

STARBUCKS CORP
Form 424B5
August 08, 2018
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Registration No. 333-213645

The information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell the notes and are not soliciting an offer to buy the notes in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated August 8, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated September 15, 2016)

\$

Starbucks Corporation

% Senior Notes due

Starbucks is offering \$ aggregate principal amount of % Senior Notes due (the notes). The notes will mature on , . Starbucks will pay interest on the notes semiannually on and of each year, beginning , 2019. Starbucks may redeem some or all of the notes in whole at any time or in part from time to time prior to their maturity at the applicable redemption prices described under Description of Notes Redemption. If Starbucks experiences a change of control triggering event, it may be required to offer to purchase the notes from holders as described under Description of Notes Offer to Repurchase upon a Change of Control Triggering Event.

The notes will be Starbucks senior unsecured obligations and will rank equally in right of payment with all of its other senior unsecured indebtedness from time to time outstanding. The notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 thereof.

Investing in the notes involves risks that are described or referred to in the **Risk Factors** section beginning on page S-5 of this prospectus supplement.

	Per Note	Total
Initial public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to Starbucks	%	\$

(1) Plus accrued interest from , 2018, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Delivery of the notes offered hereby in book-entry form will be made only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, S.A., and Euroclear Bank SA/NV on or about , 2018.

Joint Book-Running Managers

BofA Merrill Lynch

Citigroup

J.P. Morgan

Morgan Stanley

US Bancorp

The date of this prospectus supplement is

, 2018.

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You should carefully read this prospectus supplement, the accompanying prospectus and any free writing prospectus we have authorized. You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus that we have authorized. Neither we nor the underwriters have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the underwriters are offering to sell, and seeking offers to buy, the notes only in jurisdictions where such offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement or the date of the accompanying prospectus and the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate only as of the date of those respective documents, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of the notes. If the information varies between this prospectus supplement and the accompanying prospectus, the information in this prospectus supplement supersedes the information in the accompanying prospectus.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is comprised of two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes and other information. The second part is the accompanying prospectus dated September 15, 2016, which is part of our Registration Statement on Form S-3 (SEC Registration No. 333-213645) and contains more general information, some of which does not apply to this offering.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in **Incorporation of Certain Documents by Reference** in this prospectus supplement and the accompanying prospectus and in **Where You Can Find More Information** in the accompanying prospectus.

No person is authorized to give any information or to make any representation that is different from, or in addition to, those contained or incorporated by reference into this prospectus supplement, the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this prospectus supplement, the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference into this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or an invitation on our behalf or the underwriters or any of them, to subscribe for or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See **Underwriting**.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to **Starbucks**, **we**, **us**, **our** and **Company** refer to Starbucks Corporation and its consolidated subsidiaries. If we use a capitalized term in this prospectus supplement and do not define the term in this prospectus supplement, it is defined in the accompanying prospectus.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information from, or incorporated by reference in, this prospectus supplement or the accompanying prospectus, but may not contain all the information that may be important to you. You should read this entire prospectus supplement, the accompanying prospectus and those documents incorporated by reference carefully, including the Risk Factors and the financial statements and the related notes, before making an investment decision.

Starbucks Corporation

Starbucks is the premier roaster, marketer and retailer of specialty coffee in the world, operating in 77 countries. We purchase and roast high-quality coffees that we sell, along with handcrafted coffee, tea and other beverages and a variety of high-quality food items, including snack offerings, through company-operated stores. We also sell a variety of coffee and tea products and license our trademarks through other channels such as licensed stores, grocery and foodservice accounts. In addition to our flagship Starbucks Coffee brand, we sell goods and services under the following brands: Teavana, Seattle's Best Coffee, Evolution Fresh, La Boulange and Ethos.

