



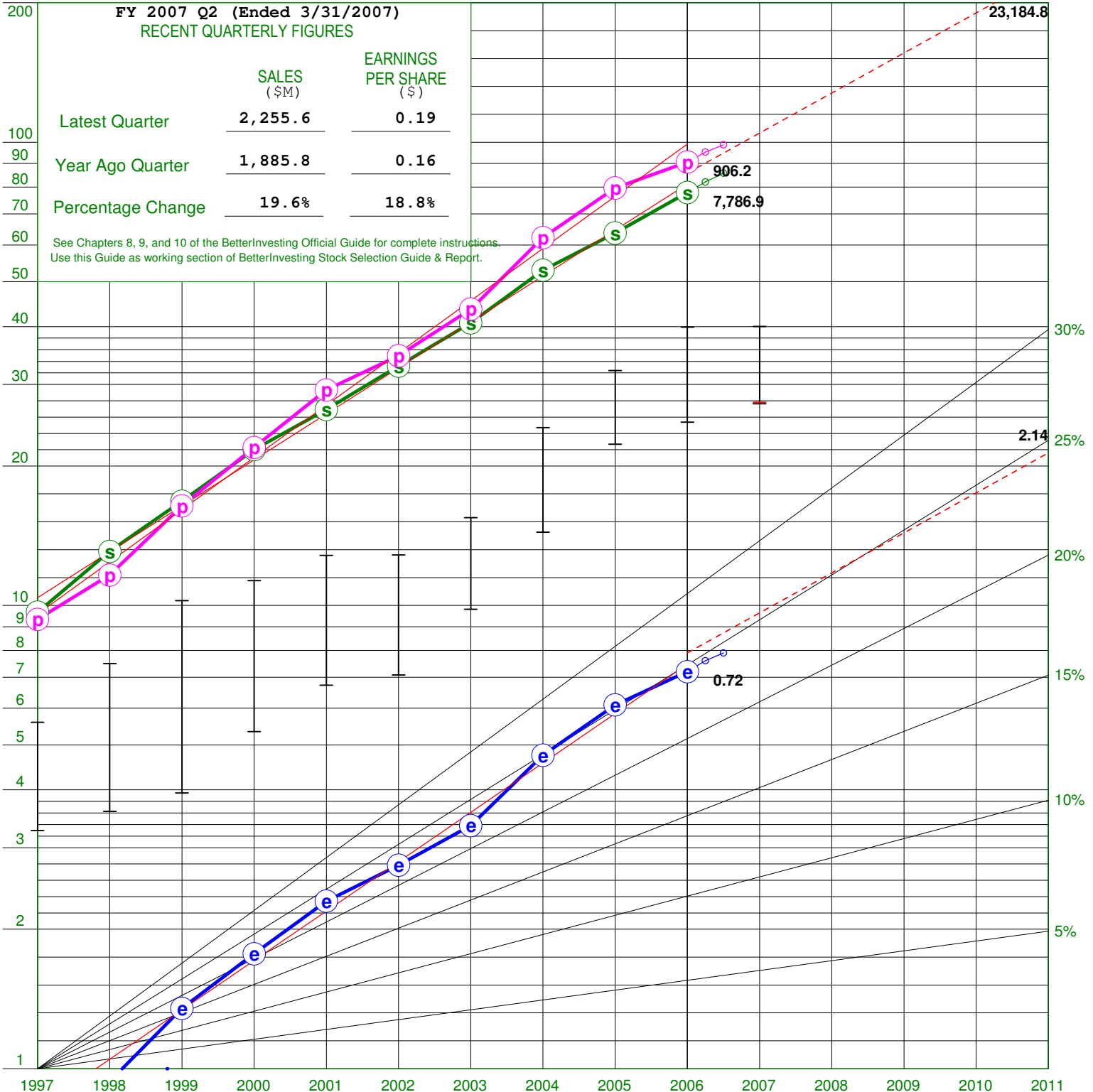
Stock Selection Guide®

The most widely used aid to good investment judgment

Company	STARBUCKS CORP		Date	06/07/07	
Prepared by	Don Ames		Data taken from	NAIC Data	
Where traded	NASDAQ		Major product/service	Restaurants	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	746.1	0.0	0.0		
Debt (\$M)	849.3	% to Tot.Cap.	27.9	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

