

COMPANY OVERVIEW
NEUTRAL

Forecasted Upper Limit	\$	1.70
Best Estimate	\$	1.36
Forecasted Lower Limit	\$	1.09

STARBUCKS CORP

Ticker	SBUX
Last Price	\$11.82

SBUX Price Chart (Dividends Reinvested)

Ativo Research's Investment Conclusion

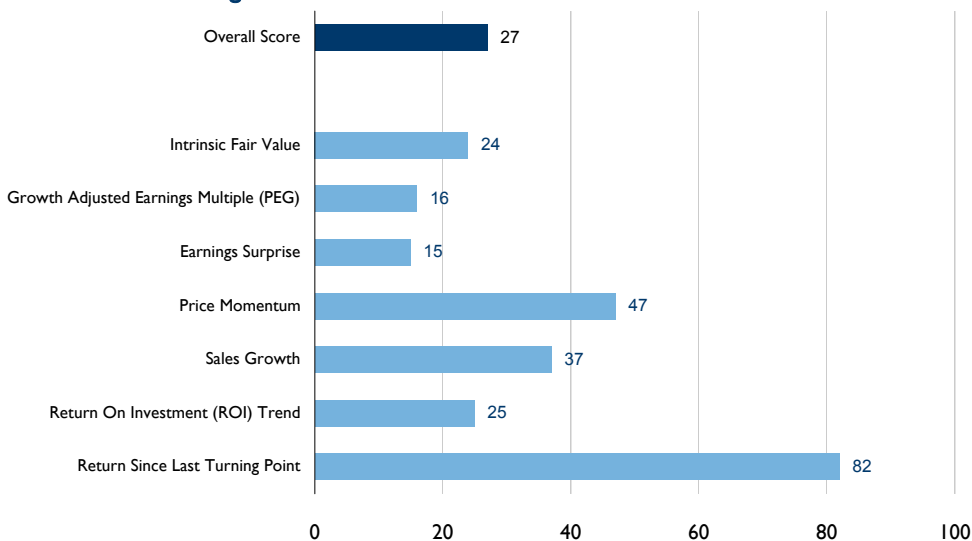
Ativo Research projects as of this date that SBUX will PERFORM IN LINE WITH the market averages over the next 6 to 12 months. Our decision is based on the stock's relationship to its intrinsic value as well as an assessment of the momentum of the company's fundamentals.

Ativo Investment Philosophy

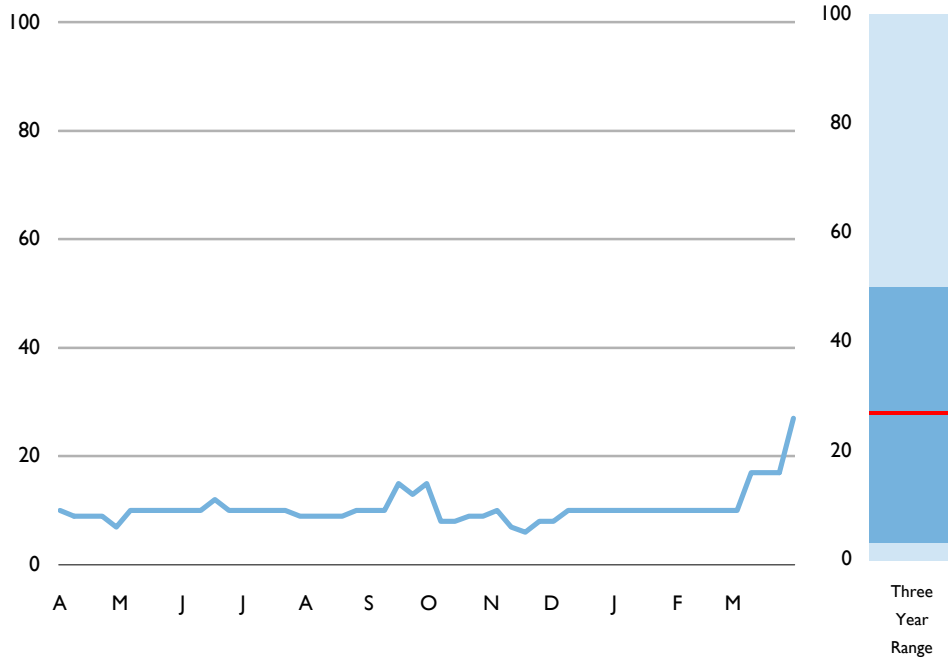
Ativo's valuation framework is based on the financial economics research pioneered by Merton Miller, Franco Modigliani and others at the University of Chicago. Ativo's contribution is the empirical validation and practical application that make these principles useful in making investment decisions.

The Ativo framework incorporates two dimensions. The fundamental valuation dimension recognizes that stock prices are primarily determined by future cash flows and discount rates. Painstaking fundamental analysis improves the quality of these forecasts and the resulting valuation insights. Ativo's focus is to adjust for the effects of inflation and remove other accounting distortions, thereby providing a more reliable measure of a firm's economic performance and future prospects.