Our objective is to maintain Starbucks standing as one of the most recognized and respected brands in the world. To achieve this, we are continuing the disciplined expansion of our global store base, adding stores in both existing, developed markets such as the United States, and in newer, higher growth markets such as China, as well as optimizing the mix of company-operated and licensed stores in each market. In addition, by leveraging the experience gained through our traditional store model, we continue to offer consumers new coffee and other products in a variety of forms, across new categories, diverse channels and alternative store formats. We also believe our Starbucks Global Social Impact strategy, commitments related to ethically sourcing high-quality coffee and contributing positively to the communities we do business in, and being an employer of choice are contributors to our objective.

Our principal executive offices are located at 2401 Utah Avenue South, Seattle, Washington 98134, and our telephone number is (206) 447-1575. We maintain a website at <http://www.starbucks.com>. The information on our website is not part of this prospectus supplement or the accompanying prospectus.

The following summary is a summary of the notes, and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of the notes, please refer to the section entitled Description of Notes in this prospectus supplement and the section entitled Description of Debt Securities in the accompanying prospectus.

Issuer	Starbucks Corporation, a Washington corporation.
Notes Offered	\$ aggregate principal amount of % Senior Notes due .
Maturity	The notes will mature on , .
Interest Payment Dates	Interest on the notes will be paid semiannually in arrears on and of each year, beginning , 2019.
Interest	The notes will bear interest at % per year. Interest on the notes will accrue from , 2018.
Optional Redemption	<p>At any time prior to , (months prior to the maturity date of the notes) (the Par Call Date), we may redeem the notes, in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:</p> <p>100% of the aggregate principal amount of the notes to be redeemed; and</p> <p>the sum of the present value of the remaining scheduled payments of principal and interest on the notes being redeemed that would be due if the notes matured on the Par Call Date (exclusive of interest accrued to the redemption date) discounted to the redemption date on a semiannual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate (as defined herein) plus basis points,</p> <p>plus, in each case, accrued and unpaid interest on the notes being redeemed to the redemption date.</p>

In addition, at any time on and after the Par Call Date, we may redeem some or all of the notes, at our option, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to the redemption date. See Description of Notes Redemption.

Offer to Repurchase Upon a Change of
Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, as defined under Description of Notes Offer to Repurchase upon a Change of Control Triggering Event, we will be required, unless we have exercised our option to redeem the notes, to make an offer to repurchase the notes at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest to, but not including, the date of repurchase.

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Ranking	The notes will rank equally in right of payment with all of our other senior unsecured indebtedness, whether currently existing or incurred in the future. As of July 1, 2018, we had \$6,568 million in aggregate principal amount of senior unsecured notes outstanding. The notes will be senior in right of payment to our subordinated indebtedness and effectively junior in right of payment to our secured indebtedness to the extent of the value of the collateral securing that indebtedness. As of July 1, 2018, we had no secured indebtedness. The notes will be effectively subordinated to any existing or future indebtedness or other liabilities, including trade payables, of any of our subsidiaries. As of July 1, 2018, our subsidiaries had approximately \$4.9 million of indebtedness (excluding trade payables).
Certain Covenants	<p>The indenture governing the notes contains covenants that, among other things, will limit our ability to:</p> <p>incur, create, assume or guarantee any debt for borrowed money secured by a lien upon any principal property or shares of stock or indebtedness of any subsidiary that owns any principal property;</p> <p>enter into certain sale and lease-back transactions; and</p> <p>consolidate with or merge into, or transfer or lease all or substantially all of our assets to, any other party.</p> <p>These covenants are subject to important exceptions and qualifications that are described under the heading Description of Notes Certain Covenants Limitation on Liens, Limitation on Sale and Lease-Back Transactions and Limitation on Mergers and Other Transactions in this prospectus supplement.</p>
Use of Proceeds	We intend to use the net proceeds from the sale of the notes for general corporate purposes, including the repurchase of our common stock under our ongoing share repurchase program, business expansion, payment of cash dividends on our common stock or the financing of possible acquisitions. See Use of Proceeds .
Form and Denomination	We will issue the notes in the form of one or more fully registered global notes, without coupons, registered in the name of the nominee of The Depository Trust Company (DTC). Beneficial interests in the global notes will be represented through book-entry accounts of financial

institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, S.A., and Euroclear Bank, SA/NV will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement and in the accompanying prospectus, owners of beneficial interests in the global notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture.

