

# Starbucks Corp

## Brewing Bullish Growth Ahead

### Shifts in Consumer Behavior

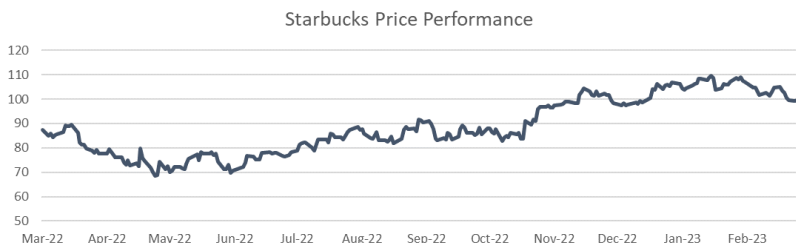
With the recent surge in products such as the iced shaken espresso platform and refreshers platforms, paired with their commitment to innovation by introducing options such as Pistachio Cream Cold Brew and the launch of oleato beverages, Starbucks' cold customized beverage strategy will continue to yield growth over the upcoming quarters. These new offerings give more reason for customers to be excited and come to Starbucks. Lines impacted/direction: North America Segment, increase revenue and decrease opex as a % of revenue. To reflect this opinion, I have increased my average revenue per store estimate by 1.6 percentage points each quarter in 2024 and 2 percentage points in 2025 to meet management's guidance of 10-12% global revenue growth annually from fiscal 2023 to 2025.

### Tech and Efficiency

I expect the recent technological advancements aimed at improving in-store efficiencies including handheld cold foam blenders, the Siren System, and the Clover Verica brewers, to drive revenue growth in North America. The implementation of these technologies will further bring higher efficiencies, leading to reduced operational costs, resulting in greater operating margins. Lines impacted/direction: North America Segment, increase revenue and decrease opex as a % of revenue. To reflect this opinion, I have decreased each operating expense line by 20 basis points and store operating expense by 40 basis points in F4Q2023 to meet management's guidance on Non-GAAP Operating Margin. Additionally, I decreased each operating expense line by ten basis points and store operating expense by 20 basis points in fiscal 2024.

### Strength of Rewards Program, Mobile Order & Pay

Starbucks Mobile Order & Pay segment achieved the highest record sales and mix of 24%. With 57% of US company-operated revenue coming from Starbucks reward members, demand for mobile ordering will continue to grow, driving higher revenue and store efficiency. Lines impacted/direction: North America Segment, increase revenue and decrease opex as a % of revenue. To reflect this opinion, I have decreased each operating expense line by 20 basis points and store operating expense by 40 basis points in F4Q2023 to meet management's guidance on Non-GAAP Operating Margin. Additionally, I decreased each operating expense line by ten basis points and store operating expense by 20 basis points in fiscal 2024.



Target Price: \$115

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Published: July 28, 2023

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# Model Highlights

**Revenue:** As a result of shifts in consumer behavior, improvements in tech & efficiency, and growth of rewards program and mobile order & pay, I am modeling revenue growth of 12.1%, 11.8%, and 11.5% for fiscal years 2023, 2024, and 2025, respectively. This is at the high-end of management's guidance (10-12%), driven by the strong shift in consumer trends toward cold beverages, drink customization, and increasing usage of the rewards program and mobile orders.

**Margin:** I expect operating margin (non-GAAP) to expand to 16.2% in fiscal year 2023. This forecast is driven by the improvement in tech & efficiency offset to some extent by the persistent effects of inflation. In fiscal years 2024 and 2025, I am modeling a further increase to 17.3% and 18.1% as inflation eases and new technology continues to improve efficiency and further increase margins. This represents a slight improvement over the pre-COVID margin of 17.2% achieved in fiscal year 2019.

**EPS:** Driven by my revenue and margin assumptions, I am modeling EPS (non-GAAP) growth of \$3.50, \$4.18, and \$5.05 for fiscal years 2023, 2024, and 2025, respectively. This is in line with the high-end of management's guided 2025 EPS range of \$4.49 to \$5.10.

