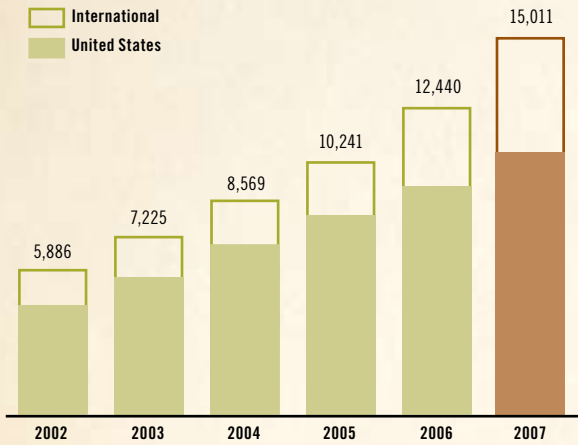




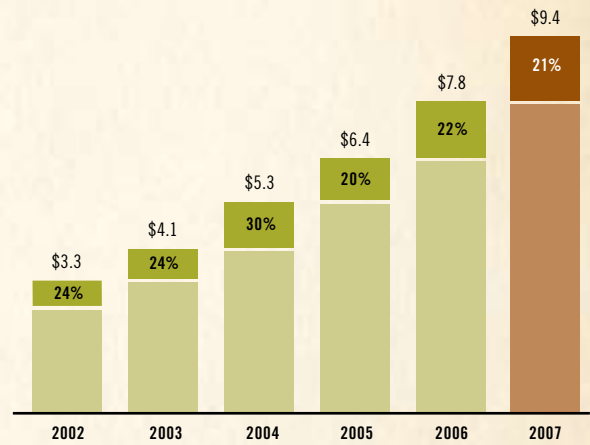
life happens over coffee

Financial Highlights

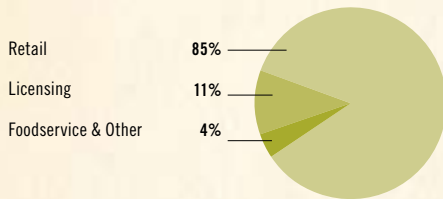
Stores Open at Fiscal Year End
(COMPANY-OPERATED AND LICENSED STORES)



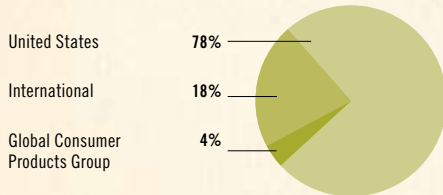
Net Revenues (IN BILLIONS) & Net Revenue Growth (PERCENTAGES) from Previous Year