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The notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Further Issuances

We may, from time to time, without giving notice to or seeking the consent of the holders or beneficial owners of the notes offered hereby, issue additional debt securities having the same terms (except for the issue date and, in some cases, the public offering price and the first interest payment date) as, and ranking equally and ratably with, the notes. Any additional debt securities having such similar terms, together with the notes offered hereby, will constitute a single series of securities under the indenture.

Risk Factors

Your investment in the notes will involve risks. You should carefully consider all of the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus as well as the specific factors under the heading **Risk Factors** beginning on page S-5.

Trustee

U.S. Bank National Association.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

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RISK FACTORS

Investing in the notes offered by this prospectus supplement involves risks. You should carefully consider the risk factors described below as well as those incorporated by reference to our most recent Annual Report on Form 10-K, any subsequent Quarterly Reports on Form 10-Q and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. The occurrence of any of these risks might cause you to lose all or part of your investment in the notes.

Risks Relating to this Offering and the Notes

Increased leverage may harm our financial condition and results of operations.

As of July 1, 2018, we had approximately \$13,185.4 million of total liabilities on a consolidated basis, including \$6,568 million in aggregate principal amount of senior unsecured notes outstanding. Our commercial paper program currently has a borrowing limit of \$3.0 billion, which is backstopped by our revolving credit facilities. The current commitment under our Five-Year Credit Agreement is \$2.0 billion, which may be increased to \$2.5 billion, upon the consent of the lenders under our Five-Year Credit Agreement. The current commitment under our 364-Day Credit Agreement is \$1.0 billion, which may be increased to \$1.5 billion, upon the consent of the lenders under our 364-Day Credit Agreement. As of July 1, 2018, we had \$300 million of outstanding borrowings under our commercial paper program and no amounts outstanding under our revolving credit facility.

We and our subsidiaries may incur additional indebtedness in the future and, subject to limitations on debt for borrowed money secured by liens on our principal properties or shares of stock or indebtedness of any subsidiaries that own any principal properties, the notes do not restrict future incurrence of indebtedness. This increase and any future increase in our level of indebtedness will have several important effects on our future operations, including, without limitation, that:

we will have additional cash requirements to support the payment of interest on our outstanding indebtedness;

increases in our outstanding indebtedness and leverage may increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure;

our ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be limited; and

our flexibility in planning for, or reacting to, changes in our business and our industry may be limited. Our ability to make payments of principal and interest on our indebtedness depends on our future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our consolidated operations, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations in the future to service our debt, we may be required, among other things:

to seek additional financing in the debt or equity markets;

to refinance or restructure all or a portion of our indebtedness, including the notes;

to sell selected assets;

to reduce or delay planned capital expenditures; or

to reduce or delay planned operating expenditures.

Such measures might not be sufficient to enable us to service our debt, including the notes. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms.

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The notes will be effectively subordinated to the debt of our subsidiaries, which may limit your recovery.

The notes are our obligations and not obligations of any of our subsidiaries. A significant portion of our operations is conducted through our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due pursuant to the notes or otherwise to make any funds available to us to repay our obligations, whether by dividends, loans or other payments. Moreover, our rights to receive assets of any subsidiary upon its liquidation or reorganization, and the ability of holders of the notes to benefit indirectly therefrom, will be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors. As of July 1, 2018, our subsidiaries had approximately \$4.9 million of indebtedness (excluding trade payables).

The notes are subject to prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the notes.

The notes are our senior unsecured general obligations, ranking equally with other senior unsecured indebtedness. The indenture governing the notes permits us and our subsidiaries to incur additional secured debt under specific circumstances. If we incur any secured debt, all or a portion of our assets will be subject to prior claims by our secured creditors. If our subsidiaries incur any secured debt, all or a portion of their assets will be subject to prior claims by their secured creditors. In the event of our bankruptcy, liquidation, reorganization, dissolution or other winding up, assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in our remaining assets ratably with all of our other unsecured and senior creditors, including our trade creditors. If we incur any additional obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed upon our bankruptcy, liquidation, reorganization, dissolution or other winding up. This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all these creditors, all or a portion of the notes then outstanding would remain unpaid. As of July 1, 2018, we did not have any secured indebtedness.

