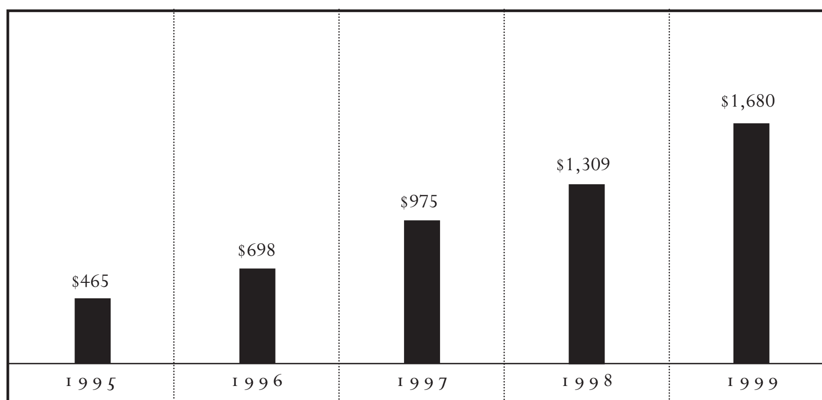
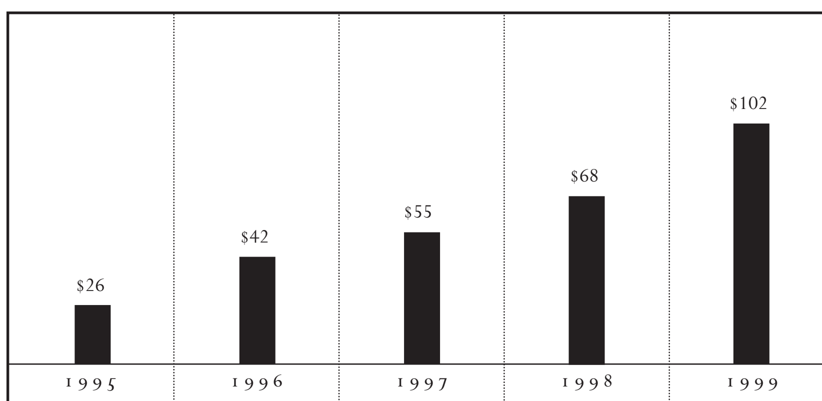
FINANCIAL HIGHLIGHTS

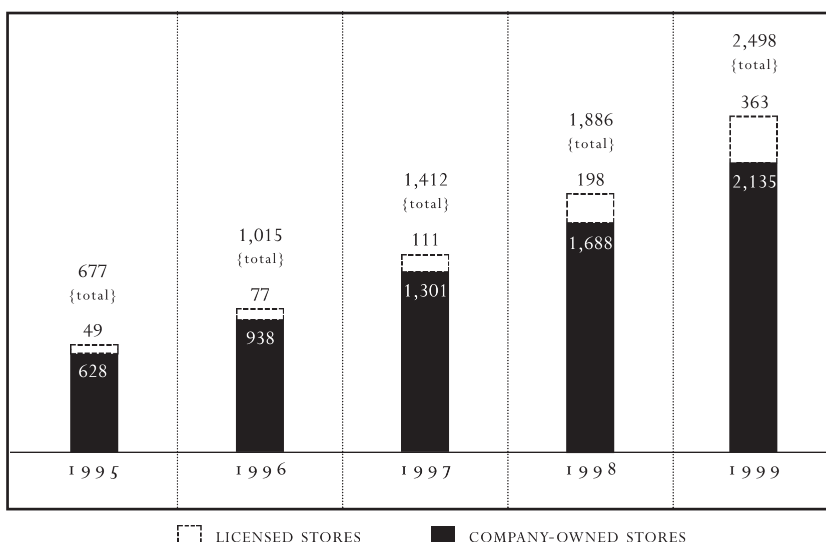
NET REVENUES *{in millions}*



NET EARNINGS *{in millions}*



RETAIL STORE COUNT *{at fiscal year end}*



LICENSED STORES COMPANY-OWNED STORES

BUSINESS

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

The Company's retail goal is to become the leading retailer and brand of coffee in each of its target markets by selling the finest quality coffee and related products and by providing superior customer service, thereby building a high degree of customer loyalty. Starbucks strategy for expanding its retail business is to increase its market share in existing markets and to open stores in new markets where the opportunity exists to become the leading specialty coffee retailer. As of October 3, 1999, the Company had 2,135 Company-operated stores in 34 states, the District of Columbia, five Canadian provinces and the United Kingdom. Company-operated retail stores accounted for approximately 85% of net revenues during the fiscal year ended October 3, 1999.

Starbucks specialty operations strive to develop the Starbucks brand outside the Company-operated retail store environment through a number of channels. Starbucks strategy for expanding its specialty operations is to reach customers where they work, travel, shop and dine by establishing relationships with prominent third parties who share Starbucks values and commitment to quality. These relationships take various forms, including domestic wholesale accounts, domestic retail store licensing agreements, grocery channel licensing agreements, domestic joint ventures and international licensing agreements. Starbucks specialty operations also include direct-to-consumer marketing channels. In certain licensing situations, the licensee is a joint venture in which Starbucks has an equity ownership interest. During fiscal 1999, specialty revenues accounted for approximately 15% of the Company's net revenues.

SELECTED FINANCIAL DATA

In thousands, except earnings per share and store operating data

The following selected financial data have been derived from the consolidated financial statements of the Company. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes thereto.

As of and for the fiscal year ended [1]	OCT 3, 1999 (53 Wks)	SEPT 27, 1998 (52 Wks)	SEPT 28, 1997 (52 Wks)	SEPT 29, 1996 (52 Wks)	OCT 1, 1995 (52 Wks)
RESULTS OF OPERATIONS DATA					
Net revenues					
Retail	$ 1,423,389	$ 1,102,574	$ 836,291	$ 601,458	$ 402,655
Specialty[2]	256,756	206,128	139,098	96,414	62,558
Total net revenues	1,680,145	1,308,702	975,389	697,872	465,213
Merger expenses[3]	–	8,930	–	–	–
Operating income	156,711	109,216	86,199	56,575	40,116
Gain on sale of investment[4]	–	–	–	9,218	–
Net earnings	$ 101,693	$ 68,372	$ 55,211	$ 41,710	$ 26,102
Net earnings per common share – diluted[5]	$ 0.54	$ 0.37	$ 0.33	$ 0.27	$ 0.18
Cash dividends per share	–	–	–	–	–
BALANCE SHEET DATA					
Working capital	$ 134,903	$ 157,805	$ 172,079	$ 239,365	$ 134,304
Total assets	1,252,514	992,755	857,152	729,227	468,178
Long-term debt (including current portion)	9,057	1,803	168,832	167,980	81,773
Shareholders' equity	961,013	794,297	533,710	454,050	312,231
STORE OPERATING DATA					
Percentage change in comparable store sales[6]	6%	5%	5%	7%	9%
Stores open at year-end					
Continental North America					
Company-operated stores	2,038	1,622	1,270	929	627
Licensed stores	179	133	94	75	49
International					
Company-operated stores – United Kingdom	97	66	31	9	1
Licensed stores	184	65	17	2	–
Total stores	2,498	1,886	1,412	1,015	677

(1) The Company's fiscal year ends on the Sunday closest to September 30. Fiscal year 1999 included 53 weeks and fiscal years 1995 to 1998 each included 52 weeks.
(2) Specialty revenues include product sales to and royalties and fees from the Company's licensees.
(3) Merger expenses relate to the business combination with Seattle Coffee Holdings Limited in fiscal 1998.
(4) Gain on sale of investment relates to the sale of Noah's New York Bagels, Inc. stock in fiscal 1996.
(5) Earnings per share is based on the weighted average number of shares outstanding during the period plus common stock equivalents consisting of certain shares subject to stock options. In addition, the presentation of diluted earnings per share assumes conversion of the Company's formerly outstanding convertible subordinated debentures using the "if converted" method when such securities were dilutive, with net income adjusted for the after-tax interest expense and amortization applicable to these debentures. Earnings per share data for fiscal years 1995 through 1998 have been restated to reflect the two-for-one stock splits in fiscal 1999 and 1996.
(6) Includes only Company-operated stores open 13 months or longer.

CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain statements set forth in this Annual Report, including anticipated store openings, planned capital expenditures and trends in or expectations regarding the Company's operations, specifically including the effect of problems associated with the Year 2000, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based on currently available operating, financial and competitive information and are subject to various 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 materials prices and availability, successful execution of internal performance and expansion plans, the impact of competition, the effect of legal proceedings and other risks detailed herein and in the Company's annual and quarterly filings with the Securities and Exchange Commission.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Starbucks presently derives approximately 85% of net revenues from its Company-operated retail stores. The remaining 15% of net revenues is derived from the Company's specialty operations, which include sales to wholesale accounts and licensees, royalty and license fee income and sales through its direct-to-consumer business and its on-line store at www.starbucks.com. The Company's fiscal year ends on the Sunday closest to September 30. Fiscal year 1999 had 53 weeks, and fiscal years 1998 and 1997 each had 52 weeks. The fiscal year ending on October 1, 2000, will include 52 weeks.

The Company's net revenues increased from $1.3 billion in fiscal 1998 to $1.7 billion in fiscal 1999, due primarily to the Company's store expansion program and comparable store sales increases. Comparable store sales increased by 6%, 5% and 5% in fiscal 1999, 1998 and 1997, respectively. As part of its expansion strategy of clustering stores in existing markets, Starbucks has experienced a certain level of cannibalization of existing stores by new stores as store concentration has increased. However, management believes such cannibalization has been justified by the incremental sales and return on new store investments. This cannibalization, as well as increased competition and other factors, may continue to put downward pressure on the Company's comparable store sales growth in future periods.

The following table sets forth the percentage relationship to total net revenues, unless otherwise indicated, of certain items included in the Company's consolidated statements of earnings:

Fiscal year ended	OCT 3, 1999 (53 Wks)	SEPT 27, 1998 (52 Wks)	SEPT 28, 1997 (52 Wks)
STATEMENTS OF EARNINGS DATA			
Net revenues			
Retail	84.7 %	84.2 %	85.7 %
Specialty	15.3	15.8	14.3
Total net revenues	100.0	100.0	100.0
Cost of sales and related occupancy costs	44.1	44.2	44.8
Gross margin	55.9	55.8	55.2
Store operating expenses[(1)]	38.2	38.0	37.6
Other operating expenses[(2)]	20.0	21.1	20.3
Depreciation and amortization	5.8	5.5	5.4
General and administrative expenses	5.3	5.9	5.9
Merger expenses	0.0	0.7	0.0
Operating income	9.3	8.3	8.8
Interest and other income	0.5	0.7	1.3
Interest and other expense	(0.0)	(0.1)	(0.7)
Earnings before income taxes	9.8	8.9	9.4
Income taxes	3.7	3.7	3.7
Net earnings	6.1 %	5.2 %	5.7 %

(1) Shown as a percentage of retail revenues.

(2) Shown as a percentage of specialty revenues.

BUSINESS COMBINATIONS

During the second quarter of fiscal 1999, Starbucks acquired the net assets of Tazo, L.L.C. ("Tazo"), a Portland, Oregon-based tea company that produces premium tea products, and Pasqua Inc. ("Pasqua"), a San Francisco, California-based roaster and retailer of specialty coffee. Both of these acquisitions were accounted for under the purchase method of accounting. The results of operations for Tazo and Pasqua are included in the accompanying consolidated financial statements from the dates of acquisition. During the third quarter of fiscal 1998, Starbucks acquired the United Kingdom-based Seattle Coffee Holdings Limited ("Seattle Coffee Company") in a pooling-of-interests transaction (the "Transaction"). In conjunction with the Transaction, Starbucks recorded pre-tax charges of $8.9 million in direct merger costs and $6.6 million in other charges associated with the integration of Seattle Coffee Company. The historical financial statements for the periods prior to the Transaction were restated as though the companies had always been combined.

RESULTS OF OPERATIONS – FISCAL 1999 COMPARED TO FISCAL 1998

REVENUES

Net revenues increased 28% to $1.7 billion for fiscal 1999, compared to $1.3 billion for fiscal 1998. Retail sales increased 29% to $1.4 billion from $1.1 billion. The increase in retail sales was due to the addition of new Company-operated stores, comparable store sales growth of 6% and sales for the 53rd week of the fiscal year. Comparable store sales percentages have been calculated excluding the 53rd week of fiscal 1999. The increase in comparable store sales resulted from a 5% increase in the number of transactions and a 1% increase in the average dollar value per transaction. During fiscal 1999, the Company opened 424 stores in continental North America and 36 stores in the United Kingdom. As of fiscal year-end, there were 2,038 Company-operated stores in continental North America and 97 in the United Kingdom. During fiscal 2000, the Company expects to open at least 350 Company-operated stores in North America and 50 in the United Kingdom.

Specialty revenues increased 25% to $257 million for fiscal 1999 from $206 million for fiscal 1998. The increase was driven primarily by higher sales to licensees and joint ventures and business dining customers. Licensees (including those in which the Company is a joint venture partner) opened 44 stores in continental North America and 121 stores in international markets. The Company ended the year with 179 licensed stores in continental North America and 184 licensed stores in international markets. During fiscal 2000, the Company expects to open at least 200 licensed stores.

GROSS MARGIN

Gross margin increased to 55.9% for fiscal 1999 from 55.8% in fiscal 1998. The positive impact on gross margin of lower green coffee costs was partially offset by lower gross margins associated with a change in the Company's strategy for the grocery channel. In late fiscal 1998, the Company signed a long-term licensing agreement with Kraft Foods, Inc. ("Kraft") to handle the U.S. distribution, marketing and advertising for Starbucks whole bean and ground coffee in grocery, warehouse club and mass merchandise stores. The transition to Kraft occurred in the first quarter of fiscal 1999.

EXPENSES

Store operating expenses as a percentage of retail sales increased to 38.2% for fiscal 1999 from 37.5% for fiscal 1998, excluding costs associated with the Transaction. This was due primarily to higher payroll-related expenditures resulting from both an increase in average hourly wage rates and a continuing shift in sales to handcrafted beverages, which are more labor intensive. Including the Transaction costs, store operating expenses for fiscal 1998 were 38.0% of retail sales.

Other operating expenses (expenses associated with all operations other than Company-owned retail stores, including the Company's share of joint venture profits and losses) were 20.0% of specialty revenues during fiscal 1999, compared to 21.1% for fiscal 1998. This decrease was attributable to lower operating expenses associated with the grocery channel after the transition to Kraft, partially offset by higher payroll expense supporting other channels.

Depreciation and amortization was 5.8% of net revenues, up from 5.5% of net revenues for fiscal 1998, primarily due to depreciation on new information systems put into service in late fiscal 1998 and during fiscal 1999. General and administrative expenses were 5.3% of net revenues during fiscal 1999 compared to 5.9% for fiscal 1998, primarily due to proportionately lower payroll-related expenses.

INCOME TAXES

The Company's effective tax rate for fiscal 1999 was 38.0% compared to 41.2% for fiscal 1998. The effective tax rate in fiscal 1998 was impacted by non-deductible losses of Seattle Coffee Company prior to the Transaction. Fiscal 1998's rate was also affected by Transaction-related costs. Management expects the effective tax rate to be approximately 38% during fiscal 2000.

RESULTS OF OPERATIONS – FISCAL 1998 COMPARED TO FISCAL 1997

REVENUES

Net revenues increased 34% to $1.3 billion for fiscal 1998, compared to $975 million for fiscal 1997. Retail sales increased 32% to $1.1 billion from $836 million. The increase in retail sales was due primarily to the addition of new Company-operated stores. In addition, comparable store sales increased 5% for the 52 weeks ended September 27, 1998 compared to the same 52-week period in fiscal 1997. Comparable store sales increases resulted from an increase in the number of transactions combined with an increase in the average dollar value per transaction. The increase in average dollar value per transaction was primarily due to the sales price increases effected during fiscal 1997. During fiscal 1998, the Company opened 357 stores in continental North America and 37 stores in the United Kingdom. By fiscal year-end, there were 1,622 Company-operated stores in continental North America and 66 in the United Kingdom.

Specialty revenues increased 48% to $206 million for fiscal 1998 from $139 million for fiscal 1997. The increase was due primarily to increased sales and license fees in the grocery category, increased sales to the Company's joint ventures and licensees and higher wholesale club sales. The Company sells roasted coffee to its joint venture with Pepsi-Cola Company, a division of PepsiCo, Inc. (the "North American Coffee Partnership"), for use in the manufacture of its bottled Frappuccino® coffee drink. The Company also sells coffee extract to Dreyer's Grand Ice Cream, Inc. ("Dreyer's") for use in the manufacture of Starbucks branded ice creams sold by the Company's joint venture with Dreyer's (the "Ice Cream Joint Venture"). Licensees (including those in which the Company is a joint venture partner) opened 45 stores in continental North America and 48 stores in international markets. The Company ended the year with 133 licensed stores in continental North America and 65 licensed stores in international markets.

