As of December 1, 1996, there were 77,786,819 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the registrant's Annual Report to Shareholders for the fiscal year ended September 29, 1996 have been incorporated by reference into Parts II and IV of this Form 10-K. Portions of the definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be held on March 6, 1997 have been incorporated by reference into Part III of this report.

ANNUAL REPORT ON FORM 10-K

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PART I

Item 1. Business

GENERAL. Starbucks Corporation and its subsidiaries ("Starbucks" or the "Company") purchases and roasts high-quality whole bean coffees and sells them, along with fresh, rich-brewed coffees and Italian-style espresso beverages, primarily through Company-operated and licensed retail stores. 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 direct response and specialty sales operations, and selectively pursue other opportunities to leverage and grow the Starbucks brand through the introduction of new products and the development of new distribution channels.

Starbucks is committed to selling only the finest whole bean coffees and coffee beverages. To ensure compliance with its rigorous standards, Starbucks is vertically integrated, controlling its coffee sourcing, roasting, and distribution through its Company-operated retail stores. The Company purchases green coffee beans for its many blends and varietals from coffee-producing regions throughout the world and custom roasts them to its exacting standards.

Company-operated retail stores accounted for approximately 86% of net revenues during the fiscal year ended September 29, 1996. Starbucks retail objective is to become the leading retailer and brand of coffee in each of its target markets by selling the finest quality coffees and related products, and by providing a superior level of customer service, thereby building a high degree of customer loyalty. Of the 1,006 Starbucks stores open on September 29, 1996, 929 were Company-operated retail stores located in 21 states, the District of Columbia, British Columbia

and Ontario, Canada. Licensees operated 75 stores in North America. In addition, the first two Starbucks stores outside North America opened in Tokyo, Japan during the fourth quarter of fiscal 1996.

In addition to its retail operations, the Company sells primarily whole bean coffees through a specialty sales group and a national direct response business. The Company has also entered into joint ventures with the Pepsi-Cola Company, a division of PepsiCo, Inc. ("Pepsi"), to develop ready-to-drink coffee-based products and with Dreyer's Grand Ice Cream, Inc. ("Dreyer's") to develop premium coffee ice cream products.

RETAIL STORES. Starbucks stores are typically clustered in high- traffic, high-visibility locations in each market. Because the Company has the ability to vary the size of its stores, Starbucks stores are located in a variety of settings, including office buildings, downtown and suburban retail centers, and kiosks located generally in building lobbies, airport terminals, supermarket foyers, and university campuses. While the Company selectively locates stores in suburban malls, its focus is on stores that are convenient for pedestrian street traffic.

The Company combines its merchandising strategy with its marketing programs to create and reinforce a distinctive brand image for its coffees. The Company's merchandising strategy is reflected in its product mix, product pricing, and sale and educational materials.

All Starbucks stores offer a choice of regular or decaffeinated coffee beverages, changing "coffees of the day," and a broad selection of Italian-style espresso beverages, as well as distinctively packaged, freshly roasted whole bean coffees, a selection of fresh pastries and other food items, sodas, juices, tea, and coffee-related hardware products and equipment. During fiscal 1996, the Company's retail sales mix by product type was approximately 61% coffee beverages, 15% whole bean coffees, 16% food items, and 8% coffee-related hardware products and equipment.

The product mix in each store varies and is dependent on the size of the store and its location. Larger stores carry a revolving selection that can include any of the Company's whole bean coffees and a range of coffee-related products,

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including exclusive, high-quality coffee-making equipment as well as accessories bearing various Company trademarks, such as coffee mugs, coffee grinders, storage containers, coffee filters, and finely packaged gourmet food products. The smaller stores and kiosks typically sell a full line of coffee beverages, a limited selection of whole bean coffees and a few hardware items, most notably logo mugs and small equipment items.

The Company and its licensees intend to open at least 325 new stores in North America during fiscal 1997. The Company plans to enter at least three major new markets in North America during fiscal 1997, including Phoenix, Arizona, and Miami, Florida. For information on expansion plans outside of continental North America, see discussion below under International.

OTHER DISTRIBUTION CHANNELS. Starbucks retail expansion strategy is to increase its market share in existing markets and to open stores in new markets where it believes it can become the leading specialty coffee retailer. In addition, the Company will continue to expand its specialty sales and direct response operations, and will selectively pursue other distribution channels.

Specialty Sales. Specialty Sales includes distribution to restaurants and a wide range of institutional customers, including airlines, hotels, wholesale warehouses, business offices, multi-unit retailers, universities, hospitals, and country clubs. Specialty sales revenues (which for financial reporting purposes include royalties and fees from licensees as well as sales of products to licensees and joint ventures) accounted for approximately 11% of the Company's net revenues during the fiscal year ended September 29, 1996. Starbucks is committed to expanding its specialty sales operations. During fiscal 1996, the Company entered into an alliance with U.S. Office Products to serve Starbucks coffee in the workplace environment.

Licensed Stores. Starbucks has entered into a development agreement that allows Host International, Inc. ("Host") to operate Starbucks retail stores in airport locations. Starbucks receives a license fee and a royalty from Host and sells coffee to Host for resale in the licensed airport stores. All licensed airport stores operated by Host must follow Starbucks detailed store operating procedures and all Host managers and employees who work in the licensed airport stores must receive the same core training given to Starbucks store managers and employees. During fiscal 1996, the Company entered into a licensing arrangement with ARAMARK Food and Services Group, Inc. ("ARAMARK") to put licensed Starbucks operations at various locations operated by ARAMARK. During the fiscal year ended September 29, 1996, sales to and royalties from licensees were approximately one percent of the Company's net revenues.

Starbucks does not currently intend to turn over operational control of Starbucks stores in North America in any environment in which it can control retail space; however, in limited situations where a master concessionaire controls the retail space, Starbucks may consider licensing its operations.

Direct Response. The Company publishes a mail order catalog that is distributed approximately six times a year and which offers its coffees, certain food items, and select coffee-making equipment and accessories. The Company ships products to customers located in all 50 states and many foreign countries. Direct Response also operates an electronic store on America Online, allowing customers to order their favorite coffees and products. During fiscal 1996, Direct Response accounted for approximately three percent of the Company's net revenues. Management believes its direct response operations will continue to support its retail store expansion into new markets and reinforce brand recognition in

existing markets.

Joint Ventures. The Company has entered into a joint venture agreement with Pepsi, to develop and distribute ready-to-drink coffee-based products. The joint venture agreement contemplates the distribution of products within the United States and Canada by Pepsi-owned and independently licensed bottlers and other distributors or retailers. In May 1996, the joint venture introduced bottled Frappuccino (TM) coffee drink in supermarkets and other retail points of distribution throughout the West Coast. Frappuccino (TM) coffee drink is currently available in two flavors - coffee and mocha. Based on trade and consumer reception of this product, the joint venture is planning wider distribution. The joint venture concluded test marketing of

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MAZAGRAN (TM), a lightly carbonated coffee drink, and currently does not have plans to market this product nationwide.

On October 31, 1995, the Company announced an agreement to form a joint venture with Dreyer's to develop and distribute Starbucks premium coffee ice creams. During fiscal 1996, the joint venture introduced five flavors of Starbucks Ice Cream, available in grocery stores throughout the United States.

International. The Company considers locations outside of continental North America to be part of its international operations. On October 25, 1995, the Company signed an agreement with SAZABY Inc., a Japanese retailer and restaurateur, to form a joint venture which will primarily develop Starbucks retail stores in Japan. The joint venture opened its first two stores in Tokyo, Japan during fiscal 1996. The joint venture currently anticipates opening ten to twelve additional stores in Japan during fiscal 1997.

On August 3, 1996, the Company signed a joint venture partnership agreement with a Hawaii-based management team formed by the MacNaughton Group, to develop Starbucks locations in Hawaii. The joint venture opened the first Starbucks retail location in Hawaii during the first quarter of fiscal 1997.

The Company also signed an agreement with a subsidiary of Bonvests Holding Limited ("Bonvests") on August 8, 1996, that makes them a licensee for Starbucks retail locations in Singapore. The first retail location in Singapore opened during the first quarter of fiscal 1997. The Company and Bonvests currently anticipate opening five additional stores in Singapore in fiscal 1997.

PRODUCT SUPPLY. The Company depends upon both its outside brokers and its direct contacts with exporters in countries of origin for the supply of its primary raw material, green coffee. Coffee is the world's second largest traded commodity and its supply and price are subject to volatility. Although most coffee trades in the commodity market, coffee of the quality sought by the Company tends to trade on a negotiated basis at a substantial premium above commodity coffee pricing, depending upon the supply and demand at the time of purchase. Supply and price can be affected by multiple factors in the producing countries, including weather, political and economic conditions. 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.

Green coffee commodity prices are subject to substantial price fluctuations, generally a result of reports of adverse growing conditions in certain coffee-producing countries. Due to green coffee commodity price increases, the Company effected sales price increases during fiscal 1994 and 1995 to mitigate the effects of anticipated increases in its cost of goods sold. Because the Company had established fixed purchase prices for some of its supply of green coffees, the Company's margins were favorably impacted by such sales price increases during much of fiscal 1995. During the latter part of fiscal 1995 and throughout fiscal 1996, gross margins were negatively impacted relative to the prior year by the sell-through of higher-cost coffee inventories. The Company expects to have sold most of these higher-cost coffees by the end of the first quarter of fiscal 1997.

The Company enters into fixed price purchase commitments in order to secure an adequate supply of quality green coffee and fix costs for future periods. As of September 29, 1996, the Company had approximately $47 million in fixed price purchase commitments which, together with existing inventory, is expected to provide an adequate supply of green coffee well into fiscal 1997. 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.

In addition, the Company may from time to time purchase coffee futures contracts to provide additional price protection when it is not able to enter into fixed price purchase commitments. There can be no assurance that these activities will successfully protect the Company against the risks of increases in coffee prices or that they will not

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result in the Company having to pay substantially more for its supply than it would have been required to pay absent such activities. The Company did not engage in any hedging activities or futures contracts in fiscal 1996.

Specialty foods, such as pastries, are generally purchased from local sources based on quality and price. Items bearing the Company's logos and trademarks are purchased under contract. Hardware items, such as coffee makers, are generally purchased directly from manufacturers.

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. The Company believes that its customers choose among retailers primarily on the basis of quality and convenience, and, to a lesser extent, on price.

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 the Company's stores. A number of nationwide coffee manufacturers, such as Kraft General Foods, Procter & Gamble, and Nestle, are distributing premium coffee products in supermarkets, which products may serve as substitutes for the Company's coffees. Regional specialty coffee companies also sell whole bean coffees in supermarkets.

In addition, the Company competes for whole bean coffee sales with franchise operators and independent specialty coffee stores in both the United States and Canada. There are a number of competing specialty coffee retailers, such as Second Cup, a Canadian franchisor with stores primarily in Canada. Second Cup also owns Gloria Jeans, a franchisor of specialty coffee stores, with locations primarily in malls throughout the United States. In addition, 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 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, the Company competes with established suppliers in its specialty sales and direct response businesses, many of whom have greater financial and marketing resources than the Company. The Company also expects that competition for suitable sites for new stores to support the Company's planned growth will be intense. The Company competes against both restaurants and other specialty retailers for these sites, and there can be no assurance that management will be able to continue to secure adequate sites at acceptable rent levels. The Company also competes for qualified personnel to operate its retail stores.

PATENTS, TRADEMARKS AND COPYRIGHTS. The Company owns and/or has applied to register numerous trademarks and service marks in the United States, Canada and in some sixty countries throughout the world. One of the Company's subsidiaries, The Coffee Connection, Inc. ("The Coffee Connection"), also owns a number of trademarks and service marks in the United States, Canada and elsewhere, including registrations for "The Coffee Connection" name and logo. Some of the Company's trademarks, including "Starbucks," the Starbucks logo and "Frappuccino," are of material importance to the Company. Trademarks are generally valid as long as they are in use and/or their registrations are properly maintained, and they have not been found to have become generic. Trademark registrations can generally be renewed indefinitely so long as the marks are in use.