We intend to continue to repurchase our stock and pay cash dividends to shareholders, which will reduce cash reserves and shareholders' equity that is available for repayment of the notes.

We expect to continue to repurchase our common stock under our previously announced share repurchase program and to pay cash dividends to shareholders. These expenditures may be significant, and would reduce cash and shareholders' equity that is available to repay the notes.

The provisions of the notes will not necessarily protect you in the event of a highly-leveraged transaction.

The terms of the notes will not necessarily afford you protection in the event of a highly-leveraged transaction that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us. As a result, we could enter into any such transaction even though the transaction could increase the total amount of our outstanding indebtedness, adversely affect our capital structure or credit rating or otherwise adversely affect the holders of the notes. These transactions may not involve a change in voting power or beneficial ownership or result in a downgrade in the ratings of the notes, or, even if they do, may not necessarily constitute a change of control triggering event that affords you the protections described in this prospectus supplement. If any such transaction should occur, the value of your notes may decline.

We have made only limited covenants in the indenture governing the notes and these limited covenants may not protect your investment.

The indenture governing the notes does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

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limit our subsidiaries' ability to incur indebtedness which would effectively rank senior to the notes;

limit our ability to incur indebtedness that is equal in right of payment to the notes;

restrict our ability to repurchase our common stock; or

restrict our ability to make investments or to pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

Furthermore, the indenture governing the notes contains only limited protections in the event of a change of control and similar transactions. We could engage in many types of transactions, such as acquisitions, refinancings or recapitalizations, that could substantially affect our capital structure and the value of the notes but may not constitute a change of control that, upon any resulting downgrade in credit rating below investment grade, permits holders to require us to repurchase their notes.

We may not be able to repurchase all of the notes upon a change of control triggering event, which would result in a default under the notes.

We may be required to offer to repurchase the notes upon the occurrence of a change of control triggering event as provided in the indenture governing the notes. However, we may not have sufficient funds to repurchase the notes in cash at such time. In addition, our ability to repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Our failure to repurchase the notes as required under the indenture governing the notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the notes. See "Description of Notes—Offer to Repurchase upon a Change of Control Triggering Event."

Redemption may adversely affect your return on the notes.

We may choose to redeem the notes at times when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the notes being redeemed. Such redemption right of ours also may adversely impact your ability to sell your notes, and/or the price at which you could sell your notes, as the redemption date approaches.

Changes in our credit ratings may adversely affect the value of the notes.

Our long-term debt is subject to periodic review by independent credit rating agencies. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. Such ratings are not recommendations to buy, sell or hold the notes. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, are likely to adversely affect the market value of the notes and could increase our corporate borrowing costs. In this circumstance, no person or entity is obliged to provide any additional support or credit enhancement with respect to the notes.

There may not be an active trading market for the notes and the market price of the notes may be volatile.

There is no existing market for the notes and we do not intend to apply for listing of the notes on any securities exchange or any automated quotation system. Accordingly, there can be no assurance that a trading market for the notes offered hereby will ever develop or will be maintained. Further, there can be no assurance as to the liquidity of any market that may develop for the notes, your ability to sell your notes or the price at which you will be able to sell your notes. Future trading prices of the notes will depend on many factors, including but

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not limited to prevailing interest rates, our financial condition and results of operations, the then-current ratings assigned to the notes and the market for similar securities. Any trading market that develops would be affected by many factors independent of and in addition to the foregoing, including:

time remaining to the maturity of the notes;

outstanding amount of the notes;

the terms related to the optional redemption of the notes; and

level, direction and volatility of market interest rates generally.

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The following table sets forth our ratios of earnings to fixed charges for each of the periods indicated.