**Valuation:** I have selected a PE multiple of 30x which is near the top of the long-term historic average driven by a historically strong revenue and operating margin environment for the company, paired with an expectation of moderating macroeconomic conditions. My twelve-month price target of \$115 is based on a forward PE multiple of 30x applied to my NTM EPS estimate of \$3.78. I have selected a multiple near the top of the long-term historical average range (18x to 37x) to recognize my bullish view driven by favorable consumer trends, which should continue to drive double-digit comparable store sales, management's aggressive store growth plan, and the expectation of a return to a 17%+ operating margin.

Starbucks Income Statement	Jan-22	Mar-22	June-22	Sept-22	Sept-22	Dec-22	Mar-23	June-23E	Sept-23E	Sept-23E	Dec-23E	Mar-24E	June-24E	Sept-24E	Sept-24E	Sept-25E	Sept-26E	Sept-27E
(Dollars in millions, except per share data)	F1Q22	F2Q22	F3Q22	F4Q22	FY 2022	F1Q23	F2Q23	F3Q23E	F4Q23E	FY 2023E	F1Q24E	F2Q24E	F3Q24E	F4Q24E	FY 2024E	FY 2025E	FY 2026E	FY 2027E
Revenue - Company-operated stores	6,722.4	6,276.7	6,675.5	6,901.4	26,576.0	7,083.5	7,142.3	7,554.8	7,828.3	29,608.9	8,082.2	7,980.1	8,434.3	8,731.6	33,228.3	37,106.3	40,632.3	43,386.1
Revenue - Licensed stores revenue	850.8	849.5	956.8	998.4	3,655.5	1,119.5	1,069.5	1,123.0	1,177.8	4,489.8	1,255.2	1,204.4	1,270.5	1,328.0	5,058.2	5,708.8	6,230.3	6,520.8
Revenue - Product, Services, and Other	477.2	509.4	517.8	514.4	2,018.8	510.9	508.0	515.2	520.0	2,054.1	533.2	531.1	537.6	542.9	2,144.8	2,249.1	2,346.4	2,442.6
<b>Total revenues</b>	<b>8,050.4</b>	<b>7,635.6</b>	<b>8,150.1</b>	<b>8,414.2</b>	<b>32,250.3</b>	<b>8,713.9</b>	<b>8,719.8</b>	<b>9,193.0</b>	<b>9,526.0</b>	<b>36,152.8</b>	<b>9,870.7</b>	<b>9,715.6</b>	<b>10,242.5</b>	<b>10,602.6</b>	<b>40,431.3</b>	<b>45,064.3</b>	<b>49,209.0</b>	<b>52,349.5</b>
Product and distribution costs	2,526.9	2,465.8	2,613.6	2,711.0	10,317.3	2,810.2	2,801.7	2,920.0	2,917.7	11,449.6	3,126.2	3,043.8	3,213.9	3,301.9	12,685.9	13,999.8	15,246.5	16,195.5
Store operating expenses	3,400.0	3,314.7	3,302.5	3,544.7	13,561.9	3,665.3	3,636.0	3,764.9	3,912.7	14,979.0	4,106.1	4,007.8	4,185.6	4,411.2	16,710.8	18,570.9	20,332.1	21,708.1
Other operating expenses	101.7	101.7	135.1	123.1	461.6	129.3	126.2	146.5	128.6	530.7	146.2	137.8	145.0	137.8	566.8	604.0	662.8	705.2
