Staples, Inc.
Five Hundred Staples Drive
Framingham, Massachusetts 01702

Staples, Inc. 2012 Employee Stock Purchase Plan

Prospectus for the employees of the European Economic Area ("EEA") (direct or indirect) subsidiaries of Staples, Inc.

Pursuant to Article 23 of the Law of June 16, 2006 on the public offerings of securities and the admission to trading of securities on a regulated market, the Belgian Financial Services and Markets Authority has approved this prospectus on June 16, 2015. This prospectus was established by the issuer and the issuer is responsible for this prospectus. The prospectus has been approved in connection with the operations proposed to the investors. The visa represents neither an assessment of the transaction's opportunity or quality nor the authentication of the financial and accounting information presented or more generally the issuer's position, by the Belgian Financial Services and Markets Authority.

This prospectus will be made available to the employees of the EEA subsidiaries of Staples, Inc. if the offerings under the plan listed above are considered public offerings in their respective jurisdiction. At the time of the approval of this prospectus, these jurisdictions are France, Germany, Italy, Norway, the Netherlands, Portugal, Sweden and the United Kingdom. This prospectus will be made available on the intranet of Staples, Inc. and free paper copies will be available to the employees upon request by contacting the Human Resources Departments of their employers.

When participating in the ESPP, certain risk factors must be taken into account. With respect to these risk factors, reference is made to page 12 and following of this prospectus.

Note to the prospectus

This prospectus was established in accordance with the principles laid down in the Law of June 16, 2006 on the public offerings of securities and the admission to trading of securities on a regulated market, in Directive 2003/71/EC of November 4, 2003 and in Commission Regulation 809/2004 of April 29, 2004.

This prospectus contains, among other things, a summary conveying the essential characteristics of, and risks associated with, the issuer and the offered securities. More detailed information concerning the issuer and the securities to be offered is reflected in the exhibits attached to this prospectus. The documents referred to in the relevant chapters are attached as annexes to this prospectus.

Company responsible for the prospectus

The responsibility for this prospectus is assumed by Staples, Inc., a company incorporated and existing under the laws of the State of Delaware, U.S.A., with its registered office at Five Hundred Staples Drive, Framingham, Massachusetts 01702, U.S.A., represented by its Board of Directors. Staples, Inc. ensures, having taken all reasonable care, that the information contained in this prospectus is, to the best of its knowledge, in accordance with the facts and that the prospectus does not contain omissions likely to affect the import of the prospectus.

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LIST OF EXHIBITS

EXHIBIT I	**STAPLES, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN**
EXHIBIT II	**ANNUAL REPORT ON FORM 10-K FOR FISCAL YEAR ENDED JANUARY 31, 2015** FILED BY STAPLES, INC. ON MARCH 6, 2015
EXHIBIT III	**DEFINITIVE PROXY STATEMENT ON FORM DEF 14A** FILED BY STAPLES, INC. ON APRIL 13, 2015
EXHIBIT IV	**ADDITIONAL PROXY STATEMENTS ON FORM DEFA14A** FILED BY STAPLES, INC. ON MAY 6, 2015, MAY 6, 2015 AND APRIL 13, 2015
EXHIBIT V	**QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED ON MAY 2, 2015** FILED BY STAPLES, INC. ON MAY 20, 2015
EXHIBIT VI	**TAX AND SOCIAL SECURITY CONSEQUENCES OF PARTICIPATION IN THE ESPP**

I. Summary

Preliminary remark

Summaries are made up of disclosure requirements known as "Elements." These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable."

SECTION A — INTRODUCTION AND WARNINGS		
A.1	**Warning to the reader**	This summary should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Union or States party to the European Economic Area Agreement, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who have presented the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

SECTION B — ISSUER		
B.1	**Legal and commercial name of the issuer**	Staples, Inc. ("Staples" or the "Company").
B.2	**Domicile and legal form of Staples, the legislation under which the issuer**	Staples, Inc. is a corporation incorporated under the laws of the State of Delaware, U.S.A., with headquarters at Five Hundred Staples Drive, Framingham, Massachusetts 01702, U.S.A.

	operates and its country of incorporation	
B.3	**Description of the nature of Staples's current operations and its principal activities**	

Staples is a world-class provider of products and services that serve the needs of business customers and consumers. Staples is committed to providing superior value to its customers through a broad selection of products, easy to use websites and mobile platforms, an integrated retail and online shopping experience and a wide range of copy and print and technology services. Staples pioneered the office products superstore concept by opening the first office products superstore in Brighton, Massachusetts in 1986 to serve the needs of small businesses, and currently serve businesses of all sizes and consumers in North America, Europe, Australia, South America and Asia. Staples' delivery businesses account for a majority of its sales and many of its delivery customers place their orders online, making Staples one of the largest internet resellers in the world.

Staples and its subsidiaries operate three business segments: North American Stores & Online, North American Commercial and International Operations.

The following table shows the Company's sales by each major category as a percentage of total sales for the periods indicated.

	Fiscal Year Ended		
	January 31, 2015	**February 1, 2014**	**February 2, 2013**
Core office supplies	25.6%	27.5%	28.1%
Ink and toner	20.0%	20.2%	19.7%
Business technology	14.3%	15.2%	16.6%
Paper	9.2%	9.0%	9.0%
Facilities and breakroom	10.0%	8.7%	7.4%
Computers and mobility	6.3%	6.9%	6.9%
Services	8.6%	6.9%	6.7%
Office furniture	6.0%	5.6%	5.6%
	100.0%	100.0%	100.0%

B.4a	**Recent trends**	The Form 10-Q for the quarter ended on May 2, 2015 summarizes the major contributions to the results of the first quarter of 2015, as compared to the first quarter of 2014, as follows: • Staples generated $5.3 billion in sales, a decrease of 6.9%; • North American Stores & Online sales decreased 10.0% and business unit income rate decreased to 3.2% from 3.5%; • North American Commercial sales increased 2.5% and business unit income rate decreased to 6.4% from 6.6%; • International Operations sales decreased 18.9%, driven by the negative impact of foreign exchange rates, while business unit

		loss rate was (2.5)% compared to (2.6)%; • Net income for the first quarter of 2015 was $59 million compared with $96 million for the first quarter of 2014; • Net income for the first quarter of 2015 includes a net after-tax charge of $50 million related to the impact of restructuring costs, long-lived asset impairment charges, accelerated depreciation and gains on the sale of business assets, as well as costs associated with the planned acquisition of Office Depot; • Non-US GAAP net income was $109 million for the first quarter of 2015 compared with $115 in the first quarter of 2014; and • Earnings per diluted share was $0.9 in the first quarter of 2015 compared to $0.15 in the first quarter of 2014. Non-GAAP earnings per diluted share from continuing operations was $0.17 in the first quarter of 2015 compared with $0.18 for the first quarter of 2014. Furthermore, on February 4, 2015 Staples announced that it had signed a definitive agreement to acquire Office Depot, a global supplier of office products, services and solutions for the workplace. Based on the number of outstanding Shares and Office Depot common stock as of February 2, 2015, and the closing share price of the Shares on such date, the value of the total consideration to be paid by Staples is estimated to be approximately $6.3 billion, including approximately $4.1 billion of cash and approximately 124.4 million shares of Shares.
B.5	**Organizational structure**	Staples is the parent company of the Staples group. Staples holds, directly or indirectly, the capital and voting rights of each of its subsidiaries.
B.6	**Interests in Staples's capital**	Not applicable. Pursuant to its Q&A, ESMA considers that Item 18 of Annex I of the Commission Regulation 809/2004 of April 29, 2004 (the "Prospectus Regulation") is generally not pertinent for offers of shares to employees and can thus be omitted from the prospectus in accordance with Article 23.4 of the Prospectus Regulation.
B.7	**Financial information concerning Staples for the fiscal years ended January 31, 2015, February 1, 2014, February 2, 2013, January 28, 2012 and January 29, 2011**	

	Fiscal Year Ended				
	January 31, 2015 (1) (52 Weeks)	**February 1, 2014 (2) (52 Weeks)**	**February 2, 2013 (4) (53 Weeks)**	**January 28, 2012(5) (52 Weeks)**	**January 29, 2011(6) (52 weeks)**
Statement of Income Data:					
Sales	$ 22,492,36	$ 23,114,26	$ 24,380,51	$ 24,664,75	$ 24,135,25

	0	3	0	2	3
Gross profit	5,801,036	6,032,285	6,491,261	6,689,868	6,535,247
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interest	$ 134,526	$ 707,004	$ (160,847)	$ 987,397	$ 898,960
Amounts attributable to Staples					
Income (loss) from continuing operations	$ 134,526	$ 707,004	$ (160,728)	$ 988,220	$ 892,339
Loss from discontinued operations	—	(86,935)	(49,978)	(3,564)	(10,391)
Net income (loss) attributed to Staples	$ 134,526	$ 620,069	$ (210,706)	$ 984,656	$ 881,948
Basic earnings per common share:					
Continuing operations attributed to Staples	$ 0.21	$ 1.08	$ (0.24)	$ 1.42	$ 1.24
Discontinued operations attributed to Staples	—	(0.13)	(0.07)	—	(0.01)
Net income (loss) attributed to Staples	$ 0.21	$ 0.95	$ (0.31)	$ 1.42	$ 1.23
Diluted earnings per common share:					
Continuing operations attributed to Staples	$ 0.21	$ 1.07	$ (0.24)	$ 1.40	$ 1.22
Discontinued operations attributed to Staples	—	(0.13)	(0.07)	—	(0.01)

Net income (loss) attributed to Staples	$ 0.21	$ 0.94	$ (0.31)	$ 1.40	$ 1.21
Dividends	$ 0.48	$ 0.48	$ 0.44	$ 0.40	$ 0.36
Statistical Data:					
Stores open at end of period	1,983	2,169	2,215	2,295	2,281
Balance Sheet Data:					
Working capital (3)	$ 1,885,852	$ 1,871,108	$ 1,740,665	$ 2,216,542	$ 2,174,574
Total assets	10,313,728	11,174,876	12,280,005	13,430,622	13,911,667
Long-term debt, net of current maturities	1,023,997	1,000,205	1,001,943	1,599,037	2,014,407
Noncontrolling interests	8,306	8,572	7,941	7,062	7,471
Total stockholders' equity	$ 5,313,365	$ 6,140,835	$ 6,136,094	$ 7,022,213	$ 6,951,181

The Company's fiscal year is the 52 or 53 weeks ending the Saturday closest to January 31. Results of operations include the results of acquired businesses since the relevant acquisition date.

B.8	**Pro forma financial information**	Not applicable. There are no significant gross changes as defined in Item 20.2 of Annex I of the Prospectus Regulation.
B.9	**Profit forecast**	Not applicable. This prospectus does not contain any profit forecast.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. There are no qualifications in the auditors' report.
B.11	**Working capital statement**	Not applicable. Staples's working capital is sufficient for its present requirements.

SECTION C — SECURITIES

C.1	**Type and class of the**	The shares of Staples, Inc. having a par value of US$ 0.0006 per share

	securities being offered, including the security identification code	(the "Shares") offered pursuant to this prospectus can be either authorized but unissued Shares or treasury Shares, and are or will be, after their issuance, listed on the Nasdaq Global Select Market (the "Nasdaq"). The ticker symbol for the Company's Shares is "SPLS." The ISIN Code of the Company's Shares is US8550301027.
C.2	**Currency of the securities issue**	The United States Dollar is the currency of the securities issue.
C.3	**Number of shares issued**	Staples had 640,487,106 shares of common stock, par value $0.0006, outstanding as of March 4, 2015.
C.4	**Rights attached to the securities**	Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of or broker selected by the Company), an employee participating in the offer will only have the rights of an unsecured creditor with respect to such Shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares. Once the Shares are issued an employee participating in the offer will have the rights of a normal shareholder, including dividend and voting rights, it being understood that each employee who enrolls in the Staples, Inc. 2012 Employee Stock Purchase Plan (the "ESPP" or "Plan") agrees, for so long as Shares purchased by the employee at any time under the Plan (the "Purchased Shares") are held by the employee in an account with a bank, transfer agent, or other financial institution designated by the Company to hold the Purchased Shares (the "Financial Institution"), to (1) participate in the Staples dividend reinvestment program maintained by the Financial Institution (the "DRIP") such that unless the employee affirmatively opts out of the DRIP, the employee shall receive, in lieu of any cash dividend paid or payable by the Company with respect to the employee's Purchased Shares that are held in an account with the Financial Institution (the "Captive Shares"), Shares (including any fractional Shares) pursuant to the terms of the DRIP, and (2) allow the Company to take all reasonably necessary and appropriate actions to ensure that the amount of any cash dividend paid or payable by the Company with respect to the employee's Captive Shares is paid in the form of Shares instead of cash.
C.5	**Transferability restrictions**	The Shares in this offering are generally freely transferable, except that associates grade level 41 and above and certain other employees cannot sell their Shares during the so-called "black out dates", *i.e.*, dates when it is against Staples' policy to sell Staples' stock.
C.6	**Admission to trading on a**	As noted in Element C.1 above, the Shares are listed on the NASDAQ.

	regulated market	
C.7	**Dividend policy**	The Company paid a quarterly dividend of $0.12 per Share on April 16, 2015. The Company paid quarterly dividends of $0.12 per share on April 17, 2014, July 17, 2014, October 16, 2014 and January 15, 2015, resulting in a total dividend payment of $307.0 million or $0.48 per share. The Company paid quarterly dividends of $0.12 per Share on April 18, 2013, July 18, 2013, October 17, 2013 and January 16, 2014, resulting in a total dividend payment of $312.5 million or $0.48 per Share. The Company paid quarterly dividends of $0.11 per Share on April 12, 2012, July 12, 2012, October 18, 2012 and December 12, 2012, resulting in a total dividend payment of $294.1 million or $0.44 per Share.

SECTION D — RISKS		
D.1	**Key risks related to the Company or its industry**	The risks related to the Company's business can be summarized as follows: Risks Related to the Acquisition of Office Depot • Completion of the merger is subject to conditions and if these conditions are not satisfied or waived, the merger will not be completed. • Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized. • The Company will incur significant indebtedness in connection with the merger, which could reduce its flexibility to operate its business and increase its interest expense. • The agreements that will govern the indebtedness to be incurred in connection with the merger may contain various covenants that impose restrictions that may affect the Company's ability to operate its businesses. • Sales of Shares before and after the completion of the proposed Office Depot merger may cause the market price of the Shares to fall. • Several lawsuits have been filed against the Company and

		Office Depot and its directors challenging the proposed merger, and an adverse ruling in such lawsuits may prevent the proposed merger from becoming effective or from becoming effective within the expected timeframe. Risks Related to the Business • If the Company fails to meet the changing needs of its customers its business and financial performance could be adversely affected. • The Company faces uncertainties transforming its business, and its inability to successfully implement its strategies could adversely affect its business and financial performance. • The Company has recognized significant goodwill impairment charges in the past and may be required to recognize additional goodwill impairment charges in the future. • The Company operates in a highly competitive market and it may not be able to continue to compete successfully. • Global economic conditions could adversely affect the Company's business and financial performance. • The Company's international operations expose it to risks inherent in foreign operations. • Compromises of the Company's information systems or unauthorized access to confidential information or personal information may materially harm its business or damage its reputation. • The Company's effective tax rate may fluctuate. • Fluctuations in foreign exchange rates could lead to lower earnings. • The Company may be unable to attract, train, engage and retain qualified associates. • The Company's quarterly operating results are subject to significant fluctuation. • The Company's indebtedness could adversely affect it by reducing its flexibility to respond to changing business and

		economic conditions. • The Company's expanded offering of proprietary branded products may not improve its financial performance and may expose it to intellectual property liability, product liability, import/export liability, government investigations and claims, and other risks associated with global sourcing. • Problems in the Company's information systems and technologies may disrupt its operations. • The Company's business may be adversely affected by the actions of and risks associated with third-parties. • Various legal proceedings may adversely affect the Company's business and financial performance. • Failure to comply with laws, rules and regulations could negatively affect the Company's business operations and financial performance.
D.3	**Key risks related to the Shares**	The risks related to the participation itself in the Plan, and the acquisition of Shares thereunder, can be summarized as follows: • Participation in the Plan is subject to the same risks as inherent to any investment in shares (such as a change of the stock exchange price of the shares). • Participation in the Plan is subject to a currency risk (*e.g.*, USD/EUR or USD/Sterling pound) that could adversely affect the foreseen profit resulting from the participation in the Plan. • The possible tax and / or social security consequences of the participation in the Plan could adversely affect the foreseen profit resulting from the participation in the Plan.

SECTION E — OFFER

E.1	**Net proceeds and expenses**	Assuming that all 27,000,000 Shares offered under the Plan pursuant to this prospectus would be purchased by the employees participating in the Plan (the "Participants"), then the proceeds would, taking into account a Share price per May 6, 2015 of US$16.35 and the applicable rules regarding the price paid for Shares under the Plan, amount to US$375,232,500. The Company has incurred legal costs of

		approximately EUR 25,000 to implement this prospectus in order to offer securities under the Plan to eligible employees of its subsidiaries in the European Economic Area.
E.2a	**Reasons for the offer**	The purpose of the Plan is to provide employees of the Company and its designated subsidiaries with an opportunity to purchase Shares through accumulated contributions.
E.3	**Description of the terms and conditions of the offer**	**The below description of the terms and conditions of the offer is only intended to be a very high level summary of those terms and conditions. The reader is strongly encouraged to read the Plan as attached under Exhibit I to this prospectus.** Pursuant to the Compensation Committee charter, the Board of Directors of the Company has delegated authority for all equity and incentive plans, including the ESPP, to the Compensation Committee. Each of the Compensation Committee and the Board has the authority to make rules and regulations for the administration of the ESPP and its interpretations and decisions are final and conclusive. An offering period generally extends for six months; however, the Compensation Committee may, in its discretion, choose an offering period of twenty-seven (27) months or less for each offering, choose a different offering period for each offering and begin additional offering periods. The Compensation Committee or the Board may, in its discretion, adopt or implement rules under the ESPP to comply with local jurisdictional laws or rules. Additionally, pursuant to the terms of the ESPP, the Compensation Committee of the Board, or to the extent permitted by applicable laws, the Company's Committee on Employee Benefits (hereinafter referred to as the "Committee," which, depending on the situation, refers to one of both of the aforementioned bodies) has been given administrative authority under the Plan. The ESPP also provides administrative authority to two officers of the Company, acting jointly, to engage in certain administrative tasks in connection with the implementation of the ESPP. However, such officers do not have the authority to increase the number of Shares available under the ESPP. Hereafter, the term "Administrator" may refer to either the Board or the Committee. All employees of the Company or a subsidiary or affiliate designated by the Board or the Committee (respectively "Designated Subsidiary" and "Designated Affiliate"), are eligible to participate in one or more of the offerings of options to purchase Shares provided that they are employed by the Company or a Designated Subsidiary or Designated Affiliate on a given enrollment date ("Enrollment Date"). The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an offering, determine an eligible employee will or will not include an individual if he or she:

		(i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the U.S. Internal Revenue Code of 1986, or (v) is a highly compensated employee within the meaning of Section 414(q) of the U.S. Internal Revenue Code of 1986 with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the U.S. Securities Exchange Act of 1934. The Company will make one or more offerings ("Offering") to employees to purchase stock under the ESPP. Each first day on which the national stock exchange upon which the common stock is listed is open for trading ("Trading Day") on or after January 1 and July 1 of each year will begin a new offering period ("Offering Period") which terminates, respectively, on the last Trading Day on or before June 30 and December 31 of each year, or on such other dates as the Administrator will determine. Unless and until the Administrator determines otherwise in its discretion, each Offering Period shall consist of one six (6) month purchase period ("Purchase Period"), which shall run simultaneously with the Offering Period. In order to participate in the ESPP, eligible employees must enroll in the Plan by (i) submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator, and in either case completing any other forms and following any procedures for enrollment in the Plan as may be established by the Administrator from time to time. The enrollment in the ESPP will authorize a regular payroll deduction from the compensation received by the employee during the Offering Period. The Company will maintain payroll deduction accounts for all participating employees. With respect to any offerings made under the ESPP, an employee may elect to have payroll deductions made on each pay day or other contributions (to the extent permitted by the Administrator) made during the Offering Period in an amount not exceeding ten percent (10%) of the compensation which he or she receives on each pay day during the Offering Period, or such different maximum percentage as may be determined by the Administrator prior

		to any Offering Period. On the Enrollment Date of each Offering Period, the Company will grant to each eligible employee who is then a participant in the Plan an option to purchase on the last trading day of the simultaneous purchase period ("Purchase Period") (the "Exercise Date"). The purchase price for each share purchased will be 85% of the Fair Market Value (as defined below) of Staples common stock on the Exercise Date. Fair Market Value shall mean, as of any date and unless the Administrator determines otherwise, the value of common stock determined as follows: (i) if the common stock is listed on any established stock exchange or a national market system, including without limitation the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market of the NASDAQ Stock Market or the New York Stock Exchange, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or if no sales were reported on that date, on the last Trading Day such sales were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; (ii) if the common stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or (iii) in the absence of an established market for the common stock, the Fair Market Value thereof will be determined in good faith by the Administrator. Each employee who continues to be a participant in the Plan on the Exercise Date shall be deemed to have exercised his option at the option price on such date and shall be deemed to have purchased from the Company the number of shares of Staples common stock (including fractional shares calculated up to 5 decimal places) reserved for the purpose of the Plan that his accumulated payroll deductions on such date will pay for. A Participant may withdraw all but not less than all the contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time. Rights under this Plan are not transferable by a participating employee other than by will or the laws of descent and distribution, and are exercisable during the employee's lifetime only by the employee.

<table>
<tr><td>E.4</td><td>Description of material interest to the offer including conflict of interests</td><td colspan="3">Not applicable. There are no such interests.</td></tr>
<tr><td>E.5</td><td>Name of the entity offering to sell the security</td><td colspan="3">Staples, Inc.</td></tr>
<tr><td rowspan="4">E.6</td><td rowspan="4">Maximum dilution</td><td colspan="3">Assuming that the Shares offered would all be newly issued, the holdings of a shareholder of Staples currently holding 1% of the total outstanding share capital of Staples as of March 4, 2015, i.e., 6,404,871 Shares, and who is not an eligible employee participating in the offer, would be diluted as indicated in the following table:</td></tr>
<tr><td></td><td>Percentage of the total outstanding Shares</td><td>Total number of outstanding Shares</td></tr>
<tr><td>Before the issuance of Shares under the ESPP (as of March 4, 2015)</td><td>1.000%</td><td>640,487,106</td></tr>
<tr><td>After issuance of 27,000,000 Shares under the ESPP</td><td>0.960%</td><td>667,487,106</td></tr>
<tr><td>E.7</td><td>Estimated expenses charged to the investor by the issuer or offeror</td><td colspan="3">Not applicable. There are no such expenses.</td></tr>
</table>

II. Risk factors

The risk factors to be taken into consideration when participating in the ESPP consist, on the one hand, of risks related to the participation of the ESPP itself, and, on the other hand, risks related to the Company's business.

The risks related to the participation itself in the ESPP can be summarized as follows:

- Participation in the plan is subject to the same risks as inherent to any investment in shares (such as a change of the stock exchange price of the shares).

- Participation in the plan is subject to a currency risk (*e.g.* USD/EUR or USD/Sterling pound) that could adversely affect the foreseen profit resulting from the participation in the ESPP.

- The possible tax and / or social security consequences of the participation in the ESPP could adversely affect the foreseen profit resulting from the participation in the ESPP.

Information concerning the risk factors related to the Company's business, that may affect future results of the Company, is reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on May 2, 2015 (Exhibit V).