The Company owns numerous copyrights for its product packaging, promotional materials, in-store graphics, and training materials, among other things. The Company also holds patents on certain products and systems. While valuable, individual copyrights and patents currently held by the Company are not viewed as material to the Company's business.

SEASONALITY AND QUARTERLY RESULTS. The Company's business is subject to seasonal fluctuations. Significant portions of the Company's net revenues and profits are realized during the first quarter of the Company's fiscal year which includes the December holiday season. In addition, quarterly results are affected by the timing of the opening of new stores, and the Company's rapid growth may conceal the impact of other seasonal influences. Because of the seasonality of the Company's business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

EMPLOYEES. As of September 29, 1996, the Company employed approximately 16,600 individuals, including approximately 15,000 in retail stores and regional offices, and the remainder in the Company's administrative, sales, real estate, direct response, roasting, and warehousing operations. As of September 29, 1996, five of the Company's stores (out of a total of 929 Company- operated stores in North America), located in Vancouver, British Columbia, were unionized. Starbucks has never experienced a strike or work stoppage, and the Company believes that its relations with its employees are excellent.

FORWARD-LOOKING STATEMENTS. Some of the information in this Form 10-K, including anticipated store openings, planned capital expenditures, and trends in the Company's operations, are forward-looking statements which are subject to risks and uncertainties. Actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, coffee and other raw material prices and availability, successful execution of internal performance and expansion plans, impact of competition, availability of financing, legal proceedings, and other risks detailed in the Company's Securities and Exchange Commission filings and the documents incorporated by reference therein.

Item 2. Properties

Starbucks currently operates three roasting and distribution facilities: two in the Seattle area, and one in East Manchester Township, York

County, Pennsylvania. In the Seattle area, the Company leases approximately 92,000 square feet in one building located in Seattle, Washington, pursuant to a lease extendible through 2009 (the "Seattle Plant"), and owns an additional roasting plant and distribution facility of approximately 305,000 square feet located in Kent, Washington. The Company has a lease agreement with York County Industrial Development Corporation for a roasting and distribution facility (the "York Plant"), providing for approximately 365,000 square feet initially. The lease has a 15 year term and the Company has an option to purchase the land and building 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 which would expand it to 1,000,000 square feet. The Company is party to a letter of intent and a commitment letter which provide that in the event that the Company exercises its option to purchase the York Plant, the Company will have the right to assume loans incurred in connection with the development of it. The Company has determined that it no longer needs its much-smaller roasting plant located in Boston (which formerly operated as the roasting plant for The Coffee Connection) and has sublet it to a third party. The lease on this facility runs through 2002.

The Company leases approximately 302,000 square feet used for administrative offices in Seattle, Washington, and has options to lease approximately 298,000 additional square feet. The Company owns 2.36 acres (102,800 square feet) of undeveloped land adjacent to the Seattle Plant, which is currently used for parking.

As of September 29, 1996, Starbucks operated a total of 929 retail stores. All Starbucks stores are located in leased premises. The Company also leases office space for regional, district and other administrative offices.

Item 3. Legal Proceedings

The Company is a party to various legal proceedings arising in the ordinary course of its business, but is not currently a party to any legal proceeding which the Company believes will have a material adverse effect on the financial position or results of operations of the Company.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter of fiscal year 1996.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the Company's 1996 Annual Report to Shareholders.

Item 6. Selected Financial Data

The information required by this item is incorporated herein by reference to the Company's 1996 Annual Report to Shareholders.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is incorporated herein by reference to the Company's 1996 Annual Report to Shareholders.

Item 8. Financial Statements and Supplementary Data

The information required by this item is incorporated herein by reference to the Company's 1996 Annual Report to Shareholders.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information concerning the directors of the Company is incorporated herein by reference to pages 3 through 5 of the definitive Proxy Statement

for the Company's Annual Meeting of Shareholders to be held on March 6, 1997. The required information concerning compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated herein by reference to page 12 of the definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on March 6, 1997, which will be filed within 120 days after the end of the Company's fiscal year.

The executive officers of the Company, each of whom serves a one year term and until his or her successor is elected and qualified, are as follows:

Name	Age	Position	Executive Officer Since
Howard Schultz	43	chairman of the board and chief executive officer	1985
Orin Smith	54	director, president and chief operating officer	1990
Howard Behar	52	director and president, Starbucks International	1989
Scott Bedbury	39	senior vice president, marketing	1995
Michael Casey	51	senior vice president and chief financial officer	1995
Vincent Eades	37	senior vice president, specialty sales and marketing	1995
Carol Eastin	55	senior vice president, management information systems	1993
Sharon E. Elliott	45	senior vice president, human resources	1994
E. R. (Ted) Garcia	49	senior vice president, supply chain operations	1995
Wanda Herndon	44	senior vice president, communications and public affairs	1996
Shelley B. Lanza	40	senior vice president, law & corporate affairs and general counsel	1995
David M. Olsen	50	senior vice president, coffee	1991
John A. Rodgers	65	senior vice president, new business development	1991
Arthur I. Rubinfeld	43	senior vice president, store development	1992
Deidra Wager	41	senior vice president, retail operations	1993

There are no family relationships between any directors or executive officers of the Company.

Howard Schultz is the founder of the Company and has been chairman of the Board and chief executive officer since its inception in 1985. From 1985 to June 1994, Mr. Schultz was also the Company's president. From September 1982 to December 1985, Mr. Schultz was the director of retail operations and marketing for Starbucks Coffee Company, a predecessor to the Company; and from January 1986 to July 1987, he was the chairman of the Board, chief executive officer, and president of Il Giornale Coffee Company, a predecessor to the Company.

Orin Smith joined the Company in 1990 and has served as president and chief operating officer of the Company since June 1994. Prior to June 1994, Mr. Smith served as the Company's vice president and chief financial officer and later, as its executive vice president and chief financial officer.

Howard Behar joined the Company in 1989 and has served as president of Starbucks International since June 1994. From February 1993 to June 1994, Mr. Behar served as the Company's executive vice president, sales and operations. From February 1991 to February 1993, Mr. Behar served as senior vice president, retail operations of the Company and from August 1989 to January 1991, he served as the Company's vice president, retail stores.

Scott Bedbury joined Starbucks in June 1995 as senior vice president, marketing. From November 1987 to October 1994, Mr. Bedbury held the position of worldwide director of advertising for Nike, Inc. Prior to joining Nike, Inc., Mr. Bedbury was vice president for Cole and Weber Advertising in Seattle, Washington, which is an affiliate of Ogilvy and Mather.

Michael Casey joined Starbucks in 1995 as senior vice president and chief financial officer. Prior to joining Starbucks, Mr. Casey served as executive vice president and chief financial officer of Family Restaurants, Inc. from its inception in 1986. During his tenure there, he also served as a director from 1986 to 1993, and as president of its El Torito Restaurants, Inc. division from 1988 to 1993.

Vincent Eades joined Starbucks in April 1995 as senior vice president, specialty sales and marketing. From February 1993 to April 1995, Mr. Eades served as a regional sales manager for Hallmark Cards, Inc. From August 1989 to February 1993, Mr. Eades was general manager of the Christmas Celebrations business unit at Hallmark Cards, Inc.

Carol Eastin joined Starbucks in 1991 and has served as the Company's senior vice president, management information systems since June 1993. From November 1991 to June 1993, Ms. Eastin served as the vice president, management information systems of the Company. From September 1986 to September 1990, she served as the director of corporate systems for McDonald's (R) Corporation.

Sharon E. Elliott joined Starbucks in 1994 as senior vice president, human resources. From September 1993 to June 1994, Ms. Elliott served as the corporate director, staffing and development of Allied Signal Corporation. From July 1987 to August 1993, she held several human resources management positions with Bristol-Myers Squibb, including serving as the director of human resources--corporate staff.

E. R. (Ted) Garcia joined Starbucks in April 1995 as senior vice president, supply chain operations. From May 1993 to April 1995, Mr. Garcia was an executive for Gemini Consulting. From January 1990 until May 1993, he was the vice president of operations strategy for Grand Metropolitan PLC, Food Sector.

Wanda Herndon joined Starbucks in July 1995 as vice president, communications and public affairs and was promoted to senior vice president, communications and public affairs in November 1996. From February 1990 to June 1995, Ms. Herndon held several communications management positions at DuPont. Prior to that time, Ms. Herndon held several public affairs and marketing communications positions for Dow Chemical Company.

Shelley B. Lanza joined Starbucks in June 1995 as senior vice president and general counsel. From 1986 to 1995, Ms. Lanza served as vice president and general counsel of Honda of America Manufacturing, Inc. From 1982 to 1986, Ms. Lanza practiced law at the law firm of Vorys, Sater, Seymour and Pease in Columbus, Ohio.

David M. Olsen joined Starbucks in 1986 and has served as the Company's senior vice president, coffee since September 1991. From November 1987 to September 1991, Mr. Olsen served as its vice president, coffee, and from February 1986 to November 1987, he served as the Company's director of training.

John A. Rodgers joined Starbucks in 1989 and has served as senior vice president, new business development since February 1993. From February 1991 to February 1993, he served as the Company's senior vice president--special projects. Since January 1982, Mr. Rodgers has also served as a general partner of Western Franchise Development Corporation, an owner and operator of several Red Robin Restaurants.

Arthur I. Rubinfeld joined the Company in 1992 as senior vice president, real estate. From April 1986 to May 1992, Mr. Rubinfeld served as a managing partner of Epsteen & Associates, a commercial real estate company.

Deidra Wager joined Starbucks in 1992 and has served as the Company's senior vice president, retail operations since August 1993. From September 1992 to August 1993, Ms. Wager served as the Company's vice president, operation services. From March 1992 to September 1992, she was the Company's California regional manager. From September 1988 to March 1992, Ms. Wager held several operations positions with Taco Bell, Inc., including having served as its director of operations systems development.

Item 11. Executive Compensation

The required information is incorporated by reference to pages 6 through 11 of the definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on March 6, 1997.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The required information is incorporated by reference to pages 2 through 3 of the definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on March 6, 1997.

Item 13. Certain Relationships and Related Transactions

The required information is incorporated by reference to page 12 of the definitive Proxy Statement for the Company's Annual Meeting of Shareholders to be held on March 6, 1997.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as a part of this report on Form 10-K:

1. Financial Statements.

The Company's consolidated financial statements to be included in Part II, Item 8, are incorporated herein by reference to the Company's 1996 Annual Report to Shareholders, a copy of which accompanies this report on Form 10-K.

2. Financial Statement Schedule.

The following financial statement schedule of Starbucks Corporation for the fiscal years ended September 29, 1996, October 1, 1995, and October 2, 1994 is filed as part of this report on Form 10-K and should be read in conjunction with the consolidated financial statements of the Company described in Item 14(a)(1) above.

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Schedules other than the one listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

3. Exhibits.

The Exhibits listed below and on the accompanying Index to Exhibits immediately following the financial statement schedule are filed as part of, or incorporated by reference into, this report.