Depreciation and amortization expenses	366.0	367.7	356.8	357.4	1,447.9	327.1	341.9	359.0	368.7	1,396.7	385.3	403.2	417.1	428.9	1,634.6	1,840.1	2,022.9	2,212.8
General and administrative expenses (GAAP)	525.8	481.5	486.7	538.0	2,032.0	580.9	620.4	580.7	516.0	2,298.0	585.9	617.4	608.4	525.8	2,337.5	2,382.1	2,465.9	2,524.4
Restructuring and impairments and other	(7.5)	4.4	14.0	35.1	46.0	5.8	(82.5)	(65.6)	(65.6)	(208.0)	(65.6)	(65.6)	(65.6)	(65.6)	(262.5)	(262.5)	(262.5)	(262.5)
<b>Total operating expenses</b>	<b>6,912.9</b>	<b>6,735.8</b>	<b>6,908.7</b>	<b>7,309.3</b>	<b>27,866.7</b>	<b>7,518.6</b>	<b>7,443.7</b>	<b>7,705.6</b>	<b>7,778.1</b>	<b>30,445.9</b>	<b>8,284.1</b>	<b>8,144.4</b>	<b>8,504.5</b>	<b>8,740.1</b>	<b>33,673.0</b>	<b>37,134.4</b>	<b>40,467.7</b>	<b>43,083.4</b>
Income from equity investees	40.3	49.1	54.1	90.6	234.1	57.8	51.4	51.2	51.3	211.7	51.6	51.6	51.6	51.6	206.4	206.4	206.4	206.4
<b>Total operating income/(loss)</b>	<b>1,177.8</b>	<b>948.9</b>	<b>1,295.5</b>	<b>1,195.5</b>	<b>4,617.7</b>	<b>1,253.1</b>	<b>1,327.5</b>	<b>1,538.7</b>	<b>1,799.3</b>	<b>5,918.5</b>	<b>1,638.2</b>	<b>1,622.8</b>	<b>1,789.6</b>	<b>1,914.1</b>	<b>6,964.7</b>	<b>8,136.2</b>	<b>8,947.7</b>	<b>9,472.5</b>
Non-GAAP operating income adjustments	35.2	47.5	77.5	77.1	237.3	6.1	(82.4)	7.1	7.1	(62.1)	7.1	7.1	7.1	7.1	28.4	28.4	28.4	28.4
<b>Non-GAAP operating income</b>	<b>1,213.0</b>	<b>996.4</b>	<b>1,373.0</b>	<b>1,272.6</b>	<b>4,855.0</b>	<b>1,259.2</b>	<b>1,245.1</b>	<b>1,545.8</b>	<b>1,806.4</b>	<b>5,856.4</b>	<b>1,645.3</b>	<b>1,629.9</b>	<b>1,796.7</b>	<b>1,921.2</b>	<b>6,993.1</b>	<b>8,164.6</b>	<b>8,976.1</b>	<b>9,500.9</b>
Gain on acquisition of JV/disposition of business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income and other	(0.1)	46.3	19.8	31.0	97.0	11.6	18.4	26.6	7.2	63.8	8.2	9.5	9.2	9.5	36.4	49.3	17.9	30.6
Interest expense	(115.3)	(119.1)	(123.1)	(125.3)	(482.8)	(129.7)	(136.3)	(145.4)	(145.4)	(556.7)	(146.9)	(148.5)	(150.0)	(151.6)	(596.9)	(685.5)	(865.7)	(845.4)
<b>Income/(loss) before income tax</b>	<b>1,062.4</b>	<b>876.1</b>	<b>1,192.2</b>	<b>1,101.2</b>	<b>4,231.9</b>	<b>1,135.0</b>	<b>1,209.6</b>	<b>1,419.9</b>	<b>1,661.1</b>	<b>5,425.6</b>	<b>1,499.5</b>	<b>1,483.9</b>	<b>1,648.8</b>	<b>1,772.0</b>	<b>6,404.2</b>	<b>7,500.1</b>	<b>8,099.9</b>	<b>8,657.7</b>