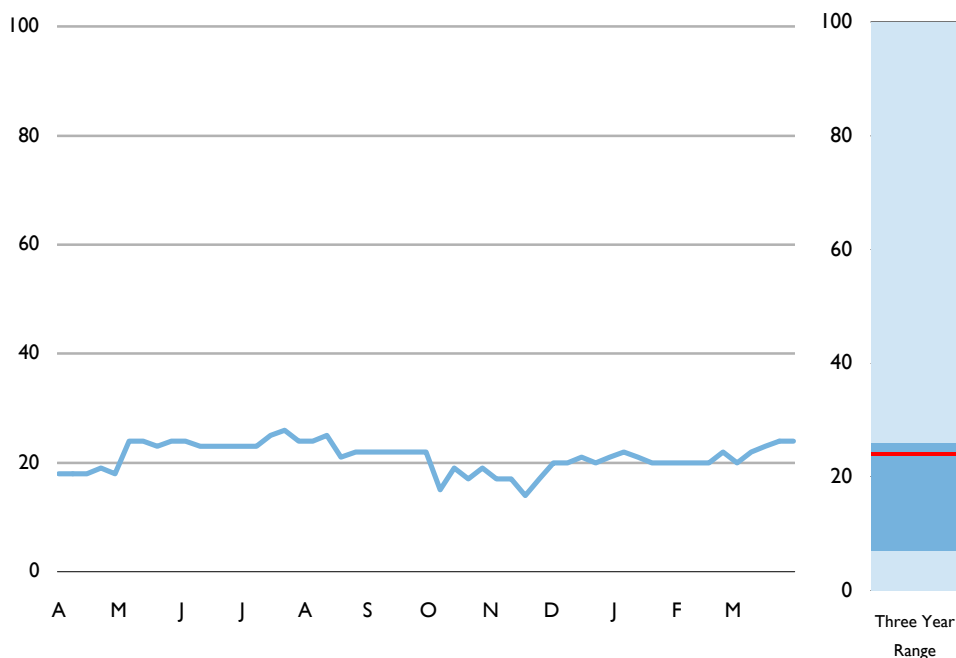
The second dimension is focused on momentum. Adding a momentum overlay to fundamental data like sales and profits improves the quality of the resulting forecasts. Incorporating price momentum along with volatility estimates improves investment performance, recognizing that while fundamental valuation is the most important long-term measure, short-term and medium-term performance is often dominated by market trends, sector rotation, and investor sentiment.

Risk/Reward Rating


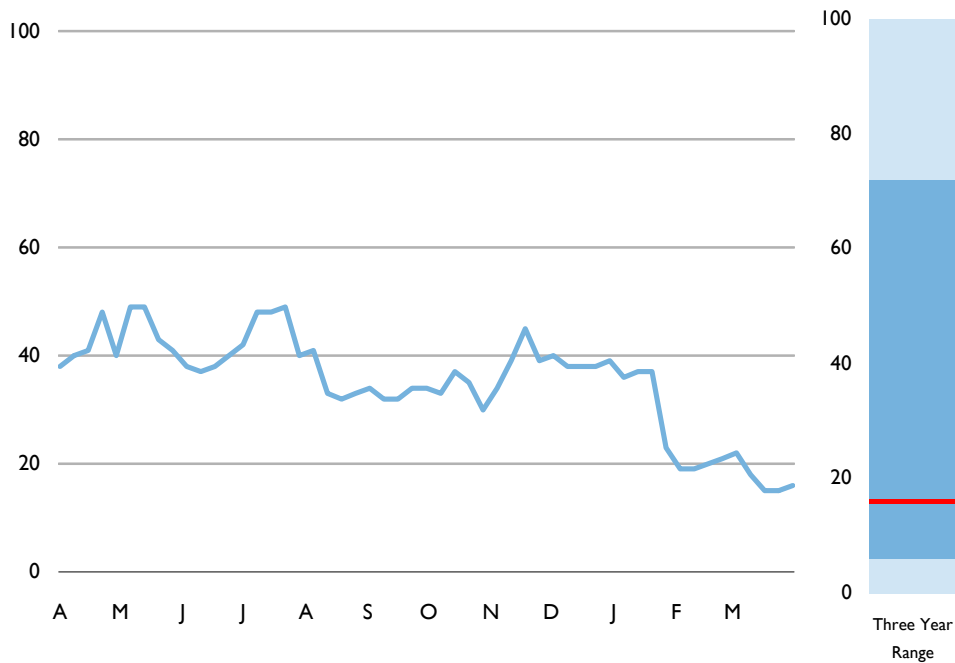
Components of risk/reward rating are percentile scores for the stock relative to all other stocks in the Ativo Universe. Scores that are blank indicate that there is not enough information to compute the score at this time. In such cases, the overall score is derived from the available components.