EXHIBIT NO. DESCRIPTION

3.1	Restated Articles of Incorporation of Starbucks Corporation (incorporated herein by reference to Exhibit 3.1 to the Company's Form 10-Q for the fiscal quarter ended March 31, 1996, filed with the SEC on May 15, 1996)
3.1.1	Amendment dated November 22, 1995 to the Restated Articles of Incorporation of Starbucks Corporation (incorporated herein by reference to Exhibit 3.1.1 to the Company's Form 10-Q for the fiscal quarter ended March 31, 1996, filed with the SEC on May 15, 1996)
3.1.2	Amendment dated March 18, 1996 to the Restated Articles of Incorporation of Starbucks Corporation (incorporated herein by reference to Exhibit 3.1.2 to the Company's Form 10-Q for the quarterly period ended March 31, 1996, filed with the SEC on May 15, 1996)
3.2	Amended and Restated Bylaws of Starbucks Corporation (incorporated herein by reference to Exhibit 3.2 to the Company's Form 10-Q for the fiscal quarter ended March 31, 1996, filed with the SEC on May 15, 1996)

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4.1 Indenture, dated as of October 24, 1995, between Starbucks Corporation and First Interstate Bank of Washington, N.A., as Trustee (incorporated herein by reference to Exhibit 4.3 to the Company's Form 10-K for the Fiscal Year ended October 1, 1995, filed with the SEC on December 28, 1995)

4.2 Form of Debenture relating to the Indenture described in Exhibit 4.3 (included in Exhibit 4.3) (incorporated herein by reference to Exhibit 4.4 to the Company's Form 10-K for the Fiscal Year ended October 1, 1995, filed with the SEC on December 28, 1995)

10.1 Starbucks Corporation Key Employee Stock Option Plan--1994 (incorporated herein by reference to Appendix A to the Company's 1994 Proxy Statement filed with the SEC on December 23, 1994)*

10.1.1 Starbucks Corporation Key Employee Stock Option Plan--1994, as amended*

10.2 Starbucks Corporation 1989 Stock Option Plan for Non-Employee Directors, as amended (incorporated herein by reference to Appendix B to the Company's 1994 Proxy Statement filed with the SEC on December 23, 1994)*

10.2.1 Starbucks Corporation 1989 Stock Option Plan for Non-Employee Directors, as amended*

10.3 Starbucks Corporation 1991 Company-Wide Stock Option Plan, as amended (incorporated herein by reference to the Company's Registration Statement No. 33-52528 on Form S-8, filed with the SEC on September 28, 1992)*

10.3.1 Starbucks Corporation 1991 Company-Wide Stock Option Plan, as amended*

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1994, filed with the SEC on May 26, 1994)

10.10 Joint Venture and Partnership Agreement, dated August 10, 1994, between Pepsi-Cola Company, a division of PepsiCo, Inc., and Starbucks New Venture Company (incorporated herein by reference to Exhibit 10 to the Company's Form 10-Q for the Quarterly Period ended July 3, 1994, filed with the SEC on August 16, 1994)

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10.16 Amended and Restated Investor Rights Agreement dated March 31, 1995, among Starbucks Corporation, Noah's New York Bagels, Inc. and certain shareholders of Noah's New York Bagels, Inc. (incorporated herein by reference to the Company's Registration Statement No. 33-91780 on Form S-3, filed with the SEC on April 28, 1995)

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10.18 Protective Covenants Agreement dated March 31, 1995, among Starbucks Corporation, Noah's New York Bagels, Inc. and certain shareholders of Noah's New York Bagels, Inc. (incorporated herein by reference to the Company's Registration Statement No. 33-91780 on Form S-3, filed with the SEC on April 28, 1995)

10.19 Third Amendment to Office Lease, dated as of September 30, 1995, between First and Utah Street Associates, L.P. and Starbucks Corporation (incorporated herein by reference to Exhibit 10.19 to the Company's Form 10-K for the Fiscal Year ended October 1, 1995, filed with the SEC on December 28, 1995)

10.20 Amendment to Credit Agreement and Note, dated October 23, 1995 between Starbucks Corporation and Seattle-First National Bank (incorporated herein

	by reference to Exhibit 10.20 to the Company's Form 10-K for the Fiscal Year ended October 1, 1995, filed with the SEC on December 28, 1995)
10.21	Merger Agreement among Noah's New York Bagels, Inc. Shareholders and Certain Optionholders of Noah's New York Bagels, Inc., Einstein Brothers Bagels, Inc. and NNYB Acquisition Corporation, dated January 22, 1996 (incorporated herein by reference to Exhibit 10.21 to the Company's Form 10-Q for the Quarterly Period Ended March 31, 1996, filed with the SEC on May 15, 1996)
10.22	Amendment dated February 1, 1996, to Merger Agreement among Noah's New York Bagels, Inc., Shareholders and Certain Optionholders of Noah's New York Bagels, Inc., Einstein Brothers Bagels, Inc. and NNYB Acquisition Corporation dated January 22, 1996 (incorporated herein by reference to Exhibit 10.22 to the Company's Form 10-Q for the Quarterly Period Ended March 31, 1996, filed with the SEC on May 15, 1996)
10.23	Master Licensing Agreement between the Company and ARAMARK Food and Services Group, Inc. dated as of January 30, 1996, as amended and restated May 7, 1996 (incorporated herein by reference to Exhibit 10.23 to the Company's Form 10-Q for the Quarterly Period Ended March 31, 1996, filed with the SEC on May 15, 1996)
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* Management contract or compensatory plan or arrangement.

(b) REPORTS ON FORM 8-K No reports on Form 8-K were filed by the Company during the fiscal quarter ended September 29, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STARBUCKS CORPORATION

By: /s/ Howard Schultz
Howard Schultz
chairman of the Board of Directors
and chief executive officer

December 24, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
- -	----------	

/s/ Howard Schultz Howard Schultz	chairman of the Board of Directors and chief executive officer	December 24, 1996
/s/ Orin C. Smith Orin C. Smith	director, president and chief operating officer	December 13, 1996
/s/ Howard Behar Howard Behar	director, president of Starbucks International	December 24, 1996
/s/ M. Michael Casey M. Michael Casey	senior vice president and chief financial officer (principal financial officer and principal accounting officer)	December 24, 1996
/s/ Jeffrey H. Brotman Jeffrey H. Brotman	Director	December 13, 1996
/s/ Craig J. Foley Craig J. Foley	Director	December 24, 1996
/s/ Arlen I. Prentice Arlen I. Prentice	Director	December 24, 1996
/s/ James G. Shennan, Jr. James G. Shennan, Jr.	Director	December 24, 1996

/s/ Adrian D.P. Bellamy Adrian D.P. Bellamy	Director	December 15, 1996
/s/ Barbara Bass Barbara Bass	Director	December 12, 1996

STARBUCKS CORPORATION

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Year	Balance at End of Year
Allowance for Doubtful Accounts		
Fiscal Year Ended September 29, 1996	$ 242,000	$ 116,000
Fiscal Year Ended October 1, 1995	$ 126,000	$ 242,000
Fiscal Year Ended October 2, 1994	$ 71,000	$ 126,000

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION	PAGE NO.
3.1	Restated Articles of Incorporation of Starbucks Corporation (incorporated herein by reference to Exhibit 3.1 to the Company's Form 10-Q for the fiscal quarter ended March 31, 1996, filed with	

the SEC on May 15, 1996)

3.1.1 Amendment dated November 22, 1995 to the Restated Articles of Incorporation of Starbucks Corporation (incorporated herein by reference to Exhibit 3.1.1 to the Company's Form 10-Q for the fiscal quarter ended March 31, 1996, filed with the SEC on May 15, 1996)

3.1.2 Amendment dated March 18, 1996 to the Restated Articles of Incorporation of Starbucks Corporation (incorporated herein by reference to Exhibit 3.1.2 to the Company's Form 10-Q for the quarterly period ended March 31, 1996, filed with the SEC on May 15, 1996)

3.2 Amended and Restated Bylaws of Starbucks Corporation (incorporated herein by reference to Exhibit 3.2 to the Company's Form 10-Q for the fiscal quarter ended March 31, 1996, filed with the SEC on May 15, 1996)

4.1 Indenture, dated as of October 24, 1995, between Starbucks Corporation and First Interstate Bank of Washington, N.A., as Trustee (incorporated herein by reference to Exhibit 4.3 to the Company's Form 10-K for the Fiscal Year ended October 1, 1995, filed with the SEC on December 28, 1995)

4.2 Form of Debenture relating to the Indenture described in Exhibit 4.3 (included in Exhibit 4.3) (incorporated herein by reference to Exhibit 4.4 to the Company's Form 10-K for the Fiscal Year ended October 1, 1995, filed with the SEC on December 28, 1995)

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* Management contract or compensatory plan or arrangement.

STARBUCKS CORPORATION
KEY EMPLOYEE STOCK OPTION PLAN - 1994
(Adopted 9/94, amended 9/96)

1. THE PLAN AND DEFINITIONS

1.1 PURPOSE OF PLAN.

This Plan is the "Starbucks Corporation Key Employee Stock Option Plan, - 1994," and is also sometimes referred to as the Company's "KEY EMPLOYEE PLAN." The Company's purposes in adopting this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to encourage ownership of the Company's common stock by key employees of the Company and any current or future Subsidiary, and to promote the Company's business success. This Plan provides for the granting of both Incentive Stock Options and Nonqualified Stock Options. This Plan is adopted to be effective for a ten year period commencing on September 27, 1994, and ending on September 26, 2004.

1.2 DEFINITIONS:

Capitalized terms used in this Plan shall have the following meanings:

"ACT." "Act" shall mean the Securities Act of 1933, as amended from time to time, or any replacement act or legislation.

"BOARD." The "Board" shall mean the Board of Directors of the Company.

"COMMITTEE." "Committee" shall mean the Board committee of not less than two nonemployee directors appointed pursuant to Section 2.3 herein.

"CODE." "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any replacement act or legislation.

"COMMON STOCK." "Common Stock" shall mean the no par value common stock of Starbucks Corporation.

"COMPANY." The "Company" shall mean Starbucks Corporation.

"CONSULTANT." "Consultant" shall mean any person engaged by the Company as a non-Employee service provider pursuant to the terms of a written contract.

"DISABILITY." "Disability" of an Employee shall mean "permanent and total disability," within the meaning of Section 22(e)(3) of the Code.

"EMPLOYEE." The term "Employee" for purposes of this Plan shall include all persons employed by the Company or any Parent or Subsidiary, including officers, whether full-time or part- time, and those individuals whose service as an Employee has been temporarily interrupted due to any leave of absence that is authorized by a Vice President of the Company.

"EXCHANGE ACT." "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, or any replacement act or legislation.

"FAIR MARKET VALUE." The "Fair Market Value" of the Common Stock shall be the closing price per share of the Common Stock on the National Association of Securities Dealers Automated Quotation ("NASDAQ") National Market System. If the Common Stock ceases to be listed on the NASDAQ National Market System, the Board shall designate an alternative method of determining the fair market value of the Common Stock.

"INCENTIVE STOCK OPTION." "Incentive Stock Option" shall mean any stock option intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

"NONQUALIFIED STOCK OPTION." "Nonqualified Stock Option" shall mean any stock option not intended to qualify as an Incentive Stock Option.

"OPTIONED SHARES." "Optioned Shares" shall mean Shares subject to a stock option granted pursuant to this Plan.

"OPTIONEE." "Optionee" shall mean an individual who has received a stock option pursuant to this Plan.

"PARENT." "Parent" shall mean a "parent corporation," whether now or hereafter existing, within the meaning of Section 424(e) of the Code.

"PLAN." This "Plan" shall mean the Starbucks Corporation Key Employee Stock Option Plan - 1994, which also may be referred to as the "Key Employee Plan."

"SHARE" AND "SHARES." A "Share" shall mean one share of the Company's Common Stock, as adjusted in accordance with Section 2.9 of this Plan. The "Shares" shall mean the Company's authorized and unissued Shares reserved for issuance under this Plan as further defined in Section 2.2.

"SUBSIDIARY." "Subsidiary" shall mean a "subsidiary corporation," whether now or hereafter existing, within the meaning of Section 424(f) of the Code.

2. GENERAL PROVISIONS

THE PROVISIONS OF THIS SECTION 2 APPLY TO BOTH NONQUALIFIED

OPTIONS AND INCENTIVE STOCK OPTIONS GRANTED BY THE COMPANY.