	Three Quarters Ended July 1, 2018	October 1, 2017	October 2, 2016	Fiscal Years Ended September 27, 2015	September 28, 2014	September 29, 2013(2)
Ratio of earnings to fixed charges(1)	7.5x	9.6x	12.2x	12.5x	10.6x	

- (1) The ratio of earnings to fixed charges is computed by dividing (i) income/(loss) from continuing operations before provision for income taxes and income from equity investees, less gains resulting from the acquisition of joint venture and divestiture of certain operations, plus distributed income from equity investees, amortization of capitalized interest and fixed charges (excluding capitalized interest) by (ii) fixed charges. Fixed charges include amortization of debt-related expenses, capitalized interest during the period and the interest portion of rental expense. Fixed charges exclude interest on uncertain tax positions, which is recorded in income tax expense (benefit) in our consolidated statement of earnings.
- (2) For the fiscal year ended September 29, 2013, our earnings were insufficient to cover fixed charges by \$373.5 million.

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USE OF PROCEEDS

We estimate the net proceeds from the sale of the notes offered hereby will be approximately \$ after deduction of the underwriting discount and the offering expenses for such notes. We intend to use the net proceeds from the sale of the notes for general corporate purposes, including the repurchase of our common stock under our ongoing share repurchase program, business expansion, payment of cash dividends on our common stock or the financing of possible acquisitions. We may temporarily invest funds that are not immediately needed for these purposes in short-term investments, including marketable securities.

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DESCRIPTION OF NOTES

The following description of certain material terms of the notes offered hereby does not purport to be complete. This description adds information to the description of the general terms and provisions of the debt securities in the accompanying prospectus. To the extent this summary differs from the summary in the accompanying prospectus, you should rely on the description of notes in this prospectus supplement.

The notes will be issued under and governed by an indenture dated as of September 15, 2016 (the "2016 base indenture") between us and U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, as trustee (the "trustee"), as supplemented by a supplemental indenture to be entered into between us and the trustee on the date of issue of the notes, with respect to the notes (the "fourth supplemental indenture" and, together with the 2016 base indenture, the "indenture"). The following description is subject to, and is qualified in its entirety by reference to, the indenture. Unless otherwise defined herein, capitalized terms used in the following description are defined in the indenture. As used in the following description, the terms Starbucks, we, us, our and Company refer to Starbucks Corporation, a Washington corporation, and not any of its subsidiaries, unless the context requires otherwise.

We urge you to read the indenture (including definitions of terms used therein) because it, and not this description, defines your rights as a beneficial holder of the notes. You may request copies of the indenture from us at our address set forth under "Incorporation of Certain Documents by Reference."

General

The notes are a series of senior debt securities issued under the indenture. The trustee will also act as registrar, paying agent and authenticating agent and perform administrative duties for us, such as sending out interest payments and notices under the indenture.

The aggregate principal amount of the notes will initially be \$, and the notes will mature on , . The notes will be issued only in fully registered form without coupons, in minimum denominations of \$2,000 with integral multiples of \$1,000 thereof.

The notes are general unsecured senior obligations of Starbucks and will rank equally in right of payment with all of our other unsecured senior indebtedness, whether currently existing or incurred in the future. As of July 1, 2018, we had \$6,568 million in aggregate principal amount of senior unsecured notes outstanding. The notes will be senior in right of payment to our subordinated indebtedness and effectively junior in right of payment to our secured indebtedness to the extent of the value of the collateral securing that indebtedness. As of July 1, 2018, we had no secured indebtedness. The notes will not be guaranteed by any of our subsidiaries and thus will be effectively subordinated to any existing or future indebtedness or other liabilities, including trade payables, of any of our subsidiaries. As of July 1, 2018, our subsidiaries had approximately \$4.9 million of indebtedness (excluding trade payables). The notes are not subject to, and do not have the benefit of, any sinking fund.

The notes will bear interest at a fixed rate per year of %, starting on , 2018 and ending on their maturity date. Interest on the notes will be payable semiannually in arrears on and of each year, beginning on , 2019. All payments of interest on the notes will be made to the persons in whose names the notes are registered on the or preceding the next applicable interest payment date.