SBUX
Overall Score
Average

Overall Score

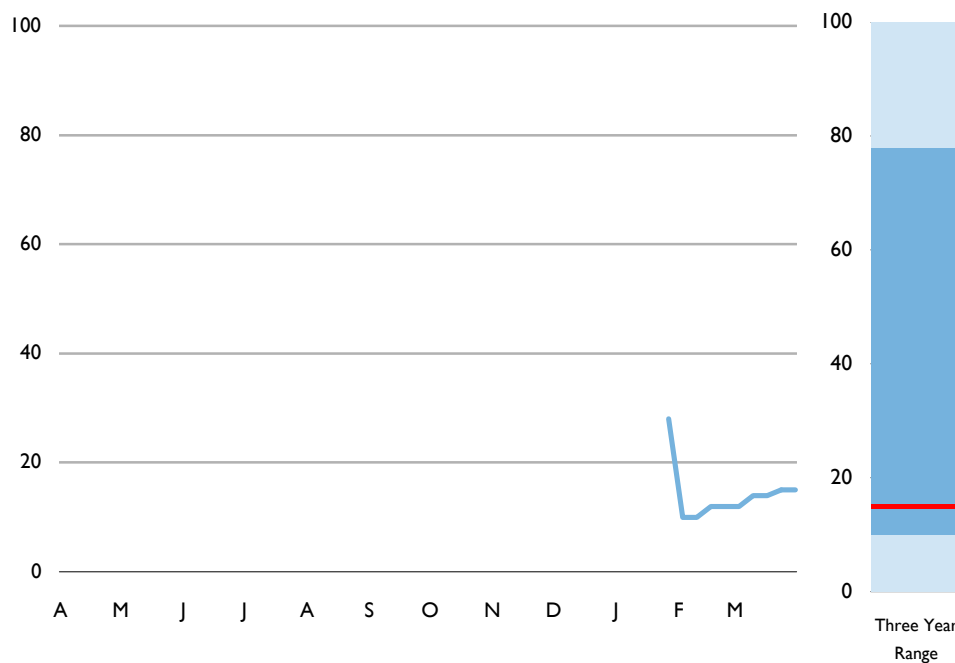
The composite score, which determines Ativo's investment recommendation, incorporates each of the seven individual component scores. Scores above 80 are rated as strong buys, between 71 and 80 are rated as buys, between 21 through 70 are rated as holds, between 11 through 20 are rated as sells, below 11 are rated as strong sells. All factors incorporated in the overall score are assigned a ranking between 0 (low) and 100 (high) based on each firm's position relative to other firms in the Ativo forecast universe. The following panels present a detailed analysis of each of these factors. In each one, the line chart represents the score of the component in the last year. The bar chart shows the range of the score in the last three years. The red stripe indicates the current/latest value and the dark blue bars bracketing the stripe indicate the maximum and minimum values of the score in the three years.

Intrinsic Fair Value
Average

Intrinsic Fair Value

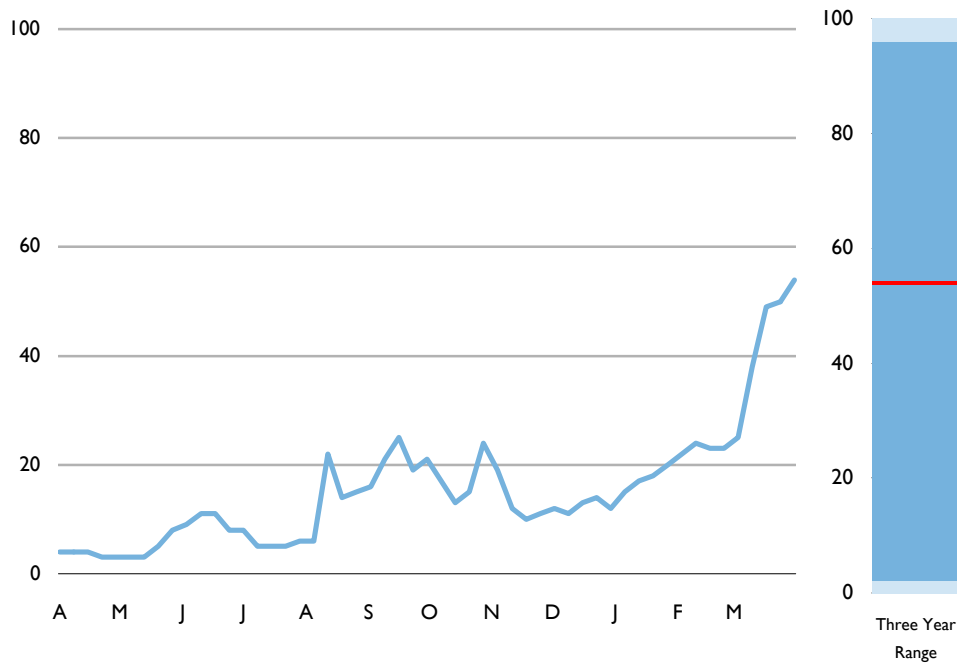
This factor compares the current price with Ativo's intermediate term target, which is based on cash flow, profitability, discount rate forecasts, sales growth and asset growth over a three-to-five year period. Ativo's discount rate estimates are continuously revised such that at any given time approximately 50% of firms (capitalization weighted) will be overvalued and 50% will be undervalued.

