

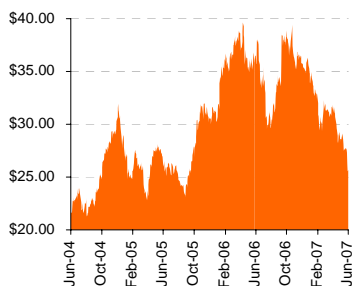
May 23, 2007



# STARBUCKS CORP.

( \$25.74 / NASDAQ / SBUX )

## Three-Year Price History



PORTFOLIO..... **GROWTH**

## Reference Statistics

Sector .....	Consumer Discretionary
Industry .....	Restaurants
Market Cap .....	\$19,068 M
Average Volume .....	13,100 M shares
Float .....	726.1 M shares
P / E.....	29.99
ROE.....	28.74%
PE / ROE.....	1.04
P / B.....	2.99
EV / FCF.....	155.74
Dividend Yield.....	NA
Screen Score Percentile.....	
Fiscal Year End .....	September
Next Report .....	August 2007
Contact.....	JoAnn DeGrande
Title .....	Director, Investor Relations
Number.....	XXX-XXX-XXXX
Fair Value Range.....	\$29 - \$38
Time Horizon .....	3 years
Expected CAGR .....	13.87 %

## Investment Summary

*Starbucks operates over 14,200 retail outlets in 40 countries. Its cafés sell coffee, espresso-based drinks, tea, food, coffee-related wares, music CDs, and other merchandise. More importantly, its cafés provide a unique experience based on convenience, affordable luxury, and reprieve.*

- Starbucks is a world-class company with one of the most recognizable brands in the world. We think it is on sale, too.** The Company is frequently ranked as one of the most admired companies by *Fortune* and the *Financial Times*. Brandchannel.com recently ranked it fourth among the world’s most influential brands. To boot, the stock is trading at its lowest valuation (on a P/E basis) ever.
- Starbucks is the clear leader in an attractive and expanding industry.** With 14,200 retail outlets, the Company is 32 times as large as its nearest pure competitor. More importantly, the Company’s first-mover advantage has helped it secure valuable high-traffic retail locations. In the end, Starbucks offers unparalleled convenience to its coffee-swilling customers who, over the past five years, have increased their consumption at a compound annual rate greater than ten percent.
- We believe the Starbucks story is less than one-third complete.** The Company believes that it can ultimately support 40,000 retail outlets worldwide. In addition, there are numerous opportunities for ancillary growth because of the Company’s powerful brand (food, ready-to-drink coffee, etc).
- We like the Company’s clear plans for use of its capital.** Starbucks plans to use the cash it generates to support its current stores, build new stores, expand its other business lines, increase ownership in its licensed markets, and repurchase shares. The Company has reduced its share count by ten percent since the end of 2004.
- We believe the Company’s operating metrics will improve over time.** As the Company has grown, it has expanded its operating margins by over 30 percent, more than doubled its return on equity, and consistently generated free cash flow. As growth slows and less capital is earmarked for new store openings, we believe free cash flow will accumulate rapidly.
- The Company treats all of its constituents with respect and makes us proud to be shareholders.** Starbucks recently declassified its board, offers all employees healthcare and above-average wages, and supports infrastructure, health, and education projects in the homelands of its farmers.

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