Provisions for income tax	246.3	201.1	278.5	222.7	948.6	279.8	301.3	355.0	415.3	1,351.4	373.2	370.2	411.5	442.1	1,597.1	1,871.0	2,020.7	2,159.8
<b>Net income including noncontrolling interest</b>	<b>816.1</b>	<b>675.0</b>	<b>913.7</b>	<b>878.5</b>	<b>3,283.3</b>	<b>855.2</b>	<b>908.3</b>	<b>1,064.9</b>	<b>1,245.9</b>	<b>4,074.3</b>	<b>1,126.3</b>	<b>1,113.6</b>	<b>1,237.3</b>	<b>1,329.9</b>	<b>4,807.1</b>	<b>5,629.1</b>	<b>6,079.2</b>	<b>6,497.9</b>
Net earnings attributable to noncontrolling interest	0.2	0.3	0.8	0.5	1.8	-	0.4	0.4	0.3	1.2	0.3	0.4	0.4	0.3	1.3	1.4	1.4	1.4
<b>Net income attributable to common shareholders</b>	<b>815.9</b>	<b>674.7</b>	<b>912.9</b>	<b>878.0</b>	<b>3,281.5</b>	<b>855.2</b>	<b>907.9</b>	<b>1,064.5</b>	<b>1,245.5</b>	<b>4,073.1</b>	<b>1,126.0</b>	<b>1,113.3</b>	<b>1,236.9</b>	<b>1,329.6</b>	<b>4,805.7</b>	<b>5,627.8</b>	<b>6,077.8</b>	<b>6,496.5</b>
Non-GAAP net income adjustments	(3.9)	(46.2)	(23.0)	(23.1)	(96.2)	-	23.1	(2.0)	(2.0)	19.1	(2.0)	(2.0)	(2.0)	(2.0)	(7.9)	(7.9)	(7.9)	(7.9)
<b>Non-GAAP net income</b>	<b>847.2</b>	<b>676.0</b>	<b>967.4</b>	<b>932.0</b>	<b>3,422.6</b>	<b>861.3</b>	<b>848.6</b>	<b>1,069.6</b>	<b>1,250.6</b>	<b>4,030.1</b>	<b>1,131.1</b>	<b>1,118.4</b>	<b>1,242.0</b>	<b>1,334.7</b>	<b>4,826.2</b>	<b>5,648.2</b>	<b>6,098.3</b>	<b>6,517.0</b>
Basic shares outstanding	1,170	1,149	1,147	1,148	1,153	1,149	1,149	1,150	1,151	1,150	1,153	1,154	1,155	1,157	1,155	1,123	1,070	1,071
Diluted shares outstanding	1,177	1,154	1,151	1,153	1,158	1,153	1,153	1,153	1,153	1,153	1,153	1,154	1,154	1,154	1,154	1,117	1,060	1,056
<b>Basic EPS</b>	<b>0.70</b>	<b>0.59</b>	<b>0.80</b>	<b>0.76</b>	<b>2.85</b>	<b>0.74</b>	<b>0.79</b>	<b>0.93</b>	<b>1.08</b>	<b>3.54</b>	<b>0.98</b>	<b>0.96</b>	<b>1.07</b>	<b>1.15</b>	<b>4.16</b>	<b>5.01</b>	<b>5.68</b>	<b>6.07</b>
<b>Diluted EPS</b>	<b>0.69</b>	<b>0.58</b>	<b>0.79</b>	<b>0.76</b>	<b>2.83</b>	<b>0.74</b>	<b>0.79</b>	<b>0.92</b>	<b>1.08</b>	<b>3.53</b>	<b>0.98</b>	<b>0.97</b>	<b>1.07</b>	<b>1.15</b>	<b>4.17</b>	<b>5.04</b>	<b>5.73</b>	<b>6.15</b>
Non-GAAP diluted EPS	0.72	0.59	0.84	0.81	2.95	0.75	0.74	0.93	1.08	3.50	0.98	0.97	1.08	1.16	4.18	5.05	5.75	6.17
Cash dividend	0.49	0.49	0.49	0.53	2.00	0.53	0.53	0.53	0.56	2.15	0.56	0.56	0.56	0.58	2.25	2.37	2.47	2.52
Approximate Dividend Payout Ratio					71%					61%					54%	47%	43%	41%

