



Starbucks College Achievement Plan Program Document

Purpose of Program

The Starbucks College Achievement Plan (“CAP” or the “Program”) has been developed to provide Starbucks partners with an opportunity for high quality undergraduate education. This Program was developed in conjunction with Arizona State University (“ASU”) to provide Eligible Partners the ability to choose from any of the online-only bachelor’s degree programs offered through ASU Online.

This document describes the components of the Program, which consists of:

- (a) a CAP Scholarship, along with the opportunity to work with ASU to determine eligibility for additional grants, loans and other sources of funding;
- (b) a CAP Reimbursement Grant to pay for tuition and mandatory fees; and
- (c) highlights of the Starbucks Educational Assistance Plan; which, subject to statutory limitations, provides tax-free educational assistance benefits under section 127 of the Internal Revenue Code (“Code”).

Benefits under the Program, as described below, are available only with respect to ASU Online courses and online academic programs leading to a bachelor's degree.

Benefits provided to Eligible Partners under the Program are subject to all terms and conditions set forth in this document and, in the case of CAP Reimbursement Grants, the terms and conditions set forth in the Starbucks Educational Assistance Plan.

Effective Date

This Starbucks College Achievement Plan became effective as of June 15, 2014. As amended, the Plan is effective March 16, 2015.

Eligibility and Participation

Program Eligibility

A partner must satisfy each of the following requirements in order to be eligible for and participate in the Program. The “Eligible Partner”:

1. Is employed within the U.S. by Starbucks or one of its U.S. subsidiaries, including Teavana, Evolution Fresh, La Boulange, Coffee House Holdings, and Seattle’s Best Coffee (collectively, “Starbucks” unless the context clearly indicates otherwise);
2. Is eligible for Starbucks benefits;
3. Is not a recipient of a prior bachelor’s degree from a nationally-accredited or regionally-accredited college or university;
4. Has completed the required Program Application Process; and
5. Satisfies ASU’s requirement of a student in “academic good standing” (as defined by ASU at http://catalog.asu.edu/retention_standing).



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Starbucks Benefits Eligibility

Additional information about Starbucks benefits eligibility is described in the *U.S. Benefits Plan Description*, Eligibility and Enrollment chapter. A *U.S. Benefits Plan Description* is mailed to partners when they enroll in a Starbucks benefits plan or program and it is available online at <http://www.mysbuxben.com>

Approved Leave of Absence

An Eligible Partner on an approved leave of absence may continue to participate in the Program so long as he or she continues to maintain Starbucks benefits eligibility.

Loss of Benefits Eligibility

An Eligible Partner who receives the CAP Scholarship, but thereafter loses Starbucks benefits eligibility, will not be required to pay back any previous CAP Scholarship. Similarly, an Eligible Partner who loses benefits eligibility will not be required to repay any previous receipt of the CAP Reimbursement Grant. A partner may regain eligibility for the Program upon subsequent satisfaction of all eligibility requirements.

Separation from Employment

Separation from employment mid-semester will not impact an Eligible Partner's receipt of the CAP scholarship for the current education term. However, the CAP scholarship will no longer be available for any courses that begin after the date of separation.

To be eligible for receipt of the CAP Reimbursement Grant, an Eligible Partner must be actively employed on the date payment is made.

Separated partners will not be required to pay back receipt of the CAP Scholarship or CAP Reimbursement Grant.

Separation Due to Death or Disability

If the partner's employment ends due to death or total and permanent disability, the requirement that the partner be actively employed as of the date of payment of the final CAP Reimbursement Grant will be waived.

For the purposes of this Program, an Eligible Partner separates due to "total and permanent disability" if the partner 1) has a medically determined physical or mental impairment that is expected to result in death within 24 months or last 24 or more consecutive months; 2) is incapable of continuing his/her usual and customary employment with Starbucks; and 3) is receiving income replacement benefits for a period of not less than three months from Starbucks or a Long-Term Disability plan, or if not eligible for benefits under such a plan, is unable to engage in any substantial gainful activity by reason of such impairment.