2.1 OBJECTIVE AND USE OF PLAN.

The objective of this Plan is to provide an incentive for maximum effort in the successful operation of the Company and is expected to benefit the shareholders by enabling the Company to attract and retain personnel of the best available talent through the opportunity to share in the increased value of the Company's Common Stock to which such personnel have contributed. The benefits of this Plan are not a substitute for compensation otherwise payable to Employees pursuant to the terms of their employment. This Plan sets forth provisions applicable to options that may be granted hereunder generally, to Incentive Stock Options only, to Nonqualified Options only, and to the procedures allowed for the conversion of Nonqualified Stock Options into Incentive Stock Options. This Plan also allows for and provides a means for the granting of stock options to Consultants.

2.2 STOCK SUBJECT TO PLAN.

Subject to the provisions of Section 2.9 of this Plan, the maximum aggregate number of Shares reserved for issuance upon the exercise of options granted pursuant to this Plan is three million. Shares subject to any option under this Plan which is not exercised in full or Shares as to which the right to purchase under an option is forfeited through expiration, default, or otherwise, shall remain available for other options under this Plan, provided that the aggregate number of Shares subject to options under this Plan shall not exceed three million unless the Board approves an increase in said number and such increase is then duly approved by the Company's shareholders.

2.3 ADMINISTRATION OF PLAN.

This Plan shall be administered by the Board, provided that at all times during which the Company is subject to the periodic reporting requirements of the Exchange Act each member of the Board who participates in administration must be a nonemployee director as that term is defined in Rule 16b-3 promulgated by the Securities and Exchange Commission. The Board may appoint a Board committee (the "Committee") of not less than two nonemployee directors to administer the Plan in the name of the Board. The Board or the Committee shall have full power and authority to administer and interpret this Plan and to adopt, from time to time, such guidelines, rules, regulations, agreements, and instruments for the administration of this Plan as the Board or the Committee, as the case may be, deems necessary or advisable. Such powers include, but are not limited to (subject to the specific limitations described herein), authority to determine the Employees to be granted options under this Plan, to determine the size, type, and applicable terms and conditions of grants to be made to such Employees, to determine a time when options will be granted, and to authorize grants to eligible Employees. In addition, the Board or the Committee may engage a qualified brokerage or other financial services firm to assist it in the administration of the Plan, including, without limitation, the tracking of disqualifying dispositions under the Code, whether through a separately established brokerage account or otherwise, of Shares that are issued upon the exercise of options granted under the Plan so that the Company may capture any related tax benefit to which it may be entitled.

The Board's or the Committee's interpretations of this Plan, and all actions taken and determinations made by the Board or the Committee, as the case may be, concerning any matter arising under or with respect to this Plan or any options granted pursuant to this Plan, shall be final, binding, and conclusive on all interested parties, including the Company, its shareholders, and all former, present, and future Employees of the Company. The Board or the Committee may, as to questions of accounting, rely conclusively upon any determinations made by independent public accountants of the Company.

2.4 ELIGIBILITY; FACTS TO BE CONSIDERED IN GRANTING OPTIONS.

The Board or the Committee, as the case may be, shall have the authority to determine the persons eligible to receive a stock option grant, the time or times at which the Optioned Shares may be purchased, and whether all of the options may be exercised at one time or in increments.

2.5 RIGHTS OF OPTIONEE IN EVENT OF MERGER, CONSOLIDATION, TENDER OFFER, TAKEOVER BID, SALE OF ASSETS OR DISSOLUTION.

(a) Notwithstanding anything in this Plan to the contrary, the Optionee may purchase the full amount of Optioned Shares for which options have been granted to the Optionee and for which the options have not been exercised under the following conditions:

(1) the Optionee may conditionally purchase any or all Optioned Shares during the period commencing twenty-seven (27) days and ending seven (7) days prior to the scheduled effective date of a merger or consolidation (as such effective date may be delayed from time to time) wherein the Company is not to be the surviving corporation, which merger or consolidation is not between or among the Company and other corporations related to or affiliated with the Company;

(2) the Optionee may conditionally purchase any or all Optioned Shares during the period commencing on the initial date of a tender offer or takeover bid for the Shares (other than a tender offer by the Company) subject to the Exchange Act and the rules promulgated thereunder and ending on the day preceding the scheduled termination date of acceptance of tenders of Shares by the offeror under any such tender offer or takeover bid (as such termination date may be extended by such offeror);

(3) the Optionee may conditionally purchase any or all Optioned Shares during the period commencing the date the shareholders of the Company approve a sale of substantially all the assets of the Company and ending seven (7) days prior to the scheduled closing date of such sale (as such closing date may be delayed from time to time); and

(4) the Optionee may conditionally purchase any or all Optioned Shares during the period commencing the date the shareholders of the Company approve the dissolution of the Company and ending seven (7) days prior to the date of filing its Articles of Dissolution.

(b) If the merger, consolidation, tender offer, takeover bid, sale of assets, or dissolution, as the case may be and as described in Subsections (1) through (4) of Section 2.5(a), once commenced, is canceled or revoked, the conditional purchase of Shares for which the option to purchase would not have otherwise been exercisable at the time of said cancellation or revocation, but for the operation of this Section 2.5, shall be rescinded. With respect to all other Shares conditionally purchased, the Optionee may rescind such purchase at Optionee's option.

(c) If the merger, consolidation, tender offer, takeover bid, or sale of assets does occur or Articles of Dissolution are filed, as the case may be and as described in Subsections (1) through (4) of Section 2.5(a), and the Optionee has not conditionally purchased all Optioned Shares, all unexercised options shall terminate on the effective, termination, closing, or filing date, as the case may be.

(d) If the Company shall be the surviving corporation in any merger or is a party to a merger or consolidation which is between or among the Company and other corporations related to or affiliated with the Company, any option granted hereunder shall pertain and apply to the securities to which a holder of the number of Shares subject to the option would have been entitled.

(e) Nothing herein shall allow the Optionee to purchase Optioned Shares, the options for which have expired.

2.6 TERMS AND EXPIRATION OF OPTIONS.

Each option granted under this Plan shall be in writing, shall be subject to such amendment or modification from time to time as the Board shall deem necessary or appropriate to comply with or take advantage of applicable laws or regulations, and shall contain provisions as to the following effect, together with such other provisions as the Board shall from time to time approve:

(a) that, subject to the provisions of Section 2.6(b) below, the option, as to the whole or any part thereof, may be exercised only by the Optionee or Optionee's personal representative;

(b) that neither the whole nor any part of the option shall be transferable by the Optionee or by operation of law otherwise than (i) by will of, or by the laws of descent and distribution applicable to, a deceased Optionee, or (ii) in the case of a Nonqualified Stock Option, by gift or, with the consent of the Company, for value to immediate family members of the Optionee, partnerships of which the only partners are members of the Optionee's immediate family, and trusts established solely for the benefit of such immediate family members; that the option and any and all rights granted to the Optionee thereunder and not theretofore effectively and completely exercised, or transferred as expressly permitted by this Section 2.6(b), shall automatically terminate and expire upon any other sale, transfer, or hypothecation or any other attempted sale, transfer, or hypothecation of such rights or upon the bankruptcy or insolvency of the Optionee or Optionee's estate, and that solely as it pertains to effecting an exercise of an option transferred in accordance with this Section 2.6(b), the term Optionee shall include a permitted transferee;

(c) that subject to the foregoing provisions, an option may be exercised at different times for portions of the total number of Optioned Shares for which the right to purchase shall have vested, provided that an option may not be exercised for a fraction of a Share;

(d) that no Optionee shall have the right to receive any dividend on or to vote or exercise any right in respect to any Shares unless and until the certificates for such Shares have been issued to such Optionee;

(e) that the option shall expire at the earliest of the following:

(1) the date specified in the option;

(2) with respect to any Employee;

(i) three (3) months after voluntary or involuntary termination of Optionee's employment other than termination as described in subparagraphs (ii) or (iii) below;

(ii) upon the discharge of Optionee for misconduct, willfully or wantonly harmful to the Company or Subsidiary; or

(iii) twelve (12) months after Optionee's death or Disability; or

(3) in the event of a merger, consolidation, tender offer, takeover bid, sale of assets, or filing of Articles of Dissolution, as the case may be and as described in subsections
(1) through (4) of Section 2.5(a), on the date specified in
Section 2.5(c): provided, however, that if the merger, consolidation, tender offer, takeover bid, or sale of assets does not occur or if Articles of Dissolution are not filed, as the case may be and as described in Subsections (1) through (4) of
Section 2.5(a), all options which are terminated pursuant to this Subsection (e)(3) shall be reinstated as if no action with respect to any of said events had been contemplated or taken by any party thereto and all Optionees shall be returned to their respective positions on the date of termination;

(f) that, to the extent an option provides for the vesting thereof in increments, such vesting shall cease as of the date of the Optionee's death, Disability, or, in the case of any Employee, voluntary or involuntary termination of Optionee's employment with the Company or a Subsidiary;

(g) that, in the case of any Employee, the terms of the option shall not be affected by any changes of duties or position so long as the Optionee shall continue to be employed by the Company or a Subsidiary.

2.7 EXERCISE OF OPTIONS.

The Optionee (or other person or persons, if any, entitled thereto hereunder) desiring to exercise an option granted and exercisable hereunder as to all or part of the Shares covered thereby shall notify the Company or, if the Company requires, the brokerage firm designated by the Company to facilitate exercises and sales under this Plan, specifying the number of option Shares to be purchased and, if required by the Company, representing in form satisfactory to the Company that the Shares are being purchased for investment and not with a view to resale or distribution. The notification to the brokerage firm shall be made in accordance with procedures of such brokerage firm approved by the Company. With respect to any Shares conditionally purchased pursuant to Section 2.5(a) above and for which such purchase has not been voluntarily or otherwise rescinded pursuant to Section 2.5(b), the Optionee shall be deemed to have given the notice required by this Section 2.7 as of ten (10) days prior to the closing or effective date of the merger, consolidation, tender offer, takeover bid, or sale of assets or as of the twentieth (20th) day after a Statement of Intent to Dissolve is filed (or the tenth (10th) day before the filing of Articles of Dissolution if it precedes said twentieth
(20th) day), as the case may be and as described in Subsections
(1) through (4) of Section 2.5(a).

2.8 METHOD OF EXERCISE OF OPTION.

The option shall be exercised as to the number of Shares specified in the notice provided pursuant to Section 2.7 above by payment to the Company of the amount specified below in Section
3.2. Payment of the option price shall be made in cash or in accordance with procedures for a "cashless exercise" as the same shall have been established from time to time by the Company and the brokerage firm designated by the Company to facilitate exercises and sales under this Plan. Payment in shares of the Company's common stock shall be deemed to be the equivalent of payment in cash at the Fair Market Value of those shares. No such payment in shares of the Company's common stock shall be allowed when the same may in the reasonable opinion of the Company cause the Company to record a loss or expense as a result thereof.

2.9 RECAPITALIZATION.

Subject to any required action by the shareholders of the Company, the aggregate number of Shares for which options may be granted hereunder, the number of Shares covered by each outstanding option, and the price per Share thereof in each such option shall be proportionately adjusted for an increase or decrease in the number of outstanding shares of Common Stock resulting from a stock split or reverse split of shares or any other capital adjustment or the payment of a stock dividend or other increase or decrease in such shares effected without receipt of consideration by the Company excluding any decrease resulting from a redemption of Common Stock by the Company. If the adjustment would result in a fractional Share, the Optionee shall be entitled to one (1) additional Share, provided that the total number of Shares to be granted under this Plan shall not be increased above the equivalent number of Shares initially allocated or later increased by approved amendment to this Plan. Any such adjustment made pursuant to this Section shall be made by the Board, whose determination in that respect shall be final, binding, and conclusive.