<b>Balance Sheet Ratios &amp; Assumptions</b>	Jan-22	Mar-22	June-22	Sept-22	Sept-22	Dec-22	Mar-23	June-23E	Sept-23E	Sept-23E	Dec-23E	Mar-24E	June-24E	Sept-24E	Sept-24E	Sept-25E	Sept-26E	Sept-27E
(Dollars in millions, except per share data)	F1Q22	F2Q22	F3Q22	F4Q22	FY 2022	F1Q23	F2Q23	F3Q23E	F4Q23E	FY 2023E	F1Q24E	F2Q24E	F3Q24E	F4Q24E	FY 2024E	FY 2025E	FY 2026E	FY 2027E
<b>Assets</b>																		
Cash and equivalents	3,969	3,913	3,178	2,818	2,818	3,186	3,072	2,789	3,183	3,183	3,794	3,634	3,762	4,182	4,182	1,309	2,027	4,154
Short-term investments	87	82	77	365	365	124	379	222	271	271	254	291	271	284	284	269	285	315
Accounts receivable, net	1,031	1,002	1,146	1,176	1,176	1,163	1,186	1,370	1,251	1,251	1,293	1,293	1,394	1,357	1,357	1,572	1,681	1,785
Inventories	1,637	1,920	2,133	2,177	2,177	2,088	2,001	2,442	2,149	2,149	2,190	2,277	2,507	2,383	2,383	2,748	2,916	3,097
Prepaid expenses and other current assets	530	624	534	484	484	374	409	413	417	417	421	425	429	434	434	451	470	489
<b>Total Current Assets</b>	<b>7,255</b>	<b>7,541</b>	<b>7,068</b>	<b>7,019</b>	<b>7,019</b>	<b>6,935</b>	<b>7,046</b>	<b>7,236</b>	<b>7,270</b>	<b>7,270</b>	<b>7,952</b>	<b>7,920</b>	<b>8,362</b>	<b>8,640</b>	<b>8,640</b>	<b>6,350</b>	<b>7,378</b>	<b>9,839</b>
Long-term investments	300	286	293	279	279	284	251	307	302	302	311	308	321	324	324	308	327	361
Equity investments	252	271	303	311	311	331	361	361	361	361	361	361	361	361	361	361	361	361
Property, plant and equipment, net	6,398	6,461	6,408	6,561	6,561	6,700	6,819	7,178	7,554	7,554	7,831	8,080	8,350	8,632	8,632	9,493	10,419	11,340
Operating lease, right-of-use asset	8,203	8,170	8,037	8,016	8,016	8,134	8,252	8,219	8,186	8,186	8,153	8,120	8,088	8,056	8,056	7,927	7,801	7,677
Deferred income taxes, net	1,860	1,809	1,753	1,800	1,800	1,812	1,811	1,762	1,760	1,760	1,861	1,790	1,773	1,763	1,763	1,771	1,784	1,799
Other long-term assets	588	583	641	554	554	528	527	536	543	543	562	564	577	586	586	557	591	653
Other intangible assets, net	303	255	203	156	156	151	131	120	111	111	102	94	86	79	79	57	41	29
Goodwill	3,676	3,646	3,451	3,284	3,284	3,383	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412	3,412
<b>Total Assets</b>	<b>28,834</b>	<b>29,022</b>	<b>28,156</b>	<b>27,978</b>	<b>27,978</b>	<b>28,256</b>	<b>28,609</b>	<b>29,130</b>	<b>29,498</b>	<b>29,498</b>	<b>30,546</b>	<b>30,649</b>	<b>31,330</b>	<b>31,853</b>	<b>31,853</b>	<b>30,236</b>	<b>32,114</b>	<b>35,472</b>
<b>Liabilities</b>																		
Accounts payable	1,289	1,330	1,490	1,441	1,441	1,348	1,434	1,612	1,479	1,479	1,565	1,592	1,746	1,676	1,676	1,882	2,018	2,148
Accrued liabilities	2,444	2,092	2,069	2,137	2,137	2,090	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970
Accrued payroll and benefits (current)	664	666	707	762	762	665	711	711	711	711	711	711	711	711	711	711	711	711