SBUX



(1) Historical Sales Growth	25.7 %	(3) Historical Earnings Per Share Growth	27.8 %
(2) Estimated Future Sales Growth	22.0 %	(4) Estimated Future Earnings Per Share Growth	22.0 %

2 EVALUATING MANAGEMENT

Company

STARBUCKS CORP

(SBUX)

06/07/07

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	9.7	8.9	9.8	10.1	11.0	10.5	10.7	11.8	12.5	11.6	11.4	EVEN	
B % Earned on Equity (E/S ÷ Book Value)	10.3	8.5	10.3	11.6	12.7	12.4	12.7	15.3	22.4	24.4	17.4	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 27.440 HIGH THIS YEAR 40.010 LOW THIS YEAR 27.250

Year	PRICE		C Earnings Per Share	E Price Earnings Ratio		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
	A HIGH	B LOW		D HIGH A ÷ C	E LOW B ÷ C			
1 2002	12.9	7.1	0.28	46.9	25.8	0.000	0.0	0.0
2 2003	15.5	9.8	0.34	46.3	29.3	0.000	0.0	0.0
3 2004	24.2	14.4	0.48	50.9	30.3	0.000	0.0	0.0
4 2005	32.1	22.3	0.61	52.6	36.6	0.000	0.0	0.0
5 2006	39.9	24.9	0.72	55.4	34.6	0.000	0.0	0.0
6 TOTAL		78.5		252.1	156.6		0.0	
7 AVERAGE		15.7		50.4	31.3		0.0	
8 AVERAGE PRICE EARNINGS RATIO			40.9	9 CURRENT PRICE EARNINGS RATIO				34.7

4 Proj. P/E [28.47] Based on Next 4 qtr. EPS [0.96] Current P/E Based on Last 4 qtr. EPS [0.79] PEG=129

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 50.4 (3D7 as adj.) X Estimate High Earnings/Share 2.14 = Forecast High Price \$ 107.9 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 31.3 (3E7 as adj.) X Estimated Low Earnings/Share 0.72 = \$ 24.7

(b) Avg. Low Price of Last 5 Years = 15.7 (3B7)

(c) Recent Severe Market Low Price = 22.3

(d) Price Dividend Will Support Present Divd. 0.000 = High Yield (H) 0.000 = 0.0

Selected Estimate Low Price = \$ 24.7 (4B1)

C ZONING

107.9 (4A1) High Forecast Price Minus 24.7 (4B1) Low Forecast Price Equals 83.2 (C) Range. 1/3 of Range = 27.7 (4CD)

(4C2) Lower 1/3 = 24.7 (4B1) to 52.4 (Buy)

(4C3) Middle 1/3 = 52.4 to 80.2 (Maybe)

(4C4) Upper 1/3 = 80.2 to 107.9 (4A1) (Sell)

Present Market Price of 27.440 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 107.9 Minus Present Price 27.440
 Present Price 27.440 Minus Low Price (4B1) 24.7 = 80.5 = 29.4 To 1 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 107.9
 Present Market Price 27.440 = (3.932) X 100 = (393.2) - 100 = 293.2 (4E) % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 0.000
 Present Price of Stock \$ 27.440 = 0.000 X 100 = 0.0 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years 1.43 X Avg. % Payout (3G7) 0.0 = 0.0 = 0.0 % (5B)
 Present Price \$ 27.440

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) <u>293.2</u>		P.A.R.	Tot. Ret.
<u>5</u>	<u>58.6</u> %	Average Yield	<u>0.0</u> %
Average Yield (5B) <u>0.0</u> %		Annual Appreciation	<u>26.1</u> %
Average Total Annual Return Over the Next 5 Years (5C) <u>58.6</u> %		% Compd Ann Rate of Ret	<u>31.5</u> %



Portfolio Management Guide

See Chapter 16 of the Investors Manual for instructions on the use of this guide.

Stock STARBUCKS CORP

Analyst Don Ames

1 PRICE EARNINGS ZONES

Refer to Section 3, columns D and E, Line 7, of your Stock Selection Guide study of this company for the information in columns 2 and 3 below.