GROSS MARGIN

Gross margin increased to 55.8% for fiscal 1998 compared to 55.2% for fiscal 1997. This increase was primarily the result of prior year sales price increases partially offset by higher green coffee costs.

Store operating expenses as a percentage of retail sales increased to 38.0% for fiscal 1998 from 37.6% for fiscal 1997. This was due to integration costs associated with the Transaction. Excluding these costs, store operating expenses for fiscal 1998 would have been 37.5% of retail sales.

Other operating expenses (expenses associated with the Company's specialty operations, as well as the Company's share of joint venture profits and losses) increased to 21.1% of specialty revenues for fiscal 1998 from 20.3% for fiscal 1997. The increase was attributable to higher advertising expenses and higher payroll-related costs for the Company's international and grocery businesses, partially offset by improved results of both the North American Coffee Partnership and the Ice Cream Joint Venture.

MERGER EXPENSES

Merger expenses of $8.9 million consisted mainly of investment banking, legal and accounting fees.

INTEREST AND OTHER INCOME

Interest and other income for fiscal 1998 was $8.5 million, compared to $12.4 million for fiscal 1997. The decrease was primarily due to lower average investment balances.

INTEREST AND OTHER EXPENSE

Interest and other expense for fiscal 1998 was $1.4 million compared to $7.3 million for fiscal 1997. The decrease was due to the conversion of the Company's $165.0 million 4¼% Convertible Subordinated Debentures to common stock during the first quarter of fiscal 1998.

INCOME TAXES

The Company's effective tax rate for fiscal 1998 was 41.2% compared to 39.5% in fiscal 1997. The effective tax rate in both years was impacted by non-deductible losses of Seattle Coffee Company prior to the Transaction. Fiscal 1998's rate was also affected by Transaction-related costs. Excluding the impact of Transaction-related costs, the effective tax rate for fiscal 1998 would have been 38.3%.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended fiscal 1999 with $117.8 million in total cash and short-term investments. Working capital as of October 3, 1999, totaled $134.9 million compared to $157.8 million at September 27, 1998. Cash and cash equivalents decreased by $35.2 million during fiscal 1999 to $66.4 million at October 3, 1999. This decrease was offset by an increase in short-term investments of $29.5 million during the same period.

Cash provided by operating activities for fiscal 1999 totaled $210.6 million and resulted primarily from net earnings before non-cash charges of $210.1 million.

Cash used by investing activities for fiscal 1999 totaled $336.3 million. This included capital additions to property, plant and equipment of $261.8 million related to opening 460 new Company-operated retail stores and remodeling certain existing stores, purchasing roasting and packaging equipment for the Company's roasting and distribution facilities, enhancing information systems and expanding existing office space. The purchases of Pasqua and Tazo used $15.7 million. During fiscal 1999, the Company made equity investments of $10.5 million in its international joint ventures. The Company received $5.7 million in distributions from the North American Coffee Partnership and $3.3 million in distributions from the Ice Cream Joint Venture. The Company also used $28.3 million to make minority investments in Living.com, Inc. and Talk City, Inc. The Company invested excess cash primarily in short-term, investment-grade marketable debt securities. The net activity in the Company's marketable securities portfolio during fiscal 1999 provided $34.1 million.

Cash provided by financing activities for fiscal 1999 totaled $90.5 million. This included $29.9 million of checks issued but not presented for payment, $52.4 million generated from the exercise of employee stock options and the related income tax benefit available to the Company upon exercise of such options and $9.4 million generated from the Company's employee stock purchase plan. As options granted under the Company's stock option plans are exercised, the Company will continue to receive proceeds and a tax deduction; however, neither the amounts nor the timing thereof can be predicted.

Cash requirements for fiscal 2000, other than normal operating expenses, are expected to consist primarily of capital expenditures related to the addition of new Company-operated retail stores. The Company plans to open at least 400 Company-operated stores during fiscal 2000. The Company also anticipates incurring additional expenditures for enhancing its production capacity and information systems and remodeling certain existing stores. While there can be no assurance that current expectations will be realized, management expects capital expenditures for fiscal 2000 to be approximately $300 million.

Management believes that existing cash and investments plus cash generated from operations should be sufficient to finance capital requirements for its core businesses through fiscal 2000. New joint ventures, other new business opportunities or store expansion rates substantially in excess of that presently planned may require outside funding.

YEAR 2000 COMPLIANCE

The Year 2000 issue results from computer programs being written using two digits rather than four to define the applicable year. Computer programs with time-sensitive software, at the Company and elsewhere, may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculation causing disruptions of operations, including, among other things, a temporary inability to produce and distribute products, process transactions or engage in similar normal business activities. To address the Year 2000 issue and its risks, the Company formed a cross-functional Task Force, headed by senior management, to evaluate the risks and implement appropriate remediation and contingency plans.

The Company's preparations for the Year 2000 have been divided into two categories, MIS-supported systems and other systems and issues. "MIS-supported" systems are those telephone and computer systems that are acquired, installed and maintained by the Company's Management Information Systems ("MIS") department. These systems include all of the software applications generally available on the Company's computer network, as well as many applications used by particular departments or in connection with specific functions (for example, payroll and general accounting software). Single-user applications and a few specialized systems maintained by certain departments within the Company are not considered MIS-supported systems. The Company's MIS department is primarily responsible for addressing Year 2000 compliance issues arising from all MIS-supported systems, while the Year 2000 Task Force is primarily responsible for Year 2000 compliance issues arising from non-MIS-supported systems and from relationships with critical product and service providers.

The majority of computer and telephony applications at Starbucks are relatively recent purchases that are not expected to be affected by the Year 2000 problem. All of the MIS-supported systems used at Starbucks have been identified and evaluated. Where necessary, the Company has remediated such systems by installing system upgrades or rewriting code. As the suppliers of telephone and computer systems or software to the Company have worked to address Year 2000 issues with their own products, several have uncovered new or additional problems relating to their systems or software and have so notified the Company. In some cases, these new or additional issues have necessitated additional remediation or testing of the Company's systems. As part of the remediation process, the Company's MIS department has tested each critical system and networked application.

To address issues arising from non-MIS-supported systems or embedded chips and to evaluate the Company's exposure to third parties' failures to remediate their Year 2000 problems, the

Company has identified the critical product and service suppliers for each of its business units and departments. The Company has solicited information from these critical suppliers and others about their remediation and contingency plans and their ability to meet the Company's needs in the Year 2000. By the end of fiscal 1999, the Company had received responses from approximately 93% of these product and service suppliers, virtually all of which indicate that they are actively addressing the Year 2000 issue. The Company has worked with these suppliers to complete additional remediation steps and is working with all of its critical product and service suppliers to develop appropriate contingency plans. The contingency plans include, among other actions, purchasing additional inventory prior to the end of 1999, identifying alternate sources of products and services and establishing alternate ways to accomplish critical business functions. The Company has prepared contingency plans for each of its critical business units or departments and conducted tests of certain critical non-MIS-supported systems. Despite these efforts, there can be no guarantee that the other companies on which the Company relies will be prepared for the Year 2000 and that their Year 2000 problems will not have an adverse effect on the Company.

The Company presently believes that the most reasonably likely worst case scenario concerning the Year 2000 is that certain critical product and service providers will not be Year 2000 compliant and will be unable to deliver products and services in a timely manner. The Company believes that its geographically dispersed retail stores and large supplier base will significantly mitigate any adverse impact from suppliers' delays or failures, but that the Company remains vulnerable to (i) delays in deliveries by a few suppliers who are the sole source of certain products and services; (ii) disruption of the components of its distribution operations, including ports, trucking and air freight services; and (iii) local or regional retail store shutdowns as a result of problems with infrastructure such as power, water and sewer service. To support the Company's business, particularly the retail stores, in the event that any problems occur, the Company has prepared a Year 2000 event room with backup generator power to monitor the rollover of the Company's systems to the new year and address any other Year 2000 issues.

The Company has spent approximately $1.4 million in direct costs for the Year 2000 compliance project through the end of fiscal 1999 and expects to spend approximately $2.0 million for the project. The total cost of all remediation efforts is management's best estimate, which is based on numerous assumptions about future events, including the continued availability of certain resources, third party modification plans and other factors. There can be no guarantee that these estimates will prove true and actual results could differ significantly from those projected.

COFFEE PRICES, AVAILABILITY AND GENERAL RISK CONDITIONS

The supply and price of coffee are subject to significant 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 prices, 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 that have historically attempted to influence commodity prices of green coffee through agreements establishing export quotas or restricting coffee supplies worldwide. The Company's ability to raise sales prices in response to rising coffee prices may be limited, and the Company's profitability could be adversely affected if coffee prices were to rise substantially.