2.10 SUBSTITUTIONS AND ASSUMPTIONS.

The Board shall have the right to substitute or assume options in connection with mergers, reorganizations, separations, or other "corporate

transactions" as that term is defined in and said substitutions and assumptions are permitted by Section 424 of the Code and the regulations promulgated thereunder. The number of Shares reserved pursuant to Section 2.2 may be increased without further action by the shareholders by the corresponding number of options assumed and, in the case of a substitution, by the net increase in the number of Shares subject to options before and after the substitution.

2.11 TERMINATION.

The Board may at any time modify, amend, or terminate this Plan provided, however, that, without shareholder approval, no amendment or modification shall increase the number of Shares as to which options may be granted under this Plan. No amendment, modification, or termination of the Plan may adversely affect options granted prior to such action.

2.12 GRANTING OF OPTIONS.

The granting of any option pursuant to this Plan shall be entirely in the discretion of the Board or the Committee, as the case may be, and nothing herein contained shall be construed to give any Employee any right to participate under this Plan or to receive any option under it. The maximum number of Optioned Shares that may be granted to any Employee in any one year hereunder is 500,000.

The granting of an option pursuant to this Plan shall not constitute any agreement or an understanding, express or implied on the part of the Company or a Subsidiary to employ the Optionee for any specified period.

2.13 WITHDRAWAL.

An Optionee may at any time elect in writing to abandon an option with respect to the number of Shares as to which the option shall not have been exercised.

2.14 GOVERNMENT REGULATIONS.

This Plan and the granting and exercise of any option hereunder and the obligations of the Company to sell and deliver Shares under any such option shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies as may be required.

2.15 PROCEEDS FROM SALE OF STOCK.

Proceeds of the purchase of Optioned Shares by an Optionee shall be used for the general business purposes of the Company.

2.16 SHAREHOLDER APPROVAL.

This Plan shall be submitted to the shareholders for their approval no later than twelve (12) months from the date hereof.

2.17 COMPLIANCE WITH SECURITIES LAWS.

The Board shall have the right to:

(a) require an Optionee to execute, as a condition of exercise of an option, a letter evidencing Optionee's intent to acquire the Shares for investment and not with a view to the resale or distribution thereof;

(b) place appropriate legends upon the certificate or certificates for the Shares; and

(c) take such other acts as it deems necessary in order to cause the issuance of Optioned Shares to comply with applicable provisions of state and federal securities laws.

In furtherance of the foregoing, and not by way of limitation thereof, no option shall be exercisable unless such option and the Shares to be issued pursuant thereto shall be registered under appropriate federal and state securities laws, or shall be exempt therefrom, in the opinion of the Board upon advice of counsel to the Company. Each option agreement shall contain adequate provisions to assure that there will be no violation of such laws. This provision shall in no way obligate the Company to undertake registration of options or Shares hereunder. Issue, transfer or delivery of certificates for Shares pursuant to the exercise of options may be delayed, at the discretion of the Board until the Board is satisfied that the applicable requirements of the federal and state securities laws have been met.

The dollar value and number of options granted under this Plan may be limited pursuant to Rule 701 promulgated by the Securities and Exchange Commission which provides an exemption from the registration requirements under the Act. At any time during which the Company is not subject to the periodic reporting requirements of the Exchange Act, the guidelines adopted by the Board pursuant to this Plan shall contain the current limitations specified in said Rule 701.

2.18 TERMINAL DATE OF PLAN.

This Plan shall not extend beyond a date ten years from the Effective Date hereof as established by the Board and approved by the shareholders of the Company, provided that any termination hereof shall not affect options already granted, and any option to purchase shares duly granted hereunder prior to any termination hereof shall be exercisable pursuant to its terms and the terms hereof until expiration or earlier termination of such option.

3. PROVISIONS APPLICABLE SOLELY TO NONQUALIFIED STOCK OPTIONS

In addition to the provisions of Section 2 above, the following paragraphs shall apply to any options granted under this Plan which are not Incentive Stock Options.

3.1 OPTION PRICE.

The option or purchase price of each Share optioned as a Nonqualified Stock Option under this Plan shall be determined by the Board or the Committee, as the case may be, at the time of the action for the granting of the option.

3.2 METHOD OF EXERCISE OF OPTION.

The amount to be paid by the Optionee upon exercise of a Nonqualified Option shall be the full purchase price thereof provided in the option, together with the amount of federal, state, and local income and FICA taxes required to be withheld by the Company. If allowed by the Board or the Committee at its respective discretion, an Optionee may elect to pay Optionee's federal, state, or local income and FICA withholding tax by having the Company withhold Shares having a Fair Market Value at the time of exercise equal to the amount required to be withheld. An election by an Optionee to have shares withheld for this purpose will be subject to the following restrictions:

(a) If an Optionee has received multiple option grants, a separate election must be made for each grant;

(b) The election must be made prior to the day the option is exercised;

(c) The election will be irrevocable;

(d) The election will be subject to the approval of the Board or the Committee, as the case may be;

(e) If the Optionee is an "officer" of the Company within the meaning of Section 16 of the Exchange Act ("Section 16") as defined in Rule 16a-1 promulgated by the Securities Exchange Commission, the election may not be made within six months following the grant of the option; and

4. PROVISIONS APPLICABLE SOLELY TO INCENTIVE STOCK OPTIONS

In addition to the provisions of Section 2 above, the following paragraphs shall apply to any options granted under this Plan which are Incentive Stock Options.

4.1 CONFORMANCE WITH INTERNAL REVENUE CODE.

Incentive Stock Options granted under this Plan shall conform to, be governed by, and be interpreted in accordance with Section 422 of the Code and any regulations promulgated thereunder and amendments to the Code and Regulations, including, without limitation, those provisions of Section 422 of the Code that prohibit an option by its terms to be exercisable after ten (10) years from the date that it was granted. Only Employees may be granted Incentive Stock Options hereunder. To the extent that any option granted hereunder as an Incentive Stock Option fails to conform to the foregoing requirements, it shall be treated as, and honored by the Company as, a Nonqualified Stock Option.

4.2 OPTION PRICE.

The option or purchase price of each Share optioned under the Incentive Stock Option provisions of this Plan shall be determined by the Board or the Committee, as the case shall be, at the time of the action for the granting of the option but shall not, in any event, be less than the Fair Market Value of the Common Stock on the date of grant.

4.3 LIMITATION ON AMOUNT OF INCENTIVE STOCK OPTION.

The aggregate Fair Market Value of the Optioned Shares (determined on the date of grant) with respect to which an Employee has the right to purchase vesting in any one calendar year (under this Plan or any other plan of the Company which authorizes Incentive Stock Options) shall not exceed the maximum amount allowed in any one year by the Code in connection with the grant of Incentive Stock Options.

4.4 LIMITATION ON GRANTS TO SUBSTANTIAL SHAREHOLDERS.

An Employee may not, immediately prior to the grant of an Incentive Stock Option hereunder, own stock in the Company representing more than ten percent (10%) of the voting power of all classes of stock of the Company unless the per share option price specified by the Board or the Committee, as the case may be, for the Incentive Stock Options granted such an Employee is at least one hundred ten percent (110%) of the Fair Market Value of the Company's stock on the date of grant and such option, by its terms, is not exercisable after the expiration of five (5) years from the date such option is granted. For purposes of this limitation, Section 424(d) of the Code governs the attributes of stock ownership.

4.5 METHOD OF EXERCISE OF OPTION.

The amount to be paid by the Optionee upon exercise of an Incentive Stock Option shall be the full purchase price thereof provided in the option.

5. EXCHANGE OF NONQUALIFIED OPTIONS FOR INCENTIVE STOCK OPTIONS

At the Optionee's election and in accordance with the procedures described below, an Employee may exchange a Nonqualified Stock Option granted pursuant to this Plan for an Incentive Stock Option for the identical number of Shares.

5.1 NOTICE OF INTENT TO EXCHANGE.

Not less than seven (7) days prior to the desired date of exchange, the Optionee shall notify the Company in writing to that effect specifying the number of Shares subject to grants as Nonqualified Stock Options under this Plan which are to be exchanged for Shares subject to grants as Incentive Stock Options under this Plan and the desired date of exchange.

5.2 LIMITATIONS ON AMOUNT OF OPTIONS EXCHANGED.

Notwithstanding the number of Optioned Shares specified by the Optionee as desired to be exchanged pursuant to this Section 5, the Company will allow exchanges for only so many options as will not violate the aggregate dollar limitations specified in
Section 4.3 above with that limit being based on a calculation of the fair market value on the date of exchange. If an Optionee requests to exchange more Optioned Shares than would be allowed by the preceding sentence, the Company shall deem the request to apply only to the maximum number of Optioned Shares which would be allowed and shall disregard the request as to the excess. Exchanges may not occur after the terminal date of this Plan.

5.3 EFFECT OF EXCHANGE.

If an exchange does occur, the Optionee shall surrender the Nonqualified Option for cancellation and shall execute a new Incentive Stock Option for the number of Optioned Shares exchanged and, if all of the Nonqualified Options have not been exchanged, shall execute a new Nonqualified Option (or an amendment to the existing option) to specify the remainder of Shares under the Nonqualified Option. The new Incentive Stock Option shall be deemed a new option granted on the date of exchange with the exercise price established as of such date.

6. AMENDMENT

This Plan and all rules, guidelines, and regulations adopted in respect hereof may be terminated, suspended, or amended at any time by a majority vote of the Board, provided that no such action shall adversely affect any rights of Optionees granted under this Plan prior to such action, and further provided that the following revisions or amendments require approval of or ratification by the shareholders of the Company: (i) any increase in the number of Shares subject to this Plan, other than in connection with an adjustments under either or both of Sections 2.9 and 2.10 of this Plan; and (ii) any change that would require shareholder approval pursuant to Rule 16b-3 promulgated by the Securities and Exchange Commission pursuant to its authority under the Exchange Act. The Board may amend the terms and conditions of outstanding options, provided, however, that (i) no such amendment would be adverse to the holders of such options, (ii) no such amendment shall extend the period for exercise of an option, and (iii) the amended terms of an option would be permitted under this Plan.

7. FOREIGN EMPLOYEES OR CONSULTANTS

Without amending the Plan, the Board or the Committee may grant options to eligible Employees or Consultants who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Board or the Committee, as the case may be, be necessary or desirable to foster and promote achievement of the purposes of the plan, and, in furtherance of such purposes the Board or the Committee may make such modifications, amendments, procedures, subplans, and the like as may be necessary or advisable to comply with the provisions of the laws in other countries in which the Company operates or has Employees or Consultants.

8. REGISTRATION, LISTING, AND QUALIFICATION OF SHARES

Each option shall be subject to the requirement that if at any time the Board shall determine that the registration, listing, or qualification of the Shares covered thereby upon any securities exchange or under any foreign, federal, state, or local law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such option or the purchase of

Shares thereunder, no such option may be exercised unless and until such registration, listing, qualification, consent, or approval shall have been effected or obtained free of any condition not acceptable to the Board. Any person exercising an option shall make such representations and agreements and furnish such information as the Board may request to assure compliance with the foregoing or any other applicable legal requirements.

9. NO RIGHTS TO OPTIONS OR EMPLOYMENT; NO RESTRICTIONS

No Employee or other person shall have any claim or right to be granted an option under this Plan. Having received an option under this Plan shall not give an Employee or Consultant any right to receive any other grant or option under this Plan. An Optionee shall have no rights to or interest in any option except as set forth herein. Neither this Plan nor any action taken hereunder shall be construed as giving any Employee or Consultant any right to be retained in the employ of the Company. Nothing in this Plan shall restrict the Company's rights to adopt other option plans pertaining to any or all of the Employees covered under this Plan or other Employees not covered under this Plan.

10. COSTS AND EXPENSES

Except as provided herein with respect to the payment of taxes, all costs and expenses of administering the Plan shall be borne by the Company and shall not be charged to any grant nor any Employee or Consultant receiving a grant.