Interest on the notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. All dollar amounts resulting from this calculation will be rounded to the nearest cent.

Any payment otherwise required to be made in respect of the notes on a date that is not a Business Day may be made on the next succeeding Business Day. No additional interest will accrue as a result of any delayed payment.

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We may, from time to time, without giving notice to or seeking consent of the holders or beneficial owners of notes offered hereby, issue additional debt securities having the same terms (except for the issue date, and, in some cases, the public offering price and the first interest payment date) as, and ranking equally and ratably with the notes offered hereby. Any additional debt securities having such similar terms, together with the notes offered hereby, will constitute a single series of securities under the indenture.

The indenture does not contain any provisions that would limit our ability to incur indebtedness or require the maintenance of financial ratios or specified levels of net worth or liquidity.

Redemption

At any time prior to the Par Call Date, the notes will be redeemable, in whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

100% of the aggregate principal amount of the notes to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed that would be due if the notes matured on the Par Call Date (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points,

plus accrued and unpaid interest on the notes being redeemed to the redemption date.

Calculation of the foregoing will be made by us or on our behalf by such Person as we shall designate; provided, however, that such calculation shall not be a duty or obligation of the trustee.

At any time on and after the Par Call Date, some or all of the notes will be redeemable, at our option, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to the redemption date.

Notwithstanding the foregoing, installments of interest on notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to such notes and the indenture.

Comparable Treasury Issue means, with respect to each Reference Treasury Dealer, the United States Treasury security selected by such Reference Treasury Dealer as having a maturity comparable to the remaining term of the notes (as measured from the redemption date) to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those notes (assuming, for this purpose, that the notes mature on the Par Call Date).

Comparable Treasury Price means, with respect to any redemption date, (i) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if we obtain fewer than four Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations.

Par Call Date means , , the date that is months prior to the maturity date of the notes.

Reference Treasury Dealer means each of (i) Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC (or their respective affiliates which are Primary Treasury Dealers (as defined below)) and their respective successors; and (ii) any

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other Primary Treasury Dealer selected by us; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by a Reference Treasury Dealer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding that redemption date.

Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Redemption Procedures

In the event that we choose to redeem less than all of the notes, selection of the notes for redemption will be made by the trustee either:

in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed; or

if the notes are not so listed, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

No notes of a principal amount of \$2,000 or less shall be redeemed in part. Notice of redemption will be mailed by first-class mail at least 10 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address. On and after the redemption date, interest will cease to accrue on notes or portions thereof called for redemption as long as we have deposited with the paying agent funds in satisfaction of the applicable redemption price.

Offer to Repurchase upon a Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, unless we have exercised our option to redeem the notes as described above, each holder of notes will have the right to require that we purchase all or a portion of such holder's notes pursuant to the offer described below (the Change of Control Offer), at a purchase price equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurred, or at our option, prior to any Change of Control (as defined below) but after the public announcement of the pending Change of Control, we must send, by first class mail, a notice to each holder, with a copy to the trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the Change of Control Payment Date). The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or

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prior to the Change of Control Payment Date. Holders electing to have notes purchased pursuant to a Change of Control Offer will be required to surrender their notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the note completed, to the paying agent at the address specified in the notice, or transfer their notes to the paying agent by book-entry transfer pursuant to the applicable procedures of the paying agent, prior to the close of business on the third Business Day prior to the Change of Control Payment Date.

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We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer.

If a Change of Control Offer is made, we cannot assure you that we will have available funds sufficient to pay the Change of Control purchase price for all the notes that might be delivered by holders seeking to accept the Change of Control Offer. In the event we are required to purchase outstanding notes pursuant to a Change of Control Offer, we expect that we would seek third party financing to the extent we do not have available funds to meet our purchase obligations. However, we cannot assure you that we would be able to obtain such financing.