Income taxes payable (current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of operating lease liability	1,253	1,236	1,215	1,246	1,246	1,258	1,270	1,264	1,259	1,259	1,254	1,249	1,244	1,239	1,239	1,220	1,200	1,181
Stored value card liability and deferred revenue	2,071	1,782	1,723	1,642	1,642	2,137	1,796	1,778	1,760	1,760	2,288	1,945	1,926	1,906	1,906	2,065	2,236	2,421
Current portion of debt	1,199	1,999	1,199	1,924	1,924	1,749	1,942	3,082	3,082	3,082	2,332	1,192	1,192	1,192	1,192	2,692	1,692	1,792
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current liabilities</b>	<b>8,921</b>	<b>9,104</b>	<b>8,402</b>	<b>9,152</b>	<b>9,152</b>	<b>9,246</b>	<b>9,122</b>	<b>10,417</b>	<b>10,262</b>	<b>10,262</b>	<b>10,120</b>	<b>8,659</b>	<b>8,788</b>	<b>8,694</b>	<b>8,694</b>	<b>10,539</b>	<b>9,827</b>	<b>10,223</b>
Long-term debt	13,586	14,014	13,931	13,120	13,120	13,177	13,545	12,404	12,404	12,404	13,154	14,295	14,295	14,295	14,295	19,056	19,056	18,956
Operating lease liability	7,708	7,669	7,554	7,515	7,515	7,635	7,754	7,722	7,692	7,692	7,661	7,630	7,600	7,569	7,569	7,449	7,330	7,214
Deferred revenue	6,448	6,382	6,333	6,280	6,280	6,263	6,200	6,169	6,138	6,138	6,108	6,077	6,047	6,017	6,017	5,897	5,780	5,665
Other long-term liabilities	621	614	594	611	611	601	488	488	488	488	488	488	488	488	488	488	488	488
<b>Total liabilities</b>	<b>37,284</b>	<b>37,783</b>	<b>36,815</b>	<b>36,677</b>	<b>36,677</b>	<b>36,922</b>	<b>37,108</b>	<b>37,201</b>	<b>36,984</b>	<b>36,984</b>	<b>37,531</b>	<b>37,149</b>	<b>37,217</b>	<b>37,063</b>	<b>37,063</b>	<b>43,429</b>	<b>42,481</b>	<b>42,546</b>
<b>Equity</b>																		
Common stock and additional paid in capital	42	42	118	206	206	68	39	113	192	192	275	356	440	528	528	903	1,311	1,746
Retained earnings	(8,753)	(9,071)	(8,720)	(8,450)	(8,450)	(8,203)	(8,025)	(7,669)	(7,164)	(7,164)	(6,746)	(6,341)	(5,813)	(5,224)	(5,224)	(13,581)	(11,164)	(8,305)
Accumulated other comprehensive loss	254	260	(65)	(463)	(463)	(539)	(522)	(522)	(522)	(522)	(522)	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Noncontrolling interest	7	7	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
<b>Total shareholders' equity</b>	<b>(8,450)</b>	<b>(8,761)</b>	<b>(8,659)</b>	<b>(8,699)</b>	<b>(8,699)</b>	<b>(8,666)</b>	<b>(8,499)</b>	<b>(8,070)</b>	<b>(7,486)</b>	<b>(7,486)</b>	<b>(6,985)</b>	<b>(6,500)</b>	<b>(5,887)</b>	<b>(5,210)</b>	<b>(5,210)</b>	<b>(13,193)</b>	<b>(10,367)</b>	<b>(7,074)</b>
<b>Total liabilities and equity</b>	<b>28,834</b>	<b>29,022</b>	<b>28,156</b>	<b>27,978</b>	<b>27,978</b>	<b>28,256</b>	<b>28,609</b>	<b>29,130</b>	<b>29,498</b>	<b>29,498</b>	<b>30,546</b>	<b>30,649</b>	<b>31,330</b>	<b>31,853</b>	<b>31,853</b>	<b>30,236</b>	<b>32,114</b>	<b>35,472</b>