III. Information on the offer and dilution resulting therefrom

A. Information concerning the offer

A.1. Description of the offer

General information

Staples, Inc., a Delaware corporation, with its headquarters at Five Hundred Staples Drive, Framingham, Massachusetts 01702, United States of America (the "Company" or "Staples"), has decided to offer eligible employees of its designated subsidiaries the possibility to acquire at a discounted price common shares of Staples, Inc. having a par value of US$ 0.0006 per share (the "Shares") under the Staples, Inc. 2012 Employee Stock Purchase Plan (the "ESPP" or the "Plan"). The Company's Shares are listed on the Nasdaq Global Select Market (the "Nasdaq"). The ticker symbol for the Company's Shares is "SPLS."

The total number of Shares made available for purchase under the ESPP is 27,000,000.

Purpose

The purpose of the Plan is to provide employees of the Company and its designated subsidiaries with an opportunity to purchase common stock through accumulated contributions.

Administration

Pursuant to the Compensation Committee charter, the Board of Directors of the Company (the "Board") has delegated authority for all equity and incentive plans, including the ESPP, to the Compensation Committee. Each of the Compensation Committee and the Board has the authority to make rules and regulations for the administration of the ESPP and its interpretations and decisions are final and conclusive.

An offering period generally extends for six months; however, the Compensation Committee may, in its discretion, choose an offering period of twenty-seven (27) months or less for each offering, choose a different offering period for each offering and begin additional offering periods. The Compensation Committee or the Board may, in its discretion, adopt or implement rules under the ESPP to comply with local jurisdictional laws or rules. Additionally, pursuant to the terms of the ESPP, the Compensation Committee of the Board, or to the extent permitted by applicable laws, the Company's Committee on Employee Benefits (hereinafter referred to as the "Committee," which, depending on the situation, refers to one of both of the aforementioned bodies) has been given administrative authority under the Plan. The ESPP also provides administrative authority to two officers of the Company, acting jointly, to engage in certain administrative tasks in connection with the implementation of the ESPP. However, such officers do not have the authority to increase the number of shares available under the ESPP. Hereafter, the term "Administrator" may refer to either the Board or the Committee.

Eligibility

All employees of the Company or a subsidiary or affiliate designated by the Board or the Committee (respectively "Designated Subsidiary" and "Designated Affiliate"), are eligible to participate in one or more of the offerings of options to purchase Shares provided that they are employed by the Company or a Designated Subsidiary or Designated Affiliate on a given enrollment date ("Enrollment Date"). The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an offering, determine an eligible employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the U.S. Internal Revenue Code of 1986, or (v) is a highly compensated employee within the meaning of Section 414(q) of the U.S. Internal Revenue Code of 1986 with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the U.S. Securities Exchange Act of 1934.

An employee shall, however, not be eligible to receive purchase rights under the ESPP if such employee, immediately after the option is granted, owns five percent (5%) or more of the total combined voting power or value of the stock of the Company or any subsidiary or parent company of the Company.

No employee may be granted an option which permits his/her rights to purchase Staples common stock under this Plan and any other employee stock purchase plan of the Company and its subsidiaries (as defined by the Board or the Committee), to accrue at a rate which exceeds US$25,000 of the fair market value of Staples common stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time.

Offerings

The Company will make one or more offerings ("Offering") to employees to purchase stock under the ESPP. Each first day on which the national stock exchange upon which the common stock is listed is open for trading ("Trading Day") on or after January 1 and July 1 of each year will begin a new offering period ("Offering Period") which terminates, respectively, on the last Trading Day on or before June 30 and December 31 of each year, or on such other dates as the Administrator will determine. Unless and until the Administrator determines otherwise in its discretion, each Offering Period shall consist of one six (6) month purchase period ("Purchase Period"), which shall run simultaneously with the Offering Period.

Participation

In order to participate in the ESPP, eligible employees must enroll in the Plan by (i) submitting to the Company's stock administration office (or its designee), on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator, and in either case completing any other forms and following any procedures for enrollment in the Plan as may be established by the Administrator from time to time.

Hereinafter, "Participant" means an employee participating in the Plan.

Contributions

The enrollment in the ESPP will authorize a regular payroll deduction from the compensation received by the employee during the Offering Period. Unless an employee changes his enrollment in a manner prescribed by the Committee from time to time or withdraws from the Plan, his or her deductions and purchases will continue at the same rate for future offerings under the Plan as long as the Plan remains in effect.

The Company will maintain payroll deduction accounts for all participating employees. With respect to any offerings made under the ESPP, an employee may elect to have payroll deductions made on each pay day or other contributions (to the extent permitted by the Administrator) made during the Offering Period in an amount not exceeding ten percent (10%) of the compensation which he or she receives on each pay day during the Offering Period, or such different maximum percentage as may be determined by the Administrator prior to any Offering Period. For these purposes, eligible compensation means an eligible employee's regular base straight time gross earnings (including payments for piece work in the case of employees of the American Identity division), commissions, sales rewards and other sales-related payments, exclusive of any other form of compensation including payments for incentive compensation, bonuses, overtime, shift premium, 13th/14th month payments or similar concepts under local law or any other similar compensation. This definition of eligible compensation is subject to change.

Each participating employee shall designate what percentage of his or her payroll deductions during the Offering shall be used to purchase Staples common stock upon the completion of such Offering, subject to any limits as may be imposed for such Offering by the Board or the Committee. Any change in compensation during the Plan Period will result in an automatic corresponding change in the amount withheld. The payroll deductions shall be made in the applicable local currency and will be converted into United Stated currency at the prevailing rate of exchange in effect on the date determined by the Board or the Committee from time to time.

The Board or the Committee may permit direct contributions by eligible employees instead of payroll deductions if it determines such action to be advisable, and on such terms as it deems advisable.

In Belgium, all payroll deductions from an employee's compensation will be credited to a special bank account that is held at KBC Bank, Havenlaan 12, 1080 Brussels, Belgium, by the Belgian employer in the name of all Belgian employees who own the account in the proportion of their respective contributions or in the name of each individual employee. The Belgian local employer manages the account(s) and transfers the amounts to the Company on the respective dates for the purchase of shares under the ESPP. In other jurisdictions, individual bookkeeping accounts will be maintained for each employee and all payroll deductions from the employee's compensation shall be credited to such participant's ESPP account and shall be deposited with the general funds of the Company. Interest shall not be paid on sums deducted from an employee's compensation pursuant to the ESPP.

Unless and until otherwise provided by the Administrator, an employee may not increase or decrease his or her payroll deduction or other contributions during an Offering Period, with the exception that a Participant may withdraw from the Plan by following the procedures set forth in Section 10 of the Plan.

Purchase of shares

On the Enrollment Date of each Offering Period, the Company will grant to each eligible employee who is then a participant in the Plan an option to purchase on the last trading day of the simultaneous purchase period ("Purchase Period") (the "Exercise Date"), at the option price hereinafter provided for, the largest number of shares (including fractional shares determined in the manner set forth below) of Staples common stock (subject to any limits as may be imposed for such Offering by the Administrator) as does not exceed the number of shares determined by dividing US$12,500 by the Fair Market Value (as defined below) of Staples common stock on the Enrollment Date of such Offering Period; provided that, if the Purchase Period is any period other than six months, then US$12,500 shall be adjusted proportionately to reflect the length of the Purchase Period.

The purchase price for each share purchased will be 85% of the Fair Market Value (as defined below) of Staples common stock on the Exercise Date.

Fair Market Value shall mean, as of any date and unless the Administrator determines otherwise, the value of common stock determined as follows: (i) if the common stock is listed on any established stock exchange or a national market system, including without limitation the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market of the NASDAQ Stock Market or the New York Stock Exchange, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or if no sales were reported on that date, on the last Trading Day such sales were reported), as reported in The Wall Street Journal or such other source as the

Administrator deems reliable; (ii) if the common stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or (iii) in the absence of an established market for the common stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

Each employee who continues to be a participant in the Plan on the Exercise Date shall be deemed to have exercised his option at the option price on such date and shall be deemed to have purchased from the Company the number of shares of Staples common stock (including fractional shares calculated up to 5 decimal places) reserved for the purpose of the Plan that his accumulated payroll deductions on such date will pay for, in United States currency as of that date, but not in excess of the maximum number determined in the manner set forth above, subject to any limits on allocation as may be imposed by the Board or the Committee for such Offering.

Any balance remaining in an employee’s payroll deduction account at the end of a Plan Period will be automatically refunded to the employee in the local currency or there may be payment in Euros.

Withdrawal

A Participant may withdraw all but not less than all the contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company’s stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose, or (ii) following an electronic or other withdrawal procedure determined by the Administrator. Further, unless otherwise determined by the Administrator, any Participant who elects to decrease the rate of his or her Contributions to zero percent (0%) during an Offering Period shall be deemed to withdraw from participation in the Plan.

The Administrator may impose, from time to time, a requirement that the applicable notice of withdrawal from the Plan be on file with the Company for a reasonable period prior to the effectiveness of the Participant’s withdrawal. All of the Participant’s Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant’s option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5 of the Plan.

A Participant’s withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

Stockholder’s rights

Neither the granting of an option to an employee nor the deductions from his or her pay shall constitute such employee a stockholder of the shares of Staples common stock covered by an option under this Plan until such shares have been purchased by and issued to him or to an account for his benefit.

Transferability

Rights under this Plan are not transferable by a participating employee other than by will or the laws of descent and distribution, and are exercisable during the employee's lifetime only by the employee.

Notification upon sale of Shares – Black out dates

Each employee agrees, by entering the Plan, to promptly give the Company notice of any disposition of shares purchased under the Plan within such period as the Committee or Board may require from time to time. Moreover, associates grade level 41 and above and certain other employees cannot sell their shares during the so-called "black out dates", *i.e.*, dates when it is against Staples' policy to sell Staples' stock. Generally, such restrictions apply during the period starting four weeks (or any other applicable period under the then applicable black-out policy of Staples) before the end of each fiscal quarter up to and including the end of the day when Staples publicly releases earnings. The employee can obtain a calendar showing the "black out dates" from his local HR department.

Dividends on Shares purchased under the ESPP

Each employee who enrolls in the Plan agrees, for so long as shares of Staples common stock purchased by the employee at any time under the Plan (the "Purchased Shares") are held by the employee in an account with a bank, transfer agent, or other financial institution designated by the Company to hold the Purchased Shares (the "Financial Institution"), to (1) participate in the Staples dividend reinvestment program maintained by the Financial Institution (the "DRIP") such that unless the employee affirmatively opts out of the DRIP, the employee shall receive, in lieu of any cash dividend paid or payable by the Company with respect to the employee's Purchased Shares that are held in an account with the Financial Institution (the "Captive Shares"), shares of Staples common stock (including any fractional shares) pursuant to the terms of the DRIP, and (2) allow the Company to take all reasonably necessary and appropriate actions to ensure that the amount of any cash dividend paid or payable by the Company with respect to the employee's Captive Shares is paid in the form of Staples common stock instead of cash.

Term of the ESPP

The ESPP shall continue in effect until its termination by the Board or its Compensation Committee.

A.2 Application of Funds

To the extent consistent with applicable law, all funds received or held by the Company or any Subsidiary under the ESPP may be combined with other corporate funds and may be used for any corporate purpose and moved outside the country in which they are deducted from payroll.

A.3 Costs related to the sale of Shares

If an employee acquires Shares under the ESPP, he or she will incur certain costs upon a subsequent sale of the Shares. These costs are inherent to any sale of shares on the Nasdaq and will be charged by the broker (E*TRADE) who sells the respective Shares on behalf of the employee. These costs are currently as follows:

TRANSACTION PRICING

	Transaction via Web or Interactive Voice Response	*Transaction Via Broker*
Sale transaction minimum	US$ 14.95 minimum on all trades	US$ 14.95 minimum on all trades
1-50	US$ 0.00 per share	US$ 0.00 per share
51	US$ 24.96	US$ 24.96
Shares 52 and up	US$ 0.01 per share	US$ 0.01 per share

SPECIAL REQUEST FEES

Broker Assist Fee	US$ 25
Check Request Fee	US$ 10
Outgoing Wire Transfer	US$ 25
Express Mail (overnight in the U.S., longer outside the U.S.)	US$ 20

Further information concerning the offer, including offer statistics, the method and expected timetable and admission to trading details, is set forth in the Staples, Inc. 2012 Employee Stock Purchase Plan (Exhibit I), in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on [X], 2015 (Exhibit V).

B. Information on Maximum Dilution

The Shares under the ESPP are offered to approximately 78,844 eligible employees of the Company as of January 1, 2015. Further, employees who elect to participate in the ESPP may contribute up to 10% of their eligible compensation towards the purchase of Shares, with the maximum number of Shares that can be acquired during any Offering Period equal to the number of Shares determined by dividing US$ 12,500 by the fair market value of a Share on the Enrollment Date of such Offering Period. Every year consists of two such Offering Periods.

The fair market value of the Shares on June 9, 2015 was US$ 16.22 (please note that this date and corresponding stock value is used only for illustration purposes in the framework of this maximum dilution calculation, but is not a date on which Shares were actually purchased under the ESPP). Assuming eligible employees would purchase during each Offering Period the total number of Shares they are entitled to purchase at the purchase price applicable on June 9, 2015 (i.e., 85% of US$ 16.22 or US$ 13.79), each eligible employee would be entitled to purchase a maximum of 1,541 Shares (i.e., 25,000 divided by 16.22) under the ESPP in one year, assuming no other ESPP limitations are exceeded. Assuming that all of the eligible employees would each purchase 1,541 Shares, the maximum number of Shares offered under the ESPP pursuant to this prospectus amounts to approximately 121,498,604 Shares. However, the maximum number of Shares offered under the ESPP is 27,000,000. Therefore, the maximum number of Shares offered under the ESPP pursuant to this prospectus could not exceed 27,000,000.

Based on the above assumptions, the holdings of a stockholder of the Company currently holding 1% of the total outstanding share capital of the Company as of March 4, 2015 (i.e., 6,404,871 Shares), and who is not an employee participating in the offer, would be diluted as indicated in the following table:

	Percentage of the total outstanding shares	Total number of outstanding shares
Before the offering	1.00%	640,487,106
After issuance of 27,000,000 Shares under the ESPP	0. 960%	667,487,106

IV. Key information on the Company's financial condition, capitalization and indebtedness, working capital and risk factors

A. Statutory auditors

The statutory auditors of Staples over the fiscal years ended on January 31, 2015, February 1, 2014 and February 2, 2013 were Ernst & Young LLP, 200 Clarendon Street, Boston, MA 02116, United States of America. The accounts for those years, prepared in accordance with the U.S. GAAP, were audited, and the audit reports contained no qualification.

B. Share capital

As of March 4, 2015, Staples had 640,487,106 common shares outstanding, with a par value of US$0.0006 per Share.

The aggregate market value of voting stock held by non-affiliates, based on the last sale price of Staples' common stock on August 1, 2014, as reported by Nasdaq, was approximately US$ 7.1 billion. The current stock exchange price of the Shares can be found on the Company's website (www.staples.com, under the "Corporate Information – Investor Information – Stock Price Information" captions).

There are no shareholders in the Company that, directly or indirectly, singly or jointly, exercise or are capable of exercising control over the Company.

As of April 6, 2015, to the Company's knowledge, the following shareholders of Staples beneficially owned 5% or more of its Shares:

(i) Vanguard Group, 100 Vanguard Blvd Malvern, PA 19355 holding 49,004,910 Shares, representing 7.65% of the Company's common stock;

(ii) BlackRock, Inc., 40 East 52nd Street New York, NY100222 holding 37,800,765 Shares, representing 5.90% of the Company's common stock; and

(iii) FMR, LLC, 245 Summer Street Boston, MA 02109 holding 34,127,551 Shares, representing 5.33% of the Company's common stock.

For the fiscal years ended on January 31, 2015, February 1, 2014 and February 2, 2013 no third parties have attempted a public takeover bid on the Company, by purchase or exchange of Shares of the Company.

C. Key financial data

The key financial data (in U.S. GAAP) as per the fiscal years ended on January 31, 2015, February 1, 2014 and February 2, 2013 are set forth hereafter:

STAPLES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollar Amounts in Thousands, Except Share Data)

	January 31, 2015	February 1, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 627,174	$ 492,532
Receivables, net	1,927,781	1,838,714
Merchandise inventories, net	2,144,447	2,328,299
Deferred income tax assets	224,067	179,566
Prepaid expenses and other current assets	252,954	400,447
Total current assets	5,176,423	5,239,558
Property and equipment:		
Land and buildings	947,999	990,324
Leasehold improvements	1,230,740	1,306,987
Equipment	2,824,877	2,778,294
Furniture and fixtures	1,015,737	1,078,876
Total property and equipment	6,019,353	6,154,481
Less: Accumulated depreciation	4,314,421	4,283,762
Net property and equipment	1,704,932	1,870,719
Intangible assets, net of accumulated amortization	335,017	382,700

Goodwill	2,680,029	3,233,597
Other assets	417,327	448,302
Total assets	$ 10,313,728	$ 11,174,876
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,866,545	$ 1,997,494
Accrued expenses and other current liabilities	1,332,308	1,266,974
Debt maturing within one year	91,718	103,982
Total current liabilities	3,290,571	3,368,450
Long-term debt, net of current maturities	1,023,997	1,000,205
Other long-term obligations	685,795	665,386
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized; no shares issued	—	—
Common stock, $.0006 par value, 2,100,000,000 shares authorized; issued and outstanding 941,561,541 and 640,320,352 shares at January 31, 2015 and 938,722,858 shares and 652,860,207 shares at February 1, 2014, respectively	565	563
Additional paid-in capital	4,935,415	4,866,467
Accumulated other comprehensive loss	(1,041,195)	(507,154)
Retained earnings	6,829,277	7,001,755
Less: Treasury stock at cost, 301,241,189 shares at January 31, 2015 and 285,862,651 shares at February 1, 2014	(5,419,003)	(5,229,368)
Total Staples, Inc. stockholders' equity	5,305,059	6,132,263
Noncontrolling interests	8,306	8,572
Total stockholders' equity	5,313,365	6,140,835
Total liabilities and stockholders' equity	$ 10,313,728	$ 11,174,876

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(Dollar Amounts in Thousands, Except Share Data)

	Fiscal Year Ended		
	January 31, 2015	**February 1, 2014**	**February 2, 2013**
Sales	$ 22,492,360	$ 23,114,263	$ 24,380,510
Cost of goods sold and occupancy costs	16,691,324	17,081,978	17,889,249
Gross profit	5,801,036	6,032,285	6,491,261
Operating expenses:			
Selling, general and administrative	4,816,433	4,735,294	4,884,284
Impairment of goodwill and long-lived assets	469,663	—	810,996
Restructuring charges	170,878	64,085	207,016
Amortization of intangibles	61,691	55,405	78,900
Total operating expenses	5,518,665	4,854,784	5,981,196
Gain on sale of businesses, net	27,495	—	—
Operating income	309,866	1,177,501	510,065
Other income (expense):			
Interest income	2,930	4,733	5,340
Interest expense	(49,139)	(119,329)	(162,477)
Loss on early extinguishment of debt	—	—	(56,958)
Other income (expense), net	4,478	(100)	(30,547)
Income from continuing operations before income taxes	268,135	1,062,805	265,423
Income tax expense	133,609	355,801	426,270
Income (loss) from continuing operations	134,526	707,004	(160,847)
Discontinued operations:			
Loss from discontinued operations, net of income taxes	—	(86,935)	(49,978)
Consolidated net income (loss)	134,526	620,069	(210,825)

Loss attributed to the noncontrolling interests	—	—	(119)
Net income (loss) attributed to Staples	$ 134,526	$ 620,069	$ (210,706)
Amounts attributable to Staples, Inc.:			
Income (loss) from continuing operations	$ 134,526	$ 707,004	$ (160,728)
Loss from discontinued operations	—	(86,935)	(49,978)
Net income (loss) attributed to Staples	$ 134,526	$ 620,069	$ (210,706)
Basic Earnings Per Common Share:			
Continuing operations attributed to Staples	$ 0.21	$ 1.08	$ (0.24)
Discontinued operations attributed to Staples	—	(0.13)	(0.07)
Net income (loss) attributed to Staples	$ 0.21	$ 0.95	$ (0.31)
Diluted Earnings per Common Share:			
Continuing operations attributed to Staples	$ 0.21	$ 1.07	$ (0.24)
Discontinued operations attributed to Staples	—	(0.13)	(0.07)
Net income (loss) attributed to Staples	$ 0.21	$ 0.94	$ (0.31)
Dividends declared per common share	$ 0.48	$ 0.48	$ 0.44

See notes to consolidated financial statements.

Quarterly results will be published on the Company's Quarterly Reports on Form 10-Q, which are available on the Company's website (www.staples.com, under the "Corporate Information – Investor Information – SEC filings" captions).

The Company's dividend history can be found in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II) and on the Company's website (www.staples.com, under the "Corporate Information – Investor Information – Investor Package" captions).

The cost of the stock-based compensation for U.S. GAAP accounting purposes is elaborated upon in the Company's Annual Report on Form 10-K for fiscal year ended January 31, 2015 (Exhibit II). In addition, the Company has incurred legal costs of approximately EUR 25,000 to implement this prospectus in order to offer securities under the ESPP to eligible employees of its subsidiaries in the EEA.

Information concerning the Company's financial condition, including selected financial data, information on capitalization and indebtedness and a description of the risk factors is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II), the Definitive Proxy Statement on Form DEF 14A (Exhibit III) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on [X], 2015 (Exhibit V).

The reasons for the offer and the use of proceeds are described in III.A above.

Further information on the Company's working capital is set forth under the section "Liquidity and Capital Resources" on pages B-13 and following of the Management's Discussion and Analysis of Financial Condition and Results of Operations of the Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II). Information on the Company's indebtedness is set forth under "NOTE F – Debt and Credit Agreements" on pages C-21 and following of the Notes to Consolidated Financial Statements of the Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II). Information on the stockholder's equity is set forth on pages C-6 and following of the Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II).

V. Information on the Company

A. Company history and activities

Staples was incorporated in 1985 as a Delaware corporation for an unlimited period of time. Staples has its registered office at Five Hundred Staples Drive, Framingham, Massachusetts 01702, United States of America (telephone number +1 (508) 253-5000). As per January 31, 2015, Staples had approximately 44,400 full-time and 34,675 part-time employees in the U.S. and abroad.

Shares of the Company having a par value of US$ 0.0006 per Share are publicly traded on the Nasdaq Global Select Market (the "Nasdaq"). The ticker symbol for the Company's Shares is "SPLS." The ISIN Code of the Company's Shares is US8550301027.

Staples is a world-class provider of products and services that serve the needs of business customers and consumers. Staples is committed to providing superior value to its customers through a broad selection of products, easy to use websites and mobile platforms, an integrated retail and online shopping experience and a wide range of copy and print and technology services. Staples pioneered the office products superstore concept by opening the first office products superstore in Brighton, Massachusetts in 1986 to serve the needs of small businesses, and currently serve businesses of all sizes and consumers in North America, Europe, Australia, South America and Asia. Staples' delivery businesses account for a majority of its sales and many of its delivery customers place their orders online, making Staples one of the largest internet resellers in the world.

Staples and its subsidiaries operate three business segments: North American Stores & Online, North American Commercial and International Operations.

The North American Stores & Online segment includes the company's retail stores and Staples.com businesses in the U.S. and Canada. The Company's strategy for North American Stores & Online focuses on offering easy-to-shop stores and websites with quality products that are readily available and easy to find, and courteous, helpful and knowledgeable sales associates to support customers across all channels. The Company's goals are to continue to be a destination for core office supply categories like ink, toner and paper and to build scale and creditability for products and services beyond office supplies, such as copy and print services, facilities and breakroom supplies, as well as a full assortment of vertical focused solutions to serve industries like retail, restaurants, health care, and education. The Company's associates are trained to deliver excellent service by engaging with customers, focusing on solution selling, and encouraging customers to shop across channels.