SBUX
Growth Adjusted Earnings Multiple (PEG)
Unfavorable

Growth Adjusted Earnings Multiple (PEG)

To derive this factor, the current P/E ratio is divided by the per-share, inflation-adjusted asset growth. This ratio incorporates a 52-week-out earnings forecast which is updated on a weekly basis, and it differs from the typical PEG ratio. The traditional PEG ratio divides the earnings multiple by the unadjusted earnings growth forecast, which includes anticipated inflation, so it can not be used to compare values from different time periods and it can not be used to compare firms in different countries.

Earnings Surprise
Unfavorable

Earnings Surprise

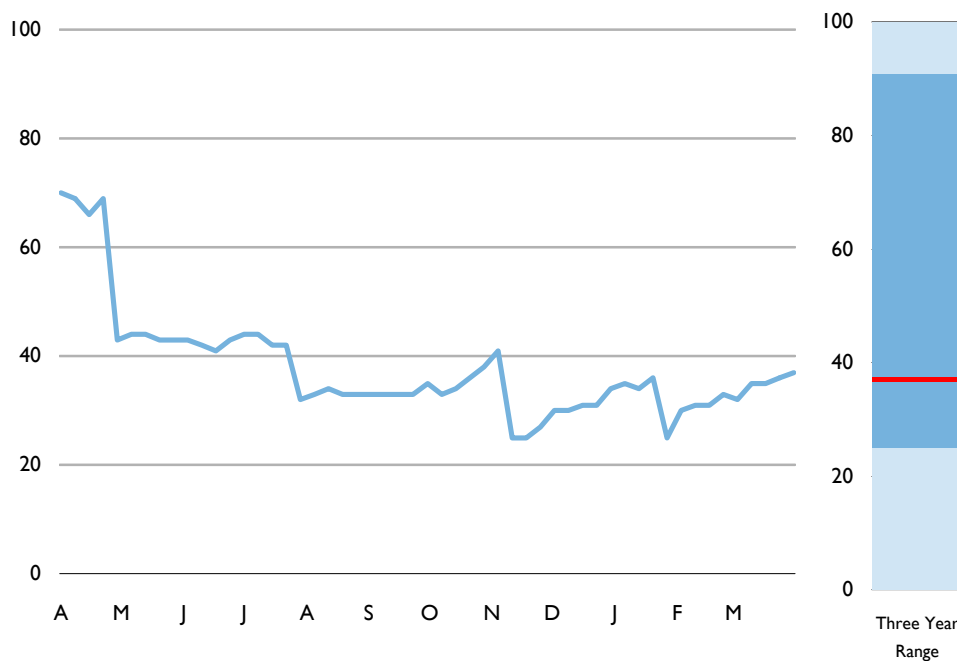
The earnings surprise component compares the average of earnings surprises relative to forecasts for the past two quarters.

SBUX
Price Momentum
Average

Price Momentum

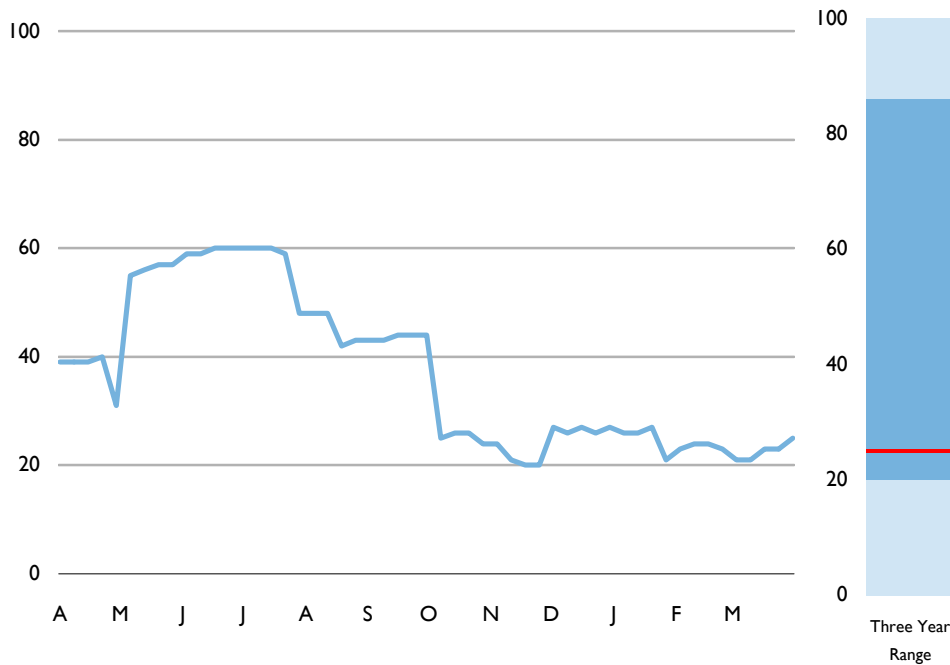
This is a weighted ranking which combines both price trend and short-term deviations.