The Program Administrator shall determine in its discretion whether a partner is totally and permanently disabled under the terms of the Program.

The Program Description

Program Application Process

The Program application process requires the following:

1. The partner submits and applies to any of ASU's online bachelor's degree programs;



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2. ASU offers the partner admission to an online bachelor's degree;
3. The partner submits a complete Free Application for Federal Student Aid (FAFSA) and any documents requested to complete the partner's financial aid file each school year, available at the ASU web site;
4. The partner completes all online Program application documents requested by Starbucks, including a signed acknowledgement form; and
5. Prior to starting classes, the partner completes the Program-specific preparation tutorial, orientation, ASU 10; enrollment available through the partner's ASU account after admission.

CAP Credit Maximums

Eligible Partners may receive the CAP Scholarship and CAP Reimbursement Grant for up to 135 credits within the Program. The 135 credit maximum will not include credits transferred to ASU earned prior to being admitted to the Program, regardless of when they are transferred.

The CAP Scholarship

All Eligible Partners receive a CAP Scholarship in the amount of 42% of tuition. The CAP Scholarship is automatically applied to the Eligible Partner's ASU account each semester.

The CAP Reimbursement Grant

The CAP Reimbursement covers the expense of Tuition, ASU's Financial Aid Trust Fee and ASU's Technology Fee, net of the CAP Scholarship received at time of enrollment, any federal or military student aid, and any need based aid from ASU. Merit-based academic scholarships and private scholarships applied to tuition and fees do not reduce the reimbursement Eligible Expenses.

To be eligible for CAP Reimbursement, the expenses must meet the following criteria:

- The course was subject to tuition and/or fees by ASU;
- ASU has billed the Eligible Partner for the credit hours, net of any refund or adjustment; and
- The credit hours were earned by the Eligible Partner for the purpose of completing an ASU Online bachelor's degree.

Career Support Services are available for all program participants to support their development and career progression.

Excluded Expenses

Except as specified above, no other expenses are eligible for the CAP Reimbursement under the Program or by Starbucks. Ineligible expenses include but are not limited to: class fees; textbooks; meals, lodging or transportation expenses; student loan interest; late registration fees; purchase of a personal computer or other general school supplies; expenses related to professional meetings, workshops, conventions, licensures, insurance costs, and preparation for tests; expenses related to graduate degrees or on-campus bachelor's degree programs or classes; and individual courses for sports, recreation or hobbies, unless part of an approved online bachelor's degree program at ASU.

Dropped, Withdrawn or Failed Courses

The CAP Reimbursement Grant will be provided for courses the Eligible Partner has dropped,



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withdrawn from, or failed in the semester in which an Eligible Partner is enrolled.

Credits from dropped, withdrawn or failed courses will count toward the maximum number of credit hours available for reimbursement under the Program.

Reimbursement Limitations

The CAP Reimbursement Grant is subject to the following limitation:

- Lifetime credit maximum - the CAP Reimbursement Grant will be capped at 135 credit hours for all academic levels.

CAP Reimbursement Grant Payments

CAP Reimbursement Grants are paid upon completion of an academic semester. Reimbursement Grant payments will be included in the Eligible Partner's paycheck, approximately six weeks following the end of the education term.

To receive CAP Reimbursement, the Eligible Partner must be actively employed on the date payment is made.

No education expense incurred by an Eligible Partner following separation from employment will be reimbursed.

Taxation of CAP Reimbursement Grants

To the extent required by applicable law, the amount of any CAP Reimbursement grant will be included in an Eligible Partner's ordinary income and subject to all applicable withholding taxes. Each CAP Reimbursement grant paid to an Eligible Partner must be evaluated to determine the amount that can be excluded from the Eligible Partner's ordinary taxable income as a payment under the Starbucks Education Assistance Plan (described below). Starbucks may include the amount of any CAP Reimbursements in an Eligible Partner's ordinary income if Starbucks reasonably determines that it is required by applicable law.