The Company operates a portfolio of retail store formats, tailored to the unique characteristics of each location. The Company's North American Stores & Online segment consisted of 1,364 stores in the United States and 315 stores in Canada at the end of fiscal 2014. In an effort to improve store productivity and effectively manage the Company's cost structure, it is closing, downsizing and relocating stores. As part of the plan to close at least 225 stores in North America by the end of fiscal year 2015, the Company closed 169 stores in fiscal 2014 and expects to close approximately 60 stores in fiscal 2015. In addition, over the past few years the Company has reduced the size of its store prototype from 24,000 square feet to 12,000 square feet and incorporated enhanced omnichannel features to better address changing customer needs and the dynamic and competitive environment in which the Company competes.

Staples.com and Staples.ca are designed to reach small businesses, home offices and consumers, offering next business day delivery for most orders in the majority of the Company's markets. Over the past few years the Company has made significant investments in talent, technology, pricing, and marketing while significantly expanding its assortment to enhance the customer experience online. The Company has successfully launched new desktop and mobile platforms, improved site speed, enhanced usability, and increased customer acquisition and conversion.

The Company believes that its integrated network of stores and online businesses provide a differentiated experience for its customers. The Company has increased its focus on maximizing the synergies between Staples.com and its retail stores with the introduction of new concepts including ship to store, in store kiosks, online retail store inventory lookup, as well as buy online pickup in store. These new concepts offer customers a more seamless shopping experience, regardless of whether customers physically visit its retail stores or its websites.

The North American Commercial segment consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses, including Staples Advantage and Quill.com. The

Company's strategies for North American Commercial focus on expanding in categories beyond office supplies, increasing the Company's share of wallet with existing customers, and acquiring new customers. The Company is also focused on serving its customers by evolving its team-based contract selling model which is more unified and collaborative. The Company is also driving growth in categories beyond core office supplies by adding specialists who have expertise in selling products like facilities and breakroom supplies, furniture, promotional products, print solutions and technology.

The Staples Advantage contract business focuses on serving the needs of mid-sized businesses and organizations as well as larger regional businesses and Fortune 1000 companies. Through the Company's contract sales force it offers full service account management, free delivery, customized pricing and payment terms, usage reporting, the stocking of certain proprietary items and a wide assortment of environmentally friendly products and services.

Quill.com is an internet and catalog business with a targeted approach to serving the needs of small and mid-sized businesses in the United States. Quill.com has rapidly expanded its assortment in categories beyond offices supplies to serve the evolving needs of its customers. To attract and retain its customers, Quill.com seeks to offer outstanding customer service, and builds loyalty through its Quill brand products and special services. Quill.com also offers a specialized assortment of office supplies and products for health care professionals. Quill.com is viewed separately from the Company's Staples.com business in that its customer base is somewhat different and it targets exclusively the business customer.

The Company’s International Operations segment consists of businesses in 23 countries in Europe, Australia, South America and Asia. The markets for office products and services in these countries are highly fragmented.

The Company’s European Office Products business represents a balanced multi-channel portfolio serving contract, retail, internet and catalog customers in 16 countries. The Company's contract business includes sizable operations in Scandinavia, Germany, the United Kingdom and the Netherlands. The Company operates 284 retail stores in Europe, with the largest concentration of stores in the United Kingdom, Germany, the Netherlands and Portugal. It operates internet and direct mail catalog business with a significant concentration of sales in France, Italy and the United Kingdom.

The Company’s strategies for its European Office Products business focus on expanding its assortment beyond office supplies and increasing its mix of business services with a focus on copy and print, streamlining its information technology systems, further developing its ecommerce platform, expanding and leveraging best practices from its North American businesses, including its mid-market contract selling model. The Company is also focused on improving profitability by consolidating sub-scale businesses, streamlining operations to improve efficiencies, increasing sales of higher margin Staples brand products and improving the performance of its supply chain.

Staples Australia serves primarily contract and government customers in Australia and New Zealand. In addition, the Company operates a public website which targets small business and home office customers. The Company's strategies focus on improving sales force productivity by increasing customer acquisition and retention, and by providing customers with a broad assortment of products and services, including office products, facility and breakroom supplies, technology, business furniture and print management.

The Company continues to build a foundation for growth in Asia and South America. The Company operates retail and delivery businesses in China, Argentina, Taiwan and Brazil. The Company also has a franchise arrangement in India with its former joint venture partner.

B. Research and development; patents and trademarks

The Company owns or has applied to register numerous trademarks and service marks in the United States and throughout the world in connection with its businesses. Some of the Company's principal global and regional marks include Staples, the Staples red brick logo, "Make More Happen," Staples the Office Superstore, the Easy Button logo, "that was easy," Quill.com, Corporate Express, and many other marks incorporating "Staples" or another primary mark, which in the aggregate the Company considers to be of material importance to its business. While the duration of trademark registrations varies from country to country, trademarks are generally valid and may be renewed indefinitely so long as they are in use and their registrations are properly maintained.

The Company owns and maintains a number of products, systems, business processes and designs, many of which have been patented. The Company also owns copyrights for works such as packaging, training materials, promotional materials, computer software, in-store graphics, website content and multi-media. In addition, the Company has registered and maintains numerous internet domain names, including many that incorporate "Staples."

C. Particular provisions of the bylaws

The Company's annual meeting of shareholders is held for the purpose of electing directors and conducting other business as may properly come before the meeting and shall be held each year.

D. Board of Directors (as per June 1, 2015)

Name	*Age*
Basil L. Anderson	70
Drew Faust	67
Paul-Henri Ferrand	51
Kunal S. Kamlani	42
Carol Meyrowitz	61
Rowland T. Moriarty	68
Ronald L. Sargent	59
Robert E. Sulentic	58
Raul Vasquez	43
Vijay Vishwanath	55
Paul F. Walsh	65

E. Executive Officers (as per May 9, 2015)

Name	*Function*
Ronald L. Sargent	Chairman and Chief Executive Officer
Joseph G. Doody	Vice Chairman
Christine T. Komola	Chief Financial Officer
Michael Williams	General Counsel and Secretary
John Wilson	President, Staples Europe
Demos Parneros	President, North American Stores & Online
Shira Goodman	President, North American Commercial

To the extent that such fact is required to be disclosed in Exhibits II or III, for at least the previous five years, none of the directors or executive officers of the Company has:

(a) been convicted in relation to fraudulent offences;

(b) been associated with any bankruptcies, receiverships or liquidations when acting in their capacity of directors or executive officers of the Company; or

(c) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

There are no family relationships between any of the directors and the executive officers listed above. As indicated in the Company's Annual Report on Form 10-K (Exhibit II), the Company has adopted guidelines regarding corporate governance, amongst which a "Code of Ethics," the full text of which is available on the Company's website, at www.staples.com, under the "Corporate Information – Investor Information – Corporate Governance – Code of Ethics" captions. This item is available in print (free of charge) to any shareholder who requests it from the Global Ethics and Compliance Office, 500 Staples Drive, Framingham, MA 01702, United States of America, telephone 866-294-6446.

Further information on the Company, including its history and development, a business overview, its organizational structure and information concerning its property, plants and equipment is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on May 2, 2015 (Exhibit V).

VI. Operating and financial review and prospects

Information concerning the Company's operating results, its liquidity and capital resources, research and development, patents and licenses, trends, etc. is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on May 2, 2015 (Exhibit V).

VII. Directors, senior management and employees

Information concerning the Company's directors and senior management, their remuneration, Board practices, the Company's employees and concerning share ownership is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II), in the Company's Definitive Proxy Statement (Exhibit III) and the Company's Additional Proxy Statements on Form DEFA14A (Exhibit IV).

VIII. Major shareholders and related party transactions

Information concerning major shareholders of the Company, related party transactions and information concerning interests of experts and advisers is set forth in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (Exhibit II), in the Company's Definitive Proxy Statement (Exhibit III) and the Company's Additional Proxy Statements on Form DEFA14A (Exhibit IV).

IX. Additional information

More detailed information about the Company's businesses, as well as the contact information for the different subsidiaries is available on the Company's website (www.staples.com).

The Annual Report on Form 10-K for fiscal years ending January 31, 2015, February 1, 2014 and February 2, 2013, as well as Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are also made available on the Company's website (www.staples.com, under the "Corporate Information – Investor Information - SEC filings" captions) after the Company electronically files such materials with, or furnishes them to, the SEC.

Required filings by the Company's officers and directors and certain third parties with respect to transactions or holdings in Company shares are also made available on the Company's website, as are proxy statements for the Company's shareholder meetings. These filings may also be read and copied at the SEC's Public Reference Room at 100 F Street, NE, Room 1580 Washington, D.C. 20549. The SEC also maintains an internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Information about the Company's Board and Board Committees, including Committee charters, is available on the Company's website (www.staples.com, under the "Corporate Information – Investor Information – Corporate Governance" captions). This information is also available in print (free of charge) to any shareholder who requests it from the Company's Investor Relations department.

EXHIBITS

EXHIBIT I – STAPLES, INC. 2012 EMPLOYEE STOCK PURCHASE PLAN

EXHIBIT II - ANNUAL REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED JANUARY 31, 2015
FILED BY STAPLES, INC. ON MARCH 6, 2015

EXHIBIT III – DEFINITIVE PROXY STATEMENT ON FORM DEF 14A

FILED BY STAPLES, INC. ON APRIL 13, 2015

EXHIBIT IV – ADDITIONAL PROXY STATEMENTS ON FORM DEFA14A

FILED BY STAPLES, INC. ON APRIL 13, 2015, MAY 6, 2015 AND MAY 6, 2015

EXHIBIT V – QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED ON MAY 2, 2015
FILED BY STAPLES, INC. ON MAY 20, 2015

EXHIBIT VI – TAX AND SOCIAL SECURITY CONSEQUENCES OF PARTICIPATION IN THE ESPP

Information concerning the tax and social security consequences of participation in the ESPP is hereinafter summarized.

1. FRENCH TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax and social security contributions consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP.

This discussion reflects the tax and other law as in effect on June 1, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than France and/or is not subject to the French mandatory social security contributions regime, the information contained in this description may not be applicable to the employee. In addition, if the employee transfers his or her tax residence out of France after the grant of awards, the employee may be subject to tax withholding on gain realized and possibly to exit tax.

Enrollment in the ESPP

The employee is not subject to tax or social security contributions when he/she enrolls in the ESPP or in new purchase period begins.

Purchase of Shares

The difference (or discount) between the fair market value of the Company's shares on the date of purchase and the purchase price paid by the employee is treated as additional salary and is subject to social security contributions (paid partly by the employer and partly by the employee), including the general social insurance contribution ("CSG") and to the contribution for the reimbursement of social insurance debt ("CRDS"). In addition, the discount is subject to personal income tax, after deduction of the tax deductible part of social security contributions.

Dividends

Whether received in France or abroad, revenues on foreign securities received by French tax residents is subject to personal income tax at the employee's marginal rate (up to 45%, plus a surtax - see below), after application of an allowance if applicable, the year which follows payment of the dividends. At the time of the payment, the employee is subject to an income tax prepayment at a rate of 21% on the gross amount of dividends, unless the employee can claim for an exemption of the prepayment. Reporting and payment may be due immediately at the time of receipt of dividends and under the responsibility of the employee.

The gross amount of the dividends is also subject to the 15.5% additional social taxes.

In addition, the employee may be subject to an additional 3% taxation of all types of top income from 250 K€ to 500K€ per single[1], and a 4% taxation for income as from 500 K€ per single.

Any tax withheld in the United States pursuant to the August 31, 1994 convention, to eliminate double taxation, in force between France and the United States gives rise to a tax credit in France amounting to the taxes paid in the US and not exceeding the amount of French taxes corresponding to these revenues, if the required formalities are fulfilled pursuant to the August 31, 1994 convention, to eliminate double taxation, in force between France and the United States.

Sale of Shares

When the shares are later sold as from January 1, 2013, the net sale gain calculated as the difference between the net sale price and the fair market value of the shares on the date of purchase (assuming the employee knows the details of each acquired and sold shares, i.e. date of acquisition and value at acquisition), will be subject to the progressive income tax (up to 45%), after reduction of the taxable capital gain if applicable, plus additional social taxes of 15.5% on the gross amount of the capital gain in any cases. The employee will be eligible to a reduction of the taxable basis of the capital gain depending on the number of years of holding of the shares: for holding more than 2 years and less than 8 years, a 50% reduction, and for holding during more than 8 years, a 65% reduction. This reduction only applies to the tax basis for determination of the personal income tax and not to additional social taxes nor the 3% or 4% taxation.

The employee may realize a capital loss if the net sale price for the shares is lower than the fair market value on the date of purchase. The capital loss can be offset against the capital gain of the same nature realized by the employee (and his or her household) during the same year or during the 10 following years. A capital loss cannot be offset against other kind of income (such as salary). The employee should review those rules with his/her personal tax advisor prior to selling his/her shares and filing the relevant personal income tax return.

The capital loss to offset against the sale of shares is reduced of the same allowance for holding period of 50% and 65% as described above.

The employee may also be subject to the additional 3% or 4% taxation - see below.

[1] For a couple, the taxation thresholds are respectively 500 K€ and 1M€.

Wealth Tax

Any shares acquired under the ESPP is included in the personal estate of the employee and must be declared to the French tax authorities if the net amount of the employee's taxable personal estate (including his/her household) exceeds the exempt amount for the calendar year (€1.3 million for 2015), as valued on January 1 of each year. The employee may be able to claim a partial exemption for the value of the shares depending, *inter alia*, on holding period of the shares. The employee should review his/her situation to determine whether the employee can claim this exemption.

Withholding and Reporting

The employee’s employer will pay the employer’s portion of social security contributions and withhold the employee’s portion of social security contributions due on the amount corresponding to the difference between the fair market value of the Company’s shares on the date of purchase and the purchase price paid by the employees. If the total amount of social security contributions to be withheld exceeds the legal amount of authorized withholding from the salary of the employee, the employee undertakes to make satisfactory arrangements to pay the social security contributions for which he or she is liable. Alternatively, as authorized by the employee, the Company may withhold the applicable employee social security contributions from the shares which the employee acquires on the purchase date. The employer is not required to withhold personal income tax when the shares are purchased, provided that the employee is a French tax resident. As of April 1st, 2011, withholding tax of French personal income tax will be required on the French source gain if you were a tax resident upon enrolment but you are not a French tax resident when you acquire the shares.

However, because the income realized upon the purchase of the shares is treated as additional salary under French law, the employer is required to report this income on its annual declaration of salaries which is filed with the social security authorities and on the employee’s pay slip for the month of the purchase. The taxable additional salary (after deduction of the tax deductible employee social contributions) will also be included in the taxable income that the employee must report on his or her personal income tax return to be filed with the French tax administration in the year following the year of purchase. If the employee realizes a capital gain or receives dividends, the employee must report these incomes on his or her personal income tax returns to be filed with the French tax administration, respectively, in the year following the year of sale of the shares or the year following the year of the receipt of the dividends. The employee may also be responsible for reporting and paying the income tax prepayment, plus 15.5% of social taxes, before the 15th of the month which follows the payment of dividends.

Reporting of foreign account and exchange controls

The employee must declare any bank and stock accounts opened, used or closed abroad during the fiscal year concerned to the French tax authorities. Also, if the employee transfer abroad or from a foreign source amounts, titles, securities without using the intermediary of financial organizations (banks, Treasury, Banque of France, Caisse des Dépôts et Consignations), the employee should declare to the custom authorities each transaction for an amount equal or exceed to EUR 10,000 (for 2015).

2. GERMAN TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP.

This discussion reflects the tax and other law as in effect on June 2, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than Germany, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee will not be subject to tax when an option is granted to him/her under the ESPP (*i.e.*, when the employee enrolls in the ESPP or is offered participation in the ESPP).

Purchase of Shares

When shares are purchased, the employee will be subject to income tax (at a rate of up to 45%), solidarity surcharge (5.5% on the income tax owed) and, if applicable, church tax (up to 9% on the income tax owed). According to the official position of German tax authorities, the taxable amount is the difference (or spread) between the fair market value of the shares on the date of purchase and the purchase price. The employee also will be subject to social insurance contributions on the spread to the extent the employee has not already exceeded his/her applicable contribution ceiling.

The employee may be able to deduct from the spread an amount of EUR 360 per calendar year if the ESPP is offered to all employees of the employing local entity with a tenure of at least one year. The old rule, according to which the participating employee may be able to deduct from the discount the lesser of (i) EUR 135, and (ii) 50% of the value of the shares on the relevant date, remains applicable under certain circumstances. In principle, the old rule should apply according to the most favorable principle whenever an employee has a right to receive shares at a discount or without remuneration on the basis of an agreement which entered into force prior to April 1, 2009, the shares are transferred to the employee prior to January 1, 2016 and the employer is not obliged to apply the new rule outlined above in the same calendar year. The participating employee should confirm with his or her tax advisor whether any of these deductions apply in his or her particular situation.

Sale of Shares

As a matter of principle, any capital gain realized from the sale of shares will be subject to a flat rate capital gains withholding tax at a rate of 25% (plus solidarity surcharge and church tax, if applicable) irrespective of the holding period of the shares. The taxable amount is equal to the difference between the sale proceeds and the fair market value of the shares at the time of their purchase, less sales related costs.

As a matter of principle, the flat tax is to be withheld at source by the financial institution in Germany where the shares are held in a custodial account. The Company does not assume any responsibility to withhold German income tax, etc. on the capital gain. If the flat rate withholding tax does not apply, e.g. because the shares are not held in a custodial account in Germany, the capital gain must be declared by the employee in his or her personal tax return as taxable income and the tax must be paid by the participating employee. The capital gain is, however, subject to the same tax rates as if the flat rate withholding taxation had applied. If the total investment income from all sources of the employee (including capital gains, dividend payments, interest income, etc.) in the particular tax year does not exceed EUR 801 (or EUR 1,602 for married tax payers or for partners within the meaning of the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) the capital gain would be tax free in Germany. Furthermore, the employee may elect a personal assessment to apply his or her personal income tax rate in case the flat rate exceeds his or her personal income tax rate.

The flat rate withholding tax does, however, not apply to capital gains generated from the sale of shares if the employee owns or has owned at least 1% of the stated capital at any time during the last five years of the Company, or holds the shares as a business asset, which is rather unlikely in case of employees. In such circumstances, 60% of the capital gain realized will be taxed at the participating employee's ordinary income tax rate (plus solidarity surcharge and church tax, if applicable).

Dividends

When shares are acquired under the ESPP, dividends may be paid with respect to these shares if the Company, in its discretion, declares a dividend. In such case, the employee will be subject to income tax on dividend payments that he/she receives (plus solidarity surcharge and church tax, if applicable). The dividends received will be subject to income tax in Germany and to U.S. federal income withholding tax (at a rate of 30%). In Germany, dividend payments are subject to a flat rate tax of 25 % on the full amount of the dividend payment (plus solidarity surcharge and church tax, if applicable). As a matter of principle, the flat tax is to be withheld at source by the financial institution in Germany where the shares are held in a custodial account. The Company does not assume any responsibility to withhold German income tax, etc. on dividends. If the flat rate withholding tax does not apply, e.g. because the shares are not held in a custodial account in Germany, the dividend income must be declared by the employee in his or her personal tax return as taxable income and the tax must be paid by the participating employee. The dividend income is, however, subject to the same tax rates as if the flat rate withholding taxation had applied. However, if the total investment income from all sources of the employee (including capital gains, dividend payments, interest income, etc.) in the particular tax year does not exceed EUR 801 (or EUR 1,602 for married tax payers or for partners within the meaning of the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) the dividend payments would be tax free in Germany. Furthermore, if the flat tax rate exceeds the personal income tax rate, the employee may elect a personal assessment to apply his or her personal income tax rate. The employee may be entitled to a tax credit against his/her German income tax for the U.S. federal income tax withheld.

Withholding and Reporting

The employer (local entity) will withhold, report and pay income tax, solidarity surcharge and church tax to the competent authority when shares are purchased for the employee under the ESPP. It is the employee's responsibility to pay and report any taxes due when he/she sells shares acquired under the

ESPP and if he/she receives dividends unless the flat rate withholding tax on dividend income and capital gains applies.

Social Security

The employer (local entity) will withhold employee social security contributions when the shares are purchased by the employee (subject to applicable contribution ceilings). Furthermore, the employer will report and pay employer and employee social security contributions to the competent authority when the income is obtained at the purchase of the shares.

3. ITALIAN TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP.

This discussion reflects the tax and other law as in effect on June 1, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than Italy, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee is not subject to tax when he/she enrolls in the ESPP or a new purchase period begins.

Purchase of Shares

Provided that the employee does not sell the common stock received upon exercise to his/her employer or to Staples or, in the three years following the date of purchase, the employee does not otherwise dispose of the shares, the spread *(i.e*., the difference between the average of the official prices of the shares in the month preceding the purchase and the price the employee pays for the shares) will not constitute taxable income up to a threshold of EUR 2,065 per year. Any benefit exceeding the EUR 2,065 threshold will be qualified as employment income and taxed as such in the year of purchase.

If the employee sells the shares acquired under the Plan before the three-year holding period expires, or, irrespective of the time of resale, sells the shares to its employer or to Staples, the discount previously exempted will be taxed in the year during which the sale occurs.

Accordingly, if the discount is taxed, the employer is required to withhold income tax and report the discount at purchase. In this case, the discount will also be subject to social insurance contributions.

Dividends

If shares are acquired under the ESPP, dividends may be paid with respect to those shares if the Company, in its discretion, declares a dividend. Dividends received will be subject to income tax in Italy and to U.S. federal income withholding tax (at a rate of 30%). The employee may be entitled to reduce U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in Italy are provided, required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). Any dividends, including non-cash dividends, are also subject to a 26% Italian withholding tax, since it is highly likely that the employee holds a "non-qualified" shareholding (*i.e.*, 2% or less than 2% of the voting rights in the Company shareholders' meeting or 5% or less than 5% of the capital of the Company). No tax credit for the withholding tax paid in U.S. is granted to offset the 26% Italian withholding tax. In the unlikely event that the employee holds a "qualified shareholding" (*i.e.*, more than 2% of the voting rights in the Company shareholders' meeting or more than 5% of the capital of the Company) different rules on dividends taxation would apply.

Sale of Shares

On the assumption that the employee holds a non-qualified shareholding (*i.e.*, the Shares represent 2% or less of the voting rights and 5% or less of the outstanding Shares), when he/she subsequently sells the Shares purchased under the ESPP, he or she will be subject to capital gains tax at 26% rate on any gain realized.

If the shares were totally exempt from tax at purchase (*i.e.*, when the spread did not exceed EUR 2,065), the capital gain will be the difference between the sale price and the purchase price (*i.e.*, the net profit). In the case of shares that were previously totally taxed (*i.e.*, when the shares were sold to the employer or to Staples or during the three years holding period) or partially taxed at purchase (*i.e.*, where the spread exceeded EUR 2,065), the taxable capital gain is the difference between the sale price and the sum of the purchase price and the amount subject to taxation as employment income.

In calculating the taxable amount at sale, the employee may subtract any expenses incurred to produce the gain, except interest, and losses from the sale of any other non-qualified shareholdings or capital investments. If losses exceed gains, the difference can be carried forward for the next four years. Capital gains (or losses) must be reported in the employee's annual tax return and the applicable capital gains tax shall be paid, together with the personal income tax (*i.e.*, Irpef).

The employee may also elect to be taxed at sale under one of two alternative tax regimes (described below), which are designed to preserve the anonymity of the securities owner. To be eligible for either of these methods, the employee must keep the Shares in the custody of a broker authorized by the Italian Ministry of Finance.

Common feature of the two alternative regimes is that the broker takes care of the calculation and payment of the capital gain tax which is in any case levied at 26% rate.

Administered Savings Method

Under the administered savings method, the employee deposits the Shares with an authorized broker, but retains the right to make investment decisions. The capital gain is calculated using the same method and rate described above. Losses from the sale of the Shares may be subtracted from the related gain and, where losses exceed gains, the difference can be carried forward for the next four years. Under this method, the broker pays the tax at 26% rate at the time of the transaction, so that capital gain is not included on the employee's annual tax return.