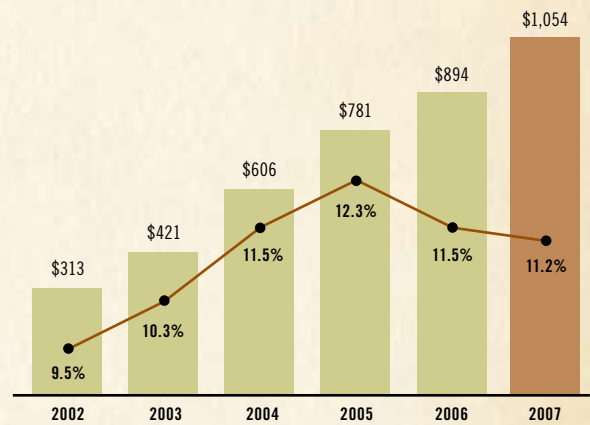
Components of 2007 Revenue



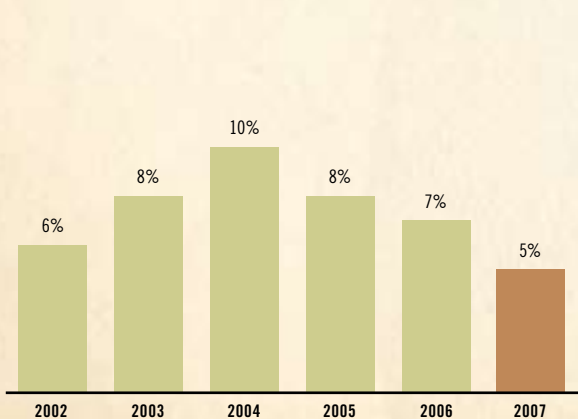
2007 Revenue Breakdown



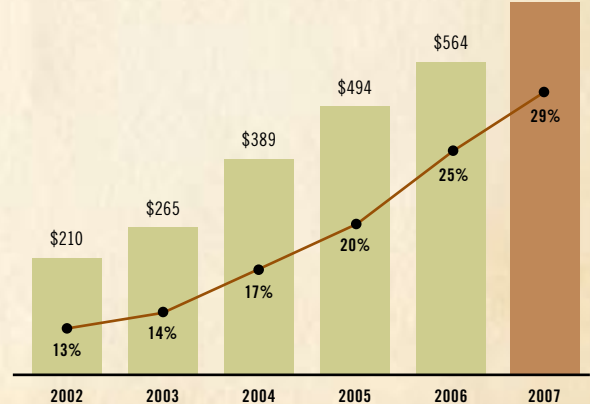
Operating Income (IN MILLIONS) & Operating Margin (PERCENTAGES)



Comparable Store Sales
(COMPANY-OPERATED STORES OPEN 13 MONTHS OR LONGER)



Net Earnings (IN MILLIONS) & Return on Equity (PERCENTAGES)



Dear Shareholders,

Twenty-five years ago, I walked into Starbucks first store in Seattle's Pike Place Market, and enjoyed the best cup of coffee I had ever tasted. At that moment and in that historic place, I connected with a group of people who were passionate about sourcing, roasting and sharing the highest quality *arabica* coffee in the world with their customers. They sparked that same passion within me. I scooped coffee at this store; I served customers; and I built Starbucks first coffee bar there. I still have a key to the store, and I often return there to remind myself of where we've come from, and to draw inspiration for where we're going.

At our core, we are a coffee company. At our core, we celebrate the interaction between us and our customers through the coffee experience. The Pike Place store has always been the symbolic heart of the *Starbucks Experience*, which more than 170,000 partners (employees) bring to life every day in over 15,000 stores and in 43 countries.

In the years since my initial visit, Starbucks has become an enduring, global company. We built our company in a different way. We built it on trust—a trust we have created as the result of the way our partners work together, our relationships with our customers, the respectful way we treat coffee farmers, and our contributions to the communities we serve.

This has made us a highly successful organization. In fiscal 2007, we generated \$9.4 billion in revenues and we reported net earnings of \$673 million, or \$0.87 per share.

Despite the strength of this performance, beginning in 2007, we started to see customer traffic slow in our U.S. stores. This is disappointing and unacceptable, but I assure you that we are taking dramatic steps to address this and transform our business to ensure that Starbucks continues to be the “third place” that our customers make part of their daily lives.

We understand the challenges we face, and we know that we have the ability and experience to overcome them. Like some other fast-growing companies, as we rapidly grew and had phenomenal success, we built infrastructure to support that growth which—although necessary—resulted in bureaucracy. We started to lose sight of our focus on the customer and our commitment to continually and creatively enhance the *Starbucks Experience*. Thus, to place a keener emphasis on operational excellence, we realigned our management team, promoting Martin Coles to the newly created position of chief operating officer. We also hired Pete Bocian, a highly respected and experienced chief financial officer, to succeed Michael Casey, who retired in October with our tremendous thanks for his numerous contributions during his 12 years with the company.

And in January 2008, the Board of Directors asked me to take on the additional role of president and chief executive officer, replacing Jim Donald who left the company. I want to offer my heartfelt gratitude to Jim for his tireless leadership during his tenure.



In my new role as chairman, president and ceo, the Board charged me with leading Starbucks in developing and executing initiatives that will ensure that our customers are proud to visit our stores and that we deliver long-term, sustainable value for our shareholders.

Reflecting on my life-changing experience at the Pike Place store, I know that, together, we will transform Starbucks for the future by embracing our rich heritage and renewing our focus on coffee as our core. We are committed to making our stores welcoming and distinctive places that are a true part of their communities all around the world.

