

STARBUCKS CORP
Form 8-K
July 24, 2003

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities and Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 24, 2003

STARBUCKS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Washington
(State or Other Jurisdiction of
Incorporation or Organization)

0-20322
(Commission File Number)

91-1325671
(IRS Employer
Identification No.)

2401 Utah Avenue South, Seattle, Washington 98134
(Address of principal executive offices)

(206) 447-1575
(Registrant's Telephone Number, including Area Code)

TABLE OF CONTENTS

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

Item 9. Information Furnished Under Item 12 (Results of Operations and Financial Condition)

SIGNATURES

EXHIBIT INDEX

EXHIBIT 99.1

Table of Contents**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.**

(c) Exhibits.

Exhibit Number	Description
99.1	Starbucks Corporation Quarterly Earnings Release for the 13 and 39 weeks ended June 29, 2003.

Item 9. Information Furnished Under Item 12 (Results of Operations and Financial Condition).

The information contained in this Item 9 of this Current Report is being furnished pursuant to Item 12. Results of Operations and Financial Condition of Form 8-K in accordance with SEC Release Nos. 33-8216; 34-47583 (March 27, 2003).

The information in this Current Report is being furnished and shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On July 24, 2003, Starbucks Corporation issued an earnings release announcing its financial results for the 13 and 39 weeks ended June 29, 2003. A copy of the earnings release is attached as Exhibit 99.1.

Exhibit 99.1 to the report contains a non-GAAP financial measure as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended. The non-GAAP financial measure covers systemwide retail store sales. This non-GAAP financial measure is discussed below, including the most directly comparable financial measure calculated and presented in accordance with Generally Accepted Accounting Principles in the United States (GAAP), a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure, and the reasons why the Company believes the presentation of the non-GAAP financial measure provides useful information to management and to investors. The non-GAAP financial measure should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

On page 9 of the earnings release included in Exhibit 99.1, the Company indicated that systemwide retail store sales were \$1.2 billion and \$972 million for the 13 weeks ended June 29, 2003, and June 30, 2002, respectively. Systemwide retail store sales were \$3.5 billion and \$2.8 billion for the 39 weeks ended June 29, 2003, and June 30, 2002, respectively. Management has indicated that the growth of these sales was primarily driven by the opening of 1,133 retail stores in the last 12 months and strong comparable store sales growth for Company-operated retail stores. The most directly comparable financial measure calculated and presented in accordance with GAAP to the systemwide retail store sales measure is Retail revenues on the consolidated statement of earnings. The systemwide retail store sales measure also includes the net retail revenues generated by licensed stores, as reported by domestic and international licensees or estimated due to timing of periodic reporting by licensees.

The following table reconciles the Company's total Retail revenues, prepared on the basis of GAAP, to total systemwide retail store sales for the periods presented:

(in millions)	13 Weeks Ended		39 Weeks Ended	
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Retail revenues for Company-operated retail stores sales prepared in accordance with GAAP	\$ 878	\$ 712	\$2,537	\$2,058
Licensed retail stores sales	328	260	928	719
Total systemwide retail store sales	\$1,206	\$ 972	\$3,465	\$2,777

Table of Contents

The following table provides a further break down of total systemwide retail store sales between the Company's North American and international operations:

<i>(in millions)</i>	13 Weeks Ended		39 Weeks Ended	
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Continental North America:				
Company-operated retail store sales ^(a)	\$ 803	\$ 659	\$2,327	\$1,909
Licensed retail store sales ^(b)	121	90	338	245
	<u>924</u>	<u>749</u>	<u>2,665</u>	<u>2,154</u>
International:				
Company-operated retail store sales ^(a)	75	53	210	149
Licensed retail store sales ^(b)	207	170	590	474
	<u>282</u>	<u>223</u>	<u>800</u>	<u>623</u>
	<u>\$1,206</u>	<u>\$ 972</u>	<u>\$3,465</u>	<u>\$2,777</u>

^(a) Company-operated retail store sales are reflected as Retail revenues, prepared on a GAAP basis, on the consolidated statements of earnings included on pages 4 and 5 of the earnings release included in Exhibit 99.1.

^(b) Includes retail store sales as reported by domestic and international licensees. Portions of these sales may be estimated due to timing of periodic reporting by licensees.

The systemwide retail store sales measure is useful to management and investors because it provides an indication of consumer spending in Starbucks retail stores, a growing portion of which is licensed and not consolidated into the financial results of Starbucks Corporation. The systemwide retail store sales measure is primarily used by the restaurant industry.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STARBUCKS CORPORATION

Dated: July 24, 2003

By: /s/ Michael Casey

Michael Casey
executive vice president and chief
financial officer

Signing on behalf of the registrant and
as principal financial officer

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
99.1	Earnings Release dated July 24, 2003.