The Company enters into fixed-price purchase commitments in order to secure an adequate supply of quality green coffee and bring greater certainty to the cost of sales in future periods. As of October 3, 1999, the Company had approximately $84 million in fixed-price purchase commitments which, together with existing inventory, is expected to provide an adequate supply of green coffee for the majority of fiscal 2000. 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.

To further reduce its exposure to rising coffee costs, the Company may, from time to time, enter into futures contracts to hedge price-to-be-established coffee purchase commitments. The specific risks associated with these activities are described below in "Financial Risk Management."

In addition to fluctuating coffee prices, management believes that the Company's future results of operations and earnings could be significantly impacted by other factors such as increased competition within the specialty coffee industry, the Company's ability to find optimal store locations at favorable lease rates, increased costs associated with opening and operating retail stores and the Company's continued ability to hire, train and retain qualified personnel.

FINANCIAL RISK MANAGEMENT

The Company maintains investment portfolio holdings of various issuers, types and maturities. These securities are classified as available-for-sale and are recorded on the balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income. As of October 3, 1999, approximately 76% of the total portfolio was invested in short-term marketable debt securities with maturities of less than one year. An additional 15% was invested in long-term U.S. Government obligations with maturities of 12 to 18 months and the remaining 9% was invested in marketable equity securities. The Company does not hedge its interest rate exposure.

The Company is subject to foreign currency exchange rate exposure, primarily related to its foreign retail operations in Canada and the United Kingdom. Historically, this exposure has had a minimal impact on the Company. At the present time, the Company does not hedge foreign currency risk, but may do so in the future.

The Company may, from time to time, enter into futures contracts to hedge price-to-be-fixed coffee purchase commitments with the objective of minimizing cost risk due to market fluctuations. The Company does not hold or issue derivative instruments for trading purposes. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 80, "Accounting for Futures Contracts," these futures contracts meet the hedge criteria and are accounted for as hedges. Accordingly, gains and losses are deferred and recognized as adjustments to the carrying value of coffee inventory when purchased and recognized in results of operations as coffee products are sold. Gains and losses are calculated based on the difference between the cost basis and the market value of the coffee contracts. The market risk related to coffee futures is substantially offset by changes in the costs of coffee purchased.

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.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This pronouncement will require the Company to recognize derivatives on its balance sheet at fair value. Changes in the fair values of derivatives that qualify as cash-flow hedges will be recognized in accumulated other comprehensive income until the hedged item is recognized in earnings. The Company is in the process of evaluating the impact of this new accounting standard and does not expect that it will have a significant effect on its results of operations. The FASB subsequently issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133," which postpones initial application until fiscal years beginning after June 15, 2000. The Company expects to adopt SFAS No. 133 in fiscal 2001.

CONSOLIDATED BALANCE SHEETS

In thousands, except share data

	OCT 3, 1999	SEPT 27, 1998
ASSETS		
Current assets		
Cash and cash equivalents	$ 66,419	$ 101,663
Short-term investments	51,367	21,874
Accounts receivable	47,646	50,972
Inventories	180,886	143,118
Prepaid expenses and other current assets	19,049	11,205
Deferred income taxes, net	21,133	8,448
Total current assets	386,500	337,280
Joint ventures and other investments	68,060	38,917
Property, plant and equipment, net	760,289	600,794
Deposits and other assets	23,474	15,685
Goodwill, net	14,191	79
Total	$ 1,252,514	$ 992,755
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 56,108	$ 49,861
Checks drawn in excess of bank balances	64,211	33,634
Accrued compensation and related costs	43,872	35,941
Accrued occupancy costs	23,017	17,526
Accrued taxes	30,752	18,323
Other accrued expenses	33,637	24,190
Total current liabilities	251,597	179,475
Deferred income taxes, net	32,886	18,983
Long-term debt	7,018	–
Commitments and contingencies (notes 5, 9 and 13)		
SHAREHOLDERS' EQUITY		
Common stock – Authorized, 300,000,000 shares; issued and outstanding, 183,282,095 and 179,266,956 shares, respectively (includes 848,550 common stock units in both years)	651,020	589,214
Retained earnings	313,939	212,246
Accumulated other comprehensive loss	(3,946)	(7,163)
Total shareholders' equity	961,013	794,297
Total	$ 1,252,514	$ 992,755

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS

In thousands, except earnings per share

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
Net revenues	$ 1,680,145	$ 1,308,702	$ 975,389
Cost of sales and related occupancy costs	741,010	578,483	436,942
Gross margin	939,135	730,219	538,447
Store operating expenses	543,572	418,476	314,064
Other operating expenses	51,374	43,479	28,239
Depreciation and amortization	97,797	72,543	52,801
General and administrative expenses	89,681	77,575	57,144
Merger expenses	–	8,930	–
Operating income	156,711	109,216	86,199
Interest and other income	8,678	8,515	12,393
Interest and other expense	(1,363)	(1,381)	(7,282)
Earnings before income taxes	164,026	116,350	91,310
Income taxes	62,333	47,978	36,099
Net earnings	$ 101,693	$ 68,372	$ 55,211
Net earnings per common share – basic	$ 0.56	$ 0.39	$ 0.35
Net earnings per common share – diluted	$ 0.54	$ 0.37	$ 0.33
Weighted average shares outstanding			
Basic	181,842	176,110	159,289
Diluted	188,531	183,771	180,317

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
OPERATING ACTIVITIES			
Net earnings	$ 101,693	$ 68,372	$ 55,211
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	107,512	80,901	58,864
Provision for store remodels and losses on asset disposals	2,456	7,234	1,049
Conversion of compensatory options into common stock	–	1,158	–
Deferred income taxes, net	794	2,125	5,490
Equity in (income) losses of investees	(2,318)	14	2,760
Cash (used) provided by changes in operating assets and liabilities			
Accounts receivable	3,838	(19,790)	(13,475)
Inventories	(36,405)	(23,496)	(36,382)
Prepaid expenses and other current assets	(7,552)	(2,497)	(2,236)
Accounts payable	4,711	4,601	9,559
Accrued compensation and related costs	7,586	9,943	10,871
Accrued occupancy costs	5,517	5,342	4,208
Accrued taxes	12,429	7,173	3,850
Other accrued expenses	10,313	1,799	525
Net cash provided by operating activities	210,574	142,879	100,294
INVESTING ACTIVITIES			
Purchase of investments	(122,800)	(51,354)	(171,631)
Sale of investments	3,633	5,138	9,257
Maturity of investments	85,053	112,080	173,665
Purchase of businesses, net of cash acquired	(15,662)	–	–
Investments in joint ventures and other investments	(30,780)	(12,418)	(27,624)
Distributions from joint ventures	8,983	2,750	–
Additions to property, plant and equipment	(261,781)	(201,855)	(174,363)
Proceeds from sales of property, plant and equipment	3,927	–	–
Additions to deposits and other assets	(6,866)	(3,184)	(4,604)
Net cash used by investing activities	(336,293)	(148,843)	(195,300)
FINANCING ACTIVITIES			
Increase in cash provided by checks drawn in excess of bank balances	29,912	4,846	12,287
Proceeds from sale of common stock under employee stock purchase plan	9,386	4,649	4,009
Exercise of stock options	33,799	20,755	13,629
Tax benefit from exercise of nonqualified stock options	18,621	9,332	9,626
Payments on long-term debt	(1,189)	(1,993)	(1,566)
Net cash provided by financing activities	90,529	37,589	37,985
Effect of exchange rate changes on cash and cash equivalents	(54)	(88)	(18)
(Decrease) increase in cash and cash equivalents	(35,244)	31,537	(57,039)
CASH AND CASH EQUIVALENTS			
Beginning of year	101,663	70,126	127,165
End of year	$ 66,419	$ 101,663	$ 70,126
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for			
Interest	$ 442	$ 4,130	$ 7,179
Income taxes	35,366	32,643	19,679
NONCASH FINANCING AND INVESTING TRANSACTIONS			
Liabilities assumed in conjunction with the acquisition of land and building	7,746	–	–
Net unrealized holding gains (losses) on investments	683	(595)	(1,983)
Conversion of convertible debt into common stock, net of unamortized issue costs and accrued interest	–	162,036	–
Common stock tendered in settlement of stock options exercised	–	4,859	–
Equipment acquired under capital lease	–	–	2,434