<b>Starbucks Cash Flow Statement</b> (Dollars in millions, except per share data)	Jan-22 F1Q22	Mar-22 F2Q22	June-22 F3Q22	Sept-22 F4Q22	Sept-22 FY 2022	Dec-22 F1Q23	Mar-23 F2Q23	June-23E F3Q23E	Sept-23E F4Q23E	Sept-23E FY 2023E	Dec-23E F1Q24E	Mar-24E F2Q24E	June-24E F3Q24E	Sept-24E F4Q24E	Sept-24E FY 2024E	Sept-25E FY 2025E	Sept-26E FY 2026E	Sept-27E FY 2027E
<b>Cash flows from operating activities</b>																		
Net income - including noncontrolling interests	816	675	914	878	3,283	855	908	1,065	1,246	4,074	1,126	1,114	1,237	1,330	4,807	5,629	6,079	6,498
Depreciation and amortization	386	391	391	360	1,529	343	367	378	388	1,475	406	424	439	452	1,721	1,937	2,129	2,329
Deferred income taxes, net	(0)	29	7	(73)	(38)	16	(13)	49	3	54	(102)	71	18	10	(3)	(9)	(12)	(16)
Income earned from equity method investees	(47)	(72)	(56)	(94)	(269)	(57)	(53)	(51)	(51)	(212)	(52)	(52)	(52)	(52)	(206)	(206)	(206)	(206)
Distributions received from equity method investees	45	56	45	85	231	46	42	51	51	191	52	52	52	52	206	206	206	206
Gain resulting from acquisitions/sales	-	-	-	-	-	-	(91)	-	-	(91)	-	-	-	-	-	-	-	-
Stock-based compensation expense	96	53	57	65	272	85	74	76	82	317	87	83	87	91	348	387	422	449
Other Noncash Income/(Expense)	-	-	1,135	386	1,521	292	391	-	-	683	-	-	-	-	-	-	-	-
<b>Changes in operating assets and liabilities, net of the effects</b>																		
Accounts receivable	(92)	30	(183)	(81)	(326)	42	(16)	(184)	119	(39)	(42)	0	(101)	37	(106)	(215)	(109)	(104)
Inventories	(36)	(289)	(232)	(84)	(641)	109	86	(441)	293	46	(41)	(87)	(230)	124	(234)	(365)	(167)	(181)
Increase/(Decrease) in prepaid expenses, other current	441	169	(609)	-	-	-	-	(4)	(4)	(8)	(4)	(4)	(4)	(4)	(17)	(18)	(18)	(19)
Accounts payable	84	49	209	4	346	(117)	66	178	(132)	(6)	85	27	154	(69)	197	206	136	129
Stored value card liability and deferred revenue	461	(351)	(78)	(109)	(76)	461	(407)	(18)	(18)	18	528	(343)	(19)	(19)	146	158	171	186
Increase/(Decrease) in Income Taxes Payable	-	-	-	(150)	(150)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating assets and liabilities	(284)	(577)	(334)	(90)	(1,286)	(480)	(587)	(36)	(36)	(1,139)	(36)	(36)	(35)	(35)	(142)	(139)	(136)	(134)
<b>Net cash provided by operating activities</b>	<b>1,871</b>	<b>162</b>	<b>1,265</b>	<b>1,100</b>	<b>4,397</b>	<b>1,593</b>	<b>768</b>	<b>1,061</b>	<b>1,940</b>	<b>5,362</b>	<b>2,007</b>	<b>1,250</b>	<b>1,545</b>	<b>1,915</b>	<b>6,717</b>	<b>7,572</b>	<b>8,495</b>	<b>9,137</b>
<b>Cash flows from investing activities</b>																		
Sale/Maturities/(Purchases) of investments	57	4	(46)	(253)	(238)	244	(219)	102	(44)	82	7	(33)	6	(16)	(35)	32	(36)	(64)
Additions to PP&E	(417)	(455)	(424)	(546)	(1,841)	(517)	(485)	(737)	(764)	(2,503)	(683)	(673)	(709)	(734)	(2,799)	(2,798)	(3,055)	(3,250)
Other investing activities	(41)	(28)	(26)	29	(67)	(6)	77	3	5	79	(8)	8	(3)	(1)	(4)	60	(11)	(43)