Neither our board of directors nor the trustee may waive the covenant relating to a holder's right to redemption upon the occurrence of a Change of Control Triggering Event. Restrictions in the indenture described herein on the ability of us and our subsidiaries to incur additional indebtedness secured by a lien on our principal properties or shares of stock or indebtedness of our subsidiaries that own principal properties may also make more difficult or discourage a takeover of us, whether favored or opposed by our management. Consummation of any such transaction in certain circumstances may require redemption or repurchase of the notes, and we cannot assure you that we or the acquiring party will have sufficient financial resources to effect such redemption or repurchase. Such restrictions may, in certain circumstances, make more difficult or discourage any leveraged buyout of us or any of our subsidiaries by our management. While such restrictions cover a wide variety of arrangements that have traditionally been used to effect highly leveraged transactions, the indenture may not afford the holders of the notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, recapitalization, restructuring, merger or similar transaction.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that any securities laws or regulations conflict with the Change of Control Triggering Event provisions of the indenture, we shall comply with the applicable securities laws and regulations and shall not be deemed to have breached our obligations under the Change of Control Triggering Event provisions of the indenture by virtue thereof.

Certain Covenants

The indenture, including the fourth supplemental indenture, with respect to the notes, will contain, respectively, the following covenants:

Limitation on Liens

(a) We will not (nor will we permit any subsidiary to) issue, incur, create, assume or guarantee any Funded Debt secured by a mortgage, deed of trust, security interest, pledge, lien, charge or other encumbrance (collectively, a mortgage) upon any Principal Property or upon any shares of stock or Indebtedness of any subsidiary that owns any Principal Property (whether such Principal Property, shares or Indebtedness are now existing or owed or hereafter created or acquired) without in any such case effectively providing, concurrently with the issuance, incurrence, creation, assumption or guaranty of any such Funded Debt, or the grant of such mortgage, that the notes (together with, if we shall so determine, any other Indebtedness of or guaranty by us or such subsidiary ranking equally with the notes) shall be secured equally and ratably with (or, at our option, prior to) such Funded Debt; provided that any mortgage created for the benefit of holders of the notes pursuant to this provision shall provide by its terms that such mortgage shall be automatically and unconditionally released and discharged upon the release and discharge of the mortgage that resulted in such provision becoming applicable. The foregoing restriction, however, will not apply to,

and there will be excluded from any computation under clause (b) below and under paragraph (b) of the covenant described below under the caption Limitation on Sale and Lease-Back Transactions, each of the following (and the Funded Debt secured thereby):

- (1) mortgages on property, shares of stock or Indebtedness or other assets of any person existing at the time such person becomes a subsidiary;

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- (2) mortgages on property, shares of stock or Indebtedness or other assets existing at the time of acquisition thereof by us or a subsidiary, or mortgages thereon to secure the payment of all or any part of the purchase price thereof or the cost of construction, installation, renovation, improvement or development thereon or thereof, or mortgages on property, shares of stock or Indebtedness or other assets to secure any Indebtedness incurred or guaranteed prior to, at the time of, or within 360 days after, the latest of the acquisition thereof or, in the case of property, the completion of such construction, installation, renovation, improvement or development or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price thereof, such construction, installation, renovation, improvement or development;
 - (3) mortgages in favor of us or a subsidiary to secure Funded Debt owing to us or to a subsidiary;
 - (4) mortgages existing at the date of the initial issuance of the notes;
 - (5) mortgages on property, shares of stock or Indebtedness or assets of a person existing at the time such person is merged into or consolidated with Starbucks or a subsidiary or at the time of a sale, lease or other disposition of the properties of such person as an entirety or substantially as an entirety to us or a subsidiary;
 - (6) mortgages in favor of the United States of America or any state, territory or possession thereof (or the District of Columbia), any foreign government, or any department, agency, instrumentality or political subdivision of the United States of America or any state, territory or possession thereof (or the District of Columbia) or any foreign government, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase price or the cost of constructing or improving the property subject to such mortgages (including, but not limited to, mortgages incurred in connection with pollution control or industrial revenue bonds or similar financing);
 - (7) mortgages created in connection with a project financed with, and created to secure, a Nonrecourse Obligation; or
 - (8) extensions, renewals, refundings, or replacements, in whole or in part, of any mortgage referred to in the foregoing clauses; provided, however, that (i) the principal amount of Funded Debt secured thereby shall not exceed the principal amount of Funded Debt, plus any premium or fee payable in connection with any such extension, renewal, refunding or replacement, so secured at the time of such extension, renewal, refunding, or replacement and (ii) such extension, renewal, refunding or replacement mortgages will be limited to all or part of the same property, shares of stock or Indebtedness or assets and improvement or development thereon or thereof which secured the Indebtedness so secured at the time of such extension, renewal, refunding or replacement.
- (b) Notwithstanding the restrictions in the first sentence of the preceding paragraph, we or any subsidiary of ours may issue, incur, create, assume or guarantee Funded Debt secured by a mortgage which would otherwise be subject to such restrictions, without equally and ratably securing the notes, provided that after giving effect thereto, the aggregate amount of all Funded Debt so secured by mortgages (not including Funded Debt secured by mortgages