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

In thousands, except share data

	COMMON STOCK SHARES	AMOUNT	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL
Balance, September 30, 1996	157,422,976	$ 364,020	$ 88,663	$ 1,367	$ 454,050
Net earnings	–	–	55,211	–	55,211
Unrealized holding losses, net	–	–	–	(1,983)	(1,983)
Translation adjustment	–	–	–	(832)	(832)
Comprehensive income					52,396
Exercise of stock options, including tax benefit of $9,626	2,763,830	23,255	–	–	23,255
Sale of common stock	931,240	4,009	–	–	4,009
Balance, September 28, 1997	161,118,046	391,284	143,874	(1,448)	533,710
Net earnings	–	–	68,372	–	68,372
Unrealized holding losses, net	–	–	–	(595)	(595)
Translation adjustment	–	–	–	(5,120)	(5,120)
Comprehensive income					62,657
Conversion of convertible debt into common stock	14,194,054	162,036	–	–	162,036
Common stock units issued under deferred stock plan, net of shares tendered	848,550	–	–	–	–
Exercise of stock options, including tax benefit of $9,332	2,834,528	31,245	–	–	31,245
Sale of common stock	271,778	4,649	–	–	4,649
Balance, September 27, 1998	179,266,956	589,214	212,246	(7,163)	794,297
Net earnings	–	–	101,693	–	101,693
Unrealized holding gains, net	–	–	–	683	683
Translation adjustment	–	–	–	2,534	2,534
Comprehensive income					104,910
Exercise of stock options, including tax benefit of $18,621	3,522,908	52,420	–	–	52,420
Sale of common stock	492,231	9,386	–	–	9,386
Balance, October 3, 1999	183,282,095	$ 651,020	$ 313,939	$ (3,946)	$ 961,013

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended October 3, 1999, September 27, 1998 and September 28, 1997

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements reflect the financial position and operating results of Starbucks and its subsidiaries. Material intercompany transactions have been eliminated.

Investments in unconsolidated joint ventures are accounted for under the equity method, as the Company does not exercise control over the operating and financial policies of such joint ventures.

FISCAL YEAR-END

The Company's fiscal year ends on the Sunday closest to September 30. The fiscal year ended October 3, 1999, included 53 weeks. Fiscal years 1998 and 1997 each included 52 weeks.

ESTIMATES AND ASSUMPTIONS

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

CASH AND CASH EQUIVALENTS

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

CASH MANAGEMENT

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

INVESTMENTS

The Company's investments consist primarily of investment-grade marketable debt and equity securities, all of which are classified as available-for-sale and recorded at fair value. Unrealized holding gains and losses are recorded, net of any tax effect, as a separate component of accumulated other comprehensive income.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents approximates fair value because of the short-term maturity of those instruments. The fair value of the Company's investments in marketable debt and equity securities is based upon the quoted market price on the last business day of the fiscal year plus accrued interest, if any. The fair value and amortized cost of the Company's investments (short- and long-term) at October 3, 1999, were $56.4 million and $56.2 million, respectively. The fair value and amortized cost of the Company's investments at September 27, 1998, were $21.9 million and $22.7 million, respectively. For further information on investments, see Note 4. The carrying value of long-term debt approximates fair value.

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and amortization. Depreciation of property, plant and equipment, which includes amortization of assets under capital leases, is provided on the straight-line method over estimated useful lives, generally ranging from two to seven years for equipment and 40 years for buildings. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease life, generally ten years. The portion of depreciation expense related to production and distribution facilities is included in "Cost of sales and related occupancy costs" in the accompanying consolidated statements of earnings.

GOODWILL

The excess purchase price paid over net assets of businesses acquired is amortized on a straight-line basis over the period of expected benefit, which ranges from ten to twenty years.

LONG-LIVED ASSETS

When facts and circumstances indicate that the cost of long-lived assets may be impaired, an evaluation of recoverability is performed by comparing the carrying value of the assets to projected future cash flows. Upon indication that the carrying value of such assets may not be recoverable, the Company recognizes an impairment loss by a charge against current operations.

HEDGING AND FUTURES CONTRACTS

The Company may, from time to time, enter into futures contracts to hedge price-to-be-fixed coffee purchase commitments with the objective of minimizing cost risk due to market fluctuations. The Company does not hold or issue derivative instruments for trading purposes. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 80 "Accounting for Futures Contracts," these futures contracts meet the hedge criteria and are accounted for as hedges. Accordingly, gains and losses are deferred and recognized as adjustments to the carrying value of coffee inventory when purchased and recognized in results of operations as coffee products are sold. Gains and losses are calculated based on the difference between the cost basis and the market value of the coffee contracts. The market risk related to coffee futures is substantially offset by changes in the costs of coffee purchased. The Company had no open futures contracts as of October 3, 1999, or September 27, 1998.

ADVERTISING

The Company expenses costs of advertising the first time the advertising campaign takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefit, generally three to twelve months.

STORE PREOPENING EXPENSES

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

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

FOREIGN CURRENCY TRANSLATION
The Company's international operations use their local currency as their functional currency. Assets and liabilities are translated at exchange rates in effect at the balance sheet date and income and expense accounts at the average exchange rates during the year. Resulting translation adjustments are recorded as a separate component of accumulated other comprehensive income.

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

STOCK SPLIT
On March 19, 1999, the Company effected a two-for-one stock split for its holders of record on March 5, 1999. All applicable share and per-share data in these consolidated financial statements have been restated to give effect to this stock split.

EARNINGS PER SHARE
The computation of basic earnings per share is based on the weighted average number of shares and common stock units outstanding during the period. The numbers of shares resulting from this computation for fiscal 1999, 1998 and 1997 were 181.8 million, 176.1 million and 159.3 million, respectively.

The computation of diluted earnings per share includes the dilutive effect of common stock equivalents consisting of certain shares subject to stock options. The computation of diluted earnings per share also assumes conversion of the Company's formerly outstanding convertible subordinated debentures using the "if converted" method when such securities were dilutive, with net income adjusted for the after-tax interest expense and amortization applicable to these debentures. The numbers of shares resulting from this computation for fiscal 1999, 1998 and 1997 were 188.5 million, 183.8 million and 180.3 million, respectively. Options with exercise prices greater than the average market price were not included in the computation of diluted earnings per share. These options totaled 0.6 million, 0.3 million and 0.6 million for fiscal 1999, 1998 and 1997, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS
In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This pronouncement will require the Company to recognize derivatives on its balance sheet at fair value. Changes in the fair values of derivatives that qualify as cash-flow hedges will be recognized in accumulated other comprehensive income until the hedged item is recognized in earnings. The Company is in the process of evaluating the impact of this new accounting standard and does not expect that it will have a significant effect on its results of operations. The FASB subsequently issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133," which postpones initial application until fiscal years beginning after June 15, 2000. The Company expects to adopt SFAS No. 133 in fiscal 2001.

RECLASSIFICATIONS
Certain reclassifications of prior years' balances have been made to conform to the fiscal 1999 presentation.

NOTE 2: BUSINESS COMBINATIONS

During the second quarter of fiscal 1999, Starbucks acquired the net assets of Tazo, L.L.C. ("Tazo"), a Portland, Oregon-based tea company that produces premium tea products, and the stock of Pasqua Inc. ("Pasqua"), a San Francisco, California-based roaster and retailer of specialty coffee. The combined purchase price for these two acquisitions was $16.5 million. The excess purchase price over the net assets acquired was recorded to goodwill and is being amortized over a period of ten to twenty years. Both of these acquisitions were accounted for under the purchase method of accounting. The results of operations of Tazo and Pasqua have been included in the consolidated financial statements of the Company from the dates of acquisition. Pro forma results of operations have not been presented because the effects of these acquisitions were not material on either an individual or aggregate basis.

On May 28, 1998, the Company acquired all of the equity interests of Seattle Coffee Holdings Limited ("Seattle Coffee Company"), a United Kingdom-based roaster and retailer of specialty coffee, in exchange for 3.6 million shares of Starbucks common stock. This business combination (the "Transaction") was accounted for as a pooling-of-interests for accounting and financial reporting purposes. Accordingly, the historical financial statements for the periods prior to the business combination were restated as though the companies had always been combined. The restated financial statements were adjusted to conform the accounting policies and fiscal reporting periods of Seattle Coffee Company to Starbucks accounting policies and fiscal reporting periods. The Transaction resulted in pre-tax charges of $8.9 million in direct merger costs and $6.6 million in other costs associated with the integration of Seattle Coffee Company.