1	2	3	4	5	6
YEAR	Average Price Earnings Ratios for Previous Five Years		Sum of Cols. 2 and 3	Column 4 Divided by 2 Low P/E Guide Line	Column 5 Multiplied by 1½ High P/E Guide Line
	High	Low			
2003	64.4	30.5	94.9	47.5	71.2
2004	57.7	28.7	86.4	43.2	64.8
2005	52.7	29.0	81.7	40.8	61.3
2006	50.5	30.2	80.7	40.3	60.5
2007	50.4	31.3	81.7	40.9	61.3

2 PRICE ZONES

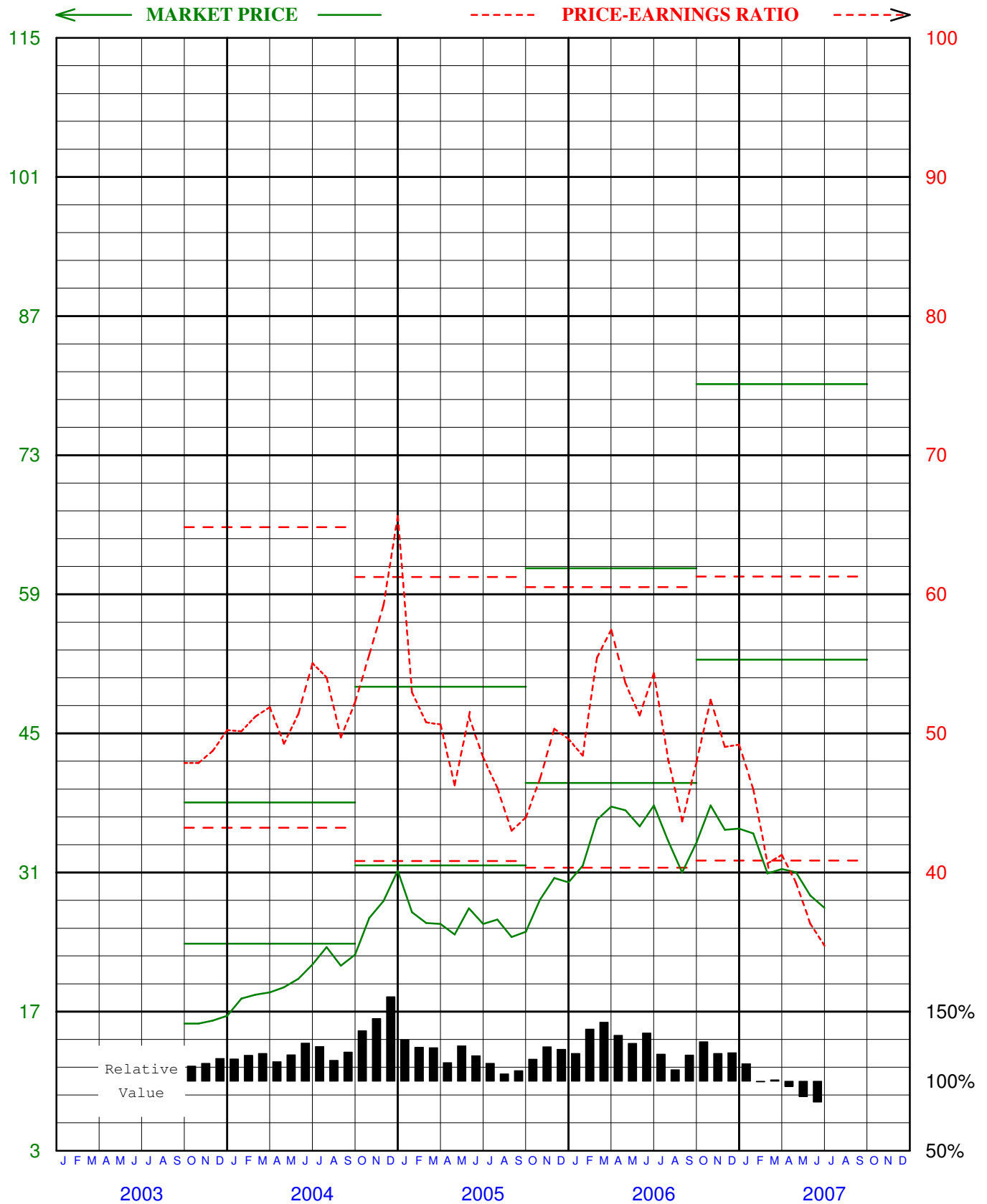
See Section 4C of Stock Selection Guide. 1 below is top of Buy Zone. 2 Below is bottom of Sell Zone

YEAR	1. Consider Buying Below	2.Consider Selling Above
2003	21.6	34.7
2004	23.8	38.0
2005	31.7	49.7
2006	40.0	61.6
2007	52.4	80.2