Education Assistance Plan Overview

In conjunction with this Program, Starbucks has developed an Education Assistance Plan ("The Plan") pursuant to Section 127(b) of the Internal Revenue Code of 1986, as amended. Partners may request a copy of The Plan by sending a request to starbuckscollegeplan@starbucks.com. In the event of a conflict between this overview and The Plan, the written terms of The Plan will govern.

Under Code Section 127, an Eligible Partner may receive educational assistance on a tax-free basis, for federal payroll tax purposes, provided that the aggregate payments or reimbursements do not exceed \$5,250 per calendar year. Applicable state law may or may not be consistent with the exclusion provided under federal law. Highlights of The Plan are listed below.

- 1) Eligibility: The eligibility requirements under The Plan are consistent with eligibility requirement of this Program, including the Reimbursement Payment Conditions of the CAP Reimbursement.
- 2) Benefits: The benefit covered by the Education Assistance Plan is consistent with all Program rules related to the CAP Reimbursement with the following exceptions:



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- a. The Education Assistance Plan benefit is limited to \$5,250 per calendar year. If the CAP Reimbursement payment(s) in a calendar year exceed \$5,250, only the amount above the \$5,250 limitation will be excluded from the Education Assistance Plan benefit (see Taxable Reimbursements below).
 - b. The Education Assistance Plan benefit does not include any portion of CAP Reimbursement payment which includes for reimbursement of Merit-based academic scholarships and private scholarships.
 - c. Starbucks may include the amount of any CAP Reimbursement in an Eligible Partner's ordinary income if necessary in the discretion of Starbucks to assure that the Program meets the requirements of Code Section 127.
 - d. If the CAP Reimbursement to (a) officers of Starbucks, (b) highly compensated employees of Starbucks (as defined by Code Section 414(q)), or (c) Partners who are spouses or dependents of those listed in (a) and (b) of this paragraph results in prohibited discrimination or exceeds benefit limitations under Treasury Regulation Sections 1.127-2(e) and (f), the such Eligible Partners will receive CAP reimbursement as taxable ordinary income.
- 3) Limitations: Limitations under the Education Assistance Plan are consistent with Reimbursement Limitations associated with the CAP Reimbursement.
 - 4) Funding: Starbucks shall contribute the amount required to pay Benefits under The Plan out of the general assets of the Employer at the time such Benefits are to be paid.
 - 5) Administration and Claims Procedure: The Administration and Claims Procedure of The Plan are consistent with this Program.

Taxable Reimbursements

The Eligible Partner shall be responsible for any income tax liability arising from any CAP Reimbursement payment received under this Plan, whether or not the Starbucks withheld tax on those benefits.

With respect to any benefit provided by Starbucks that does not qualify for exclusion under section 127 of the Code (or under applicable state law), Starbucks will include the value of the benefit in the partner's wages, apply the appropriate payroll taxes (e.g., federal and state income tax withholding, and FICA taxation), and report it as additional income on Form W-2 and the relevant state employee wage statement.

For example, an Eligible Partner completes the 2016 Spring Semester and has Reimbursement Eligible Expenses of \$6,250. The Eligible Partner will receive a CAP Reimbursement grant of \$6,250, consisting of \$5,250 that is not subject to Federal Income Tax, Social Security Tax, or Medicare Tax and \$1,000 that is subject to those taxes. The Eligible Partner will receive a payment of \$6,073.50 in his or her paycheck determined as follows:

<i>Non-taxable CAP Reimbursement Grant:</i>	<i>\$5,250.00</i>
<i>Taxable CAP Reimbursement Grant:</i>	<i>\$1,000.00</i>
<i>less</i>	
<i>Federal Income Tax Withholding (10% in this example)</i>	<i>\$100.00</i>
<i>Social Security Tax (6.2%)</i>	<i>\$62.00</i>



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Medicare Tax (1.45%)

\$14.50

Net Payment: \$6,073.50

This example is based on current income tax withholding, Social Security Tax, and Medicare Tax rates and certain assumptions about the Eligible Partner's income. The CAP Reimbursement payment received by an Eligible Partner may vary from the example based on the Eligible Partner's Form W-4 Employee's Withholding Allowance Certificate. State taxes may apply depending upon the Eligible Partner's state of residence.