The price momentum component is based on a total-return index incorporating both price appreciation and dividends. The actual momentum statistic compares the latest 39-week moving average versus the moving average thirty-nine weeks earlier. This statistic is also adjusted for company-specific volatility relative to the S&P 500.

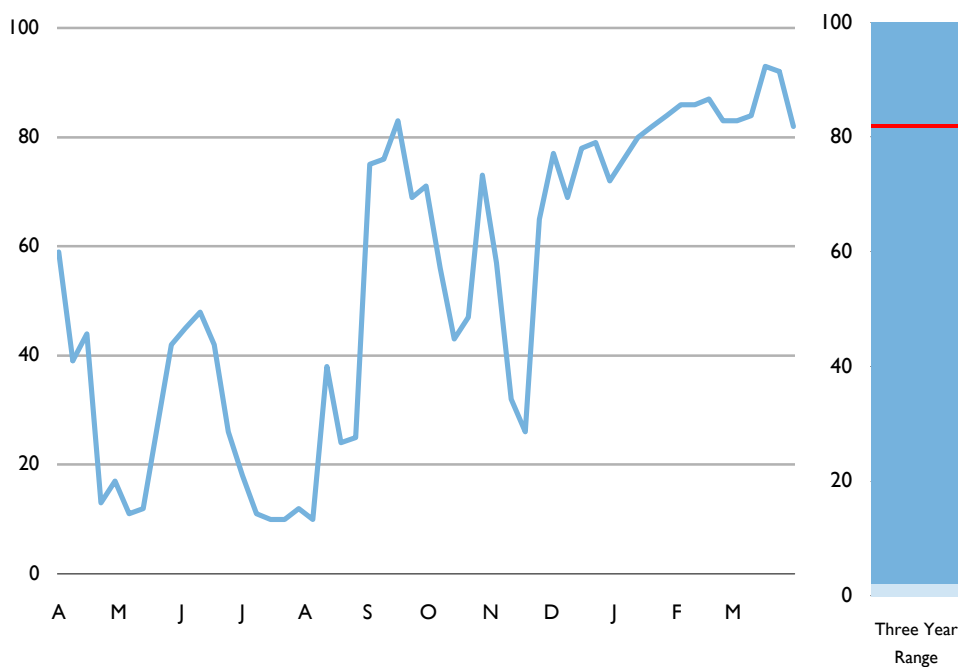
The deviation component compares the firm's current price with the 39-week volatility-adjusted moving average.

Sales Growth
Average

Sales growth

This component is based on the percentage change over the last two quarters of trailing four-quarter sales per share.

SBUX
Return On Investment (ROI) Trend
Average

Return on Investment (ROI) Trend

This indicator measures the degree to which the firm is improving its real economic performance relative to the corporate sector as a whole. The calculation evaluates the forecasted trend in ROI over the next five fiscal years and then compares that trend with actual performance over the past three fiscal years.

Return Since Last Turning Point
Most Favorable

Return Since Last Turning Point

This indicator recognizes that different firms can do better or worse in different types of markets. Performance is measured since the last market turning point, which is identified by Ativo's ongoing review as representing a fundamental change in the character of market conditions. These turning points typically unfold once or twice a year, often around quarter-end dates. For a look at the most recent turning point, see page 7.