Managed Savings Method

Under the managed savings method, the employee deposits the Shares with an authorized broker and leaves the administration and investment decisions to the broker. In this case, capital gains tax at 26% rate is levied not on the gain actually realized through the sale of the Shares but on the difference between the value of the investment portfolio at the end of the year and the value of the portfolio at the beginning of the year, subject to some adjustment. As under the administered savings method described above, the broker pays the tax at the end of the year and the capital gain is not included on the employee's annual tax return.

Withholding and Reporting

The local employer has no withholding or reporting obligations at the time the employees join the ESPP and are granted a stock purchase right.

Withholding and reporting of income taxes and social insurance taxes will be required in the event the discount is taxed as income in-kind, *i.e.*, when the discount exceeds the EUR 2,065 threshold and when the employee sells the shares to his/her employer or to Staples or during the mandatory three-year holding period.

The employee is responsible for reporting the employment income, including the discount in the event it is taxable, on his/her annual tax return. Further, if the employee subsequently sells his/her shares to Staples or during the mandatory three-year holding period, it is also his/her responsibility to notify his/her employer of the sale. The employee is also responsible for reporting capital gains (or losses) and any dividends he/she receives in his/her annual tax return and paying the applicable taxes, if no substitute tax or definitive withholding tax have been previously applied on the same items of income.

In addition, pursuant to art 4 of Law Decree 167/1990 (Italian tax monitoring legislation), the employee, tax resident of Italy, who, during the fiscal year, holds investments abroad or foreign financial assets (such as cash and shares) that may generate income taxable in Italy are required to report them on their annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due, irrespective of their value.

Pursuant to legislation enacted at the end of 2011, the fair market value of any company stocks held outside of Italy will be subject to a foreign assets tax. The tax will apply at an annual rate of 0.2%. The employee is advised to seek appropriate professional advice as to how the foreign assets tax applies to his/her specific situation.

Social Security

Although a different view may be maintained, it is prudent interpretation of the Italian legislation that social insurance taxes will be required in the event the discount is taxed as income in-kind, *i.e.*, when and to the extent the discount exceeds the EUR 2,065 threshold and when the employee sells the shares to his/her employer or to Staples or during the mandatory three-year holding period.

4. <u>NETHERLANDS TAX AND SOCIAL SECURITY CONSEQUENCES</u>

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP.

This discussion reflects the tax and other law as in effect on June 1, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than the Netherlands, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee is not subject to tax when he/she enrolls in the ESPP or when a new purchase period begins.

Purchase of Shares

The employee will be subject to tax when the right to purchase shares under the ESPP becomes unconditional. This will likely occur at the time of purchase. The employee will be subject to income tax/wage withholding tax and social insurance contributions (in respect of the latter to the extent the employee has not already exceeded the applicable wage ceiling of approximately € 33,589 for 2015) on the difference between the fair market value of the shares on the date of purchase and the purchase price.

Dividends

If shares are acquired under the ESPP, dividends may be paid with respect to those shares if the Company, in its discretion, declares a dividend. Any dividends paid will be subject to U.S. federal income withholding tax (based on the Netherlands – United States tax treaty at a rate of 15%). Dividends are exempt from taxation in the Netherlands, provided the employee holds less than 5% of the Company's issued share capital as a private investment. The employee may be entitled to a tax credit against his/her Dutch income tax for the U.S. federal income tax withheld.

Investment Tax

In case the employee holds less than 5% of the Company's issued share capital as a private investment, the employee is subject to an investment yield tax of effectively 1.2% (*i.e.*, Box III income) on the value of all assets (including shares of the Company) held by the employee on 1 January of the calendar year at issue. An exemption is available on the first EUR 21,330(for 2015) of the value of the assets held on 1 January of the calendar year involved.

Sale of Shares

When the employee subsequently sells the shares purchased under the ESPP, he/she will not be subject to any capital gains tax, provided he/she holds less than 5% of the Company's issued share capital as a private investment.

Withholding and Reporting

The employer is required to withhold and report any wage tax and social insurance contributions (if any) on the taxable amount when the right to purchase shares under the ESPP becomes unconditional (this will likely occur at the time of purchase). The employee will be responsible for paying the difference, if any, between the wage taxes withheld and the actual income tax liability. The employee will have to report any taxable benefit derived from the ESPP on his/her personal income tax return.

5. NORWEGIAN TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares acquired under the ESPP.

This discussion reflects the tax and other laws in effect on June 1, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than Norway, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee is not subject to tax when he/she enrolls in the ESPP or a new purchase period begins.

Purchase of Shares

On the exercise date, when the employee purchases shares of Staples common stock, the employee will be subject to taxation on the difference between the fair market value of such shares at the time the shares are made available to the employee and the exercise price paid for the shares (the "spread"). The spread will be taxable as employment income, subject to income tax and social insurance contribution at a marginal tax rate of 47.2% (2015 rates, including the employee's part of the social security contribution).

The employee may be able to exclude from the taxable amount up to 20% of the fair market value of the shares on the date of exercise (when the shares were made available to the employee), but not more than NOK 1,500 per year, if the ESPP is offered to "all employees".

Dividends

Where shares are acquired under the ESPP, dividends may be paid with respect to those shares if the Company, in its discretion, declares a dividend. Any dividends paid will be subject to tax in Norway and also to U.S. federal income withholding tax (at a rate of 30%). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning residence in Norway are provided, as required by the United States Internal Revenue Service (*i.e.* Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from Brokerage firm(s) retained by the Company).

The employee will be subject to Norwegian income tax on any dividends distributed on the shares acquired under the ESPP at a tax rate of 27%. Norwegian personal shareholders may be entitled to deduct a calculated allowance when calculating their taxable dividend income.

The allowance is calculated on a share-by-share basis, and the allowance for each share is equal to the fair market value of the shares at the time the shares were made available to the employee (base value), multiplied by a risk-free interest rate. Any part of the calculated allowance in one year exceeding the dividend distributed on this share is added to the base value and included in the basis for calculating the allowance the following year.

Any withholding tax which is levied, might be set off against Norwegian tax on the dividend.

Sale of Shares

When the employee subsequently sells or otherwise disposes of the shares acquired under the ESPP, the employee will be subject to taxation at a tax rate of 27%. The taxable amount will equal the difference between the sale proceeds and the market value of the shares at the time the shares were made available to the employee (base value), less any costs such as brokerage fees.

The employee may be entitled to deduct an allowance when calculating the taxable amount. The allowance for each share is equal to the total of allowance amounts calculated for dividends for this share for previous years less dividends distributed on this share. The allowance may be deducted only to reduce a taxable gain, and may not be deducted to produce or increase a capital loss for tax purposes.

Tax Withholding and Reporting

In general, the local Norwegian subsidiary will be required to report the grant of options under the ESPP to the tax authorities. The local Norwegian subsidiary will also be required to report the spread on the date of exercise as taxable income to the local tax authorities, and will also be required to withhold income taxes and social insurance charges on such amount.

The employee is required to report the taxable dividend income, and any income realized on the subsequent realization of shares acquired under the ESPP. The employee will also be responsible for paying the tax on such amounts to the tax authorities.

Wealth Tax

Wealth tax is assessed at the end of each tax year, and the tax is based on the fair market value of the assets held on 1 January in the year following the relevant tax year. Both options and shares held are subject to wealth tax.

The employee will be subject to wealth tax on the value of the accumulated payroll deduction held on behalf of the employee on 1 January in the year following the relevant tax year.

The value of the option for wealth tax purposes is the fair market value of the option on 1 January in the year following the relevant tax year. However, if the options are unvested, non-transferable and conditioned upon the requirement that the employee remains employed at the time of exercise, the options may be exempt from wealth tax. Since there is uncertainty regarding the applicability of this exemption, the employee should provide the tax authorities with information regarding the options in his/her annual tax return if he/she maintains that no wealth tax is payable. The employee should include an explanation as to why the option should not be subject to wealth tax (*e.g.*, the option has not vested yet, the option is non-transferable, the option is conditioned upon the achievement of certain requirements).

Finally, the shares held at the end of the year will be subject to wealth tax based on the fair market value of the shares on 1 January in the year following the relevant tax year.

The marginal wealth tax rate is 0.85% (2015 rates) on net wealth above NOK 1,200,000.

6. PORTUGUESE TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP.

This discussion reflects the tax and other law as in effect on June 1, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than Portugal, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee is not subject to tax when he/she enrolls in the ESPP or a new purchase period begins.

Purchase of Shares

When shares are purchased under the ESPP, the employee will be subject to income tax on the difference between the fair market value of the shares on the date of purchase and the purchase price (the “spread”).

This income will qualify as employment income and consequently, will be subject to the progressive tax rates of 14,5% up to 48%. There is also an additional surcharge of 3,5% over the income subject to Individual Income Tax, in the part that exceeds the annual minimum salary (€ 6.790) and also an additional solidarity surcharge ranging between 2.5% (on taxable income exceeding EUR80,000 up to EUR250,000, per individual) and of 5% (on taxable income exceeding EUR250,000 per individual).

Dividends

Where shares are acquired under the ESPP, dividends may be paid with respect to these shares if the Company, in its discretion, declares a dividend.

The employee will be subject to tax in Portugal on any dividends received at a 28% special flat rate (alternatively, the employee may opt to tax the dividend with its total annual income at the aforementioned progressive tax rates). This will also apply to the dividends paid out in the form of shares according to the terms and conditions of the DRIP. The employee will also be subject to U.S. federal income withholding tax at source at a rate of 30%. The employee may be entitled to reduce the U.S. federal income withholding tax rate to 15% provided that the appropriate certifications concerning residence in Portugal are provided, as required by the United States Internal Revenue Service (*i.e.* Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from Brokerage firm(s) retained by the Company). The employee may be entitled to a deduction against his/her Portuguese income tax for the U.S. federal income tax withheld.

Sale of Shares

When the shares acquired under the ESPP are subsequently sold, any capital gain is taxed at a special flat rate of 28% (alternatively, the employee may opt to tax the capital gain with its total annual income at the aforementioned progressive tax rates). The gain is calculated as the difference between the sales price and the aggregate of the acquisition value of the shares (*i.e.*, the fair market value of the shares at purchase, considered for purposes of determining the employment income) and the sales related expenses.

Withholding and Reporting

The employer is not required to withhold income tax when the employee purchases shares under the ESPP. The employer will, however, report the income the employee realizes from the purchase of shares. The employer also will maintain a registry regarding the employees participating in the ESPP and provide each employee with a copy of the portion of the registry that pertains to him or her. It is the employee’s responsibility to report and pay any taxes resulting from the purchase and sale of shares under the ESPP or the receipt of dividends.

Social Security

The employee will likely not be subject to social insurance contributions on the spread, since the law excludes from taxation any discount granted to the employers for the acquisition of the employer's stock.

7. SWEDISH TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP.

This discussion reflects the tax and other laws as in effect on June 1 , 2015. Such laws are often complex and change frequently. In particular, rates of income tax and social security contributions are expected to change in the coming years. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee is a citizen or resident of another country than Sweden, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee is not subject to tax when he/she enrols in the ESPP or a new purchase period begins.

Purchase of Shares

When shares are purchased under the ESPP, the employee will be subject to income tax on the difference between the fair market value of the shares on the date of purchase and the purchase price (the "spread"). Swedish income tax consists of both municipal tax and state tax. The rate of municipal tax depends on the municipality and ranges from approximately 29 percent to 34 percent. The average municipal tax rate is approximately 32 percent. In addition to municipal tax, taxpayers who have a net taxable income of more than SEK 430,200 per year must pay a state tax of 20 percent on any excess amount. For taxpayers who have a net taxable income of more than SEK 616,100 per year, an additional 5 percentage points of tax is levied on any excess amount which brings the top state tax rate to 25 percent. Accordingly, an average combined municipal and state tax rate of approximately 57 percent applies to individuals who have a net taxable income of more than SEK 616,100per year.

Dividends

Where shares are acquired under the ESPP, dividends may be paid with respect to these shares if the Company, in its discretion, declares a dividend. The employee will be subject to capital gains tax in Sweden at a flat rate of 30 percent if the underlying shares are listed on an exchange (e.g., the Nasdaq) and otherwise at a flat rate of 25 percent. This also applies to dividends reinvested in accordance with the terms and conditions of the DRIP. The employee will also be subject to U.S. federal income withholding tax at source (at a rate of 30 percent). The employee may be entitled to reduce the U.S. federal income withholding tax rate (to 15 percent) provided that the appropriate certifications concerning residence in Sweden are provided, as required by the United States Internal Revenue Service (*i.e.* Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from Brokerage firm(s) retained by the Company). The employee may be entitled to a foreign tax credit against his/her Swedish income tax for the U.S. federal income tax withheld.

Sale of Shares

When the shares acquired under the ESPP are subsequently sold, any capital gain is taxed at a flat rate of 30 percent if the shares are listed (and otherwise at a flat rate of 25 percent). The gain is calculated as the difference between the sales price and the fair market value of the shares at purchase (i.e. the taxed value of the benefit plus the purchase price equals the cost of acquisition). As an alternative, the employee may opt to be taxed on 80 percent of the sale proceeds, i.e., at a standardized purchase price at 20 percent, provided the shares are listed.

If the sale results in a capital loss, the loss is deductible against certain types of capital gains realized during the same year. A tax reduction against tax on other types of income, e.g., income from employment, is allowed to the extent the loss cannot be offset against capital gains realized in the same year. The amount that may be used to reduce the tax on income from other categories than capital income corresponds to 30 percent of the part of the deficit not exceeding SEK 100,000 and 21 percent of the deficit exceeding that amount.

Withholding and Reporting

The employer is required to withhold and report preliminary income tax on the spread at purchase to the Swedish Tax Agency. The employer may not retain shares of the Company stock or withhold from the proceeds of shares sold on the date of purchase, if any, to satisfy this withholding obligation without the employee’s consent. The employer must withhold from the employee’s salary in the same calendar month shares are purchased. If the sum of the employee’s monthly cash salary and other cash payments constituting remuneration for work does not cover the preliminary taxes that are to be withheld and reported by the employer, it is the employee’s responsibility to make an extra payment to the Swedish Tax Agency. In addition, the employee is required by law to report the purchase of shares to the employer by the end of the month following the month in which a purchase is made, and in no event later than January 15 of the year following the year in which shares are purchased. Please note that the employer’s withholding and reporting obligations arise at the time of purchase, even though the employee has additional time to fulfil his/her reporting obligation.

The employer must file a statement of income (form SKV 2300). The income statement must be submitted to the Swedish Tax Agency no later than January 31 of the year following the year in which shares are purchased.

It is ultimately the employee’s responsibility to report and pay any taxes resulting from the sale of shares or receipt of dividends.

Social Security

Social insurance contributions will be calculated on the spread at a rate of 31.42 percent (rate for income year 2014, uncapped). However, it is the employer's responsibility, and not the employee's, to pay and report the social insurance contributions.

8. UNITED KINGDOM TAX AND SOCIAL SECURITY CONSEQUENCES

The following is intended to briefly summarize certain tax consequences associated with the purchase of shares of Staples common stock under the ESPP, as well as the sale of shares obtained under the ESPP, by employees who are resident in the United Kingdom.

This discussion reflects the tax and other law as in effect on April 6, 2015. Such laws are often complex and change frequently. As a result, the information contained in this description may be out of date at the time the employee is granted an award, acquires shares, receives dividends or sells shares acquired under the ESPP.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to the employee's particular tax or financial situation and the Company is not in a position to assure the employee of any particular tax result. **Accordingly, the employee is strongly advised to seek appropriate professional advice as to how the tax or other laws in his/her country apply to his/her specific situation.**

If the employee was not resident in the United Kingdom at the time the purchase rights under the ESPP were granted or subsequently, or the employee is a citizen or resident of a country other than the United Kingdom, or the employee is subject to the remittance basis of taxation, the information contained in this description may not be applicable to the employee.

Enrollment in the ESPP

The employee is not subject to tax when he/she enrolls in the ESPP or when a new purchase period begins.

Purchase of Shares

When shares are purchased, the employee will be subject to income tax and employee National Insurance contributions ("NICs") on the amount by which the market value of the shares on the date of purchase exceeds the purchase price (the "spread"). The spread will be classified as employment income and will be included in the employee's overall income in the tax year of purchase. The spread will be subject to income tax at the employee's marginal income tax rate (of up to 45%, depending on the employee's total annual earnings). In addition, employee NICs will be due on the spread at a rate of 12% to the extent the employee has not exceeded the upper earnings limit, which for the tax year 6 April 2015 to 5 April 2016 is £42,385 per annum (or £815 per week). To the extent the employee has exceeded the upper earnings limit, the employee will be subject to employee NICs at a rate of 2% on the spread.

Generally, the employer will withhold and account to HM Revenue and Customs ("HMRC") income tax and employee NICs when shares are purchased for the employee under the ESPP by deductions from his/her salary or other payments due to the employee, via the Pay-As-You-Earn ("PAYE") tax withholding system. Alternatively, the Company may sell or arrange for the sale of the shares that the employee acquires under the ESPP to cover these amounts. However, the employee is ultimately responsible for the payment of any income tax and employee NICs due.

Please note that, in the event that there is no such withholding or the amount withheld is insufficient to cover the employee's actual liability, the employee must reimburse his/her employer for the income tax due (in excess of the amount withheld from the employee's salary or covered by the sale of shares, if any) within 90 days of the end of the tax year to avoid further tax consequences. If the employee fails to pay this amount to his/her employer within that time limit, the employee may be treated as having received a deemed benefit in kind equal to the amount of tax not paid to his/her employer and he/she will have to pay further income tax and employee NICs on this benefit.

Sale of Shares

If the employee subsequently sells the shares that he/she purchased under the ESPP, any capital gain, (*i.e.*, the amount by which the sale proceeds exceed the market value of the shares at the time of purchase) may be subject to capital gains tax.

Capital gains tax is payable on gains from all sources in excess of the annual personal exemption in any tax year. For the tax year 6 April 2015 to 5 April 2016, this personal exemption is £11,100.

A capital gains tax rate of 28% is payable on the amount of any gain (or any parts of gains) that exceeds the upper limit of the income tax basic rate band when aggregated with the employee's cumulative taxable income and other chargeable gains in any tax year. For the 2015/2016 tax year, the upper limit of the income tax basic rate band is £31,785. Below this limit, capital gains tax is payable at a rate of 18%.

If the employee acquires other shares in the Company, the employee will need to take into account the share identification rules in calculating the capital gains tax liability. Since 6 April 2008, the share identification rules have been revised. All shares of the same class in the Company will be treated as forming a single asset (a share pool), regardless of when they were originally acquired. The base cost of the shares in the share pool is calculated on the average base cost of all the shares in the share pool (rather than being calculated on the basis of selected shares within the share pool). However, any shares in the Company that the employee acquires on the same day as he/she sells any of their existing shares in the Company, and then those shares which he/she acquires within the following 30 days, will be treated as being disposed of first in time, before the other shares in the share pool. Disposals are therefore taken to be made in the following order:

- against acquisitions on the same day;
- against acquisitions within the 30 days following the disposal; and
- against shares in the share pool.

The employee is personally responsible for reporting any taxable income arising upon the sale or disposal of shares that he/she purchased under the ESPP on the employee's personal HMRC Self-Assessment Tax Return and for paying the applicable taxes directly to HMRC. The Company and/or the employee's employer have no responsibility in respect of the employee's capital gains tax liability.

Please note that the capital gains tax rules are complex and their impact will vary according to the employee's own circumstances. **It is therefore recommended that the employee obtain his/her own independent tax advice prior to any acquisition, sale or disposal of shares by the employee.**

Dividends

Where shares are acquired under the ESPP, dividends may be paid with respect to these shares if the Company, in its discretion, declares a dividend. The dividends received will be subject to income tax in the United Kingdom (at the employee's marginal income tax rate) and to U.S. federal income tax withholding at source (at a rate of 30%). No NICs are due on dividends. The employee may be entitled to reduce U.S. federal income withholding tax rate (to 15%) provided that the appropriate certifications concerning domicile in the United Kingdom are provided, required by the United States Internal Revenue Service (*i.e.*, Substitute Form W-8/BEN Certificate of Foreign Status and Instructions, available from the brokerage firm(s) retained by the Company). The employee may be entitled to a U.K. tax credit for the U.S. taxes paid provided certain conditions are met.

Withholding and Reporting

The employer will be required to withhold and account to HMRC the income tax and employee NICs due when shares are purchased by the employee under the ESPP by deductions (via the PAYE tax withholding system) from his/her salary or other payments due to the employee. However, the employee is ultimately responsible for the payment of any income tax and employee NICs due. As mentioned above, if the amount withheld is not sufficient to cover the employee's actual liability, he/she is responsible for paying the difference to the employer and the employee must do so within 90 days of the end of the tax year to avoid further tax consequences (as discussed above).

The employee should report details of any liabilities arising from the shares he/she acquires under the ESPP and shares sold or disposed of, together with details of any dividend income, to HMRC on the employee's personal HMRC Self-Assessment Tax Return. The employee will also be responsible for paying, directly to HMRC, any capital gains tax due as a result of the sale of shares acquired under the ESPP and any income tax due on dividends received. The Company has no responsibilities in respect of the employee's income tax liability in relation to dividends or capital gains.

The employer is required to report the details of the grant of purchase rights and the purchase of shares, as well as details of the spread and any tax and employee NICs withheld, to HMRC on its Annual UK Revenue Tax Return and its Annual Share Schemes Return.

Social Security

As set out above, when the shares are purchased the employee will be subject to employee NICs on the spread at a rate of 12% to the extent the employee has not exceeded the upper earnings limit, which for the tax year 6 April 2015 to 5 April 2016 is £42,385 per annum (or £815 per week). To the extent the employee has exceeded the upper earnings limit, the employee will be subject to employee NICs at a rate of 2% on the spread.

STAPLES, INC.
2012 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose.

(a) The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries and Designated Affiliates with an opportunity to purchase Common Stock through accumulated Contributions.

(b) This Plan includes two components: a Code Section 423 Component (the "423 Component") and a non-Code Section 423 Component (the "Non-423 Component"). It is the intention of the Company to have the 423 Component qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the 423 Component, accordingly, shall be construed so as to extend and limit participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of options under the Non-423 Component, which does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such options granted under the Non-423 Component shall be granted pursuant to rules, procedures or sub-plans adopted by the Administrator designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component. Offerings intended to be made under the Non-423 Component will be designated as such by the Administrator at or prior to the time of such Offering.

(c) If a Participant transfers employment from the Company or any Designated Subsidiary participating in the 423 Component to a Designated Affiliate participating in the Non-423 Component, he or she shall immediately cease to participate in the 423 Component; however, any Contributions made for the Purchase Period in which such transfer occurs shall be transferred to the Non-423 Component, and such Participant shall immediately join the then current Offering under the Non-423 Component upon the same terms and conditions in effect for his or her participation in the Plan, except for such modifications as may be required by applicable law or otherwise applicable for Participants in such Designated Affiliates. A Participant who transfers employment from a Designated Affiliate participating in the Non-423 Component to the Company or any Designated Subsidiary participating in the 423 Component shall remain a Participant in the Non-423 Component until the earlier of (i) the end of the current Offering Period under the Non-423 Component, or (ii) the Enrollment Date of the first Offering Period in which he or she participates following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between companies participating in the 423 Component and the Non-423 Component, consistent with the applicable requirements of Section 423 of the Code.

2. Definitions.

(a) "Administrator" means the Board or the Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Affiliate" means (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company or (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Administrator, whether now or hereafter existing (which, for avoidance of doubt, shall include any Subsidiary).

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means the occurrence of any of the following events:

(i) any "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of the Company's stock), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities (other than pursuant to a merger or consolidation described in clause (1) or (2) of subsection (iii) below);

(ii) individuals who, as of the date hereof, constitute the Board (as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board;

(iii) the Company's stockholders approve a merger or consolidation of the Company with any other corporation, and such merger or consolidation is consummated, other than (1) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than seventy-five percent (75%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as defined above) acquires more than thirty percent (30%) of the combined voting power of the Company's then outstanding securities; or

(iv) the Company's stockholders approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, and such sale or disposition is consummated.