The transformation agenda we are implementing includes improving our U.S. business by introducing new, exciting products and programs for our partners, and store enhancements to increase our focus on the customer. Immediately, we are slowing the pace of our U.S. store growth and closing under-performing locations. We are accelerating expansion and increasing the profitability of Starbucks outside the U.S. We will reignite our emotional attachment to our customers and restore their connections with our coffee, brand, partners and stores. And we are building for the long-term—both in ensuring our support functions are focused fully on advancing the customer experience, and expanding our exceptional international success story.

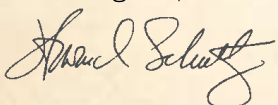
Our work will center on renewing the *Starbucks Experience* through driving improvement and change in all areas that “touch the customer.” Even as we focus on coffee, we will innovate by creating new products and experiences that complement the coffeehouse experience and drive transactions. As we enter 2008 and beyond, you can expect to see significant initiatives that will remind our customers and partners of the creativity and innovation that made Starbucks the unique company it is now and will be in the future.

Of course, we will continue to give back to the communities and neighborhoods in which we do business and the countries where we purchase coffee. We will make a positive impact through our purchases of sustainably grown coffee through our Coffee and Farmer Equity (C.A.F.E.) Practices program, creating a new framework for giving and volunteerism, helping to build awareness of climate change, and much more. These—like our commitment to treating our partners with respect and dignity and providing health care and *Bean Stock* for all of our eligible full- and part-time partners—are central to who we are.

I remain passionately enthusiastic about our company’s future. You have my personal commitment that we will make you proud of how our continued dedication to the heritage and the tradition of Starbucks delivers value to everyone that we touch—that we are a company you can trust and believe in—and that we are a company that you can admire not only for the profit we make, but for the good that we do.

On behalf of the Starbucks leadership team, I would like to thank our partners, our customers, our business partners, the farmers and suppliers who grow our coffee, and our shareholders for their unwavering support and belief in our future.

Warm regards,

A handwritten signature in black ink, appearing to read "Howard Schultz". The signature is fluid and cursive, with the first name "Howard" being more prominent than the last name "Schultz".

Howard Schultz

chairman, president and chief executive officer

Market Information

The company's common stock is traded on the NASDAQ Global Select Market under the symbol SBUX. The table below sets forth the quarterly high and low closing stock prices of the common stock as reported by NASDAQ for each quarter during the last two fiscal years.

September 30, 2007:	High	Low
Fourth Quarter	\$28.29	\$25.87
Third Quarter	31.84	25.54
Second Quarter	36.29	29.32
First Quarter	39.43	33.62

October 1, 2006:	High	Low
Fourth Quarter	\$38.02	\$29.55
Third Quarter	39.63	34.93
Second Quarter	37.63	30.24
First Quarter	31.96	24.91

The company's U.S. Securities and Exchange Commission filings may be obtained without charge by accessing the Investor Relations section of the company's website at <http://investor.starbucks.com>, at www.sec.gov, or by making a request to Investor Relations via the address, phone number or website listed below.

Investor Relations

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PO Box 34067
M/S S-FP1
Seattle, WA 98124-1067
(206) 447-1575, ext. 87118
<http://investor.starbucks.com>

Independent Auditors

Deloitte & Touche LLP

Transfer Agent

BNY Mellon Shareowner Services

Starbucks Coffee Company

c/o BNY Mellon Shareowner Services
PO Box 38015
Pittsburgh, PA 15252
(888) 835-2866
www.bnymellon.com/shareowner

Annual Meeting of Shareholders

March 19, 2008
10:00 a.m. PST
Marion Oliver McCaw Hall
Seattle, WA
Live webcast at: <http://investor.starbucks.com>

Note: Each Proxy Statement contains two admission tickets for the Annual Meeting. Each attendee must present an admission ticket for entry to the meeting. Doors open at 8 a.m.

CORPORATE SOCIAL RESPONSIBILITY

Our commitment to conduct our business in ways that produce social, environmental and economic benefits to the communities where we operate is integral to our overall strategy. In an effort to remain open, transparent and accountable, we publish a Corporate Social Responsibility annual report. Starbucks Fiscal 2007 CSR Annual Report will be available online at starbucks.com/csranualreport in May 2008.

