

Starbucks Introduces Innovative Cross-Channel, Multi-Brand Loyalty Program and Announces Global Social Impact Initiatives at Annual Meeting of Shareholders

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Company Recognizes the Contributions of its 200,000 Global Partners (Employees) in Delivering Record Financial Performance and a 38% Total Return to Shareholders in Fiscal 2012, Reaffirms Long-Term Growth Targets

SEATTLE--(BUSINESS WIRE)--Mar. 20, 2013-- Howard Schultz, chairman, president and ceo of Starbucks Coffee Company (NASDAQ:SBUX), opened the company's Annual Meeting of Shareholders by recognizing company partners (employees) and highlighting the company's continuing robust operating performance. Schultz and other company executives announced a breakthrough innovation in Starbucks loyalty and rewards program, shared progress and future plans for its recent La Boulange, Evolution Fresh and Teavana acquisitions and offered a comprehensive overview of how Starbucks is using its global scale to create positive, local impact in the communities where it operates and where its partners and customers live and work.

Annual meeting highlights included:

- Thanks and appreciation from company shareholders via webcast to the 200,000 Starbucks partners around the world who deliver the Starbucks Experience to over 70 million customers in 62 countries each week.
- The announcement by Adam Brotman, chief digital officer, of an expansion of the company's loyalty and rewards program, and an industry-first innovation that will enable customers to earn rewards for grocery channel purchases that can be redeemed in Starbucks retail stores and is expected to double the number of customers enrolled in the company's programs in fiscal 2013.
- Brotman also announced that Starbucks mobile payment platform is now generating over three million U.S. mobile payment transactions per week.
- Blair Taylor, Starbucks chief community officer, announced the launch of a new nonprofit corporation with a \$1 million seed grant to introduce job skills, leadership and apprenticeship programs to young people across the company's multi-billion-dollar supply chain, and further expansion of the company's support for U.S. manufacturing through an order for 100,000 ceramic mugs from a supplier in Ohio whose operations

Starbucks helped expand through previous purchasing commitments.

- A discussion by Troy Alstead, chief financial officer, of region-by-region and individual segment performance for fiscal 2012 and a reaffirmation of the company's fiscal 2013 revenue and EPS growth targets.
- Schultz's recognition of Starbucks 15-year business partnership with Mohammed Alshaya, Executive Chairman, M.H. Alshaya Co., including comments about how bringing specialty coffee to the Middle East serves as a model for the company's future expansion initiatives.

"The opportunity we have to create value for our shareholders is exceeded only by our unique ability to contribute meaningfully to the communities we serve around the world," said Schultz. "From leveraging and expanding our strong global business partnerships, to bringing innovation to our customers and each of the markets and channels in which we operate, to expanding our broad array of digital customer touch points and deepening our ethical sourcing model, Starbucks is continuing to grow with passion and intent to become one of the world's most relevant, admired and trusted brands."

Starbucks Continues its Robust Trajectory of Growth and Profitability

Schultz opened the annual meeting by asking Starbucks shareholders to stand and recognize the company's 200,000 partners around the world who deliver the Starbucks Experience to customers each day, then highlighted key accomplishments since last year's meeting:

- Record revenues of \$13.3 billion and record earnings per share of \$1.79 in fiscal 2012,
- 38% total shareholder return in 2012, following a 46% return in 2011 and a 32% return in 2010,
- 14% revenue growth in 2012, capping off the eleventh consecutive quarter of 5%+ global comp store sales growth,
- 18% earnings per share growth in 2012 despite significant commodity headwinds, and
- Continued outperformance of key industry financial performance metrics, record cash flow of \$1.8 billion, record returns on invested capital of 22.4% and over \$1.1 billion returned to shareholders through dividends and share repurchases in 2012.