For the avoidance of doubt, a transaction will not constitute a Change in Control if its sole purpose is either to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means the Compensation Committee of the Board, or to the extent permitted by Applicable Laws, the Committee on Employee Benefit Plans as constituted pursuant to the terms of the Company's 401(k) Plan, in each case unless otherwise determined by the Board.

(h) "Common Stock" means the common stock of the Company.

(i) "Company" means Staples, Inc, a Delaware corporation, or any successor thereto.

(j) "Compensation" means an Eligible Employee's regular base straight time gross earnings (including payments for piece work in the case of employees of the American Identity division), commissions, sales rewards and other sales-related payments, exclusive of any other form of compensation including payments for incentive compensation, bonuses, overtime, shift premium, 13th/14th month payments or similar concepts under local law or any other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis for each Offering, establish a different definition of Compensation for a subsequent Offering Period. Further, the Administrator shall have discretion to determine the application of this definition to Participants outside the United States.

(k) "Contributions" means the payroll deductions, any other additional payments that the Administrator may permit to be made by a Participant and any alternative forms of contributions permitted under Section 6(f) to fund the exercise of options granted pursuant to the Plan.

(l) "Designated Affiliate" means any Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Non-423 Component.

(m) "Designated Subsidiary" means any Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the 423 Component.

(n) "Director" means a member of the Board.

(o) "Eligible Employee" means a person treated as an employee of the Company or a Designated Subsidiary or Designated Affiliate for purposes of Section 423 of the Code. For purposes of the Plan, the employment relationship will be treated as continuing intact where a Participant transfers employment between the Company, Designated Subsidiaries and/or Designated Affiliates and while an individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where a period of leave of absence exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2 for options granted under the 423 Component) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of

Section 16(a) of the Exchange Act. Under the 423 Component, each exclusion shall be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii). A Participant shall be deemed to have ceased to be an Eligible Employee either upon an actual termination of employment or upon the corporation employing the Participant during an Offering Period ceasing to be an Affiliate of the Company, or if the Participant transfers to an Affiliate that is not a Designated Subsidiary or Designated Affiliate.

(p) "Employer" means the Designated Subsidiary or Designated Affiliate that is the employer of the applicable Eligible Employee in accordance with the definition in subsection 2(o) above.

(q) "Enrollment Date" means the first Trading Day of each Offering Period.

(r) "Exchange Act" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(s) "Exercise Date" means the last Trading Day of each Purchase Period.

(t) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market of the NASDAQ Stock Market or the New York Stock Exchange, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or if no sales were reported on that date, on the last Trading Day such sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

(u) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees of the Company, a Designated Subsidiary or a Designated Affiliate shall be deemed a separate Offering (the terms of which Offering under the Non-423 Component need not be identical), even if the dates and other terms of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(w) "Offering Periods" means the periods established in accordance with Section 4 during which an option granted pursuant to the Plan may be exercised on one or more Exercise Dates. The duration and timing of Offering Periods may be changed pursuant to Sections 4 and 21.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) "Participant" means an Eligible Employee that participates in the Plan.

(z) "Plan" means this Staples, Inc. 2012 Employee Stock Purchase Plan, including both the 423 and Non-423 Components, as amended from time to time.

(aa) "Purchase Period" means a period of time within an Offering Period, as may be specified by the Administrator in accordance with Section 4, generally beginning on the Enrollment Date and ending on an Exercise Date. An Offering Period may consist of one or more Purchase Periods.

(bb) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Exercise Date; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code or any successor rule or provision or any other applicable law, regulation or stock exchange rule) or pursuant to Section 21.

(cc) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(dd) "Trading Day" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(ee) "U.S. Treasury Regulations" means Treasury regulations issued by the Department of Treasury under the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

(a) General. Unless otherwise provided in this Section 3 and subject to the requirements of Section 5, any Eligible Employee on a given Enrollment Date shall be eligible to participate in the Plan.

(b) Non-U.S. Employees. Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens within the meaning of Section 7701(b)(1)(A) of the Code) may be excluded from participation in the Plan or an Offering if the participation of such Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. Further, in the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employees is not advisable or practicable

(c) Limitations. Notwithstanding any provisions of the Plan to the contrary, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars ($25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by consecutive Offering Periods with a new Offering Period commencing on the first Trading Day on or after January 1 and July 1 of each year, and terminating, respectively, on the last Trading Day on or before June 30 and December 31 of each year, or on such other dates as the Administrator will determine. Unless and until the Administrator determines otherwise in its discretion, each Offering Period shall consist of one six (6) month Purchase Period, which shall run simultaneously with the Offering Period. The Administrator will have the authority to establish additional or alternative sequential or overlapping Offering Periods, a different duration for one or more Offerings or Offering Periods or different commencement or ending dates for such Offering Periods with respect to future offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter, provided, however, that no Offering Period may have a duration exceeding twenty-seven (27) months. In addition, to the extent that the Administrator establishes overlapping Offering Periods with more than one Purchase Period in each Offering Period, the Administrator will have the discretion to structure an Offering Period so that if the Fair Market Value of the shares of Common Stock on the first Trading Day of a new Purchase Period within that Offering Period is less than or equal to the Fair Market Value of the shares of Common Stock on the Enrollment Date, then (i) that Offering Period will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering Period will be automatically enrolled in a new Offering Period beginning on the first Trading Day of such new Purchase Period.

5. Participation. An Eligible Employee may participate in the Plan by (i) submitting to the Company’s designated Human Resources representative, on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator, and in either case completing any other forms and following any procedures for enrollment in the Plan as may be established by the Administrator from time to time.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have payroll deductions made on each pay day or other Contributions (to the extent permitted by the Administrator) made during the Offering Period in an amount not exceeding ten percent (10%) of the Compensation which he or she receives on each pay day during the Offering Period, or such different maximum percentage as may be determined by the Administrator prior to any Offering Period; should a pay day occur on an Exercise Date, a Participant shall have the payroll deductions made on such day applied to his or her account under the current Purchase Period, unless otherwise provided by the Administrator. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Offering Period. A Participant’s subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day of the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and payroll deductions will be made in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. If permitted by the Administrator, as determined in its sole discretion, for an Offering Period, a Participant may increase or decrease the rate of his or her Contributions during the Offering Period or Purchase Period by (i) properly completing and submitting to the Company's designated Human Resources representative, on or before a date determined by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator may, in its sole discretion, limit the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as soon as administratively practicable after the date on which the change is made by the Participant. Notwithstanding the foregoing, unless and until otherwise determined by the Administrator, a Participant shall not be permitted to increase or decrease his or her rate of Contributions during an Offering Period, with the exception that a Participant may withdraw from the Plan and receive a refund of Contributions in accordance with Section 10.

(e) Notwithstanding the foregoing provisions of this Section 6, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(c)(ii), a Participant's Contributions may be decreased to zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code and Section 3(c)(ii) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Offering Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Eligible Employees to participate in the Plan via cash, check or other means instead of payroll deductions if payroll deductions are not permitted under applicable local law and, for any Offering under the 423 Component, the Administrator determines that cash contributions are permissible under Section 423 of the Code.

7. Grant of Option. On the Enrollment Date of each Offering Period, each Participant in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Participant's Contributions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will a Participant be permitted to purchase during each Purchase Period more than that number of whole shares of Stock determined by dividing Twelve Thousand Five Hundred Dollars ($12,500) by the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period and further provided that, if the Purchase Period is any period other than six (6) months, then the foregoing limit shall be adjusted proportionately to reflect the length of the Purchase Period. The Administrator may, in its discretion and prior to the Enrollment Date of any Offering Period, (i) change the maximum number of shares of Common Stock that may be purchased by a Participant in such Offering Period or on any

Exercise Date within an Offering Period, including the method for determining such maximum, or (ii) specify a maximum aggregate number of shares of Common Stock that may be purchased by all Participants in an Offering Period or on any Exercise Date within an Offering Period. Further, the Board may limit the number or value of the shares of Common Stock made available for purchase in a qualified period (*e.g.*, twelve (12) month period) by Participants in specified countries or working for specified Employers, if necessary to avoid securities law filings, achieve tax objectives or to meet other Company compliance objectives in particular locations outside the United States, provided that any such limitation is imposed under the Non-423 Component or, with respect to any Offering under the 423 Component, is imposed on an equal basis to all Participants under such Offering or as otherwise permitted in accordance with Section 423 of the Code and the U.S. Treasury Regulations thereunder. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. Unless otherwise determined by the Administrator prior to the Enrollment Date of any Offering Period, fractional shares calculated up to five (5) decimal places will be purchased. In the event that the Administrator determines not to allow the purchase of fractional shares, any Contributions accumulated in a Participant's account which are not sufficient to purchase a full share may be retained in the Participant's account for the subsequent Offering Period or Purchase Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 21. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

(c) Tax Withholding. At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs), including, for the avoidance of doubt, any liability to pay an employer tax or social insurance contribution which has been shifted from the Company or any Employer to the Participant as a matter of law or contract. At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time, and/or may establish procedures to permit tracking of dispositions of shares.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's designated Human Resources representative a written notice of withdrawal in the form determined by the Administrator for such purpose, or (ii) following an electronic or other withdrawal procedure determined by the Administrator. Further, unless otherwise determined by the Administrator, any Participant who elects to decrease the rate of his or her Contributions to zero percent (0%) during an Offering Period shall be deemed to withdraw from participation in the Plan. The Administrator may impose, from time to time, a requirement that the applicable notice of withdrawal from the Plan be on file with the Company for a reasonable period prior to the effectiveness of the Participant's withdrawal. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Eligible Employee Status. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated.

12. Interest. No interest will accrue on the Contributions of a Participant in the Plan, except as may be required by applicable law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall apply to all Participants in the relevant Offering except to the extent

otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f), or with respect to any Offering under the Non-423 Component, the payment of interest shall apply as determined by the Administrator.

13. Stock.

(a) Basic Limitation. Subject to adjustment upon changes in capitalization of the Company as provided in Section 20 hereof, a maximum of Fifteen Million (15,000,000) shares of Common Stock will be made available for sale under the Plan. All or any portion of such maximum number of shares may be issued under the Section 423 Component.

(b) Rights as an Unsecured Creditor. Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of or broker selected by the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Source of Shares. Any shares of Common Stock issued upon exercise may consist, in whole or in part, of authorized and unissued shares or of treasury shares.

14. Administration. The Plan will be administered by the Board or the Committee. Unless otherwise determined by the Board, in connection with the administration of the Plan, any two of the Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary or Executive Vice President—Human Resources of the Company, acting jointly, by and behalf of the Company, shall have the authority (a) to negotiate, fix and vary the terms of, and to execute and deliver, contracts, agreements, assignments, concessions, licenses, options and all other similar instruments, (b) to engage any agents or contractors, including banks, stock brokers and attorneys, (c) to amend the Plan, and (d) to otherwise do all acts and things necessary or suitable in connection with the exercise of any of the aforementioned powers; provided, that no such authorization shall extend to any amendment of the Plan that increases the number of shares of Common Stock available for purchase under the Plan or otherwise requires stockholder approval under applicable tax or stock exchange rules. Notwithstanding the foregoing, the Board or the Compensation Committee of the Board shall administer the Plan to the extent necessary to comply with Applicable Laws.

Unless otherwise determined by the Board (within the constraints of Applicable Laws), the Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to determine which entities shall be Designated Subsidiaries or Designated Affiliates, to determine eligibility, to adjudicate all disputed claims filed under the Plan (including making factual determinations), to change the Offering Periods and Purchase Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period or Purchase Period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed subscription agreements, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan, including adopting amendments to the Plan and/or outstanding options as permitted by Section 21 below.

Further, the Administrator, or its delegee to the extent permitted by Applicable Laws, may adopt such rules, procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the United States, the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. To the extent inconsistent with the requirements of Section 423, any such sub-plan shall be considered part of the Non-423 Component, and rights granted thereunder shall not be required by the terms of the Plan to comply with Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, establishment of the exchange ratio applicable to Contributions withheld in a currency other than U.S. dollars, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision and determination made by the Administrator will be final and binding upon all parties.

15. Death of Participant. In the event of the death of a Participant, any shares of Common Stock and cash, if any, from the Participant's account under the Plan will be delivered to the executor, administrator or personal representative of the estate of the Participant, or such other individual as may be prescribed by applicable law.

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings in which applicable local law requires that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party for Participants in non-U.S. jurisdictions. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

20. Adjustments, Dissolution, Liquidation or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the

Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Section 7.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Change in Control. In the event of a Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, then, in the sole discretion of the Administrator, either (i) all outstanding options will be cancelled by the Administrator as of a date prior to the effective date of the Change in Control and all Contributions shall be refunded to the Participants; or (ii) the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof. Notwithstanding the foregoing, if the Company shall at any time merge or consolidate with another corporation and the holders of the capital stock of the Company immediately prior to such merger or consolidation continue to hold at least seventy-five percent (75%) by voting power of the capital stock of the surviving corporation, the holder of each option then outstanding will thereafter be entitled to receive at the next Exercise Date upon the exercise of such option for each share of Common Stock as to which such option shall be exercised the securities or property which a holder of such shares of Common Stock was entitled to upon and at the time of such merger or consolidation, and the Administrator shall take such steps in connection with such merger or consolidation as the Administrator shall deem necessary to assure that the provisions of Section 20(a) shall thereafter be applicable, as nearly as reasonably may be, in relation to the said securities or property as to which such holder of such option might thereafter be entitled to receive thereunder.

21. Amendment or Termination.

(a) The Administrator, in its sole discretion (except as provided in Section 14), may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 20). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under local laws, as further set forth in Section 12 hereof) as soon as administratively practicable. In addition, an amendment to the Plan must be approved by the stockholders of the Company within twelve (12) months of the adoption of such amendment if such amendment would authorize the sale of more shares than are then authorized for issuance under the Plan or would change the definition of the corporations that may be designated by the Administrator as participating companies under the Plan.

(b) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Purchase Period or Offering Period including a Purchase Period or Offering Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period by setting a New Exercise Date, including an Offering Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

(c) The Administrator may amend an outstanding option or grant a replacement option for a option previously granted under the Plan if, in the Administrator's discretion, it determines that (i) the tax consequences of such option to the Company or the Participant differ from those consequences that were expected to occur on the date the option was granted, (ii) clarifications or interpretations of, or changes to, tax law or regulations permit options to be granted that have more favorable tax consequences than initially anticipated, or (iii) such amendment is necessary or advisable to comply with applicable local laws.

22. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

23. Notification Of Disposition Of Shares. As a condition of participation in the Plan, the Company requires Participants in an Offering under the 423 Component to give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an option. The Company may further require that until such time as a Participant in an Offering under the 423 Component disposes of shares acquired upon exercise of an option, the Participant shall hold all such shares in the Participant's name (or, if elected by the Participant, in the name of the Participant and his or her spouse but not in the name of any nominee) until the later of two years after the date of grant of such option or one year after

the date of exercise of such option. The Company may direct that the certificates evidencing shares acquired by exercise of an option refer to such requirement to give prompt notice of disposition.

24. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance. The inability or impracticability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan, or the approval of any securities exchange or market system upon which the Common Stock may then be listed, if any, deemed by the Company's legal counsel to be necessary to the issuance and sale of any shares under the Plan in compliance with the requirements of such securities exchange or market system, shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority or approval shall not have been obtained. As a condition to the exercise of an option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

25. Code Section 409A. The Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. The Non-423 Component is intended to be exempt from the application of Section 409A of the Code under the short-term deferral exception and any ambiguities shall be construed and interpreted in accordance with such intent. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto.

26. Tax-Qualification. Although the Company may endeavor to (i) qualify an option for favorable tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment (*e.g.*, under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan, including Section 25. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

27. Term of Plan. Subject to Section 28 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect until terminated under Section 21.

28. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

29. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Massachusetts (except its choice-of-law provisions). Unless otherwise determined by the Administrator in its discretion, Participants are deemed to submit to the exclusive jurisdiction and venue of the competent federal or state courts of the State of Massachusetts to resolve any and all issues that may arise out of or relate to the Plan or the subscription agreement.

30. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

31. Dividends on Shares Purchased under the Plan. Unless otherwise determined by the Administrator, each Participant agrees, for so long as shares of Common Stock purchased by the Participant at any time under the Plan (the "Purchased Shares") are held by the individual in an account with a bank, transfer agent, or other financial institution designated by the Company to hold the Purchased Shares (the "Financial Institution"), to (a) participate in the Staples, Inc. dividend reinvestment program maintained by the Financial Institution (the "DRIP") such that the individual shall receive, in lieu of any cash dividend paid or payable by the Company with respect to the individual's Purchased Shares that are held in an account with the Financial Institution (the "Captive Shares"), shares of Common Stock (including any fractional shares) pursuant to the terms of the DRIP, and (b) allow the Company to take all reasonably necessary and appropriate actions to ensure that the amount of any cash dividend paid or payable by the Company with respect to the employee's Captive Shares is paid in the form of Common Stock instead of cash.

32. Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark one)

☒	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	or
☐	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________________ to ____________________

For the fiscal year ended: **January 31, 2015**	Commission File Number: **0-17586**

STAPLES, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**Five Hundred Staples Drive,** **Framingham, MA 01702** (Address of principal executive office and zip code)	**04-2896127** (I.R.S. Employer Identification No.)

508-253-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.0006 per share	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of common stock held by non-affiliates of the registrant, based on the last sale price of Staples' common stock on August 1, 2014, as reported by NASDAQ, was approximately $7.3 billion. In determining the market value of non-affiliate voting stock, shares of Staples' common stock beneficially owned by each executive officer and director have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The registrant had 640,487,106 shares of common stock, par value $0.0006, outstanding as of March 4, 2015.

Documents Incorporated By Reference

Listed below is the document incorporated by reference and the part of the Form 10-K into which the document is incorporated:

Portions of the Proxy Statement for the 2015 Annual Meeting of Stockholders	Part III

PART I

Item 1. Business

Staples, Inc. and its subsidiaries ("we", "Staples" or the "Company") is a world-class provider of products and services that serve the needs of business customers and consumers. We are committed to providing superior value to our customers through a broad selection of products, easy to use websites and mobile platforms, an integrated retail and online shopping experience and a wide range of copy and print and technology services. We pioneered the office products superstore concept by opening the first office products superstore in Brighton, Massachusetts in 1986 to serve the needs of small businesses, and we currently serve businesses of all sizes and consumers in North America, Europe, Australia, South America and Asia. Our delivery businesses account for a majority of our sales and many of our delivery customers place their orders online, making Staples one of the largest internet resellers in the world. We operate three business segments: North American Stores & Online, North American Commercial and International Operations. Additional information regarding our operating segments is presented in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Annual Report on Form 10-K, and financial information regarding these segments is provided in Note P - Segment Reporting in the Notes to the Consolidated Financial Statements contained in this Annual Report on Form 10-K.

Strategy

Our vision is *every product your business needs to succeed.* This reflects a multi-year effort to evolve our business to be the product destination for businesses while meeting the changing needs of customers in a rapidly evolving and competitive marketplace. We view the industry in which we sell our products and services as large, fragmented, and diversified. We reach our customers through contract, online, and retail sales channels. Our retail stores primarily target small businesses, home offices and consumers. Our public websites primarily target small businesses and organizations with up to 20 office workers. Our contract businesses primarily serve mid-size businesses and organizations with 20 to 500 office workers, as well as larger regional customers and Fortune 1000 companies. Our ability to address our customers' needs expands our market opportunities and increases awareness of the Staples brand. Serving customers in a global business allows us to benefit from a number of important economies of scale, such as enhanced efficiencies in purchasing, distribution, advertising, and general and administrative expenses.

Our top priority is to continue to improve the service and value we offer customers in a highly competitive industry, by expanding our assortment in categories beyond office supplies, enhancing our ecommerce platforms, accelerating growth in our delivery businesses, and building momentum in our multi-channel Copy and Print business. We remain focused on optimizing our retail square footage in North America through store closures, downsizes and relocations, and improving the productivity and efficiency of our store network. Additionally, we are engaged in a multi-year effort to change the way we work and aggressively reduce costs to fund our growth initiatives. We are on track to eliminate approximately $500 million of annualized global costs in 2014 and 2015 combined. Our biggest opportunities for cost savings are in areas like supply chain, merchandising, store operations and real estate, marketing, salesforce, business process and IT outsourcing, and customer service.

On February 4, 2015, we announced that we had entered into a definitive agreement to acquire Office Depot, Inc. The acquisition will better position us to serve the changing needs of customers and compete against a large and diverse set of competitors in a range of categories beyond office supplies. The transaction is subject to customary closing conditions, including antitrust regulatory clearances and Office Depot shareholder approval. Assuming such conditions are satisfied, the transaction is expected to close by the end of calendar year 2015.

North American Stores & Online

Our North American Stores & Online segment includes the company's retail stores and Staples.com businesses in the U.S. and Canada. Our strategy for North American Stores & Online focuses on offering easy-to-shop stores and websites with quality products that are readily available and easy to find, and courteous, helpful and knowledgeable sales associates to support customers across all channels. Our goals are to continue to be a destination for core office supply categories like ink, toner and paper and to build scale and creditability for products and services beyond office supplies, such as copy and print services, facilities and breakroom supplies, as well as a full assortment of vertical focused solutions to serve industries like retail, restaurants, health care and education. Our associates are trained to deliver excellent service by engaging with customers, focusing on solution selling, and encouraging customers to shop across channels.

We operate a portfolio of retail store formats, tailored to the unique characteristics of each location. Our North American Stores & Online segment consisted of 1,364 stores in the United States and 315 stores in Canada at the end of fiscal 2014. In an effort to improve store productivity and effectively manage our cost structure, we are closing, downsizing and relocating stores. As part of our plan to close at least 225 stores in North America by the end of fiscal year 2015, we closed 169 stores in fiscal 2014 and expect to close approximately 60 stores in fiscal 2015. In addition, over the past few years we have reduced the size of our store prototype from 24,000 square feet to 12,000 square feet and incorporated enhanced omnichannel features to better address changing customer needs and the dynamic and competitive environment in which we compete.

Staples.com and Staples.ca are designed to reach a variety of customers, including small businesses, home offices and consumers, offering next business day delivery for most orders in the majority of our markets. Over the past two years we have made significant investments in talent, technology, pricing, and marketing while significantly expanding our assortment to enhance the customer experience online. We have successfully launched new desktop and mobile platforms, improved site speed, enhanced usability, and increased customer acquisition and conversion.

We believe that our integrated network of stores and online businesses provide a differentiated experience for our customers. We have increased our focus on maximizing the synergies between Staples.com and our retail stores with the introduction of new concepts including ship to store, in store kiosks, online retail store inventory lookup, as well as buy online pickup in store. These new concepts offer customers a more seamless shopping experience, regardless of whether they physically visit our retail stores or our websites.

North American Commercial

Our North American Commercial segment consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses, including Staples Advantage and Quill.com. Our strategies for North American Commercial focus on expanding in categories beyond office supplies, increasing our share of wallet with existing customers, and acquiring new customers. We are also focused on serving our customers by evolving our team-based contract selling model which is more unified and collaborative. We are driving growth in categories beyond core office supplies by adding specialists who have expertise in selling products like facilities and breakroom supplies, furniture, promotional products, print solutions and technology.

Our Staples Advantage contract business focuses on serving the needs of mid-sized businesses and organizations as well as larger regional businesses and Fortune 1000 companies. Through our contract sales force we offer full service account management, free delivery, customized pricing and payment terms, usage reporting, the stocking of certain proprietary items and a wide assortment of environmentally friendly products and services.