The following summarizes the Company's net revenues, net earnings and earnings per share for the periods prior to and following the Transaction (in thousands, except earnings per share):

	STARBUCKS	SEATTLE COFFEE COMPANY	COMBINED
1998			
34 Weeks prior to the Transaction			
Net revenues	$ 805,151	$ 15,675	$ 820,826
Net earnings	45,811	(3,312)	42,499
Net earnings per share – diluted	0.25	(0.02)	0.23
18 Weeks after the Transaction			
Net revenues			$ 487,876
Net earnings			25,873
Net earnings per share – diluted			0.15
1997			
Net revenues	$ 966,946	$ 8,443	$ 975,389
Net earnings	57,412	(2,201)	55,211
Net earnings per share – diluted	0.35	(0.02)	0.33

NOTE 3: CASH AND CASH EQUIVALENTS

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

	OCT 3, 1999	SEPT 27, 1998
Operating funds and interest-bearing deposits	$ 39,926	$ 26,564
Commercial paper	7,980	67,024
Money market funds	18,513	8,075
	$ 66,419	$ 101,663

NOTE 4: INVESTMENTS

The Company's investments consist of the following (in thousands):

October 3,1999	FAIR VALUE	AMORTIZED COST	GROSS UNREALIZED HOLDING GAINS	GROSS UNREALIZED HOLDING LOSSES
Current investments				
Corporate debt securities	$ 17,233	$ 17,123	$ 155	$ (45)
U.S. Government obligations	4,988	4,976	13	(1)
Commercial paper	18,706	18,751	–	(45)
Mutual funds	2,056	2,002	73	(19)
Marketable equity securities	8,384	8,258	313	(187)
	$ 51,367	$ 51,110	$ 554	$ (297)
Non-current investments				
U.S. Government obligations	$ 5,028	$ 5,044	$ –	$ (16)

September 27, 1998	FAIR VALUE	AMORTIZED COST	GROSS UNREALIZED HOLDING GAINS	GROSS UNREALIZED HOLDING LOSSES
Current investments				
Corporate debt securities	$ 11,356	$ 11,373	$ 20	$ (37)
U.S. Government obligations	10,410	10,409	1	–
Marketable equity securities	108	958	–	(850)
	$ 21,874	$ 22,740	$ 21	$ (887)

All investments are classified as available-for-sale as of October 3,1999 and September 27, 1998. Securities with remaining maturities of one year or less are classified as short-term investments. Securities with remaining maturities longer than one year are classified as long-term and are included in the line item "Joint ventures and other investments" in the accompanying consolidated balance sheets. The specific identification method is used to determine a cost basis for computing realized gains and losses.

In fiscal 1999, 1998 and 1997, proceeds from the sale of investment securities were $3.6 million, $5.1 million and $9.3 million, respectively. Gross realized gains and losses were not material in 1999, 1998 and 1997.

NOTE 5: INVENTORIES

Inventories consist of the following (in thousands):

	OCT 3, 1999	SEPT 27, 1998
Coffee		
Unroasted	$ 95,001	$ 77,400
Roasted	28,065	18,996
Other merchandise held for sale	46,655	36,850
Packaging and other supplies	11,165	9,872
	$ 180,886	$ 143,118

As of October 3, 1999, the Company had fixed-price inventory purchase commitments for green coffee totaling approximately $84 million. The Company believes, based on relationships established with its suppliers in the past, that the risk of non-delivery on such purchase commitments is remote.

NOTE 6: JOINT VENTURES AND OTHER INVESTMENTS

Starbucks has several joint ventures that are accounted for using the equity method. The Company's share of joint venture income or losses is included in "Other operating expenses" in the accompanying consolidated statements of earnings.

The Company has two joint ventures to produce and distribute Starbucks branded products: a 50/50 joint venture and partnership agreement with Pepsi-Cola Company ("Pepsi") to develop ready-to-drink coffee-based beverages and a 50/50 joint venture agreement with Dreyer's Grand Ice Cream, Inc. to develop and distribute premium ice creams.

The Company is a partner in several other joint ventures that operate licensed Starbucks retail stores. The Company has a 50/50 joint venture partnership with SAZABY Inc., a Japanese retailer and restauranteur, to develop Starbucks retail stores in Japan. The Company also has a 5% interest in a joint venture to develop Starbucks retail stores in Hawaii and a 5% interest in a joint venture to develop Starbucks retail stores in Taiwan.

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

	PEPSI JOINT VENTURE	ALL OTHER JOINT VENTURES	TOTAL
Balance, September 29, 1996	$ 2,618	$ 1,781	$ 4,399
Allocated share of losses	(2,384)	(376)	(2,760)
Capital contributions	27,259	365	27,624
Balance, September 28, 1997	27,493	1,770	29,263
Allocated share of (losses) income	(30)	16	(14)
Distributions from joint ventures	–	(2,750)	(2,750)
Capital contributions	7,616	4,802	12,418
Balance, September 27, 1998	35,079	3,838	38,917
Allocated share of (losses) income	3,046	(728)	2,318
Distributions from joint ventures	(5,733)	(3,250)	(8,983)
Capital contributions	–	10,466	10,466
Balance, October 3, 1999	$ 32,392	$ 10,326	$ 42,718

In addition, the Company has a consolidated 50/50 joint venture with Johnson Development Corporation to develop retail stores in under-served urban communities.

As of October 3,1999, the Company had a $20.3 million investment in convertible securities of Living.com, Inc. Subsequent to year-end, the investment was converted into shares of Living.com, Inc. Series B Preferred Stock.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

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

	OCT 3, 1999	SEPT 27, 1998
Land	$ 5,084	$ 3,602
Building	19,795	8,338
Leasehold improvements	591,640	460,020
Roasting and store equipment	273,612	218,744
Furniture, fixtures and other	130,223	79,953
	1,020,354	770,657
Less accumulated depreciation and amortization	(320,982)	(218,455)
	699,372	552,202
Work in progress	60,917	48,592
	$ 760,289	$ 600,794

NOTE 8: LONG-TERM DEBT

In September 1999, the Company purchased the land and building comprising its York County, Pennsylvania roasting plant and distribution facility. The total purchase price was $12.9 million. In connection with this purchase, the Company assumed loans totaling $7.7 million from the York County Industrial Development Corporation. Maturities of these loans range from 9.5 to 10.5 years, with interest rates from 0.0% to 2.0%.

Scheduled principal payments on long-term debt are as follows (in thousands):

Fiscal year ending	
2000	$ 673
2001	685
2002	697
2003	710
2004	722
Thereafter	4,204
Total principal payments	$ 7,691

During fiscal 1996, the Company issued $165.0 million in principal amount of 4¼% Convertible Subordinated Debentures due 2002. On October 21, 1997, the Company called these debentures for redemption. The total principal amount converted, net of unamortized issue costs, accrued but unpaid interest and costs of conversion, was credited to common stock.

NOTE 9: LEASES

The Company leases retail stores, roasting and distribution facilities and office space under operating leases expiring through 2023. Most lease agreements contain renewal options and rent escalation clauses. Certain leases provide for contingent rentals based upon gross sales.

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

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
Minimum rentals	$ 95,613	$ 75,912	$ 54,093
Contingent rentals	1,581	1,406	1,193
	$ 97,194	$ 77,318	$ 55,286

Minimum future rental payments under non-cancelable lease obligations as of October 3, 1999, are as follows (in thousands):

Fiscal year ending	
2000	$ 98,515
2001	99,459
2002	99,133
2003	95,827
2004	90,405
Thereafter	321,941
Total minimum lease payments	$ 805,280

NOTE 10: SHAREHOLDERS' EQUITY

The Company has authorized 7,500,000 shares of its preferred stock, none of which was outstanding at October 3, 1999.

COMPREHENSIVE INCOME

The Company adopted SFAS No. 130, "Reporting Comprehensive Income," as of the first quarter of fiscal 1999. Comprehensive income includes all changes in equity during the period, except those resulting from transactions with shareholders of the Company. It has two components: net income and other comprehensive income. Accumulated other comprehensive income (loss) reported on the Company's consolidated balance sheets consists of foreign currency translation adjustments and the unrealized gains and losses, net of applicable taxes, on available-for-sale securities. Comprehensive income, net of related tax effects, is as follows (in thousands):

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
Net earnings	$ 101,693	$ 68,372	$ 55,211
Unrealized holding gains (losses) on investments, net of tax (provision) benefit of ($155), $373 and $1,242 in 1999, 1998 and 1997, respectively	252	(595)	(1,983)
Reclassification adjustment for losses realized in net income, net of tax benefit of $270	431	–	–
Net unrealized gain (loss)	683	(595)	(1,983)
Translation adjustment	2,534	(5,120)	(832)
Total comprehensive income	$ 104,910	$ 62,657	$ 52,396

NOTE 11: EMPLOYEE STOCK AND BENEFIT PLANS

STOCK OPTION PLANS

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

The following summarizes all stock option transactions from September 30, 1996, through October 3, 1999.