permitted under clauses (1) through (8) of the second sentence of paragraph (a) above) plus the aggregate amount of all Attributable Debt in respect of Sale and Lease-Back Transactions relating to Principal Properties (excluding any Attributable Debt permitted to be incurred pursuant to clauses (1) through (8) of paragraph (a) of the covenant described below under the caption Limitation on Sale and Lease-Back Transactions) does not exceed 15% of our Consolidated Net Tangible Assets.

Limitation on Sale and Lease-Back Transactions

(a) We will not, nor will we permit any subsidiary to, enter into any Sale and Lease-Back Transaction with respect to any Principal Property. The foregoing restriction, however, will not apply to, and therefore there will be excluded from any computation under clause (b) below and under paragraph (b) of the covenant described

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above under the caption Limitation on Liens, any Sale and Lease-Back Transaction (and any Attributable Debt relating thereto) if:

- (1) we or a subsidiary are permitted to create Funded Debt secured by a mortgage pursuant to any of clauses (1) through (8) inclusive under the second sentence of paragraph (a) of the covenant described above under the caption Limitation on Liens on the Principal Property involved in such Sale and Lease-Back Transaction, in an amount at least equal to the Attributable Debt with respect to such Sale and Lease-Back Transaction, without equally and ratably securing the notes;
 - (2) the proceeds of such Sale and Lease-Back Transaction are at least equal to the fair market value of the affected Principal Property (as determined in good faith by our Chief Executive Officer, President, Chief Financial Officer, Treasurer or Controller) and we or a subsidiary apply an amount equal to net proceeds of such Sale and Lease-Back Transaction within 360 days thereof to the prepayment or retirement of debt for borrowed money of Starbucks or a subsidiary (other than debt that is subordinated to the notes or debt owed to us or a subsidiary);
 - (3) we or a subsidiary apply an amount equal to the net proceeds of such Sale and Lease-Back Transaction within 360 days thereof to the purchase, construction, development, expansion or improvement of other property;
 - (4) such Sale and Lease-Back Transaction involves a lease for a term, including renewals, of not more than three years;
 - (5) such Sale and Lease-Back Transaction is between us and one of our subsidiaries, or between subsidiaries;
 - (6) such Sale and Lease-Back Transaction is executed at the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of substantial commercial operation, of the Principal Property covered thereby;
 - (7) the lease in such Sale and Lease-Back Transaction secures or relates to industrial revenue or pollution control bonds if we are permitted to incur a mortgage in connection with such industrial revenue or pollution control bonds pursuant to clause (6) of the second sentence of paragraph (a) under the caption Limitation on Liens ; or
 - (8) the lease payment in such Sale and Lease-Back Transaction is created in connection with a project financed with, and such obligation constitutes, a Nonrecourse Obligation.
- (b) Notwithstanding the restrictions in the first sentence of the preceding paragraph, we or any subsidiary of ours may enter into any Sale and Lease-Back Transaction with respect to any Principal Property which would otherwise be subject to such restrictions, provided that after giving effect thereto, the aggregate amount of all Attributable Debt

with respect to all such Sale and Lease-Back Transactio