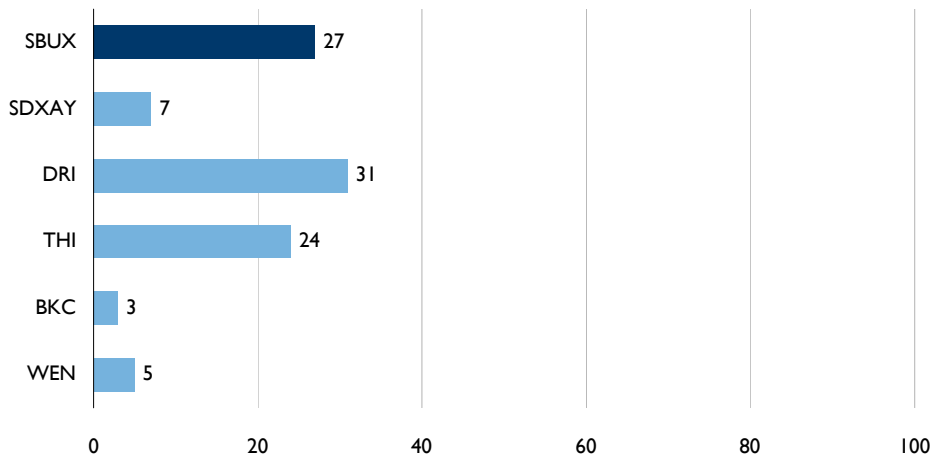
INDUSTRY OVERVIEW

NEUTRAL

SBUX

Restaurants

Industry Risk/Reward Rating



TICKER	SBUX	SDXAY	DRI	THI	BKC	WEN
Overall Score	27	7	31	24	3	5
Expected Shareholder Return	24	20	29	28	18	12
Growth Adjusted Earnings Multiple (PEG)	16	37	28	37	11	101
Earnings Surprise	15	0	55	73	73	0
Price Momentum	47	79	67	65	80	42
Sales Growth	37	0	58	85	69	4
Return On Investment (ROI) Trend	25	93	29	73	60	1
Return Since Last Turning Point	82	30	90	35	15	57

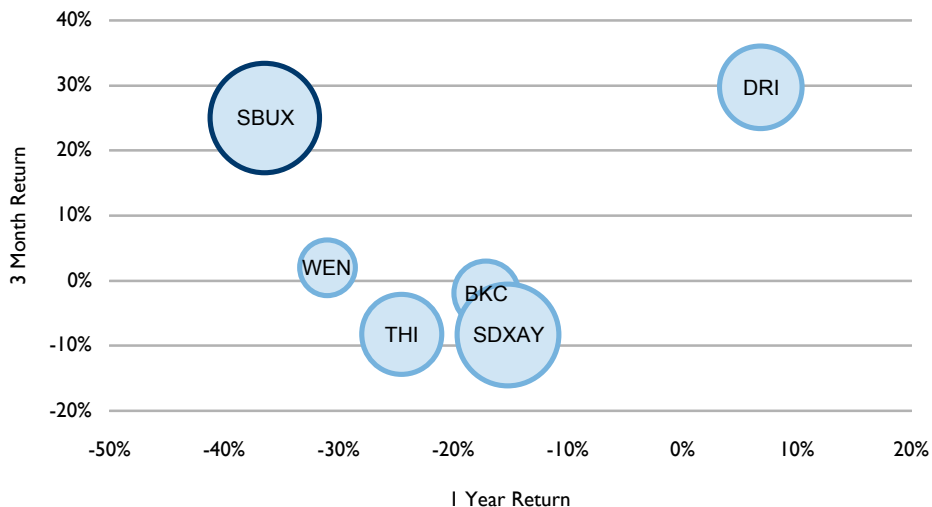
Industry Analysis

Investment decisions regarding individual firms should be considered within the context of industry sectors. Although a specific stock may be highly rated, investors will often wish to consider other similar firms that may be rated even more highly.

The horizontal bar chart compares SBUX to the firms in its GICS sub-industry group closest in market capitalization. In cases where five firms are not available in the same GICS sub-industry we picked firms in the same GICS industry group closest in market cap. They may or may not be direct competitors and therefore may not be alternatives as investments.

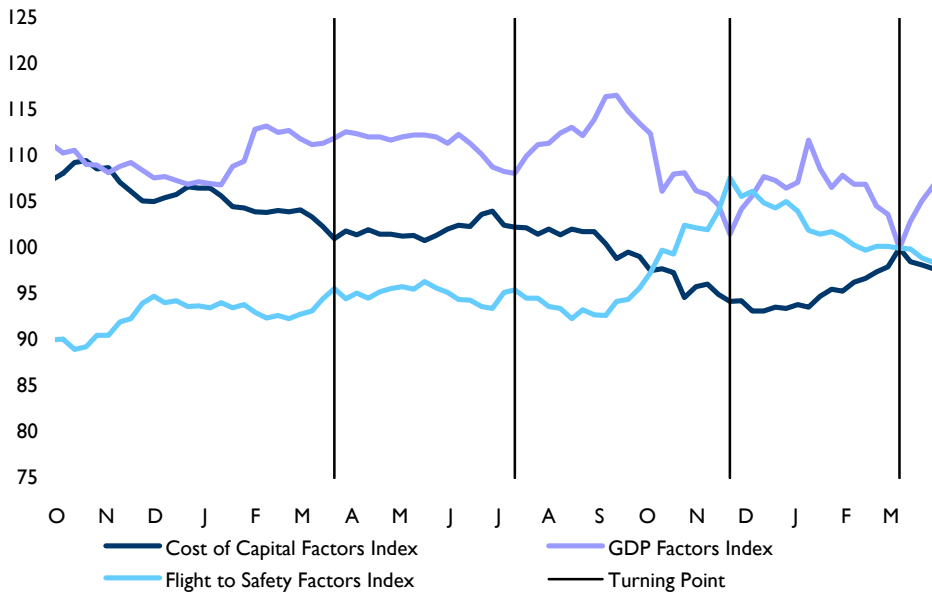
The table compares the selected firm with the five representative firms in the industry, showing both the overall score and the indicators that comprise that score.