Quill.com is an internet and catalog business with a targeted approach to serving the needs of small and mid-sized businesses in the United States. Quill.com has rapidly expanded its assortment in categories beyond office supplies to serve the evolving needs of its customers. To attract and retain its customers, Quill.com seeks to offer outstanding customer service, and builds loyalty through its Quill brand products and special services. Quill.com also offers a specialized assortment of office supplies and products for health care professionals. Quill.com is viewed separately from our Staples.com business in that its customer base is somewhat different and it targets exclusively the business customer.

International Operations

Our International Operations segment consists of businesses in 23 countries in Europe, Australia, South America and Asia. The markets for office products and services in these countries are highly fragmented.

Our European Office Products businesses represent a balanced multi-channel portfolio serving contract, retail, internet, and catalog customers in 16 countries. Our contract business includes sizable operations in Scandinavia, Germany, the United Kingdom and the Netherlands. We operate 284 retail stores in Europe, with the largest concentration of stores in the United Kingdom, Germany, the Netherlands and Portugal. We operate internet and direct mail catalog businesses with a significant concentration of sales in France, Italy and the United Kingdom.

Our strategies for our European Office Products businesses focus on expanding our assortment beyond office supplies and increasing our mix of business services with a focus on copy and print, streamlining our information technology systems, further developing our ecommerce platform, and leveraging best practices from our North American businesses, including our mid-market contract selling model. We are also focused on improving profitability by consolidating sub-scale businesses, streamlining operations to improve efficiencies, increasing sales of higher margin Staples brand products and improving the performance of our supply chain.

Staples Australia serves primarily contract and government customers in Australia and New Zealand. In addition, we operate a public website which targets small business and home office customers. Our strategies focus on improving sales force productivity by increasing customer acquisition and retention, and by providing customers with a broad assortment of products and services, including office products, facility and breakroom supplies, technology, business furniture and print management.

We continue to build a foundation for growth in Asia and South America. We operate delivery businesses in China, Argentina, Taiwan and Brazil. We also have a franchise arrangement in India with our former joint venture partner.

Merchandising and Marketing

We sell a wide variety of office supplies, business technology products, facility and breakroom supplies, computers and mobility products, copy and print services, and office furniture. Our merchandising team constantly reviews and updates our product assortment to respond to changing customer needs and to maximize the performance of our key categories. Ink and toner remain important categories, and we offer our customers a wide assortment of these products at competitive prices which are supported by our loyalty programs. One of our top priorities is to continue to expand our product offering beyond office supplies. Over the past few years we have had success driving growth in adjacent product categories, such as facilities and breakroom supplies. These positive results have reinforced our strategy and we continue to broaden our offering, focusing on categories including technology products, medical supplies, safety supplies, packaging and shipping supplies, and office decor.

Our merchandising team uses integrated systems to perform the vast majority of our merchandise planning and product purchasing centrally. Some of our business units, particularly Quill.com, our Canadian operations and our international businesses, leverage our global buying and merchandising staff along with local staff to meet their specific buying and merchandising needs. We purchase products from thousands of vendors around the world and we believe that competitive sources of supply are available to us for substantially all of the products we carry.

Our product offering includes Staples, Quill, and other proprietary branded products, which represented approximately 28% of our sales in 2014. We offer more than 10,000 own brand products and services, including an assortment of products with various environmentally friendly attributes, which includes our “Sustainable Earth” brand products. Own brand products deliver value to our customers with prices that are on average are at least 10% lower than the national brand, while generating higher gross margin rates on average than national brands. Our own brand strategy is based on offering a portfolio of products that meet our customers’ needs across a variety of product categories and price points. The largest portion of our portfolio focuses on offering national brand quality at lower prices. We have developed a selection of opening price point products for more price conscious customers. We have also developed a number of unique and innovative own brand products to help differentiate Staples in the marketplace. We have brought to market thousands of new own brand products in the last year, many of which are innovative and exclusive to Staples. Our sourcing office in Shenzhen, China supports our own brand strategy by driving higher quality and lower costs, and by bringing new products to market more quickly. In addition to our proprietary branded products, we also differentiate our core product offering through exclusive third-party relationships.

In addition to products, we also offer a broad array of services, which represented 8.6% of our sales in 2014. This includes copy and print services that we provide to our retail and delivery customers, as well as technology services that we provide through our “EasyTech” business in North American Stores and Online. As with the markets for our products, the market for these services is highly fragmented, and we believe we have a significant opportunity to offer these services to existing customers and acquire new customers.

See Note P - Segment Reporting in the Notes to the Consolidated Financial Statements for a summary of our sales by each major category.

Our “Make More Happen” brand campaign utilizes a variety of marketing vehicles to drive brand awareness and sales of products and services to new and existing customers. These vehicles include television, radio, newspaper circulars and internet advertising, including mobile applications and social media. Increasing our presence in social media is important as this is a new and growing way for Staples to interact with and serve our customers. We also utilize e-mail marketing, loyalty programs and sophisticated direct and digital marketing capabilities. In addition, we market to larger customers through a field sales force. We change the level of marketing spend, as well as the mix of media employed, depending upon market, customer value, seasonal focus, and cost factors. This flexible approach allows us to optimize the effectiveness and efficiency of our marketing expenditures. We continue to improve our systems and capabilities to track our customers' multi-channel purchasing behaviors, execute more effective personalized and dynamic offers, and promote enhanced direct marketing and customer loyalty programs to drive higher sales across all our channels.

Supply Chain

We operate two networks to fulfill the majority of our replenishment and delivery needs in North America. Our network of 61 delivery fulfillment centers supports our North American Commercial and Staples.com operations. We currently fulfill the majority of customers' orders through our distribution network. As we expand our assortment, we are increasingly relying on third parties to fulfill orders and deliver products directly to our customers. We operate a separate network of four large distribution centers to support our U.S. retail store operations. Our retail distribution centers provide us with significant labor and merchandise cost savings by centralizing receiving and handling functions, and by enabling us to purchase in full truckloads and other economically efficient quantities from suppliers. Our centralized purchasing and distribution systems enable our store associates to spend more time on customer service and store presentation. Since our distribution centers maintain backup inventory, our in-store inventory requirements are reduced, allowing us to more efficiently operate our retail stores.

In Europe, we are in the process of reducing the complexity and redundancy of our distribution network. We are standardizing all of our supply chain processes and systems architecture, and continuing to consolidate facilities. These efforts are expected to improve customer service and quality, drive cost savings and increase overall operating efficiency.

Competition

We compete with a variety of online and traditional retailers, dealers and distributors. As we rapidly expand our assortment of products and services, we compete directly with an increasing number of competitors including mass merchants such as Walmart, Target and Tesco, warehouse clubs such as Costco, computer and electronics retail stores such as Best Buy, specialty technology stores such as Apple, copy and print businesses such as FedEx Office, online retailers such as Amazon.com, and a wide range of other retailers, including grocery stores, drug stores and discount retailers. In addition, our retail stores continue to compete against traditional office supplies retail stores. Our commercial business competes against a growing and diverse set of competitors, including other office supplies distributors, wholesalers, networks of regional suppliers, managed print service companies, contract stationers, electronic commerce distributors, regional and local dealers, direct manufacturers of the products we distribute, and companies focused on adjacent categories such as maintenance, repair and operation providers. Many of our competitors have increased their presence in our core product areas in recent years, and we expect this trend to continue going forward.

We believe we are able to compete favorably against our competitors because of the following factors: our focus on business customers; our tenured management team's ability to respond to the dynamic markets in which we operate and the changing needs of our customers; courteous, helpful and knowledgeable associates focused on making shopping easy for customers; a wide assortment of products and services, in stores and on our websites; fast checkout; easy to use websites and mobile platforms; reliability and speed of order shipment; convenient store locations; hassle-free returns and competitive prices.

Trademarks, Patents, Copyrights and Domain Names

We own or have applied to register numerous trademarks and service marks in the United States and throughout the world in connection with our businesses. Some of our principal global and regional marks include Staples, the Staples red brick logo, "Make More Happen", Staples the Office Superstore, the Easy Button logo, "that was easy," Quill.com, Corporate Express and many other marks incorporating "Staples" or another primary mark, which in the aggregate we consider to be of material importance to our business. While the duration of trademark registrations varies from country to country, trademarks are generally valid and may be renewed indefinitely so long as they are in use and their registrations are properly maintained.

We own and maintain a number of products, systems, business processes and designs, many of which have been patented. We also own copyrights for works such as packaging, training materials, promotional materials, computer software, in-store graphics, website content and multi-media. In addition, we have registered and maintain numerous internet domain names, including many that incorporate "Staples."

Available Information

We maintain a web site with the address www.staples.com. We are not including the information contained on our web site as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our web site our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission ("SEC").

We were organized in 1985 and are incorporated in Delaware. As of January 31, 2015, Staples employed 44,400 full-time and 34,675 part-time associates.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers, their respective ages and positions as of March 6, 2015 and a description of their business experience are set forth below. There are no family relationships among any of the executive officers named below.

Joseph G. Doody, age 62

Mr. Doody has served as Vice Chairman since February 2014. Prior to that he served as President—North American Commercial from January 2013 to January 2014. Previously, Mr. Doody served as President—Staples North American Delivery since March 2002. Prior to that, he served as President—Staples Contract & Commercial from November 1998, when he first joined Staples, until March 2002.

Shira Goodman, age 53

Ms. Goodman has served as President, North American Commercial since February 2014. Previously, she served as Executive Vice President of Global Growth since February 2012, Executive Vice President of Human Resources from March 2009, and Executive Vice President of Marketing since May 2001. Prior to that, she served in various capacities since joining Staples in 1992, including Senior Vice President of Staples Direct, Senior Vice President of Brand Marketing, and Vice President of Contract & Commercial.

Christine T. Komola, age 47

Ms. Komola has served as Executive Vice President and Chief Financial Officer since March 2013. Prior to that she served as Senior Vice President and Chief Financial Officer from February 2012 to March 2013. Prior to that, she served as the Senior Vice President and Corporate Controller from July 2004 to January 2012. She also served as the Senior Vice President, General Merchandise Manager for furniture from January 2002 to July 2004. She has also held other roles within Staples since joining in April 1997, including Assistant Controller, Vice President of Planning, Margin and Control and Chief Financial Officer of Staples.com.

Demos Parneros, age 52

Mr. Parneros has served as President—North American Stores & Online since January 2013. Previously, Mr. Parneros served as President— U.S. Stores since April 2002. Prior to that, he served in various capacities since joining Staples in October 1987, including Senior Vice President of Operations from March 1999 to March 2002 and Vice President of Operations from October 1996 to February 1999.

Ronald L. Sargent, age 59

Mr. Sargent has served as Chairman since March 2005, as Chief Executive Officer since February 2002 and as a Director since 1999. Prior to that, he served in various capacities since joining Staples in March 1989, including President from November 1998 to January 2006, Chief Operating Officer from November 1998 to February 2002, President—North American Operations from October 1997 to November 1998, and President—Staples Contract & Commercial from June 1994 to October 1997.

Michael Williams, age 61

Mr. Williams has served as Executive Vice President, General Counsel and Secretary since December 2014 and previously as Senior Vice President, General Counsel and Secretary since November 2012. Prior to joining Staples, Mr. Williams served as Executive Vice President, General Counsel and Secretary of Sony Electronics, Inc., a consumer electronics company, from March 2004 to October 2012 with responsibility for legal operations of several professional and consumer electronics companies in the U.S., Central America and South America. Before joining Sony, Mr. Williams was a partner at the law firms of Heller Ehrmann LLP from April 1998 to March 2004 and Andrews Kurth LLP from February 1991 to April 1998. Mr. Williams also served as an infantry officer in the U.S. Marine Corps.

John Wilson, age 54

Mr. Wilson has served as President - Staples Europe since September 2012. Prior to joining Staples, Mr. Wilson served as President and General Partner of Hyannis Port Capital from 2001 to 2011. Before founding Hyannis Port Capital, he held several other executive positions, including Chief Operating Officer and Executive Vice President of Gap, Inc., Chief Financial Officer and Executive Vice President of Staples, Inc., Senior Vice President of Northwest Airlines, and Vice President/Partner at Bain & Company.

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and, in particular, the description of our Business set forth in Item 1 and our Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Appendix B ("MD&A") contain or incorporate a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 ("the Exchange Act").

Any statements contained in or incorporated by reference into this report that are not statements of historical fact should be considered forward-looking statements. You can identify these forward-looking statements by use of the words like "believes," "expects," "anticipates," "plans," "may," "will," "would," "intends," "estimates" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions and should be read in conjunction with our MD&A, our consolidated financial statements and notes to consolidated financial statements included in Appendix C. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, without limitation, those set forth below under the heading "Risk Factors" as well as risks that emerge from time to time that are not possible for us to predict. Forward-looking statements, like all statements in this report, speak only as of the date of this report (unless another date is indicated). We disclaim any obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

Item 1A. Risk Factors

Risks Related to the Acquisition of Office Depot

Completion of the merger is subject to conditions and if these conditions are not satisfied or waived, the merger will not be completed.

On February 4, 2015, we announced that we had entered into a definitive agreement to acquire Office Depot, a global supplier of office products, services and solutions for the workplace. Our obligations to complete the merger are subject to the satisfaction or waiver of certain conditions, including without limitation:

- expiration or earlier termination of any waiting period (and any extension thereof), and receipt of any approvals, consents or clearances under the HSR Act and other specified antitrust laws; and
- approval by Office Depot shareholders.

The failure to satisfy all of the required conditions could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger could cause us to not realize some or all of the benefits that we expect to achieve if the merger is successfully completed within its expected timeframe.

If we are unable to complete the proposed acquisition, we may have incurred substantial expenses and diverted significant management time and resources from our ongoing business. In addition, the Company would be required to pay Office Depot a termination fee of $250 million under certain circumstances, including if the Merger Agreement is terminated as a result of the antitrust closing conditions (as set forth in the Merger Agreement) not being satisfied on or before November 4, 2015 (which date will be automatically extended to February 4, 2016 if all other closing conditions would otherwise have been satisfied). In addition, Office Depot may be required to pay the Company a termination fee of $185 million under certain circumstances, including if Office Depot terminates the Merger Agreement to accept a superior proposal.

There can be no assurance that the conditions to the closing of the merger will be satisfied or waived or that the merger will be completed.

Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.

We are operating and, until the completion of the merger, will continue to operate, independently of Office Depot. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on our ability to successfully combine and integrate the businesses. It is possible that the pendency of the merger and/or the integration process could result in the loss of key employees, higher than expected costs, diversion of management attention, the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company’s ability to maintain relationships with customers, vendors and employees or to achieve the anticipated benefits and cost savings of the merger.

We will incur transaction fees, including legal, regulatory and other costs associated with closing the transaction, as well as expenses related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs. We continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the merger and the integration of the two companies' businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. As part of the integration process we may also attempt to divest certain assets of the combined company, which may not be possible on favorable terms, or at all, or if successful, may change the profile of the combined company. If we experience difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. The actual cost savings of the merger could be less than anticipated.

We will incur significant indebtedness in connection with the merger, which could reduce our flexibility to operate our business and increase our interest expense.

In connection with the planned acquisition, we have obtained financing commitments from Bank of America, N.A. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated ("Bank of America Merrill Lynch") and Barclays Bank PLC ("Barclays") for a 5-year $3 billion asset-based revolving credit facility (the "ABL Facility") and for a 6-year $2.75 billion term loan (the "Term Loan"). This indebtedness could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing interest expense. We will also incur various costs and expenses associated with our indebtedness. The amount of cash required to pay interest on our increased indebtedness levels following completion of the merger, and thus the demands on our cash resources, will be greater than the amount of cash flows required to service our indebtedness prior to the transaction.The increased levels of indebtedness following completion of the merger could also reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes and may create competitive disadvantages relative to other companies with lower debt levels. If we do not achieve the expected benefits and cost savings from the merger, or if the financial performance of the combined company does not meet current expectations, then our ability to service our indebtedness may be adversely impacted.

Certain indebtedness to be incurred in connection with the merger may bear interest at variable interest rates. If interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flows.

In addition, our credit ratings affect the cost and availability of future borrowings and, accordingly, our cost of capital. Our ratings reflect each rating organization's opinion of our financial strength, operating performance and ability to meet our debt obligations. In connection with the debt financing, it is anticipated that we will seek ratings of its indebtedness from one or more nationally recognized statistical rating organizations. There can be no assurance that we will achieve a particular rating or maintain a particular rating in the future.

Moreover, we may be required to raise substantial additional financing to fund working capital, capital expenditures, acquisitions or other general corporate requirements. Our ability to arrange additional financing or refinancing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. There can be no assurance that we will be able to obtain additional financing or refinancing on terms acceptable to us or at all.

The agreements that will govern the indebtedness to be incurred in connection with the merger may contain various covenants that impose restrictions that may affect our ability to operate our businesses.

The agreements that will govern the ABL Facility and the Term Loan to be incurred in connection with the merger may contain various affirmative and negative covenants that may, subject to certain significant exceptions, restrict our ability to, among other things, have liens on our property, change the nature of our business, transact business with affiliates and/or merge or consolidate with any other person or sell or convey certain assets to any one person or pay dividends. In addition, some of the agreements that govern the debt financing may contain financial covenants that will require us to maintain certain financial ratios. Our ability to comply with these provisions may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could accelerate our repayment obligations. In addition, we expect that the terms of the definitive agreements that will govern the ABL Facility and the Term Loan will restrict us from paying dividends in certain circumstances and otherwise in an amount in excess of $0.15 per share per quarter, subject to certain exceptions.

Sales of shares of our common stock before and after the completion of the proposed Office Depot merger may cause the market price of our common stock to fall.

Based on the number of outstanding shares of our common stock and Office Depot common stock as of February 2, 2015, we would issue approximately 124.4 million shares of our common stock in connection with the proposed Office Depot merger. The anticipated dilutive effect of the issuance of these new shares could negatively impact the market price for our common stock.

In addition, Office Depot stockholders may decide not to hold the shares of our common stock they receive in the proposed merger. Other Office Depot stockholders, such as funds with limitations on the amount of stock they are permitted to hold in individual issuers, may be required to sell the shares of our common stock that they receive in the proposed merger. Such sales of our common stock could result in higher than average trading volume following the closing of the transaction and may cause the market price for our common stock to decline.

Several lawsuits have been filed against us and Office Depot and its directors challenging the proposed merger, and an adverse ruling in such lawsuits may prevent the proposed merger from becoming effective or from becoming effective within the expected timeframe.

We, Office Depot and its directors are named as defendants in several putative class action lawsuits brought by purported Office Depot stockholders challenging the proposed merger, seeking, among other things, to enjoin consummation of the proposed merger. One of the conditions to the completion of the proposed merger is that no injunction by any court or other tribunal of competent jurisdiction will be in effect that prohibits or makes illegal the consummation of the proposed merger. As such, if any of the plaintiffs are successful in obtaining an injunction prohibiting the consummation of the proposed merger, then such injunction may prevent the proposed merger from becoming effective or from becoming effective within the expected timeframe.

<u>Risks Related to the Business</u>

If we fail to meet the changing needs of our customers our business and financial performance could be adversely affected.

We are currently engaged in a multi-year effort to evolve our business to meet the changing needs of our customers. One of our top priorities is to significantly expand our product and service offerings beyond traditional core office supplies, a category that is declining. Over the past few years we have had success driving growth in adjacent product categories, such as facilities and breakroom supplies and service offerings, such as our copy and print services. We are also enhancing our ecommerce platforms to provide easy-to-shop websites and increasing coordination between our online business and our retail stores. Our success is dependent on providing our customers the selection of products, as well as services, at competitive prices that meet customers' changing needs and purchasing habits. If we misjudge either the demand for products and services we sell or our customers' purchasing habits and tastes, we may be faced with excess inventories of some products or missed opportunities for products and services we do not offer. Failure to provide the products and services preferred by our customers could have a material adverse affect on our revenue, results of operations and ability to attract and retain customers.

We face uncertainties transforming our business, and our inability to successfully implement our strategies could adversely affect our business and financial performance.

As part of our continuing efforts to transform our business, in 2014 we announced a plan to reduce costs by $500 million on an annualized basis by the end of fiscal year 2015. We also announced a plan to close at least 225 of our retail stores in North America by the end of 2015. As a result, we recorded pre-tax charges of $244.7 million in 2014 related to severance costs, lease obligations, asset impairments, and other associated costs, and we expect to incur estimated charges of $70 - 180 million during fiscal 2015. The success of our plans is subject to both the risks affecting our business generally and the inherent difficulty associated with implementing our new strategies, and is also dependent on the skills, experience, and efforts of our management and other associates and our success with third parties. Additional charges may be required if we are unable to successfully implement our plans or if we adopt new strategies for the future. To the extent we pursue acquisitions or other operational and strategic opportunities, our success will depend on selecting the appropriate targets or partners, completing integration efforts quickly and effectively and realizing any expected synergies and cost savings. There is no assurance that we will be able to successfully implement these strategic initiatives or that the implementation of changes will result in the benefits or costs savings at the levels that we anticipate or at all, which may result in an adverse impact on our business and financial results.

We have recognized significant goodwill impairment charges and may be required to recognize additional goodwill impairment charges in the future.

As a result of challenging industry and operating pressures, we recorded significant goodwill impairment charges in 2014 related to our Australia and China reporting units. For additional information related to these charges, see the Critical Accounting Policies and Significant Estimates section of Management's Discussion and Analysis of Financial Condition and Results of Operations and Note C in the Notes to the Consolidated Financial Statements. At January 31, 2015, taking into consideration the charges we recorded in 2014, we had $2.7 billion of goodwill on our balance sheet. Certain factors, including consumer and business spending levels, industry and macroeconomic conditions, the price of our stock and the future profitability of our businesses might have a negative impact on the carrying value of our goodwill. The process of testing goodwill for impairment involves numerous judgments, assumptions and estimates made by management which inherently reflect a high degree of uncertainty. If the business climate deteriorates, if our plans change or if we fail to manage our restructuring activities successfully, then actual results may not be consistent with these judgments, assumptions and estimates, and additional goodwill impairment charges may be required in future periods. This could have an adverse impact on our financial position and results of operations.

We operate in a highly competitive market and we may not be able to continue to compete successfully.

We compete with a variety of online and traditional retailers, dealers and distributors. As we rapidly expand our assortment of products and services, we compete directly with an increasing number of competitors including mass merchants such as Walmart, Target and Tesco, warehouse clubs such as Costco, computer and electronics retail stores such as Best Buy, specialty technology stores such as Apple, copy and print businesses such as FedEx Office, online retailers such as Amazon.com, and a wide range of other retailers, including grocery stores, drug stores and discount retailers. In addition, our retail stores continue to compete against traditional office supplies retail stores. Our commercial business competes against a growing and diverse set of competitors, including other office supplies distributors, wholesalers, networks of regional suppliers, managed print service companies, contract stationers, electronic commerce distributors, regional and local dealers, direct manufacturers of the products we distribute, and companies focused on adjacent categories such as maintenance, repair and operation providers. Many of our competitors have increased their presence in our core product areas in recent years, and we expect this trend to continue going forward. Some of our current and potential competitors are larger than we are, may have more experience in selling certain products or delivering services or may have substantially greater financial resources. Also, many of our competitors have increased their presence in our core product areas in recent years by expanding their assortment of office products and services, opening new stores near our existing stores, and offering direct delivery of office products. Intense competitive pressures from one or more of our competitors could affect prices or demand for our products and services. If we are unable to appropriately respond to these competitive pressures, or offer the appropriate mix of products and services at competitive prices, our financial performance and market share could be adversely affected.

Global economic conditions could adversely affect our business and financial performance.

As a world-class provider of products and services that serve the needs of business customers and consumers in 25 countries, our operating results and performance depend significantly on worldwide economic conditions and their impact on business and consumer spending. Increases in the levels of unemployment, particularly white collar unemployment, energy and commodity costs, health care costs, higher interest rates and taxes, a return to tighter credit markets, reduced consumer credit availability, fluctuation in the financial markets, lower consumer confidence, lack of small business formation and other factors could result in a decline in business and consumer spending. Our business and financial performance may continue to be adversely affected, and our ability to generate cash flow may be negatively impacted, by current and future economic conditions if there is a renewed decline in business and consumer spending or if such spending remains stagnant.

