

Starbucks Announces Agreement to Acquire La Boulange® Bakery to Elevate Core Food Offerings and Build Premium, Artisanal Bakery Brand

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Acquisition is next step in expanding Starbucks® strong food platform with innovative new products, giving customers more reasons to frequent our stores and enjoy their Starbucks Experience

SEATTLE--(BUSINESS WIRE)--Jun. 4, 2012-- Responding to customer demand for more wholesome and delicious food options, Starbucks Coffee Company (NASDAQ:SBUX) today announced that it has entered into a definitive agreement to acquire San Francisco-based Bay Bread, LLC and its La Boulange® bakery brand, as well as to hire renowned French baker Pascal Rigo. This acquisition and Pascal's visionary leadership will bring the artistry of the French bakery to the marketplace in a similar way that Starbucks brought the romance of the Italian espresso bar to many North American coffee consumers for the first time.

La Boulange® bakery and Pascal are known for skillfully crafting authentic French pastries and breads from scratch using high-quality, fresh ingredients. With this acquisition, Starbucks plans to introduce many of Pascal's secret and storied recipes into its U.S. company-operated stores under the La Boulange® brand, while also accelerating the expansion of the company's retail footprint over time in key U.S. cities to further build a differentiated brand and customer experience unique to the premium retail bakery café category.

"This is an investment in our core business. After more than 40 years, we will be able to say that we are bakers too," said Howard Schultz, Starbucks chairman, president and ceo. "In La Boulange® bakery and Pascal, we've found a company and a culinary artist who share our passion for creating premium products, reinventing and elevating an entire product category, and delivering the best customer experience. We looked at opportunities comprehensively when making this acquisition and we believe La Boulange® is truly unique in terms of visionary leadership, product taste and quality, brand authenticity, bakery capabilities, and potential for growth."

Starbucks food portfolio is an important part of the company's core business that represents a significant opportunity for continued growth in multiple channels. In recent years, Starbucks has made major enhancements to its food offerings based on customer feedback, including removing artificial ingredients wherever possible and

diversifying its portfolio to include smaller portion sizes. Food now accounts for \$1.5 billion in revenues in U.S. company-operated stores and has grown by double digits in each of the last two fiscal years. The acquisition of La Boulange® bakery is Starbucks next step in its journey bringing authentic and delicious food to customers, delivering additional reasons to enjoy their experience during multiple day-parts and at differentiated retail locations.

“The acquisition of La Boulange® bakery will help us to expand day-parts, drive customer loyalty and ultimately grow the overall business through differentiated brand experiences and multiple channels,” said Cliff Burrows, president, Starbucks Americas, who will oversee the integration and expansion of La Boulange®. “We will leverage our scale and premium product expertise to transform a core part of our business while building La Boulange® bakery into a national artisanal bakery brand. And we will do it with an unwavering commitment to maintaining the uniqueness, quality and level of care that Pascal is known for baking into each of his croissants, pastries, loafs, cookies and breads.”

Pascal has lived the traditional art of French baking since he was seven years old when he began work at his village bakery in Paillet, France. Over the past 40 years he has honed his craft: first by working for several prestigious bakers near Bordeaux and in Paris and later by moving to the U.S. where he has owned and operated several of his own bakeries and restaurants. Pascal opened the first La Boulange® store location in San Francisco in 1999, living with his family above the original café on Pine Street for nine years. Today, breads and pastries are still baked fresh at the location every morning.

“La Boulange® believes in whole foods made from the freshest ingredients, including specialty grain, European-style butter and locally sourced produce,” said Pascal, who will be named senior vice president and general manager of La Boulange® bakery at Starbucks upon closing of the acquisition. “We weigh, mix, divide, roll, cut, bake and care about every croissant, cookie, pastry, loaf and bread that goes in our pasty case and we are looking forward to sharing our passion with Starbucks loyal and discerning customers. We are proud to join the Starbucks organization.”

Over time, Starbucks plans to make La Boulange™ products available in Starbucks® company-operated retail stores in the U.S. In order to achieve this, Starbucks will look to make investments to broaden distribution capacity in select markets, while working closely with outside suppliers to create various La Boulange™ products for Starbucks stores nationwide. The company will continue to serve Bay Bread, LLC’s wholesale bakery customers and will evaluate expanding distribution over time.

Bay Bread, LLC and La Boulange® bakery are being acquired from management and an investment group, Next World Group. “Next World Group has worked closely with Pascal over the past six years to grow La Boulange® into a beloved, local, artisanal bakery that San Franciscans come back for again and again. Now it’s a successful business

ready for future growth,” said Sébastien Lépinard, founder of Next World Group, the majority investor in La Boulange®. “La Boulange® bakery and Starbucks share similar values and a common vision for bringing premium products to customers in a socially responsible way. We trust that Starbucks is the best partner to take La Boulange® to the next level while staying true to the brand and bringing the romance of an authentic French bakery to life.”

Starbucks entered into an agreement to acquire Bay Bread, LLC and the La Boulange® bakery brand for \$100 million in cash and expects the acquisition to dilute earnings by approximately \$0.02 per share in the second half of fiscal 2012, compared to the previously announced earnings targets. Bay Bread, LLC and the La Boulange® bakery brand will be a wholly-owned subsidiary of Starbucks Corporation.

La Boulange® bakery operates 19 retail locations in the Bay Area and sells its products in several upscale restaurants, hotels, and specialty grocery stores in the region.

Webcast Information

Howard Schultz, Starbucks chairman, president and ceo, Cliff Burrows, Starbucks president, U.S. and Americas, and Troy Alstead, Starbucks chief financial officer and chief administrative officer will host a webcast today at 1:30 p.m. PDT to discuss this exciting strategic acquisition and its significance to Starbucks growing business. A simultaneous webcast will be available and subsequently archived at Starbucks Newsroom at <http://news.starbucks.com>.

About Starbucks Corporation

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting the highest-quality arabica coffee in the world. Today, with stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique Starbucks Experience to life for every customer through every cup. To share in the experience, please visit us in our stores or online at www.starbucks.com.

Starbucks Corporation Forward-Looking Statements

Certain statements contained herein are “forward-looking statements” relating to the acquisition of Bay Bread, LLC and its La Boulange® bakery brand, the hiring of Pascal Rigo, Starbucks plans and expectations with respect to the acquisition, and the acquisition’s effects on Starbucks fiscal 2012 financial targets. Generally, these statements can be identified by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “feel,” “forecast,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will,” “would,” and similar expressions intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These

statements are based on information available to Starbucks as of the date hereof, and Starbucks actual results or performance could differ materially from those stated or implied, due to risks and uncertainties associated with its business. These risks and uncertainties include: successful closing of the acquisition, evolving consumer preference for artisan, high-quality baked goods, acceptance of Starbucks of such products, the ability of Starbucks to accelerate its growth in multiple channels and food offerings, including baked goods, the potential introduction of artisan, high quality by new market entrants, the long term success of Starbucks strategy to innovate with new products, enter new categories and expand into new channels of distribution, and other risks detailed in Starbucks filings with the Securities and Exchange Commission, including the “Risk Factors” section of Starbucks Annual Report on Form 10-K for the fiscal year ended October 2, 2011 . Forward-looking statements reflect management’s analysis as of the date of this release. Starbucks does not undertake to revise these statements to reflect subsequent developments, except as required under the federal securities laws.

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