3 CUMULATIVE EARNINGS AND CURRENT PRICE-EARNINGS RATIO COMPUTATIONS

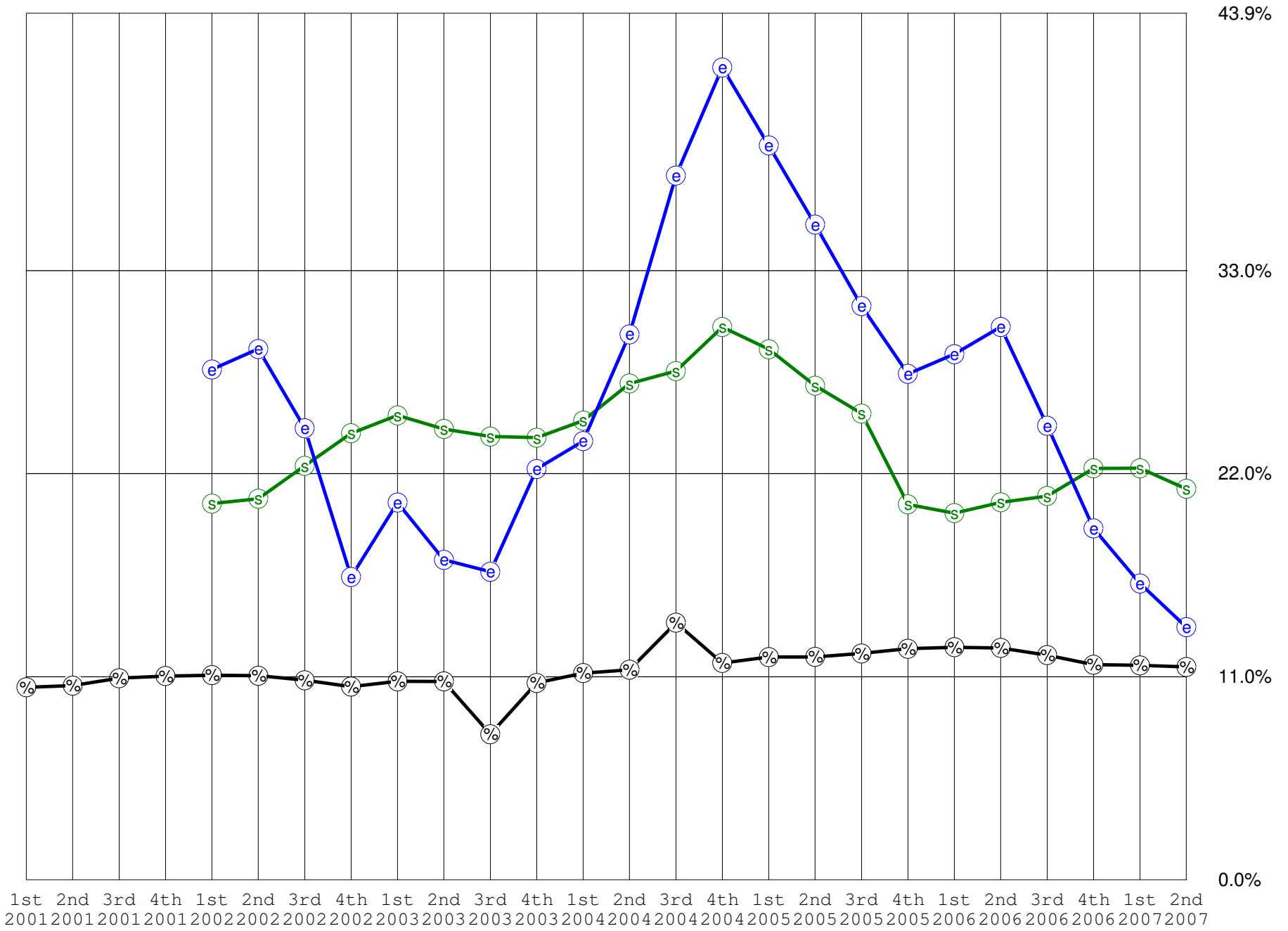
1	2	3	4	5	6	7	8	9	10	11	12
3 Months Ending	Earnings per Share	Total Earnings for last 4 Quarters	Date	Price	P/E Ratio at Time of Meeting	Date	Price	P/E Ratio at Time of Meeting	Date	Price	P/E Ratio at Time of Meeting
12/01	0.08	0.25	01/02	11.89	48.5	02/02	11.51	47.0	03/02	11.57	47.2
03/02	0.06	0.26	04/02	11.41	43.9	05/02	12.14	46.7	06/02	12.43	47.8
06/02	0.07	0.27	07/02	9.82	36.4	08/02	10.05	37.2	09/02	10.32	38.2
09/02	0.07	0.27	10/02	11.92	44.1	11/02	10.87	40.3	12/02	10.19	37.7
12/02	0.10	0.30	01/03	11.36	38.5	02/03	11.73	39.7	03/03	12.88	43.7
03/03	0.07	0.31	04/03	11.76	38.5	05/03	12.34	40.4	06/03	12.28	40.2
06/03	0.08	0.32	07/03	13.67	43.4	08/03	14.20	45.1	09/03	14.40	45.7
09/03	0.09	0.33	10/03	15.80	47.9	11/03	16.09	48.7	12/03	16.58	50.2
12/03	0.14	0.37	01/04	18.31	50.2	02/04	18.70	51.2	03/04	18.94	51.9
03/04	0.10	0.40	04/04	19.46	49.3	05/04	20.30	51.4	06/04	21.75	55.1
06/04	0.12	0.44	07/04	23.50	54.0	08/04	21.62	49.7	09/04	22.73	52.3
09/04	0.13	0.48	10/04	26.44	55.7	11/04	28.13	59.2	12/04	31.18	65.6
12/04	0.17	0.51	01/05	27.00	52.9	02/05	25.91	50.8	03/05	25.83	50.6
03/05	0.12	0.54	04/05	24.76	46.3	05/05	27.40	51.2	06/05	25.83	48.3
06/05	0.16	0.57	07/05	26.28	46.1	08/05	24.52	43.0	09/05	25.05	43.9
09/05	0.16	0.61	10/05	28.28	46.7	11/05	30.45	50.3	12/05	30.01	49.6
12/05	0.22	0.66	01/06	31.70	48.4	02/06	36.32	55.5	03/06	37.63	57.5
03/06	0.16	0.70	04/06	37.27	53.6	05/06	35.65	51.3	06/06	37.76	54.3
06/06	0.17	0.71	07/06	34.23	48.2	08/06	31.01	43.7	09/06	34.05	48.0
09/06	0.17	0.72	10/06	37.75	52.4	11/06	35.30	49.0	12/06	35.42	49.2
12/06	0.26	0.76	01/07	34.94	46.0	02/07	30.90	40.7	03/07	31.36	41.3
03/07	0.19	0.79	04/07	31.02	39.3	05/07	28.70	36.3	06/07	27.44	34.7
06/07			07/07			08/07			09/07		
09/07			10/07			11/07			12/07		