Board of Directors and Senior Officers

Board of Directors

Howard Schultz *Starbucks Corporation, chairman, president and chief executive officer*
Barbara Bass *Gerson Baker Foundation, president*
Howard Behar *Starbucks Corporation, director*
William W. Bradley *Allen & Company LLC, managing director*
Melody Hobson *Ariel Capital Management, LLC, and Ariel Mutual Funds, president*
Olden Lee *PepsiCo, Inc., retired executive*
James G. Shennan, Jr. *Trinity Ventures, general partner emeritus*
Javier G. Teruel *Colgate-Palmolive Company, retired vice chairman*
Myron E. Ullman, III *J.C. Penney Company, Inc., chairman and chief executive officer*
Craig E. Weatherup *Pepsi-Cola Company, retired chief executive officer*

Senior Officers

Howard Schultz *chairman, president and chief executive officer*
Martin Coles *chief operating officer*
James C. Alling *president, Starbucks Coffee International*
Launi Skinner *president, Starbucks Coffee U.S.*
Peter J. Bocian *executive vice president, chief financial officer and chief administrative officer*
Paula E. Boggs *executive vice president, general counsel and secretary*
Dorothy J. Kim *executive vice president, Global Supply Chain Operations*
Chet Kuchinad *executive vice president, Partner Resources*

Troy Alstead *senior vice president, Finance and Global Business Operations*
Cliff Burrows *senior vice president; president, Europe/Middle East/Africa*
Wendy Collie *senior vice president; general manager, Starbucks Licensed Stores*
John Culver *senior vice president; president, Asia Pacific*
Terry Davenport *senior vice president, Marketing*
Michelle Gass *senior vice president, Global Strategy, Office of the CEO*
Peter D. Gibbons *senior vice president, Global Manufacturing Operations*
Margaret Giuntini *senior vice president, Partner Resources, U.S. Business*
Juan Guerrero *senior vice president, Global Logistics*
Willard (Dub) Hay *senior vice president, Coffee and Global Procurement*
Lucy Helm *senior vice president, deputy general counsel*
Buck Hendrix *senior vice president; president, Latin America*
Charles Jemley *senior vice president, Finance, Starbucks Coffee International*
Gregg S. Johnson *senior vice president, Global Business Systems Solutions*
David Landau *senior vice president, deputy general counsel and chief compliance officer*
Cosimo LaPorta *senior vice president, Western Division*
Barbara Le Marrec *senior vice president, Operations, Starbucks Coffee International*
Katharine Lindemann *senior vice president; general manager, Foodservice*
Mark Lindstrom *senior vice president*
Kenneth T. Lombard *senior vice president; president, Starbucks Entertainment*
Gerardo I. Lopez *senior vice president; president, Global Consumer Products and Seattle's Best Coffee*
Michael Malanga *senior vice president, Store Development*
James McDermet *senior vice president, Store Services*
Colin Moore *senior vice president; president, Starbucks Canada*
Dave Olsen *senior vice president, Culture and Leadership Development*
Denny Marie Post *senior vice president, Global Food and Beverage*
Robert Ravener *senior vice president, Partner Resources, U.S.*
Harry Roberts *senior vice president, chief creative officer*
Sheri Southern *senior vice president, Partner Resources, Starbucks Coffee International*
Michael Stafford *senior vice president, Organization and Partner Development*
Paul Twohig *senior vice president, Eastern Division*
Jinlong Wang *senior vice president; president, Greater China*
Mark Wesley *senior vice president, Real Estate/Store Development, Starbucks Coffee International*



THE CONVERSATION CONTINUES

There's a lot more to talk about. But in an effort to conserve resources, we've published our Starbucks Fiscal 2007 Annual Report and the full version of our Year in Review online at starbucks.com/yearinreview.

To minimize our environmental impact, the Starbucks Corporation Fiscal 2007 Annual Report, not the 10-K, was printed on paper manufactured from 100% post-consumer recycled fibers, certified Processed Chlorine Free (PCF), using 100% Green-e certified renewable energy. We'll keep looking for ways to further reduce our environmental footprint.

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