Our international operations expose us to risks inherent in foreign operations.

We currently operate in 24 countries outside the United States. In certain international market segments, we may not benefit from any first-to-market advantages or otherwise succeed. Cultural differences abroad and local practices of conducting business may conflict with our own business practices and ethics standards. Ensuring compliance with foreign and U.S. laws and our own policies may require that we implement new operational systems and financial controls, conduct audits or internal investigations, train our associates and third parties on our existing compliance methods, and take other actions, all of which may be expensive, divert management's time and impact our operations. There are also different employee/employer relationships and in some cases the existence of workers' councils that may delay or impact the implementation of some of these operational systems. In addition, differences in business practices in our international markets may cause customers to be less receptive to our business model than we expect.

Risks inherent in international operations also include, among others, the costs and difficulties of managing international operations, adverse tax consequences and greater difficulty in enforcing intellectual property rights. Other factors that may also have an adverse impact on our international operations include limitations on the repatriation and investment of funds, foreign currency exchange restrictions, complex import and export schemes, increased local competition, our lack of familiarity with local customer preferences, unfavorable foreign trade policies, unstable political or economic conditions, and geopolitical events, including war and terrorism.

Compromises of our information systems or unauthorized access to confidential information or personal information may materially harm our business or damage our reputation.

Through our sales and marketing activities and our business operations, we collect and store confidential information and certain personal information from our customers, vendors and associates. For example, we handle, collect and store personal information in connection with our customers purchasing products or services, enrolling in our promotional or rewards programs, registering on our web site or otherwise communicating or interacting with us. We also accept payments using a variety of methods, including debit and credit cards, gift cards, electronic transfer of funds, and others. We rely on third parties to provide payment processing services or make certain payments on our behalf. In addition, in the normal course of business, we gather and retain personal information about our associates and generate and have access to confidential business information. We may share confidential and personal information with vendors or other third parties in connection with processing of transactions, operating certain aspects of our business or for marketing purposes. Although we have taken steps designed to safeguard such information, there can be no assurance that such information will be protected against unauthorized access, use or disclosure. Computer hackers may penetrate our or our vendors' network security and, if successful, misappropriate such information. A Staples associate, contractor or other third-party with whom we do business may misuse confidential or personal information to which they have access; attempt to circumvent our security measures; or inadvertently cause a breach involving such information. Additionally, methods to obtain unauthorized access to confidential information change frequently and may be difficult to detect, which can impact our ability to respond appropriately. We could be subject to liability for failure to comply with privacy and information security laws, for failing to protect personal information, for failing to respond appropriately, or for misusing personal information, such as use of such information for an unauthorized marketing purpose. Loss, unauthorized access to, or misuse of confidential or personal information could disrupt our operations, damage our reputation, and expose us to claims from customers, financial institutions, regulators, payment card associations, employees and other persons, any of which could have an adverse effect on our business, financial condition and results of operations.

On December 19, 2014, we announced that the investigation into our previously announced data security incident had determined that malware deployed by criminals to some point of sale systems at 115 of our more than 1,400 U.S. retail stores may have allowed access to transaction data at those affected stores. As a result, cardholder names, payment card numbers, expiration dates, and card verification codes for approximately 1.16 million payment cards may have been affected. Upon detection, we immediately took action to eradicate the malware and commenced an investigation into the incident, working closely with payment card companies and law enforcement and with the assistance of outside data security experts. We also have taken steps to further enhance the security of our point of sale systems, including the use of new encryption tools. We continue to evaluate cybersecurity policies and practices to mitigate the risk of future incidents. Expenses incurred to date related to this incident have not been material. It is reasonably possible that we may incur additional expenses or losses in connection with the incident; however, at this time we are unable to reasonably estimate any such additional expenses or losses. In addition, we maintain network-security insurance coverage, which we expect would help mitigate any material financial impact.

Our effective tax rate may fluctuate.

We are a multi-national, multi-channel provider of products and services. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which we operate. Our effective tax rate may be lower or higher than our tax rates have been in the past due to numerous factors, including the sources of our income, any agreements we may have with taxing authorities in various jurisdictions, changes in the laws and the tax filing positions we take in various jurisdictions. In addition, our effective tax rate may fluctuate quarterly, and the resulting tax rate may be negative or unusually high as a result of significant charges in a quarter that are not tax deductible, such as goodwill and long-lived asset impairment. We base our estimate of an effective tax rate at any given point in time upon a calculated mix of the tax rates applicable to our company and to estimates of the amount of business likely to be done in any given jurisdiction. The loss of one or more agreements with taxing jurisdictions, a change in the mix of our business from year to year and from country to country, changes in rules related to accounting for income taxes, adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate, or changes in tax laws in any of the multiple jurisdictions in which we operate could result in an unfavorable change in our effective tax rate which could have an adverse effect on our business and results of our operations.

Fluctuations in foreign exchange rates could lead to lower earnings.

Sales from our delivery operations and stores outside the U.S. are denominated in the currency of the country in which these operations or stores are located and changes in foreign exchange rates affect the translation of the sales and earnings of these businesses into U.S. dollars for financial reporting purposes. Additionally, merchandising agreements may also be denominated in the currency of the country where the vendor resides. Although we attempt to mitigate such risks by sometimes entering into foreign exchange hedges or utilizing risk management strategies, such hedges and strategies themselves present some risk and thus may not be entirely successful in mitigating the risk.

We may be unable to attract, train, engage and retain qualified associates.

Our customers value courteous and knowledgeable associates to support customers across all channels. Accordingly, our performance depends on attracting, training, engaging and retaining a large number of qualified associates. We face intense competition for qualified associates, particularly in tight labor markets in emerging markets or in specialized areas of technical expertise. Many of our associates, particularly in retail stores, are in entry-level or part-time positions with historically high rates of turnover. Our ability to meet our labor needs while controlling our labor costs is subject to numerous external factors, including the availability of a sufficient number of qualified persons in the workforce, unemployment levels, prevailing wage rates, changing demographics, health and other insurance costs and the cost of compliance with labor and wage laws and regulations. If we are unable to attract, train, engage and retain a sufficient number of qualified associates, our business and financial performance may be adversely affected.

Our quarterly operating results are subject to significant fluctuation.

Our operating results have fluctuated from quarter to quarter in the past, and we expect that they will continue to do so in the future. Historically, sales and profitability are generally stronger in the second half of our fiscal year than the first half of our fiscal year due in part to back-to-school, holiday and back-to-business seasons. Factors that could also cause these quarterly fluctuations include: the mix of products sold; pricing actions of competitors; the level of advertising and promotional expenses; the expense and outcome of legal proceedings; severe weather; consumer confidence; and the other risk factors described in this section. Most of our operating expenses, such as occupancy costs and associate salaries, do not vary directly with the amount of sales and are difficult to adjust in the short term. As a result, if sales in a particular quarter are below expectations, we may not proportionately reduce operating expenses for that quarter, and therefore such a sales shortfall may have a disproportionate effect on our net income for the quarter.

Our indebtedness could adversely affect us by reducing our flexibility to respond to changing business and economic conditions.

As of January 31, 2015, our consolidated outstanding debt was $1.1 billion and we also had $1.1 billion of additional borrowing capacity under our commercial paper program, revolving credit facility and other lines of credit. We are not restricted from incurring substantial additional indebtedness in the future. Incurring substantial indebtedness in the future could reduce our ability to obtain additional financing for working capital, capital expenditures, acquisitions, and other general corporate purposes and could make us more vulnerable to economic downturns and economic pressures. Our level of indebtedness may also place us at a competitive disadvantage against less leveraged competitors. If we default or breach our obligations, we could be required to pay a higher rate of interest or lenders could require us to accelerate our repayment obligations. If we were to experience a credit rating downgrade in future periods, we may incur higher interest costs on future financings and it may limit our ability to participate in the commercial paper market.

Our expanded offering of proprietary branded products may not improve our financial performance and may expose us to intellectual property liability, product liability, import/export liability, government investigations and claims, and other risks associated with global sourcing.

Our product offering includes Staples, Quill and other proprietary branded products and services, which represented approximately 28% of our sales in fiscal 2014 and which typically generate higher margins than national brand products and services. Our proprietary branded products compete with other manufacturers' branded items that we offer. An increase in our proprietary branded products and services also exposes us to added risks that could increase the cost of doing business, such as third party intellectual property infringement, false advertising, and product liability claims against us with respect to such products and services; and import and export compliance issues. Furthermore, although we have implemented policies and procedures designed to facilitate compliance with laws and regulations relating to importing merchandise from abroad, there can be no assurance that contractors, agents, vendors, manufacturers or other third parties with whom we do business will not violate such laws and regulations or our policies, which could subject us to liability and could adversely affect our operations or operating results. We also have greater exposure and responsibility to the consumer for replacements as a result of product defects. If any of our customers are harmed by our proprietary branded products or services, they may bring product liability and other claims against us or we may have to issue voluntary or mandatory recalls.

The more proprietary branded products and services we offer, the more these risks increase. A loss of consumer acceptance of these products could also adversely affect our sales and gross margin rates. Any of these circumstances could damage our reputation and have an adverse effect on our business and financial performance.

Problems in our information systems and technologies may disrupt our operations.

We rely heavily on various information systems and technology to sell and deliver our products and services and operate our business, including systems to track inventory, to process and record transactions, to generate financial reports and to communicate with our associates, vendors and customers. As we continue to accelerate our growth online, our ability to attract and retain customers, compete and operate effectively is dependent on a consistent, secure and easy to use technology infrastructure with reliable back-up systems. Any disruption to the internet or our technology infrastructure, including a disruption or incident affecting our web sites and information systems, may cause a decline in our customer satisfaction, jeopardize accurate financial reporting, impact our sales volumes or result in increased costs. Hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly disrupt our operations or compromise our information security. Although we continue to invest in our technology, if we are unable to continually add software and hardware, effectively manage or upgrade our systems and network infrastructure, and develop effective system availability, disaster recovery plans and protection solutions, our business could be disrupted thus subjecting us to liability and potentially harming our reputation.

In addition, we periodically make modifications and upgrades to our information systems and technology. Some of our information systems are outsourced to third parties. Modifications involve replacing legacy systems with successor systems, making changes to legacy systems or acquiring new systems with new functionality. Although we make a diligent effort to ensure that all providers of outsourced services observe proper internal control practices and procedures, we cannot assure that failures will not occur. We are aware of inherent risks associated with replacing our systems, including accurately capturing data, system disruptions and outsourcing to third parties. Information technology system disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations.

Our business may be adversely affected by the actions of and risks associated with third-parties.

The products we sell are sourced from a wide variety of third-party vendors and as we expand our assortment we rely on third parties to fulfill our customer orders and deliver products directly to our customers. In general, we do not have long-term contracts with our vendors or third parties committing them to provide products to us on acceptable terms. For example, we derive benefits from vendor allowances and promotional incentives which may not be offered in the future. We also cannot control the supply, design, function or cost of many of the products that we offer for sale. Some of the products we offer are supplied to us on an exclusive basis and may be difficult to replace in a timely manner. Additionally, third parties may not live up to the delivery promises they have made to our customers. Disruptions in the availability of products or services purchased through third parties, or quality issues that cause us to initiate voluntary or mandatory recalls for proprietary products we sell, may result in customer dissatisfaction, damage our reputation and adversely affect our sales.

Global sourcing of many of the products we sell is an important factor in our financial performance. Our ability to find qualified vendors and access products in a timely and efficient manner is a significant challenge, especially with respect to goods sourced outside the United States. Political instability, the financial instability of suppliers, trade restrictions, tariffs, foreign currency exchange rates, transport capacity and costs, inflation and other factors relating to foreign trade are beyond our control. We also rely upon many independent service providers for services that are important to many aspects of our business. If our service providers fail or are unable to perform as expected and we are unable to replace them quickly, our business could be harmed at least temporarily until we are able to do so and potentially, in some cases, permanently. These and other issues could adversely affect our reputation, business and financial performance.

Various legal proceedings may adversely affect our business and financial performance.

We are involved in various private legal proceedings, which include consumer, employment, intellectual property, commercial, tort and other litigation. We are subject to potentially increasing challenges by private litigants regarding compliance with local, state and national labor regulations, whether meritorious or not. In addition, companies have increasingly been subject to employment related class action litigation, and we have experienced "wage and hour" class action lawsuits. We expect that these trends will continue to affect us. We are also subject to claims that the technology we use or the products we sell infringe intellectual property rights of third parties. Such claims, whether meritorious or not, involve significant managerial resources and can become costly. Generally, we have indemnification protections in our agreements which our vendors or licensors often have honored; however, there are no assurances that such vendors or licensors will continue to do so in the future. We estimate exposure and establish reserves for our estimated significant liabilities, however, litigation is inherently unpredictable and the outcome of legal proceedings and other contingencies could be unexpected. Some verdicts or decisions may not be reasonable or based on law or prior precedent, in which case we will vigorously contest and appeal such decisions. Other outcomes may require us to pay substantial amounts of money or take actions that adversely affect our operations. In addition, defending against these claims may involve significant time and expense. Given the large size of our operations and workforce, the visibility of our brand and our position as an industry leader, we may regularly be involved in legal proceedings that could adversely affect our business and financial performance.

Failure to comply with laws, rules and regulations could negatively affect our business operations and financial performance.

Our business is subject to federal, state, local and international laws, rules and regulations, such as state and local wage and hour laws, the U.S. Foreign Corrupt Practices Act, the False Claims Act, the Employee Retirement Income Security Act ("ERISA"), securities laws, import and export laws (including customs regulations), privacy and information security regulations, unclaimed property laws, and many others. The complexity of the regulatory environment in which we operate and the related cost of compliance are both increasing due to legal and regulatory requirements, increased enforcement and our ongoing expansion into new markets and new channels. In addition, as a result of operating in multiple countries, we must comply with multiple foreign laws and regulations that may differ substantially from country to country and may conflict with corresponding U.S. laws and regulations. We may also be subject to investigations or audits by governmental authorities and regulatory agencies, which can occur in the ordinary course of business or which can result from increased scrutiny from a particular agency towards an industry, country or practice. If we fail to comply with laws, rules and regulations or the manner in which they are interpreted or applied, we may be subject to government enforcement action, class action litigation or other litigation, damage to our reputation, civil and criminal liability, damages, fines and penalties, and increased cost of regulatory compliance, any of which could adversely affect our results of operations and financial performance.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of January 31, 2015, we operated a total of 1,983 retail stores in 48 states and the District of Columbia in the United States, 10 provinces and 2 territories in Canada, and in Finland, Germany, the Netherlands, Norway, Portugal, Sweden, the United Kingdom, Argentina and Australia. As of that same date, we also operated 109 distribution and fulfillment centers in 28 states in the United States, 7 provinces in Canada, and in Austria, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, the United Kingdom, China, Argentina, Brazil and Australia.

The following table sets forth the locations of our facilities as of January 31, 2015:

RETAIL STORES

Country/State/Province/Region/Territory	Number of Stores	Country/State/Province/Region/Territory	Number of Stores	Country/State/Province/Region/Territory	Number of Stores
United States		Nevada	6	**Canada**	
Alabama	12	New Hampshire	20	Alberta	39
Arizona	33	New Jersey	77	British Columbia	41
Arkansas	9	New Mexico	11	Manitoba	10
California	184	New York	120	New Brunswick	8
Colorado	18	North Carolina	47	Newfoundland	4
Connecticut	33	North Dakota	2	Nova Scotia	12
Delaware	7	Ohio	53	Northwest Territories	1
District of Columbia	2	Oklahoma	17	Ontario	117
Florida	79	Oregon	21	Prince Edward Island	2
Georgia	30	Pennsylvania	87	Quebec	69
Idaho	8	Rhode Island	8	Saskatchewan	11
Illinois	38	South Carolina	21	Yukon	1
Indiana	21	South Dakota	1	**Total Canada**	**315**
Iowa	14	Tennessee	20		
Kansas	5	Texas	51		
Kentucky	15	Utah	12	**Finland**	7
Louisiana	1	Vermont	6	**Germany**	59
Maine	11	Virginia	42	**The Netherlands**	41
Maryland	41	Washington	30	**Norway**	19
Massachusetts	65	West Virginia	5	**Portugal**	34
Michigan	40	Wisconsin	9	**Sweden**	12
Minnesota	5	Wyoming	4	**United Kingdom**	112
Mississippi	1	**Total United States**	**1,364**	**Argentina**	9
Missouri	10			**Australia**	11
Montana	8				**1,983**
Nebraska	4				

DISTRIBUTION AND FULFILLMENT CENTERS

Country/State/Province/Region/Territory	Number of Centers	Country/State/Province/Region/Territory	Number of Centers
United States		**Canada**	
Arizona	1	Alberta	3
Alaska	1	British Columbia	2
California	5	Manitoba	1
Colorado	1	New Foundland	1
Connecticut	2	Nova Scotia	2
Delaware	1	Ontario	3
Florida	1	Quebec	2
Georgia	2	**Total Canada**	14
Idaho	1		
Illinois	2	**Austria**	1
Indiana	1	**Denmark**	1
Iowa	2	**Finland**	1
Kansas	2	**France**	2
Maryland	2	**Germany**	2
Massachusetts	1	**Italy**	1
Minnesota	2	**The Netherlands**	2
Nebraska	1	**Norway**	2
New Jersey	1	**Poland**	1
New York	2	**Portugal**	1
North Carolina	2	**Spain**	1
Ohio	2	**Sweden**	1
Oregon	3	**United Kingdom**	5
Pennsylvania	2	**China**	4
Tennessee	1	**Argentina**	1
Texas	6	**Brazil**	1
Virginia	1	**Australia**	17
Washington	1		**109**
Wisconsin	2		
Total United States	**51**		

Most of the existing facilities are leased by us with initial lease terms expiring between 2015 and 2026. In most instances, we have renewal options at increased rents. Leases for 139 of the existing stores provide for contingent rent based upon sales.

We own our Framingham, Massachusetts corporate office, which consists of approximately 650,000 square feet.

Item 3. Legal Proceedings

We are subject to ordinary routine litigation incidental to our business. We do not believe the results of such litigation will have a material adverse effect on our business. See Note I - Commitments and Contingencies of the Notes to our Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

NASDAQ

Our common stock is traded on the NASDAQ Global Select Market under the symbol "SPLS". The following table sets forth for the periods indicated the high and low sales prices per share of our common stock on the NASDAQ Global Select Market, as reported by NASDAQ.

	High	Low
Fiscal Year Ended January 31, 2015		
First Quarter	$ 13.78	$ 11.04
Second Quarter	13.50	10.70
Third Quarter	13.28	10.82
Fourth Quarter	18.33	12.55
Fiscal Year Ended February 1, 2014		
First Quarter	$ 15.19	$ 12.08
Second Quarter	17.22	13.34
Third Quarter	17.30	13.72
Fourth Quarter	16.34	13.01

Cash Dividend

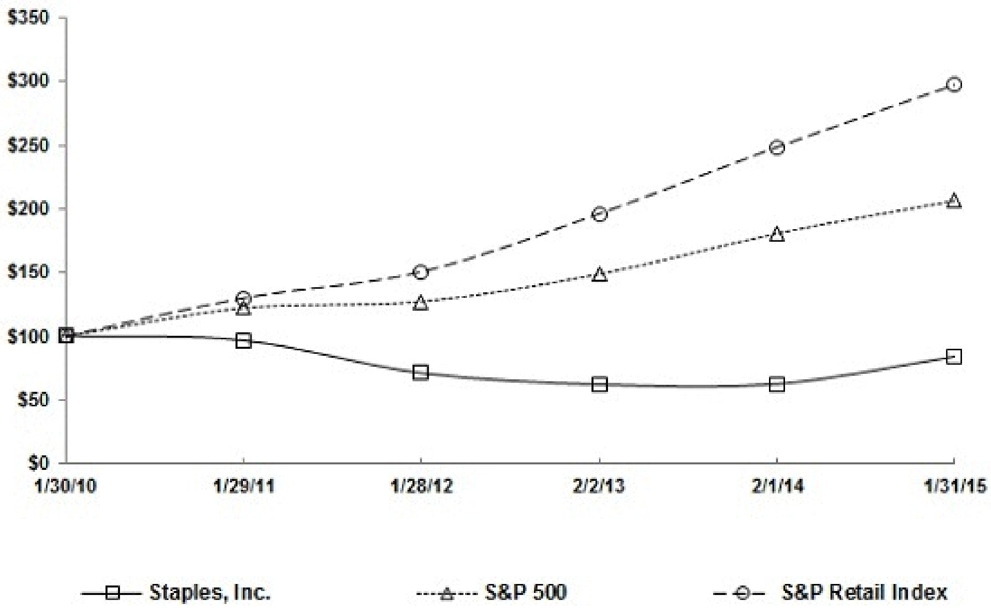
Since 2004, we have returned cash to our stockholders through cash dividends. We paid quarterly dividends for fiscal year 2014 of $0.12 per share on April 17, 2014, July 17, 2014, October 16, 2014 and January 15, 2015 resulting in a total dividend payment of $307.0 million or $0.48 per share. We paid quarterly dividends for fiscal year 2013 of $0.12 per share on April 18, 2013, July 18, 2013, October 17, 2013 and January 16, 2014, resulting in a total dividend payment of $312.5 million or $0.48 per share. We paid quarterly dividends for fiscal year 2012 of $0.11 per share on April 12, 2012, July 12, 2012, October 18, 2012 and December 12, 2012, resulting in a total dividend payment of $294.1 million or $0.44 per share.

Our payment of dividends is permitted under our public notes and existing financing agreements, although our revolving credit agreement restricts the payment of dividends in the event we are in default under such agreement or such payout would cause a default under such agreement. While it is our intention to continue to pay quarterly cash dividends in 2015 and beyond, any decision to pay future cash dividends will be made by our Board of Directors and will depend upon our earnings, financial condition and other factors. On March 3, 2015, our Board of Directors approved the payment of a cash dividend of $0.12 per share to be paid on April 16, 2015 for stockholders of record on March 27, 2015.

In connection with our planned acquisition of Office Depot, Staples has obtained financing commitments from Bank of America Merrill Lynch and Barclays for a $3 billion asset-based credit facility and a $2.75 billion 6-year term loan (see Note R - Subsequent Event in the Notes to the Consolidated Financial Statements). We expect that the terms of the agreements that will govern this indebtedness will restrict us from paying dividends in certain circumstances, and will otherwise restrict us from paying dividends in excess of $0.15 per share, per quarter.

Stock Performance Graph

The following graph compares the cumulative total stockholder return on Staples' common stock, the Standard & Poor's 500 Index and the Standard & Poor's Retail Index during our 2010 through 2014 fiscal years, assuming the investment of $100.00 on January 30, 2010 with dividends being reinvested.



TOTAL RETURN TO STOCKHOLDERS

	30-Jan-10	29-Jan-11	28-Jan-12	2-Feb-13	1-Feb-14	31-Jan-15
Staples, Inc.	$ 100.00	$ 96.75	$ 71.23	$ 62.18	$ 62.55	$ 84.15
S&P 500 Index	$ 100.00	$ 122.19	$ 127.34	$ 148.71	$ 180.70	$ 206.41
S&P Retail Index	$ 100.00	$ 130.05	$ 150.50	$ 196.11	$ 248.44	$ 297.31

Issuer Purchases of Equity Securities

The following table provides information about our purchases of our common stock during the fourth quarter of fiscal 2014:

Fiscal Period	Total Number of Shares Purchased(1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(3)
November 2, 2014 - November 29, 2014	791,900	$13.41	791,900	$ 386,462,000
November 30, 2014 - December 3, 2014	846,562	$16.12	814,727	373,276,000
December 4, 2014 - January 31, 2015	—	—	—	373,276,000
Total for the fourth quarter of 2014	1,638,462	$14.81	1,606,627	$ 373,276,000

(1) Includes a total of 31,835 shares of our common stock withheld during the fourth quarter of our 2014 fiscal year to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards granted pursuant

to our equity incentive plans. These shares were canceled with a commensurate amount added to the allotment of shares available for future issuance under our equity incentive plans.