11. PLAN UNFUNDED

This Plan shall be unfunded. Except for the Board's reservation of a sufficient number of authorized shares to the extent required by law to meet the requirements of the Plan, the Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure payment of any grant under the Plan.

12. GOVERNING LAW

This Plan shall be governed by and construed in accordance with the laws of the state of Washington.

STARBUCKS CORPORATION
1989 STOCK OPTION PLAN
FOR
NON-EMPLOYEE DIRECTORS
(Adopted 1/89, amended 4/89, 5/91, 9/94 and 9/96)

1. PURPOSE.

The purpose of the Starbucks Corporation 1989 Stock Option Plan for Non-Employee Directors (the "Plan") is to attract and retain the services of experienced and knowledgeable independent directors of Starbucks Corporation (the "Corporation") for the benefit of the Corporation and its stockholders and to provide an additional incentive for such directors to continue to work for the best interest of the Corporation and its stockholders through continuing ownership of its common stock.

2. SHARES SUBJECT TO THE PLAN.

The total number of shares of common stock, no par value of the Corporation ("Shares"), for which options may be granted under the Plan shall not exceed 350,000 in the aggregate, subject to adjustment hereafter in accordance with Section 11 hereof. Within the foregoing limitations, Shares for which options have been granted pursuant to the Plan but which options have lapsed or otherwise terminated shall become available for the grant of additional options. There will be reserved for issuance or transfer from the Corporation's reserve of authorized but unissued shares upon the exercise of options granted under the Plan 350,000 Shares, subject to adjustment hereafter in accordance with Section 11 hereof.

3. ADMINISTRATION OF PLAN.

The Plan shall be administered by the Board of Directors of the Corporation (the "Board"). The Board shall have the power to construe the Plan, to determine all questions arising thereunder, and to adopt and amend such rules and regulations for the administration of the Plan as it may deem desirable.

4. ELIGIBILITY; GRANT OF OPTION.

Each director of the Corporation who is not, and has not during the immediately preceding 12 month period been, an employee of the Corporation or any parent or subsidiary of the Corporation (a "Participant") shall automatically be a Participant in the Plan. Each Participant who is in office on December 31 of any year beginning December 31, 1994, shall, on the immediately succeeding January 15, automatically be granted an option to acquire 10,000 shares under the Plan.

5. OPTION AGREEMENT.

Each option granted under the Plan shall be evidenced by an option agreement (the "Agreement") duly executed on behalf of the Corporation and by the Participant to whom such option is granted, which Agreements may but need not be identical and which shall (i) comply with and be subject to the terms and conditions of the Plan and (ii) provide that the Participant agrees to continue to serve as a director of the Corporation during the term for which he or she was elected. Any Agreement may contain such other terms, provisions, and conditions not inconsistent with the Plan as may be determined by the Board. No option shall be deemed granted within the meaning of the Plan and no purported grant of any option shall be effective, until such Agreement shall have been duly executed on behalf of the Corporation and the Participant to whom the option is to be granted.

6. OPTION EXERCISE PRICE.

The option exercise price for an option granted under the Plan shall be the fair market value of the Shares covered by the option on the grant date (the "Pricing Date"). For purposes hereof, the fair market value of the Shares covered by an option shall be the average of the high and low sales prices of the Shares on the applicable date as reported in the National Market List of the National Association of Securities Dealers Inc. Automated Quotation System or on the principal national securities exchange on which the Shares are then listed for trading, or if the Shares are not listed for trading on any such system or exchange, the fair market value shall be as determined by the Company's Board of Directors.

7. TIME AND MANNER OF EXERCISE OF OPTION.

a. Options granted under the Plan shall be immediately exercisable.

b. The option may be exercised from time to time, by giving notice to the Corporation or, if the Corporation requires, the brokerage firm designated by the Corporation, stating the number of Shares with respect to which the option is being exercised. The option shall be exercised by payment in full for such Shares, which payment may be in whole or in part in shares of the common stock of the Corporation already owned by the person or persons exercising the option, valued at fair market value on the date of payment (as determined pursuant to Section 6 hereof). The notification to the brokerage firm shall be made in accordance with procedures of such brokerage firm approved by the Corporation.

c. Upon exercise of the option, delivery of a certificate for fully paid and nonassessable Shares shall be made at the principal office of the Corporation or the Corporation's brokerage firm to the person or persons exercising the option as soon as practicable (but in no event more than 30 days) after the date of receipt of the notice of exercise by the Corporation, or the Corporation's brokerage firm, or at such time, place, and manner as may be agreed upon by the Corporation and the person or persons exercising the option.

8. TERM OF OPTIONS.

Each option shall expire ten years from the date of the granting thereof, but shall be subject to earlier termination as follows:

a. In the event of the death of a Participant, the option granted to such Participant may be exercised by the estate of such Participant, or by any person or persons who acquired the right to exercise such option by will or by the laws of descent and distribution. Such option may be exercised at any time within 180 days after the date of death of such Participant or prior to the date on which the option expires by its terms, whichever is earlier.

b. Except as stated in paragraph (c) below, in the event that a Participant ceases to be a director of the Corporation, other than by reason of his or her death, the options granted to such Participant may be exercised, for a period of thirty (30) days after such date, or prior to the date on which the option expires by its terms, whichever is earlier.

c. In the event a Participant is removed from the Board of Directors for cause as determined by the shareholders, the options granted to such Participant must be exercised prior to his removal.

9. TRANSFERABILITY OF OPTIONS.

The right of any Participant to exercise an option granted to him or her under the Plan shall not be assignable or transferable by such Participant otherwise than (i) by will or the laws of descent and distribution, or (ii) by gift or, with the consent of the Corporation, for value to immediate family members of the Participant, partnerships of which the only partners are members of the Participant's immediate family and trusts established solely for the benefit of such family members; and solely as it pertains to effecting an exercise of an option transferred in accordance with this Section 9, the term Participant shall include a permitted transferee.

10. NO RIGHTS AS STOCKHOLDER UNTIL EXERCISE.

Neither the recipient of an option under the Plan nor his or her successors in interest shall have any rights as a stockholder the Corporation with respect to any Shares subject to an option granted to such person until such person becomes a holder of record of such Shares.

11. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION.

In the event that the outstanding shares of the common stock of the Corporation are changed into or exchanged for a different number or kind of shares or other securities of the Corporation or of another corporation, by reason of any reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination of shares, or dividend payable in capital stock, appropriate adjustment shall be made in the number and kind of shares subject to and reserved for issuance or transfer under the Plan and as to which outstanding options (or portions thereof then unexercised) shall be exercisable, to the end that the proportionate interest of Participants and prospective Participants, with respect to options theretofore granted and to be granted, shall be maintained as before the occurrence of such event. Such adjustment in outstanding options shall be made without change in the total price applicable to the unexercised portion of such options, but with a corresponding adjustment in the option price per share.

12. RESTRICTIONS ON ISSUE OF SHARES.

Anything in this Plan to the contrary notwithstanding, the Corporation may delay the issuance of Shares covered by the exercise of any option and the delivery of a certificate for such Shares until on the following conditions shall be satisfied:

(i) the Shares with respect to which an option has been exercised are at the time of the issue or transfer of such Shares effectively registered under applicable federal securities laws now in force or hereafter amended; or

(ii) counsel for the Corporation shall have given an opinion, which opinion shall not be unreasonably conditioned or withheld, that such Shares are exempt from registration under applicable federal securities laws now in force or hereafter amended.

It is intended that all exercises of options shall be effective. Accordingly, the Corporation shall use its best efforts to bring about compliance with the above conditions within a reasonable time, except that the Corporation shall be under no obligation to cause a registration statement or a posteffective amendment to any registration statement to be prepared at its expense solely for the purpose of covering the issuance or transfer from the Corporation's reserve of authorized but unissued Shares in respect of which any option may be exercised.

13. PURCHASE FOR INVESTMENT.

Unless the Shares to be issued upon exercise of an option granted under the Plan have been effectively registered under the Securities Act of 1933 as now in force or hereafter amended, the Corporation shall be under no obligation to issue or transfer any Shares covered by any option unless the person or persons who exercise such option, in whole or in part, shall give a written representation and undertaking to the Corporation, which is satisfactory in form and scope to counsel to the Corporation and upon which, in the opinion of such counsel, the Corporation may reasonably rely, that he or she is acquiring the Shares issued or transferred to him or her for his or her own account as an investment and not with a view to, or for sale in connection with, the distribution for any such Shares, and that he or she will make no transfer of the same except in compliance with any rules and regulations in force at the time of such transfer under the Securities Act of 1933, or any other applicable law, and that if Shares are issued or transferred without such registration a legend to this effect may be placed upon the certificates representing the Shares.

14. EFFECTIVE DATE.

The effective date (the "Effective Date") of this Plan was January 17, 1989.

15. EXPENSES OF THE PLAN.

All costs and expenses of the adoption and administration of the Plan shall be borne by the Corporation and none of such expenses shall be charged to any Participant.

16. TERMINATION AND AMENDMENT OF PLAN.

Unless sooner terminated as herein provided, the Plan shall terminate ten years from the Effective Date. The Board may at any time terminate the Plan or make such modification or amendment thereof as it deems advisable; provided, however, that, except as provided in Section 11, the Board may not, without the approval of the stockholders of the Corporation, increase the maximum aggregate number of shares for which options may be granted under the Plan or the number of Shares for which an option may be granted to any Participant. Termination or any modification or amendment of the Plan shall not, without the consent of a Participant, affect his or her rights under an option previously granted to him or her.

STARBUCKS CORPORATION
1991 COMPANY-WIDE
STOCK OPTION
PLAN
(Adopted effective 10/90; Amended
9/92,2/93, 1/94, and 9/96)

1. INTRODUCTION AND DEFINITIONS

1.1 THE PLAN:

This 1991 Company-Wide Stock Option Plan (this "Plan") establishes the right of and procedures for STARBUCKS CORPORATION (the "Company") to grant stock options to its employees.

1.2 DEFINITIONS:

Capitalized terms used in this Plan shall have the following meanings:

"ACT." "Act" shall mean the Securities Act of 1933.

"Board." The "Board" shall mean the Board of Directors of Starbucks Corporation.

"BUY OUT NOTICE." "Buy Out Notice" shall have the meaning set forth in Section 7 hereof.

"CODE." "Code" shall mean the Internal Revenue Code of 1986, as amended.

"COMPANY." The "Company" shall mean Starbucks Corporation d/b/a Starbucks Coffee Company.

"FAIR MARKET VALUE." The "Fair Market Value" of the Company's equity securities shall be determined, as of any time, based upon the prevailing bid price of the Company's common stock as of such time on the national exchange, over-the-counter, or other stock trading market on which the Company is listed, and in the absence of which shall be determined by the Board.

"PLAN." "Plan" shall mean the Starbucks Corporation 1991 Company-Wide Stock Option Plan, as amended.

"SHARES." The "Shares" shall mean the Shares reserved for issuance under this Plan as further defined in Section 2.2.

2. GENERAL PROVISIONS

2.1 OBJECTIVES OF THE PLAN:

The purpose of this Plan is to encourage ownership of common stock of the Company by all employees of the Company and any current or future subsidiary. This Plan is intended to provide an incentive and bonus for maximum effort in the successful operation of the Company and is expected to benefit the shareholders by associating the interests of the Company's employees with those of its shareholders and by enabling the Company to attract and retain personnel of the best available talent through the opportunity to share, by the proprietary interests created by this Plan, in the increased value of the Company's shares to which such personnel have contributed. The benefits of this Plan are not a substitute for compensation otherwise payable to Company employees pursuant to the terms of their employment. This Plan provides for the granting of "Non- Qualified Stock Options," which options are not to be construed as "Incentive Stock Options" as defined and governed by Section 422A of the Code. This Plan sets forth provisions applicable to Non-Qualified Options only.