Program Administration

Administrator

The Program will be administered by Starbucks, acting through its Board of Directors or the Board's delegate.

Administrator's Authority

The Administrator will have sole authority, in its absolute discretion, to: manage and administer the Program, including the authority to delegate daily administrative functions; construe and interpret the Program; define the terms used in this document; prescribe, amend, and rescind the rules and regulations relating to the Program; correct any defect, supply any omission, or reconcile any inconsistency in this document; approve or deny benefits under the Program; determine the individuals or class of individuals who are eligible to receive benefits under the Program; determine the times and terms under which benefits are provided under the Program; and make all other determinations and interpretations necessary and advisable for the administration of the Program. All decisions, determinations, and interpretations made by the Administrator will be binding and conclusive on all partners and on their legal representatives, heirs, and beneficiaries.

Partner Notice

The Administrator will give reasonable notice of the availability and terms of the Program to Eligible Partners.

Program Records

The Administrator will keep accurate and complete records of all benefits paid to Eligible Partners under the Program.

Miscellaneous

Career Planning

Support for career planning is a part of the plan provision

Amendment and Termination

Starbucks may amend or terminate the Program at any time in its discretion. The Program will terminate automatically upon the termination of the definitive agreement between Starbucks and ASU with respect to ASU's online bachelor's degree Programs.



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Nonduplication

Benefits under the Program cannot duplicate or be combined with another Starbucks tuition reimbursement Program, including Starbucks U, covering the same semester or period of time.

Overpayment

Partners must repay Starbucks the full amount of any CAP Reimbursements overpayment, regardless of the reason for the overpayment. By accepting payment, any such partner authorizes Starbucks to withhold from other compensation due the partner, to the maximum extent permitted by applicable law.

Claims Procedures

If a partner believes eligibility for or benefits under the Program were denied inappropriately, he or she may request an appeal review for reconsideration. The appeal must:

- Be submitted to CAP Reimbursement Center in writing via mail or fax at 206-318-1393 within 60 days of the semester end date in which they were negatively affected: and
 - o Please mail to CAP Reimbursement Center/Starbucks Benefits, Suite 800, Seattle WA 98134
- Include appropriate supporting documentation

Partners will be sent a written letter of receipt for the appeal statement once received by the CAP Reimbursement Center. The Program administrator will provide the partner with a written notice of its decision within 60 days of the date it receives the appeal. If more time is needed to review the appeal, partners will be notified of the extension within the initial 60-day review period.

If the application or request denial is upheld, partners will be provided an explanation of the reason(s), as well as reference to the plan provisions on which the decision is based. The decision of the Program administrator is final and is not subject to further review or appeal. The appeal request must be submitted within 60 days of when the partner was negatively affected otherwise it will be withdrawn. A final decision will be mailed to the partner's home address, generally within 60 days of receipt for review.

If employment with Starbucks is terminated, any open appeal will no longer be eligible for review.

If the partner has questions regarding the decision they may email StarbucksCollegePlan@starbucks.com

No Contract

The Program will not be deemed to constitute a contract between Starbucks and any partner, or to be a consideration or an inducement for the employment of any partner. Nothing contained in this document shall be deemed to give any partner the right to be retained in the service of Starbucks or to interfere with the right of Starbucks to discharge any partner at any time regardless of the effect that such discharge shall have upon him or her under the Program.

Governing Law

The Program will be construed and enforced according to the laws of the State of Washington, other than its laws respecting choice of law, to the extent not preempted by any federal law.