	SHARES SUBJECT TO OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	SHARES SUBJECT TO EXERCISABLE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
Outstanding, September 30, 1996	15,572,456	$ 6.35	6,633,934	$ 4.22
Granted	5,859,592	16.62		
Exercised	(2,763,830)	4.96		
Cancelled	(760,896)	10.65		
Outstanding, September 28, 1997	17,907,322	9.66	7,427,352	5.43
Granted	6,508,632	18.52		
Exercised	(3,683,078)	6.13		
Cancelled	(1,229,478)	11.79		
Outstanding, September 27, 1998	19,503,398	13.10	7,560,806	8.49
Granted	8,051,998	22.97		
Exercised	(3,522,908)	9.53		
Cancelled	(1,461,937)	18.99		
Outstanding, October 3, 1999	22,570,551	$ 16.84	12,080,825	$ 13.55

At October 3, 1999, there were 10,620,149 shares of common stock available for issuance pursuant to future stock option grants.

Additional information regarding options outstanding as of October 3, 1999, is as follows:

RANGE OF EXERCISE PRICES		OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
		SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
$ 0.37	$ 6.28	2,483,329	3.71	$ 4.58	2,469,329	$ 4.57
6.31	9.41	2,480,518	5.68	8.57	2,191,796	8.51
9.69	18.41	9,148,398	7.51	16.93	5,281,766	16.43
19.42	26.25	7,948,806	9.09	21.96	2,137,934	21.98
35.31	35.31	509,500	9.68	35.31	–	–
$ 0.37	$ 35.31	22,570,551	7.50	$ 16.84	12,080,825	$ 13.55

EMPLOYEE STOCK PURCHASE PLAN

The Company has an employee stock purchase plan which provides that eligible employees may contribute up to 10% of their base earnings, up to $25,000 annually, toward the quarterly purchase of the Company's common stock. The employee's purchase price is 85% of the lesser of the fair market value of the stock on the first business day or the last business day of the quarterly offering period. No compensation expense is recorded in connection with the plan. The total number of shares issuable under the plan is 8,000,000. There were 492,231 shares issued under the plan during fiscal 1999 at prices ranging from $14.05 to $25.18. There were 271,778 shares issued under the plan during fiscal 1998 at prices ranging from $15.99 to $19.58. There were 185,492 shares issued under the plan during fiscal 1997 at prices ranging from $11.79 to $12.86. Of the 18,555 employees eligible to participate, 4,972 were participants in the plan as of October 3, 1999.

DEFERRED STOCK PLAN

The Company has a Deferred Stock Plan for certain key employees that enables participants in the plan to defer receipt of ownership of common shares from the exercise of non-qualified stock options. The minimum deferral period is five years. As of October 3, 1999, receipt of 848,550 shares was deferred under the terms of this plan. The rights to receive these shares, represented by common stock units, are included in the calculation of basic and diluted earnings per share as common stock equivalents.

ACCOUNTING FOR STOCK-BASED COMPENSATION

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

SFAS No.123, "Accounting for Stock-Based Compensation," requires the disclosure of pro forma net income and net income per share as if the Company adopted the fair-value method of accounting for stock-based awards as of the beginning of fiscal 1996. The fair value of stock-based awards to employees is calculated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	EMPLOYEE STOCK OPTIONS			EMPLOYEE STOCK PURCHASE PLAN		
	1999	1998	1997	1999	1998	1997
Expected life (years)	1.5 - 6	1.5 - 6	1.5 - 6	.25	.25	.25
Expected volatility	50%	45%	40%	44 - 66%	37 - 45%	45 - 47%
Risk-free interest rate	4.60 - 6.21%	5.28 - 6.05%	5.41 - 6.54%	4.26 - 5.63%	5.26 - 5.74%	5.27 - 5.53%
Expected dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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

As required by SFAS No. 123, the Company has determined that the weighted average estimated fair values of options granted during fiscal 1999, 1998 and 1997 were $8.86, $7.20 and $5.42 per share, respectively. Had compensation costs for the Company's stock-based compensation plans been accounted for using the fair value method of accounting described by SFAS No. 123, the Company's net earnings and earnings per share would have been as follows (in thousands, except earnings per share):

Fiscal year ended	AS REPORTED	PRO FORMA UNDER SFAS NO. 123
October 3, 1999		
Net earnings	$ 101,693	$ 75,326
Net earnings per common share		
Basic	$ 0.56	$ 0.41
Diluted	$ 0.54	$ 0.40
September 27, 1998		
Net earnings	$ 68,372	$ 51,595
Net earnings per common share		
Basic	$ 0.39	$ 0.30
Diluted	$ 0.37	$ 0.28
September 28, 1997		
Net earnings	$ 55,211	$ 45,808
Net earnings per common share		
Basic	$ 0.35	$ 0.29
Diluted	$ 0.33	$ 0.28

In applying SFAS No. 123, the impact of outstanding stock options granted prior to 1996 has been excluded from the pro forma calculations; accordingly, the 1999, 1998 and 1997 pro forma adjustments are not necessarily indicative of future period pro forma adjustments.

DEFINED CONTRIBUTION PLANS

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

The Company's matching contributions to the plans were approximately $0.9 million, $0.8 million and $0.6 million for fiscal 1999, 1998 and 1997, respectively.

NOTE 12: INCOME TAXES

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

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
Statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	3.7	3.8	3.6
Non deductible losses and merger costs	–	2.6	1.0
Other, net	(0.7)	(0.2)	(0.1)
Effective tax rate	38.0%	41.2%	39.5%

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

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
Currently payable			
Federal	$ 52,207	$ 39,267	$ 25,884
State	9,332	6,586	4,725
Deferred liability	794	2,125	5,490
	$ 62,333	$ 47,978	$ 36,099

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

	OCT 3, 1999	SEPT 27, 1998
Depreciation	$ 29,826	$ 24,240
Accrued rent	(8,234)	(6,252)
Investments in joint ventures	3,990	2,400
Accrued compensation and related costs	(5,622)	(4,096)
Other, net	(8,207)	(5,757)
	$ 11,753	$ 10,535

Taxes payable of $16.3 million and $8.7 million are included in "Accrued taxes" in the accompanying consolidated balance sheets as of October 3,1999, and September 27,1998, respectively.

NOTE 13: COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company has various legal claims and other contingent matters outstanding. Management believes that any ultimate liability arising from these actions would not have a material adverse effect on the Company's results of operations or financial condition as of and for the fiscal year ended October 3, 1999.

NOTE 14: SEGMENT REPORTING

In fiscal 1999, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which establishes reporting and disclosure standards for an enterprise's operating segments. Operating segments are defined as components of an enterprise for which separate financial information is available and regularly reviewed by the Company's senior management.

The Company is organized into a number of business units. The Company's North American retail business sells coffee beverages, whole bean coffees and related hardware and equipment through Company-operated retail stores in the United States and Canada. The Company also has a subsidiary that owns and operates retail stores in the United Kingdom. These two retail segments are managed by different presidents within the Company and are measured and evaluated separately by senior management.

The Company operates through several other business units, each of which is managed and evaluated independently. These other business units are organized around the strategic relationships that govern the distribution of products to the customer. These relationships include domestic

wholesale accounts, domestic retail store and grocery channel licensing agreements, international licensing agreements and direct-to-consumer business. Revenues from these segments include both sales to unaffiliated customers and intersegment sales, which are accounted for on a basis consistent with sales to unaffiliated customers. Intersegment sales and other intersegment transactions have been eliminated in the accompanying consolidated financial statements.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in Note 1. Operating income represents earnings before interest and other income/expense and income taxes. No allocations of overhead, interest or income taxes are made to the segments. Identifiable assets by segment are those assets used in the Company's operations in each segment. General corporate assets include cash and investments, unallocated assets of the corporate headquarters and deferred tax assets. Management evaluates performance of the segments based upon direct product sales and operating costs.