2.2 STOCK RESERVED FOR THIS PLAN:

The Stock reserved for issue upon the exercise of options granted under this Plan will not exceed 1,000,000 shares of the no par value common stock of the Company (the "Shares") which may be either authorized and unissued shares or issued shares held in or hereafter acquired for the treasury of the Company. Shares subject to any option under this Plan which are not exercised in full or Shares as to which the right to purchase is forfeited through default or otherwise, shall remain available for other options under this Plan provided that the aggregate number of Shares subject to options under this Plan shall not exceed 1,000,000 Shares of said stocks unless the Board approves an increase in said number.

2.3 ADMINISTRATION OF THIS PLAN:

This Plan shall be administered by the Company's Board of Directors (sometimes referred to herein as the "Board"), provided that each member of the Board who participates in administration must be a "disinterested person" as that term is defined in Rule 16b(3) of the Securities Exchange Act of 1934. The Board may appoint a Board committee of not less than three such disinterested persons to administer the Plan in the

name of the Board. Such committee shall have sole discretion to determine the employees to be granted options under this Plan, to determine the size and applicable terms and conditions of grants to be made to such employees, to determine a time when options will be granted, and to authorize grants to eligible employees. Such committee shall have full power and authority to administer and interpret this Plan and to adopt, from time to time, such guidelines, rules, regulations, agreements, and instruments for the administration of this plan as it deems necessary or advisable.

The Board's interpretations of this Plan, and all actions taken and determinations made by the Board concerning any matter arising under or with respect to this Plan or any options granted pursuant to this Plan, shall be final, binding, and conclusive on all interest parties, including the Company, its shareholders, and all former, present and future employees of the Company. The Board may, as to all questions of accounting rely conclusively upon any determinations made by independent public accounts of the Company.

The guidelines for administration of this plan as adopted by and amended by the Board shall be attached to this Plan for reference.

2.4 ELIGIBILITY; FACTS TO BE CONSIDERED IN GRANTING OPTIONS:

An option may be granted to any full-time or part-time employee who, as of the date the option is granted, is then an employee and had been an employee of the Company or of any subsidiary for at least 180 consecutive days during the Company's last fully-completed fiscal year, provided that employees who hold any of the positions of President, Chief Executive Officer, Chief Financial Officer, or Principal Accounting Officer may not participate. In its determination of an employee to whom an option shall be granted and the number of shares to be covered by such option, the Board may also take into account any or all of the following factors: the salary and/or wages of the employee; the duties of the employee; the present and potential contributions of the employee to the success of the Company; the anticipated number of years of service remaining before the attainment by the employee of the age of retirement; and other factors deemed relevant by the Board in connection with accomplishing the purpose of this Plan. An employee who has been granted an option to purchase Shares of the Company, whether under this Plan or otherwise, may, if the board shall so determine, be granted additional options, provided that no employee may be granted options under this Plan that in the aggregate would result in such employee receiving more than 5% of the maximum number of Shares available for issuance under this Plan.

2.5 VESTING OF OPTIONS:

The Board shall have the authority to establish the time or times at which the optioned Shares may be purchased and whether all of the options may be exercised at one time or in increments.

2.6 RIGHTS OF OPTIONEE IN EVENT OF MERGER, CONSOLIDATION, TENDER OFFER, TAKEOVER BID, SALE OF ASSETS OR DISSOLUTION:

(a) Notwithstanding Section 2.5 above or anything else in this Plan to the contrary, the Optionee may purchase the full amount of optioned Shares for which options have been granted to the Optionee and for which the options have not been exercised under the following conditions:

(1) The Optionee may conditionally purchase any or all optioned Shares during the period commencing twenty- seven (27) days and ending (7) days prior to the scheduled effective date of a merger or consolidation (as such effective date may be delayed from time to time) wherein the Company is not to be the surviving corporation, which merger or consolidation is not between or among the Company and other corporations related to or affiliated with the Company;

(2) The Optionee may conditionally purchase any or all optioned Shares during the period commencing on the initial date of a tender offer or takeover bid for the optioned Shares (other than a tender offer by the Company) subject to the Securities Exchange Act of 1934 and the rules promulgated thereunder and ending on the day preceding the scheduled termination date of acceptance of tenders of Shares by the offeror under any such tender offer or takeover bid (as such termination date may be extended by such offeror);

(3) The Optionee may conditionally purchase any or all optioned Shares during the period commencing on the date the shareholders of the Company approve a sale of substantially all the assets of the Company and ending seven (7) days prior to the scheduled closing date of such sale (as such closing date may be delayed from time to time); and

(4) The Optionee may conditionally purchase any or all optioned Shares during the period commencing on the date the Company files its Statement of Intent to Dissolve and ending thirty (30) days later but not in any event later than the day before the Company files its Articles of Dissolution.

(b) If the merger, consolidation, tender offer, takeover bid, sale of assets, or dissolution, as the case may be and as described in Subsections (1) through (4) of Section 2.6(a), once commenced, is cancelled or revoked, the conditional purchase of Shares for which the option to purchase would not have otherwise been exercisable at the time of said cancellation or revocation, but for the operation of this Section 2.6, shall be rescinded. With respect to all other Shares conditionally purchased, the Optionee may rescind such purchase at his or her option.

(c) If the merger, consolidation, tender offer, takeover bid, or sale of assets does occur or thirty (30) days passes after a Statement of Intent to Dissolve is filed (or Articles of Dissolution are filed), as the case may be and as described in Subsections (1) through (4) of Section 2.6(a), and the Optionee has not conditionally purchased all optioned Shares, all unexercised options shall terminate on the effective, termination, or

closing date, or thirty (30) days after the date of said filing date (but not later than the day before Articles of Dissolution are filed), as the case may be.

(d) If the Company shall be the surviving corporation in any merger or is a party to a merger or consolidation which is between or among the Company and other corporations related to or affiliated with the Company, any option granted hereunder shall pertain and apply to the securities to which a holder of the number of Shares of common stock subject to the option would have been entitled.

(e) Nothing herein shall allow the Optionee to purchase optioned Shares, the options for which have expired.

2.7 TERMS AND EXPIRATION OF OPTIONS:

Each option granted under this Plan shall be in writing, shall be subject to such amendment or modification from time to time as the Board shall deem necessary or appropriate to comply with or take advantage of applicable laws or regulations and shall contain provisions to the following effect, together with such other provisions as the Board shall from time to time approve:

(a) that, subject to the provisions of Section 2.7(b) below, the option, as to the whole or any part thereof, may be exercised only by the Optionee or such Optionee's personal representative;

(b) that neither the whole nor any part of the option shall be transferable by the Optionee or by operation of law otherwise than by the will of, or by the laws of descent and distribution applicable to, a deceased Optionee and that the option and any and all rights granted to the Optionee thereunder and not theretofore effectively and completely exercised shall automatically terminate and expire upon any sale, transfer, or hypothecation or any attempted sale, transfer, or hypothecation of such rights or upon the bankruptcy or insolvency of the Optionee or his or her estate;

(c) that subject to the foregoing provisions, an option may be exercised at different times for portions of the total number of Shares for which the right to purchase shall have vested provided that such portions are in multiples of 10 shares if the Optionee holds vested options for 99 or fewer shares and otherwise in multiples of 100 shares;

(d) that no Optionee shall have the right to receive any dividend on or to vote or exercise any right in respect of any Shares unless and until the certificates for such Shares have been issued to such Optionee;

(e) that the option shall expire at the earliest of the following:

(1) The date specified in the option;

(2) Ninety (90) days after voluntary or involuntary termination of Optionee's employment other than termination as described in Paragraphs (3) or (4) below:

(3) Upon the discharge of Optionee for misconduct, willfully or wantonly harmful to the Company;

(4) Twelve (12) months after Optionee's death or disability; or

(5) In the event of a merger, consolidation, tender offer, takeover bid, sale of assets, or filing of a Statement of Intent to Dissolve (or the filing of Articles of Dissolution), as the case may be and as described in Subsections
(1) through (4) of Section 2.6(a), on the date specified in
Section 2.6(c). However, if the merger, consolidation, tender offer, takeover bid, or sale of assets does not occur or if a Statement of Intent to Dissolve is not filed, as the case may be and as described in Subsections (1) through (4) of Section 2.6(a), all options which are terminated pursuant to this Subsection (e)(5) shall be reinstated as if no action with respect to any of said events had been contemplated or taken by any party thereto and all Optionees shall be returned to their respective positions on the date of termination;

(f) that, to the extent an option provides for the vesting thereof in increments, such vesting shall cease as of the date of the Optionee's death, disability, or voluntary or involuntary termination of Optionee's employment with the Company;

(g) that the terms of the option shall not be affected by any change of duties or position so long as the Optionee shall continue to be employed by the Company or a subsidiary.

2.8 EXERCISE OF OPTIONS:

The Optionee (or other person or persons, if any, entitled thereto hereunder) desiring to exercise an option granted and exercisable hereunder as to all or part of the Shares covered thereby shall notify the Company or, if required by the Company, the brokerage firm designated by the Company to facilitate exercises and sales under this Plan, specifying the number of option Shares to be purchased and, if required by the Company, representing in form satisfactory to the Company that the Shares are being purchased for investment and not with a view to resale or distribution. The notification to the brokerage firm shall be made in accordance with procedures of such brokerage firm approved by the

Company. With respect to any Shares conditionally purchased pursuant to Section 2.6(a) above and for which such purchase has not been voluntarily or otherwise rescinded pursuant to Section 2.6(b), the Optionee shall be deemed to have given the notice required by this Section 2.8 as of ten (10) days prior to the closing or effective date of the merger, consolidation, tender offer, takeover bid, or sale of assets or as of the twentieth (20th) day after a Statement of Intent to Dissolve is filed (or the tenth (10th) day before the filing of Articles of Dissolution if it precedes said twentieth
(20th) day), as the case may be and as described in Subsections
(1) through (4) of Section 2.6(a).

2.9 METHOD OF EXERCISE OF OPTION:

The option shall be exercised as to the number of Shares specified in the notice provided pursuant to Section 2.8 above by payment to the Company of the amount specified below in Section
3.2. Payment of the option price shall be made in cash or in accordance with procedures for a "cashless exercise" as the same shall have been established from time to time by the Company and the brokerage firm designated by the Company to facilitate exercises and sales under this Plan. Payment in shares of the Company's common stock shall be deemed to be the equivalent of payment in cash at the Fair Market Value of those shares. No such payment in shares of the Company's common stock shall be allowed when the same may in the reasonable opinion of the Company cause the Company to record a loss or expense as a result thereof.

2.10 RECAPITALIZATION:

The aggregate number of Shares for which options may be granted hereunder, the number of Shares covered by each outstanding option, and the price per Share thereof in each such option shall be proportionately adjusted for an increase or decrease in the number of outstanding shares of common stock of the Company resulting from a stock split or reverse split of shares or any other capital adjustment or the payment of a stock dividend or other increase or decrease in such shares effected without receipt of consideration by the Company excluding any decrease resulting from the purchase of shares for the treasury. If the adjustment would result in a fractional Share, the Optionee shall be entitled to one (1) additional Share, provided that the total number of Shares to be granted under this Plan shall not be increased above the equivalent number of Shares initially allocated or later increased by approved amendment to this Plan.

2.11 SUBSTITUTIONS AND ASSUMPTIONS:

The Board shall have the right to substitute or assume options in connection with mergers, reorganizations, separations, or other "corporate transactions" as that term is defined in and said substitutions and assumptions are permitted by Section 425 of the Code and the regulations promulgated thereunder. The number of Shares reserved pursuant to Section 2.2 may be increased by the corresponding number of options assumed and, in the case of a substitution, by the net increase in the number of Shares subject to options before and after the substitution.