Industry Short Term Returns



Industry Short Term Returns

The graph on the left shows overall investment performance for the selected firms, as well as indicating the degree to which individual stocks are moving together or apart. Firms in the upper-right corner of the graph have been consistent positive performers, while those in the lower-left corner of the graph are persistent underperformers. Firms in the upper-left corner have been weak in the medium term, but strong more recently, and vice versa for firms in the lower-right corner. The sizes of the circles indicate the relative market capitalizations of the firms.

MARKET OVERVIEW
ATIVO Market Sentiment Indicators

Market Sentiment Indicators

Ativo measures market sentiment by categorizing factors affecting market performance. A number of factors are combined into three indexes. The Cost of Capital Factors Index is comprised of stocks that benefit from a drop in the cost of capital. The stocks in the GDP Factors Index thrive in response to a rise in economic activity. The Flight to Safety Index measures the performance of stocks in response to financial strains and other crises. The goal of tracking these indexes is to capture major changes in the market trend in order to make strategic decisions going forward. These indexes are updated and plotted weekly, as shown in the chart on the left. Within three to five weeks the change in market trend becomes obvious. The most recent turning point was 3/6/2008.

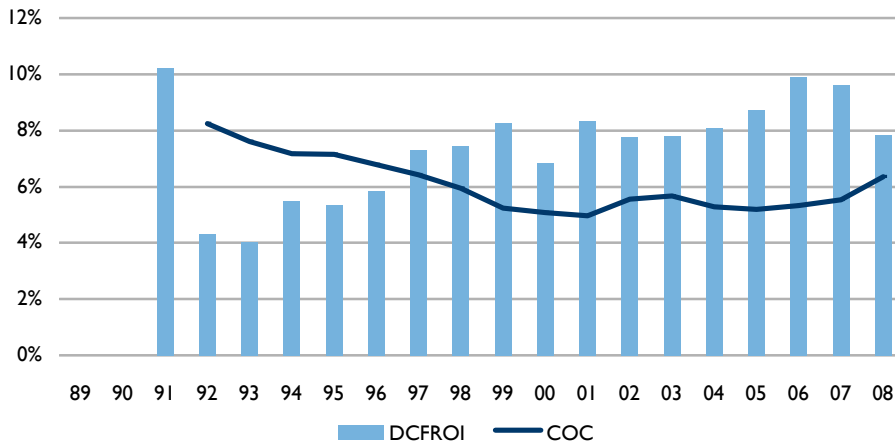
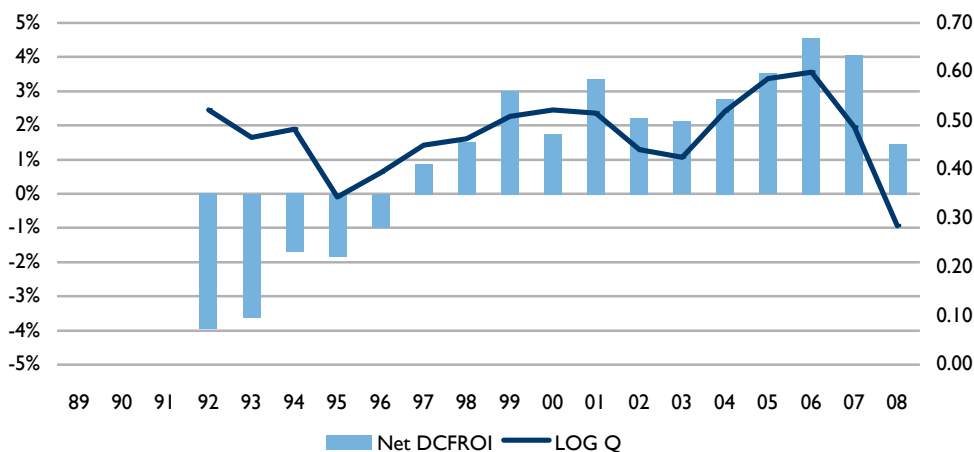
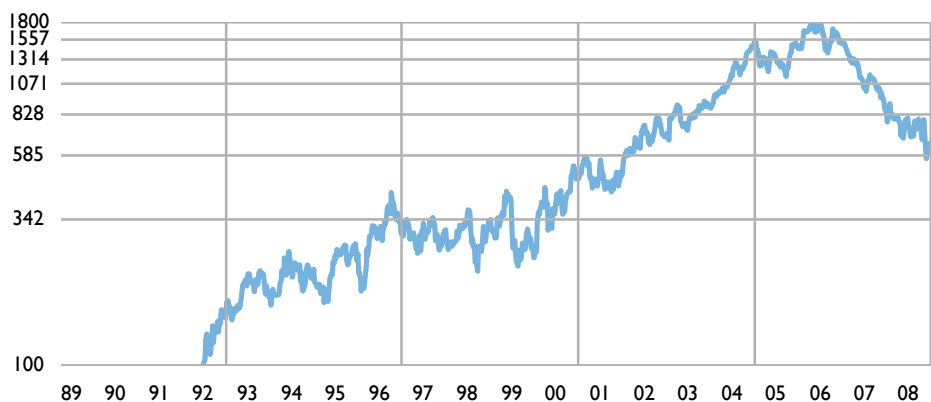
Return Rankings