<b>Net cash provided by (used for) investing</b>	<b>(401)</b>	<b>(480)</b>	<b>(495)</b>	<b>(770)</b>	<b>(2,146)</b>	<b>(279)</b>	<b>(628)</b>	<b>(632)</b>	<b>(803)</b>	<b>(2,342)</b>	<b>(685)</b>	<b>(698)</b>	<b>(706)</b>	<b>(751)</b>	<b>(2,839)</b>	<b>(2,706)</b>	<b>(3,102)</b>	<b>(3,357)</b>
<b>Cash flows from financing activities</b>																		
Debt issuance	200	1,316	222	(1,239)	498	-	498	-	-	498	-	-	-	-	-	6,261	(1,000)	-
Debt/commercial paper (payments)	-	(13)	(1,026)	1,214	175	(175)	-	-	-	(175)	-	-	-	-	-	-	-	-
Proceeds from issuance of commercial paper	-	-	-	-	-	-	53	-	-	53	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock	41	15	19	26	102	46	84	-	-	130	-	-	-	-	-	-	-	-
Cash dividends paid	(576)	(563)	(562)	(562)	(2,263)	(608)	(609)	(609)	(641)	(2,467)	(609)	(609)	(609)	(641)	(2,467)	(2,602)	(2,662)	(2,639)
Repurchase of common stock	(3,521)	(477)	(16)	-	(4,013)	(191)	(288)	(100)	(100)	(679)	(100)	(100)	(100)	(100)	(400)	(11,384)	(1,000)	(1,000)
Minimum tax withholdings on share-based awards	(114)	(9)	(1)	(4)	(127)	(79)	(2)	(2)	(3)	(87)	(3)	(3)	(3)	(3)	(11)	(13)	(14)	(15)
Other financing activities	-	(9)	-	-	(9)	-	(11)	-	-	(11)	-	-	-	-	-	-	-	-
<b>Net cash provided by (used for) financing</b>	<b>(3,969)</b>	<b>260</b>	<b>(1,364)</b>	<b>(565)</b>	<b>(5,638)</b>	<b>(1,008)</b>	<b>(276)</b>	<b>(712)</b>	<b>(743)</b>	<b>(2,738)</b>	<b>(712)</b>	<b>(711)</b>	<b>(712)</b>	<b>(744)</b>	<b>(2,879)</b>	<b>(7,738)</b>	<b>(4,676)</b>	<b>(3,654)</b>
Effect of exchange rate changes & restricted cash	13	2	(141)	(124)	(250)	62	21	-	-	83	-	-	-	-	-	-	-	-
<b>Net increase (decrease) in cash and equivalents</b>	<b>(2,486)</b>	<b>(56)</b>	<b>(736)</b>	<b>(359)</b>	<b>(3,637)</b>	<b>368</b>	<b>(115)</b>	<b>(283)</b>	<b>394</b>	<b>365</b>	<b>611</b>	<b>(159)</b>	<b>127</b>	<b>420</b>	<b>999</b>	<b>(2,872)</b>	<b>717</b>	<b>2,127</b>
Cash and equivalents at beginning of period	6,456	3,969	3,913	3,178	6,456	2,818	3,186	3,072	2,789	2,818	3,183	3,794	3,634	3,762	3,183	4,182	1,309	2,027
<b>Cash and equivalents at end of period (BS)</b>	<b>3,969</b>	<b>3,913</b>	<b>3,178</b>	<b>2,818</b>	<b>2,818</b>	<b>3,186</b>	<b>3,072</b>	<b>2,789</b>	<b>3,183</b>	<b>3,183</b>	<b>3,794</b>	<b>3,634</b>	<b>3,762</b>	<b>4,182</b>	<b>4,182</b>	<b>1,309</b>	<b>2,027</b>	<b>4,154</b>
Free Cash Flow to Firm (FCFF)	1,541	(203)	934	648	2,920	1,174	385	434	1,286	3,279	1,434	689	949	1,295	4,367	5,290	6,092	6,524
DCF Period (approximate number of years)	-	-	-	-	-	-	-	-	-	1	-	-	-	-	2	3	4	5
Discounted FCFF	-	-	-	-	2,920	-	-	-	-	2,991	-	-	-	-	3,634	4,015	4,218	4,121
<b>Net Cash and investments per share</b>																		
Cash & marketable securities (exEquity method investments)	4,356	4,281	3,547	3,462	3,462	3,594	3,702	3,318	3,755	3,755	4,359	4,233	4,354	4,790	4,790	1,886	2,639	4,829
Total Debt	14,786	16,013	15,130	15,044	15,044	14,926	15,486	15,486	15,486	15,486	15,486	15,486	15,486	15,486	15,486	21,747	20,747	20,747
Adjusted net cash per share	(8.86)	(10.17)	(10.06)	(10.05)	(10.00)	(9.83)	(10.22)	(10.56)	(10.17)	(10.18)	(9.65)	(9.76)	(9.65)	(9.27)	(9.27)	(17.77)	(17.08)	(15.07)