The tables below present information by operating segment (in thousands):

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
REVENUES			
North American retail	$ 1,375,018	$ 1,076,731	$ 828,074
All other business units	320,604	238,798	152,564
Intersegment revenues	(15,477)	(6,827)	(5,249)
Total revenues	$ 1,680,145	$ 1,308,702	$ 975,389
OPERATING INCOME			
North American retail	$ 209,338	$ 161,334	$ 121,673
All other business units	55,998	45,943	29,566
Unallocated corporate expenses	(107,460)	(89,069)	(65,040)
Merger expenses	–	(8,930)	–
Intersegment eliminations	(1,165)	(62)	–
Interest, net	7,315	7,134	5,111
Earnings before income taxes	$ 164,026	$ 116,350	$ 91,310
DEPRECIATION AND AMORTIZATION			
North American retail	$ 72,252	$ 56,328	$ 42,526
All other business units	7,766	4,721	2,379
Unallocated corporate expenses	17,779	11,494	7,896
Total depreciation and amortization	$ 97,797	$ 72,543	$ 52,801
INCOME (LOSSES) FROM EQUITY METHOD INVESTEES			
All other business units	$ 2,318	$ (14)	$ (2,760)
Intersegment eliminations	874	1,048	718
Total income (losses) from equity method investees	$ 3,192	$ 1,034	$ (2,042)

	OCT 3, 1999	SEPT 27, 1998
IDENTIFIABLE ASSETS		
North American retail	$ 587,823	$ 465,626
All other business units	97,544	107,115
General corporate assets	567,147	420,014
Total assets	$ 1,252,514	$ 992,755

The tables below present information by geographic area (in thousands):

Fiscal year ended	OCT 3, 1999	SEPT 27, 1998	SEPT 28, 1997
REVENUES FROM EXTERNAL CUSTOMERS			
United States	$ 1,490,133	$ 1,173,982	$ 884,314
Foreign countries	190,012	134,720	91,075
Total	$ 1,680,145	$ 1,308,702	$ 975,389

Revenues from foreign countries are based on the location of the customers and consist primarily of revenues from Canada and the United Kingdom. No customer accounts for 10% or more of the Company's revenues.

	OCT 3, 1999	SEPT 27, 1998
LONG-LIVED ASSETS		
United States	$ 680,344	$ 549,730
Foreign countries	79,945	51,064
Total	$ 760,289	$ 600,794

Assets attributed to foreign countries are based on the country in which those assets are located.

NOTE 15: QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Summarized quarterly financial information for fiscal years 1999 and 1998 is as follows (in thousands, except earnings per share):

	FIRST	SECOND	THIRD	FOURTH
1999 quarter				
Net revenues	$ 405,638	$ 375,822	$ 423,792	$ 474,893
Gross margin	219,338	205,865	238,772	275,160
Net earnings	26,733	17,957	24,635	32,368
Net earnings per common share – diluted	$ 0.14	$ 0.10	$ 0.13	$ 0.17
1998 quarter				
Net revenues	$ 321,325	$ 295,243	$ 334,429	$ 357,705
Gross margin	175,090	161,742	189,348	204,039
Net earnings	20,955	13,962	7,899	25,556
Net earnings per common share – diluted	$ 0.12	$ 0.08	$ 0.04	$ 0.14

STARBUCKS CORPORATION
(Seattle, Washington)

We have audited the accompanying consolidated balance sheets of Starbucks Corporation and subsidiaries (the Company) as of October 3, 1999, and September 27, 1998, and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the three years in the period ended October 3, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Starbucks Corporation and subsidiaries as of October 3, 1999, and September 27, 1998, and the results of their operations and their cash flows for each of the three years in the period ended October 3, 1999, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP
Seattle, Washington
December 10, 1999

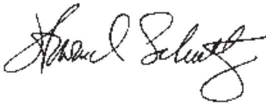
management's responsibility for financial reporting

The management of Starbucks Corporation is responsible for the preparation and integrity of the financial statements included in this Annual Report to Shareholders. The financial statements have been prepared in conformity with generally accepted accounting principles and include amounts based on management's best judgment where necessary. Financial information included elsewhere in this Annual Report is consistent with these financial statements.

Management maintains a system of internal controls and procedures designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that transactions are properly recorded in the Company's records, that assets are safeguarded and that accountability for assets is maintained. The concept of reasonable assurance is based on the recognition that the cost of maintaining our system of internal accounting controls should not exceed benefits expected to be derived from the system. Internal controls and procedures are periodically reviewed and revised, when appropriate, due to changing circumstances and requirements.

Independent auditors are appointed by the Company's Board of Directors and ratified by the Company's shareholders to audit the financial statements in accordance with generally accepted auditing standards and to independently assess the fair presentation of the Company's financial position, results of operations and cash flows. Their report appears in this Annual Report.

The Audit Committee, all of whose members are outside directors, is responsible for monitoring the Company's accounting and reporting practices. The Audit Committee meets periodically with management and the independent auditors to ensure that each is properly discharging its responsibilities. The independent auditors have full and free access to the Committee without the presence of management to discuss the results of their audits, the adequacy of internal accounting controls and the quality of financial reporting.



HOWARD SCHULTZ
chairman and
chief executive officer

ORIN SMITH
president and
chief operating officer

MICHAEL CASEY
executive vice president,
chief financial officer and
chief administrative officer

SHAREHOLDER INFORMATION

MARKET INFORMATION AND DIVIDEND POLICY

The Company's Common Stock is traded on the National Market tier of The Nasdaq Stock Market, Inc. ("Nasdaq"), under the symbol "SBUX." The following table sets forth the quarterly high and low closing sale prices per share of the Common Stock as reported by Nasdaq for each quarter during the last two fiscal years. All prices shown reflect the two-for-one stock split effected March 19, 1999.

	HIGH	LOW
October 3, 1999		
First Quarter	$ 26 11/16	$ 16 9/16
Second Quarter	30 11/16	23 9/32
Third Quarter	39 3/4	28 1/16
Fourth Quarter	37 9/16	20 1/16
September 27, 1998		
First Quarter	$ 20 29/32	$ 15 23/32
Second Quarter	21 17/32	16 13/16
Third Quarter	27 1/16	21 9/16
Fourth Quarter	29 9/32	14 19/32

As of December 1, 1999, the Company had 8,904 shareholders of record. The Company has never paid any dividends on its Common Stock. The Company presently intends to retain earnings for use in its business and, therefore, does not anticipate paying a cash dividend in the near future.

The Company's Annual Report on Form 10-K for the fiscal year ended October 3, 1999, without the Exhibits thereto, may be obtained without charge by accessing the Company's filings at www.sec.gov or by sending a request to Investor Relations at the address or phone number below.

Quarterly information is available to all shareholders immediately upon its release, free of charge, via fax, by calling (800) 239-0317 or through access on the Internet at www.businesswire.com/cnn/sbux.htm. To receive a copy by mail, please send your request to:

INVESTOR RELATIONS

Investor Relations – M/S S-FP1
Starbucks Corporation
P.O. Box 34067
Seattle, WA 98124-1067
(206) 447-1575, ext. 87118

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

BOARD OF DIRECTORS

Howard Schultz
Starbucks Corporation, chairman of the board and chief executive officer

Orin C. Smith
Starbucks Corporation, president and chief operating officer

Arlen I. Prentice
Kibble & Prentice, co-chairman and chief executive officer

Barbara Bass
Gerson Bakar Foundation, president

Craig J. Foley
Wickham Capital Corp., president

Craig E. Weatherup
The Pepsi Bottling Group, chairman and chief executive officer

Gregory B. Maffei
Microsoft Corporation, senior vice president and chief financial officer

Howard P. Behar
director

James G. Shennan, Jr.
Trinity Ventures, general partner

EXECUTIVE OFFICERS

Presidents

John B. Richards
president, North American Operations

Paul D. Davis
president, Retail North America

Peter Maslen
president, Starbucks Coffee International, Inc.

Executive Vice Presidents

Deidra Wager
executive vice president, Retail

Eduardo R. Garcia
executive vice president, Supply Chain and Coffee Operations

Michael Casey
executive vice president, chief financial officer and chief administrative officer

Senior Vice Presidents

Arthur Rubinfeld
senior vice president, Store Development

Bruce Craig
senior vice president, Retail Field Operations

David W. Frost
senior vice president, New Business Development

David Olsen
senior vice president

Deborah Gillotti
senior vice president and general manager, Starbucks X

Engle Saez
senior vice president, Retail Marketing and Product Management

Howard Wollner
senior vice president, Administration and Strategic Alliance Management

James Alling
senior vice president, Business Alliances

Mark Wesley
senior vice president, Store Development and Asset Management

Mary Williams
senior vice president, Coffee

Michael T. Sweeney
senior vice president and president, Starbucks Coffee Company (UK) Limited

Pedro Y.K. Man
senior vice president and president, Starbucks Coffee Asia Pacific Ltd.

Sharon Elliott
senior vice president, Human Resources

Shelley B. Lanza
senior vice president, Law and Corporate Affairs, and general counsel

Wanda Herndon
senior vice president, Communications and Public Affairs

Secretary of Corporation

G. Scott Greenburg
secretary

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