Digital and Loyalty Momentum Around the World

Starbucks world-class My Starbucks Rewards™ loyalty program continues to resonate with customers, driving increased revenue, traffic and purchases and further differentiating Starbucks from competitors. Adam Brotman, chief digital officer, announced the exciting evolution of the My Starbucks Rewards™ loyalty program into the world's first cross-channel, multi-brand loyalty program, reflecting further successful execution against the company's Blueprint for Profitable Growth strategy. Key highlights of the new program:

- Beginning in May, customers will earn My Starbucks Rewards™ Stars for purchases of Starbucks packaged

coffee in grocery channels. These Stars can then be redeemed for free food or beverages in Starbucks retail stores. The program is expected to be expanded to include other Starbucks products sold through grocery channels this fall.

- Integration of the Starbucks Card and My Starbucks Rewards™ loyalty program across several of its emerging brands, including Teavana. Beginning next month, registered customers who make purchases with a Starbucks Card or through the Starbucks mobile app at any of over 300 Teavana retail stores will be able to earn Stars for their purchases.

Together, Brotman reported, these new program innovations are expected to contribute towards a rapid and substantial increase in My Starbucks Rewards™ membership, from 4.5 million active members at the end of October 2012 to approximately 9 million members by the end of fiscal 2013.

In January 2011, Starbucks became the first national retailer to offer its own mobile payment technology combined with a world-class loyalty program, and the company now generates over three million mobile transactions each week in the U.S. alone – accounting for approximately 10% of total U.S. tender (Starbucks card, broadly, represents 1 in 3 transactions in the U.S.). New mobile users report that they are embracing the Starbucks mobile payment experience because of the benefits they receive and because it enables them to track their loyalty status in an interactive and engaging way directly on their mobile device.

Also highlighted at the meeting was the five-year anniversary of My Starbucks Idea, the company's online community that encourages customers to share their ideas, engage in conversation and have a voice in shaping the Starbucks of the future. Found on the web at www.MyStarbucksIdea.com, over the last five years My Starbucks Idea has received over 150,000 submissions from customers around the world that have helped launch 275 ideas into Starbucks stores.

Leveraging Global Scale for Local Good

With more than 200,000 partners in more than 18,000 stores in 62 countries around the world, Starbucks growth has also enabled the company to leverage its global operational scale for good in a variety of different ways across the enterprise.

Blair Taylor, chief community officer, affirmed Starbucks commitment to U.S. manufacturing and announced a first-of-its-kind supply chain initiative that will leverage Starbucks multi-billion-dollar network to create leadership and job skills training for disengaged youth. Highlights of Taylor's discussion include:

- **Made in the U.S.A.:** Starting in the fall, American Pioneer Manufacturing will begin producing a Starbucks siren mug that represents a core product in the company's overall drinkware lineup. Based in New Waterford, Ohio,

this automated facility is the first of its kind in an historic potting community. To help build capacity for the new facility, Starbucks has placed an initial order for 100,000 units for delivery in the fall and is making the mug available for purchase in U.S. stores starting in winter. As a result, American Pioneer Manufacturing expects to hire as many as 20 U.S. workers by the end of the year.

- **Supply Chain Coalition:** Building on the learnings and success of the Starbucks Youth Grants initiative, Starbucks also announced an initial \$1 million grant for the development of a nonprofit corporation – LeadersUp – that will tap into Starbucks supply chain to bring new job and leadership skills training to young people with the eventual linking of trainees to job experiences within our collective companies and beyond. In the first year, this organization has the goal to raise \$10 million to support this work over the next year, with a long-term strategy of establishing up to a \$100 million annual fund.

Earlier this week, Starbucks also announced the purchase of a 240-hectare coffee farm as part of its ongoing commitment to ethically source 100 percent of its coffee by 2015:

- **Sustainable Farming Investment:** To help farming communities around the world mitigate climate change impact and ensure long-term crop stability, Starbucks will expand its existing \$70 million comprehensive ethical sourcing program with a new coffee farming research and development center in Costa Rica. The company will adapt this 240-hectare working coffee farm into a global agronomy center, expanding its Coffee and Farming Equity practices (C.A.F.E.) program that seeks to ensure coffee quality while promoting social, environmental and economic standards.

About Starbucks Corporation:

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. 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.

Source: Starbucks Coffee Company

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