4 CHART OF PRICES AND PRICE-EARNINGS RATIO



PERT Worksheet-A Graph

Company STARBUCKS CORP (SBUX)



PERT Worksheet-B

Company STARBUCKS CORP

Symbol SBUX

YEAR	EPS	PRICE RANGE		P/E RATIO		5 YR AVG P/E RATIO			DIV/ SHARE	% PAYOUT		% HIGH YIELD
		HIGH	LOW	HIGH	LOW	HIGH	AVG	LOW		THIS YEAR	5 YR AVG	
1997	0.09	5.6	3.3	64.3	37.5				.000	.0		.0
1998	0.09	7.5	3.6	79.7	38.2				.000	.0		.0
1999	0.14	10.3	3.9	75.9	29.2				.000	.0		.0
2000	0.18	11.3	5.3	63.9	30.2				.000	.0		.0
2001	0.23	12.8	6.7	55.8	29.3	67.9	50.4	32.9	.000	.0		.0
2002	0.28	12.9	7.1	46.7	25.7	64.4	47.5	30.5	.000	.0		.0
2003	0.34	15.5	9.8	46.2	29.3	57.7	43.2	28.7	.000	.0		.0
2004	0.48	24.2	14.4	50.9	30.3	52.7	40.8	29.0	.000	.0		.0
2005	0.61	32.1	22.3	52.7	36.5	50.5	40.3	30.2	.000	.0		.0
2006	0.72	39.9	24.9	55.4	34.5	50.4	40.8	31.3	.000	.0		.0
10 Year	Avg.			59.2	32.1		45.6					
A	B	C	D	E	F	G	H	I	J	K	L	M