2.12 TERMINATION:

The directors of the Company may at any time modify, amend, or terminate this Plan. No amendment, modification, or termination of the Plan may adversely affect options granted prior to such action.

2.13 GRANTING OF OPTIONS:

The granting of any option pursuant to this Plan shall be entirely in the discretion of the Board and nothing herein contained shall be construed to give any employee any right to participate under this Plan.

2.14 WITHDRAWAL:

An Optionee may at any time elect in writing to abandon an option with respect to the number of Shares as to which the option shall not have been exercised.

2.15 GOVERNMENT REGULATIONS:

This Plan and the granting and exercise of any option hereunder and the obligations of the Company to sell and deliver Shares under any such option shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies as may be required.

2.16 PROCEEDS FROM SALE OF STOCK:

Proceeds of the purchase of optioned Shares by an Optionee shall be for the general business purposes of the Company.

2.17 BOARD AUTHORIZATION:

This Plan has been adopted and authorized by the Board for a period of ten years beginning as of the first day of the Company's 1991 fiscal year.

2.18 COMPLIANCE WITH SECURITIES LAWS:
The Board shall have the right to:

(a) require an Optionee to execute, as a condition of the exercise of an option, a letter evidencing Optionee's intent to acquire the Shares for investment and not with a view to the resale or distribution thereof;

(b) place appropriate legends upon the certificate or certificates for the Shares; and

(c) take such other acts as it deems necessary in order to cause the issuance of optioned Shares to comply with applicable provisions of State and Federal Securities Laws.

In furtherance of the foregoing, and not by way of limitation thereof, no option shall be exercisable unless such option and the Shares to be issued pursuant thereto shall be registered under appropriate Federal and State Securities Laws, or shall be exempt therefrom, in the opinion of the Board upon advice of counsel to the Company. Each option agreement shall contain adequate provisions to assure that there will be no violation of such Laws. This provision shall in no way obligate the Company to undertake registration of options or Shares hereunder. Issue, transfer or delivery of certificates for Shares pursuant to the exercise of options may be delayed, at the discretion of the board, until the Board is satisfied that the applicable requirements of the Federal and State Securities Laws have been met.

2.19 TERMINAL DATE OF PLAN:

This Plan shall not extend beyond October 1, 2000.

3. OPTION PRICE AND WITHHOLDING TAX

In addition to the provisions of Section 2 above, the following paragraphs shall apply to any options granted under this Plan:

3.1 OPTION PRICE:

The option or purchase price of each Share optioned under this Plan shall be determined by the Board at the time of the action for the granting of the option.

3.2 WITHHOLDING ON PAYMENT FOR OPTIONED SHARES:

The amount to be paid by the Optionee upon exercise of an option shall be the full purchase price thereof provided in the option, together with the amount of federal, state, and local income and FICA taxes required to be withheld by the Company. An Optionee may elect to pay his or her federal, state, or local income and FICA withholding tax by having the Company withhold shares of Company common stock having a value equal to the amount required to be withheld. The value of the shares to be withheld is deemed to equal the fair market value of the shares on the day the option is exercised, as determined in accordance with Section
2.9. An election by an Optionee to have shares withheld for this purpose will be subject to the following restrictions:

(a) If an Optionee has received multiple option grants, a separate election must be made for each grant;

(b) The election must be made prior to the day the option is exercised;

(c) The election will be irrevocable;

(d) The election will be subject to the disapproval of the Board;

(e) If the Optionee is an officer of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934 ("Section 16"), the election may not be made within six months following the grant of the option; and

(f) If the Optionee is an officer of the Company within the meaning of said Section 16, the election must be made either six months prior to the day the option is exercised or the ten day "window" beginning on the third day following the release of the Company's quarterly or annual summary statement of sales and earnings.

4. AMENDMENT

This Plan and all rules and regulations adopted in respect hereof may be terminated, suspended, or amended at any time by a majority vote of the Board, except as otherwise specifically set forth in Section 2.12, provided that no such action shall adversely affect any rights of Optionees granted under this Plan prior to such action. The Board may amend the terms and conditions of outstanding options, provided, however, that (i) no such amendment would be adverse to the holders of such options,
(ii) no such amendment shall extend the period for exercise of an option, and (iii) the amended terms of an option would be permitted under

this Plan.

5. FOREIGN EMPLOYEES

Without amending the Plan, the Board may grant options to eligible employees who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Board be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes the Board may make such modifications, amendments, procedures, subplans, and the like as may be necessary or advisable to comply with the provisions of laws in other countries in which the Company operates or has employees.

6. REGISTRATION, LISTING, AND QUALIFICATION OF SHARES

Each option shall be subject to the requirement that if at any time the Board shall determine that the registration, listing, or qualification of the shares covered thereby upon any securities exchange or under any foreign, federal, state, or local law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such option or the purchase of shares thereunder, no such option may be exercised unless and until such registration, listing, qualification, consent, or approval shall have been effected or obtained free of any condition not acceptable to the Board. Any person exercising an option shall make such representations and agreements and furnish such information as the Board may request to assure compliance with the foregoing or any other applicable legal requirements.

7. BUY OUT OF OPTION GAINS

At any time after any option becomes exercisable, the Board shall have the right to elect, in its sole discretion and without the consent of the Optionee, to cancel such option and to pay such Optionee the excess of the fair market value of the shares of the Company's common stock covered by such option over the option exercise price of such option at the date the Board provides written notice (the "Buy Out Notice") of its intention to exercise such right. Buy outs pursuant to this provision shall be effected by the Company as promptly as possible after the date of the Buy Out Notice. Payments of buy out amounts may be made in cash, in shares of the Company's common stock, or partly in cash and partly in common stock, as the Board deems advisable. To the extent payment is made in shares of common stock, the number of shares shall be determined by dividing the amount of the payment to be made by the fair market value of a share of common stock at the date of the Buy Out Notice. In no event shall the Company be required to deliver a fractional share of common stock in satisfaction of this buy out provision. Payment of any such buy out amount shall be made net of any applicable foreign, federal (including FICA), state, and local withholding taxes.

8. NO RIGHTS TO OPTIONS OR EMPLOYMENT; NO RESTRICTIONS

No employee or other person shall have any claim or right to be granted an option under this Plan. Having received an option under this Plan shall not give an employee any right to receive any other grant or option under this Plan. An Optionee shall have no rights to or interest in any option except as set forth herein. Neither this Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained in the employ of the Company. Nothing in this Plan shall restrict the Company's rights to adopt other option plans pertaining to any or all of the employees covered under this Plan or other employees not covered under this Plan.

9. COSTS AND EXPENSES

Except as provided herein with respect to the payment of taxes, all costs and expenses of administering the Plan shall be borne by the Company and shall not be charged to any grant nor any employee receiving a grant.

10. PLAN UNFUNDED

This Plan shall be unfunded. Except for the Board's reservation of a sufficient number of authorized shares to the extent required by law to meet the requirements of the Plan, the Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure payment of any grant under the Plan.

11. GOVERNING LAW

This Plan shall be governed by and construed in accordance with the laws of the state of Washington.

STARBUCKS CORPORATION

EXHIBIT 11 - COMPUTATION OF PER SHARE EARNINGS
(in thousands, except earnings per share)

	September 29, 1996	October 1, 1995	October 2, 1994
CALCULATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE - - - PRIMARY:			
Net earnings	$ 42,128	$ 26,102	$ 10,206
Weighted average shares outstanding calculation:			
Weighted average number of common shares outstanding	73,849	68,898	56,936
Dilutive effect of outstanding common stock options and warrants	3,115	2,411	2,782
Weighted average shares outstanding	76,964	71,309	59,718
Earnings per share	$ 0.55	$ 0.37	$ 0.17
CALCULATION OF EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE - - - FULLY-DILUTED: (1)			
Net earnings calculation:			
Net earnings	$ 42,128	$ 26,102	$ 10,206
Add after tax interest expense on debentures	1,248	--	--
Add after tax amortization of issuance costs related to the debentures	93	--	--
Adjusted net earnings	$ 43,469	$ 28,449	$ 12,561
Weighted average shares outstanding calculation:			
Weighted average number of common shares outstanding	73,849	68,898	56,936
Dilutive effect of outstanding common stock options and warrants	3,956	3,011	2,821
Assuming conversion of convertible subordinated debentures	3,026	--	--
Weighted average shares outstanding	80,831	71,909	59,757
Earnings per common and common equivalent share - fully-diluted	$ 0.54	$ 0.36	$ 0.17

(1) - Fully-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.

STARBUCKS CORPORATION

EXHIBIT 12 - STATEMENT REGARDING COMPUTATION OF
RATIO OF EARNINGS TO FIXED CHARGES (1)
(In thousands, except ratio data)

	September 29, 1996	October 1, 1995	October 2, 1994	October 3, 1993	September 27, 1992
COMPUTATION OF EARNINGS:					
Earnings before income taxes	$ 68,501	$ 43,143	$ 17,754	$ 13,526	$ 7,152
Interest expense	8,739	3,765	3,807	772	612
Amortization of debt expense	682	260	260	43	192
Portion of rents representative of interest factor	20,612	14,713	7,144	3,892	2,300
Less: Capitalized interest	(306)	(160)	(99)	----	----
Total earnings (as calculated)	$ 98,228	$ 61,721	$ 28,866	$ 18,233	$10,256
COMPUTATION OF FIXED CHARGES:					
Interest expense	$ 8,739	$ 3,765	$3,807	$ 772	$ 612
Amortization of debt expense	682	260	260	43	192
Portion of rents representative of interest factor	20,612	14,713	7,144	3,892	2,300
Total fixed charges	$ 30,033	$ 18,738	$11,211	$4,707	$3,104
Ratio of earnings to fixed charges	3.27x	3.29x	2.57x	3.87x	3.30x

(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.

STARBUCKS CORPORATION

EXHIBIT 21 - SUBSIDIARIES OF THE REGISTRANT

The Coffee Connection, Inc.

Starbucks New Venture Company

Starbucks Coffee International, Inc.

Starship I, Inc.

Starbucks Holding Company

Starbucks Manufacturing Corporation

SBI Nevada, Inc. (a wholly-owned subsidiary of Starbucks Coffee International, Inc.)

Circadia Corporation

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT AND REPORT ON SCHEDULE

We consent to the incorporation by reference in Registration Statements No. 33-52526, 33-52528, 33-92208 and 33-92184 of Starbucks Corporation on Forms S-8 and Registration Statement No. 33-95690 of Starbucks Corporation on Form S-3 of our reports dated November 22, 1996, appearing in and incorporated by reference in the Annual Report on Form 10-K of Starbucks Corporation for the year ended September 29, 1996.

Our audits of the financial statements referred to in our aforementioned report also included the financial statement schedule of Starbucks Corporation, listed in Item 14(a)2. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/Deloitte & Touche LLP
- - ------------------------
DELOITTE & TOUCHE LLP
Seattle, Washington

December 23, 1996

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE STARBUCKS CORPORATION FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 29, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END SEP-29-1996 <PERIOD START OCT-02-1995	
PERIOD END	SEP 29 1996
CASH	126,215
SECURITIES	103,221
RECEIVABLES	17,621
ALLOWANCES	116
INVENTORY	83,370
CURRENT ASSETS	339,541
PP&E	457,480
DEPRECIATION	88,003
TOTAL ASSETS	726,613
CURRENT LIABILITIES	101,091
BONDS	165,020
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	361,309
OTHER SE	90,351
TOTAL LIABILITY AND EQUITY	726,613
SALES	696,481
TOTAL REVENUES	696,481
CGS	335,800
TOTAL COSTS	335,800
OTHER EXPENSES	303,688
LOSS PROVISION	0
INTEREST EXPENSE	8,739
INCOME PRETAX	68,501
INCOME TAX	26,373
INCOME CONTINUING	42,128
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	42,128
EPS PRIMARY	0.55
EPS DILUTED	0.54

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