	Since Last Turning Point	Weekly Gain/Loss	13 Weeks Gain/Loss	1 Year Gain/Loss
1. Cost of Capital Factors*				
Low Asset Size	15	12	2	7
Low Trading Volume	6	1	3	5
High Price Volatility	5	15	4	16
Low Dividends	8	7	1	6
High Asset Growth Forecast	7	8	6	2
High Q ratio	16	14	7	13
Low Cost of Capital	13	13	8	10
2. GDP Factors*				
Low Q Ratio	1	3	10	4
High Debt Usage	3	11	5	14
Low Asset Growth Forecast	10	9	11	15
High Cost of Capital	4	4	9	8
3. Flight to Safety Factors*				
High Asset Size	2	5	15	11
High Trading Volume	11	16	14	12
Low Price Volatility	12	2	13	1
Low Debt Usage	14	6	12	3
High Dividends	9	10	16	9

* As of 4/2/2009

Return Rankings

The table on the left shows return rankings of the components of each index. Portfolios of stocks for each component have industry weightings that are reflective of the market. As an example of one attribute, stocks are ranked across the Ativo forecast universe according to their asset size. A selection of stocks with low asset size rankings are included in the Low Asset Size Portfolio in the Cost of Capital Factors, since firms with low asset bases relative to others are more sensitive to changes in the cost of capital versus firms that have a larger base of assets. The relative performance of the low asset firms versus the high asset firms is tracked. For each of time period, each component portfolio is ranked versus the others (1 is best and 16 is worst) to provide a picture of which attributes have been rewarded by the market.

STRATEGIC PLANNING CHARTS
SBUX
DCFROI (Columns) and Real Cost of Capital (Line)

Net DCFROI (Left Scale) & Log Q (Right Scale)

Total Investor Return Relative to S&P 500

Economic Value and Stock Performance

The first chart shows DCFROI (real cash return on investment) relative to the firm's real cost of capital. Firms that earn a return above the cost of capital create value for shareholders, and often create additional value by increasing their rate of profitable growth. Firms that earn a return below their cost of capital may still be profitable, but are often destroying value for shareholders. Firms neither add nor destroy value when they are earning at or near their cost of capital. Such firms do not add value by growing, and instead should devote management attention to improving operating performance.

The second chart depicts the relationship between the net DCFROI and the Q ratio, another measure of value creation. Net DCFROI is inflation-adjusted CFROI. The Q ratio is the current market value of the firm (debt plus equity) to inflation-adjusted book value of the firm. The Q ratio indicates the ability of the firm's management to extract value from the firm's current asset base. A Q ratio of 1 indicates that market value of the firm is equal to its book value. Therefore a ratio lower than or equal to 1 is not desirable.

The last chart shows total investor return relative to the S&P500 during the period. Total return is calculated with dividends and other distributions reinvested, and the starting value is indexed to 100.

IMPORTANT DISCLOSURES
Ratings

Definitions

Strong Buy	81 +	Expected to significantly outperform the S&P 500 producing above average returns.
Buy	71 - 80	Expected to outperform the S&P 500 producing above average returns.
Neutral	21 - 70	Expected to perform in line with the S&P 500 with average returns.
Sell	11 - 20	Expected to underperform the S&P 500 producing below-average returns.
Strong Sell	1 - 10	Expected to significantly underperform the S&P 500 producing below-average returns.

Based on traditional non-weighted percentiles, a stock would be assigned a percentile of X because it had an Overall Score greater than the Overall Score of X% of the stocks. Our approach is based on weighted percentiles under which a stock is assigned a percentile of X because the sum of the market cap of all firms with a worse or equal Overall Score is equal to X% of the total market cap of all firms.

Coverage: As of the date this report was published, Ativo Research, LLC covered and rated 4287 companies with 5.6 % rated Strong Buy, 3.8% rated Buy, 38.6% rated Neutral, 20% rated Sell and 31.9% rated Strong Sell.

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