(2) Average price paid per share includes commissions paid in connection with our publicly announced share repurchase programs and is rounded to the nearest two decimal places.

(3) See Note N Share Repurchase Plan in the Notes to the Consolidated Financial Statements.

Other Information

For information regarding securities authorized for issuance under our equity compensation plans, please see Note K - Equity Based Employee Benefit Plans in the Notes to the Consolidated Financial Statements contained in this Annual Report on Form 10-K.

At March 4, 2015, we had 4,546 holders of record of our common stock.

Item 6. Selected Financial Data

The information required by this Item is attached as *Appendix A*.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this Item is attached as part of *Appendix B*.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

The information required by this Item is attached as part of *Appendix B* under the caption *"Quantitative and Qualitative Disclosures about Market Risks."*

Item 8. Financial Statements and Supplementary Data

The information required by this Item is attached as *Appendix C*.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

1. Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, evaluated, as of January 31, 2015, the effectiveness of the Company's disclosure controls and procedures, which were designed to be effective at the reasonable assurance level. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the Company's disclosure controls and procedures as of January 31, 2015, management, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at that date.

2. Internal Control over Financial Reporting

(a) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, access to, use or disposition of the company's assets that could have a material effect on the financial statements.

Staples' internal control system is designed to provide reasonable assurance to the Company's management and Board regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations which may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of Staples' internal controls over financial reporting as of January 31, 2015. In making this assessment, it used the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) ("COSO") . Based on our assessment, we conclude that, as of January 31, 2015, the Company has maintained effective internal control over financial reporting based on those criteria.

The independent registered public accounting firm, Ernst & Young LLP, has audited the Consolidated Financial Statements and has issued an attestation report on Staples Inc.'s internal controls over financial reporting as of January 31, 2015 as stated in its reports which are included herein.

(b) Attestation Report of the Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Staples, Inc.

We have audited Staples, Inc.'s internal control over financial reporting as of January 31, 2015 based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Staples, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Staples, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Staples, Inc. and subsidiaries as of January 31, 2015 and February 1, 2014 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2015 of Staples, Inc. and our report dated March 6, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Boston, Massachusetts
March 6, 2015

(c) Changes in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended January 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K and incorporated herein by reference to the definitive proxy statement with respect to our 2015 Annual Meeting of Stockholders (the "Proxy Statement"), which we will file with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Report.

Item 10. Directors, Executive Officers and Corporate Governance

Certain information required by this Item is contained under the heading "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K. Other information required by this Item will appear under the headings "Proposal 1—Election of Directors" and "Corporate Governance" in our Proxy Statement, which sections are incorporated herein by reference.

The information required by this Item pursuant to Item 405 of Regulation S-K will appear under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement, which section is incorporated herein by reference.

We have adopted a written code of ethics that applies to our principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. Our code of ethics, which also applies to our directors and all of our officers and associates, can be found on our web site, which is located at www.staples.com, and is also an exhibit to this report. We intend to make all required disclosures concerning any amendments to or waivers from our code of ethics by filing a Form 8-K disclosing such waiver, or to the extent permitted by applicable NASDAQ regulations, by posting such information in the Investor Information section of our web site.

Item 11. Executive Compensation

The information required by this Item will appear under the headings "Corporate Governance", "Director Compensation", and "Executive Compensation" including "Compensation Discussion and Analysis", "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in our Proxy Statement, which sections are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item will appear under the headings "Beneficial Ownership of Common Stock" and "Securities Authorized for Issuance under Equity Compensation Plans" in our Proxy Statement, which sections are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item will appear under the headings "Certain Relationships and Related Transactions" and "Director Independence" in our Proxy Statement, which sections are incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item will appear under the heading "Independent Registered Public Accounting Firm's Fees" in our Proxy Statement, which section is incorporated herein by reference.

Item 15. Exhibits and Financial Statement Schedules

(a) Index to Consolidated Financial Statements: The following financial statements and schedules of Staples, Inc. are included as *Appendix C* of this Report:

1. *Financial Statements.*

- Consolidated Balance Sheets - January 31, 2015 and February 1, 2014;
- Consolidated Statements of Income - Fiscal years ended January 31, 2015, February 1, 2014 and February 2, 2013;
- Consolidated Statements of Comprehensive Income - Fiscal years ended January 31, 2015, February 1, 2014 and February 2, 2013;
- Consolidated Statements of Stockholders' Equity - Fiscal years ended January 31, 2015, February 1, 2014 and February 2, 2013;
- Consolidated Statements of Cash Flows - Fiscal years ended January 31, 2015, February 1, 2014 and February 2, 2013; and
- Notes to Consolidated Financial Statements.

2. *Financial Statement Schedules.*

- Schedule II—Valuation and Qualifying Accounts.

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission other than the one listed above are not required under the related instructions or are not applicable and, therefore, have been omitted.

3. *Exhibits.* The exhibits which are filed or furnished with this report or which are incorporated herein by reference are set forth in the Exhibit Index beginning on page D-1, which is incorporated herein by reference.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 6, 2015.

STAPLES, INC.

By: /s/ RONALD L. SARGENT

Ronald L. Sargent,

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ RONALD L. SARGENT Ronald L. Sargent	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 6, 2015
/s/ BASIL L. ANDERSON Basil L. Anderson	Director	March 6, 2015
/s/ DREW G. FAUST Drew G. Faust	Director	March 6, 2015
/s/ JUSTIN KING Justin King	Director	March 6, 2015
/s/ CAROL MEYROWITZ Carol Meyrowitz	Director	March 6, 2015
/s/ ROWLAND T. MORIARTY Rowland T. Moriarty	Director	March 6, 2015
/s/ ROBERT C. NAKASONE Robert C. Nakasone	Director	March 6, 2015
/s/ ROBERT E. SULENTIC Robert E. Sulentic	Director	March 6, 2015
/s/ RAUL VAZQUEZ Raul Vazquez	Director	March 6, 2015
/s/ VIJAY VISHWANTH Vijay Vishwanath	Director	March 6, 2015
/s/ PAUL F. WALSH Paul F. Walsh	Director	March 6, 2015
/s/ CHRISTINE T. KOMOLA Christine T. Komola	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 6, 2015

APPENDIX A
STAPLES, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA
(Dollar Amounts in Thousands, Except Per Share Data)

	Fiscal Year Ended				
	January 31, 2015 (1) (52 Weeks)	February 1, 2014 (2) (52 Weeks)	February 2, 2013 (4) (53 Weeks)	January 28, 2012(5) (52 Weeks)	January 29, 2011(6) (52 weeks)
Statement of Income Data:					
Sales	$ 22,492,360	$ 23,114,263	$ 24,380,510	$ 24,664,752	$ 24,135,253
Gross profit	5,801,036	6,032,285	6,491,261	6,689,868	6,535,247
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interest	$ 134,526	$ 707,004	$ (160,847)	$ 987,397	$ 898,960
Amounts attributable to Staples, Inc.					
Income (loss) from continuing operations	$ 134,526	$ 707,004	$ (160,728)	$ 988,220	$ 892,339
Loss from discontinued operations	—	(86,935)	(49,978)	(3,564)	(10,391)
Net income (loss) attributed to Staples, Inc.	$ 134,526	$ 620,069	$ (210,706)	$ 984,656	$ 881,948
Basic earnings per common share:					
Continuing operations attributed to Staples, Inc.	$ 0.21	$ 1.08	$ (0.24)	$ 1.42	$ 1.24
Discontinued operations attributed to Staples, Inc.	—	(0.13)	(0.07)	—	(0.01)
Net income (loss) attributed to Staples, Inc.	$ 0.21	$ 0.95	$ (0.31)	$ 1.42	$ 1.23
Diluted earnings per common share:					
Continuing operations attributed to Staples, Inc.	$ 0.21	$ 1.07	$ (0.24)	$ 1.40	$ 1.22
Discontinued operations attributed to Staples, Inc.	—	(0.13)	(0.07)	—	(0.01)
Net income (loss) attributed to Staples, Inc.	$ 0.21	$ 0.94	$ (0.31)	$ 1.40	$ 1.21
Dividends	$ 0.48	$ 0.48	$ 0.44	$ 0.40	$ 0.36
Statistical Data:					
Stores open at end of period	1,983	2,169	2,215	2,295	2,281
Balance Sheet Data:					
Working capital (3)	$ 1,885,852	$ 1,871,108	$ 1,740,665	$ 2,216,542	$ 2,174,574
Total assets	10,313,728	11,174,876	12,280,005	13,430,622	13,911,667
Long-term debt, net of current maturities	1,023,997	1,000,205	1,001,943	1,599,037	2,014,407
Noncontrolling interests	8,306	8,572	7,941	7,062	7,471
Total stockholders’ equity	$ 5,313,365	$ 6,140,835	$ 6,136,094	$ 7,022,213	$ 6,951,181

The Company's fiscal year is the 52 or 53 weeks ending the Saturday closest to January 31. Results of operations include the results of acquired businesses since the relevant acquisition date.

(1) Income from continuing operations for this period reflects $170.9 million of restructuring activities, a charge of $469.7 million for impairment of goodwill and long-lived assets, $9.4 million of accelerated depreciation, $26.3 million of inventory write-downs, and a net gain of $27.5 million related to the sale of businesses.
(2) Income from continuing operations for this period reflects $64.1 million for restructuring activities aimed at further streamlining the Company's operations and general and administration functions. The Loss from discontinued operations for this period reflects an $80.9 million preliminary loss on disposal related to the sale of the Company's European Printing Systems Division business ("PSD").
(3) Working capital in 2012 excludes the current assets and current liabilities of discontinued operations.
(4) Income from continuing operations for this period reflects pre-tax charges of $811.0 million for impairment of goodwill and long-lived assets, $207.0 million for restructuring activities related to a strategic plan announced in September 2012 aimed at accelerating growth, $57.0 million for a loss on early extinguishment of debt, $26.2 million related to the termination of the Company's joint venture agreement in India, and $20.0 million for accelerated tradename amortization related to rebranding the Company's business in Australia.
(5) Income from continuing operations for this period reflects the receipt of a $20.8 million tax benefit related to a refund due to Corporate Express N.V. ("Corporate Express") from the Italian government that was previously deemed uncollectible.
(6) Results of operations for this period reflect $57.8 million of integration and restructuring costs associated with the acquisition of Corporate Express.

STAPLES, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Our fiscal year is the 52 or 53 weeks ending on the Saturday closest to January 31. Fiscal year 2014 ("2014") consisted of the 52 weeks ended January 31, 2015, fiscal year 2013 ("2013") consisted of the 52 weeks ended February 1, 2014 and fiscal year 2012 ("2012") consisted of the 53 weeks ended February 2, 2013.

Results of Operations

Major contributors to our 2014 results, as compared to the results for 2013, are reviewed in detail in the Consolidated Performance and Segment Performance discussions and are summarized below:

- We generated $22.49 billion in sales, a decrease of 2.7%;
- North American Stores & Online sales decreased 5.9%, driven by a 4% decline in comparable store sales, while business unit income rate decreased to 4.5% from 6.6%;
- North American Commercial sales increased 2.8% and business unit income rate decreased to 6.9% from 7.5%;
- International Operations sales decreased 4.9%, driven by the negative impact of foreign exchange rates, while business unit loss rate was (0.6)% compared to (0.4)%;
- Income from continuing operations was $134.5 million for 2014 compared with $707.0 million in 2013;
- Income from continuing operations in 2014 includes a net charge of $488.7 million (net of taxes) related to the impact of inventory writedowns, restructuring costs, goodwill and long-lived asset impairment charges, accelerated depreciation and gains on the sales of businesses;
- Non-GAAP income from continuing operations was $623.2 million in 2014 compared with $760.6 million in 2013; and
- Earnings per diluted share from continuing operations was $0.21 in 2014 compared to $1.07 in 2013. Non-GAAP earnings per diluted share from continuing operations was $0.96 in 2014 compared with $1.16 in 2013.

See the non-GAAP reconciliations in the "Non-GAAP Measures" section further below.

Outlook

For the first quarter of 2015, we expect sales to decrease versus the first quarter of 2014. We expect to achieve fully diluted non-GAAP earnings per share in the range of $0.16 to $0.18 for the first quarter of 2015. Our guidance excludes any potential impact on earnings per share related to restructuring and other related activities (see below) as well as costs related to our planned acquisition of Office Depot. For the full year 2015, the company expects to generate more than $600 million of free cash flow.

2014 Restructuring Plan

In 2014, we announced our plan to close at least 225 retail stores in North America by the end of fiscal year 2015. In addition, as part of our continuing efforts to transform our business, we announced a cost savings plan to generate annualized pre-tax savings of approximately $500 million by the end of fiscal 2015. In 2014 we incurred $244.7 million of charges related to this plan, and we expect to incur additional charges in the range of $70 million - 180 million in 2015, including $15 million - 40 million in the first quarter of 2015. See Note B - Restructuring Charges in the Notes to the Consolidated Financial Statements for additional information related to this plan.

Proposed Acquisition of Office Depot

As discussed in Note R in the Notes to the Consolidated Financial Statement, on February 4, 2015 we announced that we had signed a definitive agreement to acquire Office Depot, a global supplier of office products, services and solutions for the workplace. Based on the number of outstanding shares of our common stock and Office Depot common stock as of February 2, 2015, and the closing share price of our common stock on such date, the value of the total consideration to be paid by Staples is estimated to be approximately $6.3 billion, including approximately $4.1 billion of cash and approximately 124.4 million shares of Staples common stock.

In connection with the proposed acquisition, we obtained financing commitments from Bank of America, N.A. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated ("Bank of America Merrill Lynch") and Barclays Bank PLC ("Barclays") for a 5-year $3 billion asset-based revolving credit facility and a 6-year $2.75 billion term loan. In addition to these sources of financing, we currently plan to use approximately $500 million of internally-generated cash to finance the acquisition.

As a result of the proposed acquisition, we expect to generate at least $1 billion of annualized cost synergies by the third full fiscal year post-closing. The majority of these synergies would be realized through headcount and general and administrative expense reductions, efficiencies in purchasing, marketing, and supply chain, retail store network optimization, as well as sharing of best practices. We estimate one-time costs of approximately $1 billion to achieve the synergy target.

Non-GAAP Measures

In our analysis of the results of operations and in our outlook, we have referred to certain non-GAAP financial measures for gross profit rate, income from continuing operations, earnings per share, effective tax rate, and free cash flow (which we define as net cash provided by operating activities less capital expenditures). The presentation of these results should be considered in addition to, and should not be considered superior to, or as a substitute for, the presentation of results determined in accordance with GAAP. We believe that these non-GAAP financial measures help management and investors to understand and analyze our performance by providing meaningful information that facilitates the comparability of underlying business results from period to period. We use these non-GAAP financial measures to evaluate the operating results of our business against prior year results and our operating plan, and to forecast and analyze future periods. We recognize there are limitations associated with the use of non-GAAP financial measures as they may reduce comparability with other companies that use different methods to calculate similar non-GAAP measures. We generally compensate for these limitations by considering GAAP as well as non-GAAP results. In addition, management provides a reconciliation to the most comparable GAAP financial measure. With respect to our earnings per share and free cash flow guidance, we have not provided guidance on a GAAP basis given that our current estimates for charges to be incurred related to our restructuring initiatives and the potential related impact on cash flow represent broad ranges which are based on our preliminary analysis and are subject to change as our plans become finalized.

For the non-GAAP measures related to results of operations, reconciliations to the most directly comparable GAAP measures are shown below (amounts in thousands, except per share data):

	52 Weeks Ended January 31, 2015						
	GAAP	Inventory write-downs	Restructuring charges	Accelerated depreciation	Impairment of goodwill & long-lived assets	Gain on sale of businesses, net	Non-GAAP
Gross profit	$ 5,801,036	26,307	—	—	—	—	$ 5,827,343
Gross profit rate	25.8%						25.9%
Operating income	309,866	26,307	170,878	9,376	469,663	(27,495)	958,595
Interest and other expense, net	41,731						41,731
Income from continuing operations before income taxes	268,135						916,864
Income tax expense	133,609						133,609
Adjustments	—						160,011
Adjusted income tax expense	133,609						293,620
Income from continuing operations	$ 134,526						$ 623,244
Effective tax rate	49.8%						32.0%
Diluted earnings per common share	$ 0.21						$ 0.96

	52 Weeks Ended February 1, 2014		
	GAAP	Restructuring charges	Non-GAAP
Operating income	$ 1,177,501	$ 64,085	$ 1,241,586
Interest and other expense, net	(114,696)	—	(114,696)
Income from continuing operations before income taxes	1,062,805	64,085	1,126,890
Income tax expense	355,801	10,481	366,282
Income from continuing operations	$ 707,004	$ 53,604	$ 760,608
Effective tax rate	33.5%		32.5%
Diluted earnings per common share from continuing operations	$ 1.07		$ 1.16

	53 Weeks Ended February 2, 2013						
	GAAP	Impairment of goodwill & long-lived assets	Restructuring charges	Accelerated trade-name amortization	Loss on early extinguishment of debt	Termination of JV arrangement in India	Non-GAAP
Operating income	$ 510,065	$ 810,996	$ 207,016	$ 20,049	$ —	$ —	$ 1,548,126
Interest and other expense, net	(244,642)	—	—	—	56,958	26,211	(161,473)
Income from continuing operations before income taxes	265,423						1,386,653
Income taxes	426,270						426,270
Adjustments	—						24,390
Adjusted income taxes	426,270						450,660
(Loss) income from continuing operations	(160,847)						935,993
Loss attributed to noncontrolling interests	(119)						(119)
(Loss) income from continuing operations attributed to Staples, Inc.	$ (160,728)						$ 936,112
Effective tax rate	160.6%						32.5%
Per share (loss) income from continuing operations attributed to Staples, Inc:							
Basic earnings per common share	$ (0.24)						$ 1.40
Diluted earnings per common share	$ (0.24)						$ 1.39
Weighted average common shares outstanding	669,479						669,479
Effect of dilutive securities	—						6,526
Weighted average common shares outstanding assuming dilution	669,479						676,005

Consolidated Performance

2014 Compared with 2013

Sales: Sales for 2014 were $22.49 billion, a decrease of 2.7% from 2013. The decrease reflects a 4% decline in comparable store sales in North America, a $309.7 million unfavorable impact from changes in foreign exchange rates, an approximate 1% negative impact from store closures in North America, and to a lesser extent, ongoing weakness in our European businesses. These declines were partly offset by a 2.8% sales increase in North American Commercial and a 7% increase in Staples.com (increases of 3.3% and 8% in local currency, respectively). Declines in business machines and technology accessories, ink and toner, computers and core office supplies were partly offset by growth in facilities and breakroom supplies, furniture and copy and print services.

Gross Profit: Gross profit as a percentage of sales was 25.8% for 2014 compared to 26.1% for 2013. The decrease in gross profit rate was driven by pricing investments in Staples.com and Quill, and increased delivery expense in North America primarily resulting from growth in delivery sales. These factors were partly offset by improved product margins in Europe resulting from our ongoing assortment and pricing optimization initiatives. Our gross profit rate in 2014 also reflects $26.3 million of inventory write-downs related to our initiatives to improve efficiencies in our North American delivery fulfillment operations and the closure of North American retail stores.

Selling, General and Administrative Expenses: Selling, general and administrative expenses in 2014 increased by $81.1 million or 1.7% from 2013. The increase was driven by increased incentive compensation expense, investments to drive growth online in both North America and Europe, and investments to support our strategic reinvention. These costs were partly offset by lower labor costs due to headcount reductions. Selling, general and administrative expenses in 2014 also reflects $9.4 million of accelerated depreciation primarily related to our initiatives to improve efficiencies in our North American delivery fulfillment operations. As a percentage of sales, selling, general and administrative expenses increased to 21.4% in 2014 compared to 20.5% for 2013.

Impairment of Goodwill and Long-Lived Assets: See Note C Goodwill and Long-Lived Assets in the Notes to the Consolidated Financial Statements for a description of the facts and circumstances related to the impairment charges in 2014.

Restructuring Charges: See Note B Restructuring Charges in the Notes to the Consolidated Financial Statements for a description of the facts and circumstances related to the restructuring charges in 2014 and 2013.

Gain on Sale of Businesses, net: On May 2, 2014, we completed the sale of our Smilemakers, Inc. business unit resulting in a gain of $23.4 million. Smilemakers, Inc. was a component of our North American Commercial segment. We also completed the sale of two small businesses in 2014, with one transaction resulting in a loss of $1.6 million and the other generating a gain of $5.7 million.

Interest Expense: Interest expense decreased to $49.1 million for 2014 from $119.3 million for 2013. The decrease in interest expense was primarily the result of the repayment of the remaining $866.9 million principal balance of our 9.75% notes upon their maturity in January 2014.

Other Income (Expense), Net: Other income (expense), net was $4.5 million for 2014 compared to $(0.1) million for 2013. The $4.5 million of income in 2014 reflects investment income associated with our supplemental executive retirement plan. In 2013, investment income was offset by foreign exchange losses.

Income Taxes: Our tax rate related to continuing operations was 49.8% in 2014 compared to 33.5% for 2013. The tax rate for 2014 reflects the following:

- Non-deductible goodwill impairment charges of $409.5 million;
- A $69.1 million reduction in our liability for unrecognized tax benefits primarily due to the resolution of certain federal and foreign audits pertaining to prior fiscal years;
- The impact of material restructuring-related charges recognized in our U.S. and Canadian entities in 2014;
- $11.2 million of incremental tax expense stemming from taxable income generated in the US as a result of the repatriation of $127.3 million of cash from a foreign subsidiary;
- The impact of permanent differences between income tax expense for book and tax purposes related to the sale of three businesses; and
- A $3.9 million credit for a discrete item that is unrelated to current operations.

Excluding the impact of these items, our effective tax rate in 2014 was 32.0%.

Our tax rate for 2013 reflects the impact of $64.1 million of net restructuring charges incurred in 2013, certain portions of which did not result in a tax benefit. Excluding the impact of these charges, our effective tax rate in 2013 was 32.5%.

See Note J - Income Taxes in the Notes to the Consolidated Financial Statements for a reconciliation of the federal statutory tax rate to our effective tax rates in 2014 and 2013 and for information relating to the undistributed earnings of our foreign subsidiaries.

Our effective tax rate in any year is impacted by the geographic mix of earnings. Additionally, certain foreign operations are subject to both U.S. and foreign income tax regulations, and as a result, income before tax by location and the components of income tax expense by taxing jurisdiction are not directly related. The earnings generated primarily by our entities in Canada, Hong Kong and the Netherlands contribute to the foreign tax rate differential impacting the effective tax rate in 2014 and 2013.

Discontinued Operations: On October 5, 2013, we completed the sale of our European Printing Systems Division business ("PSD"), a former component of our International Operations segment. The sale resulted in a preliminary loss of $80.9 million which is subject to a working capital adjustment that has not yet been finalized. The amount of the working capital adjustment is currently in dispute between the parties in the transaction. The parties are pursuing dispute resolution procedures to attempt to resolve the issue. Total loss from discontinued operations, net of tax, was $86.9 million for 2013.

2013 Compared with 2012

The table below shows sales in 2013 compared with sales in 2012 excluding the impact of the 53rd week (in thousands):

	Sales				Year-over-year sales growth	
	2013	2012				
	52 weeks ended	53 weeks ended		52 weeks ended	Compared to the 53 weeks ended	Compared to the 52 weeks ended
	February 1, 2014	February 2, 2013	53rd week	January 26, 2013	February 2, 2013	January 26, 2013
North American Stores & Online	$ 11,103,160	$ 11,827,906	$ 221,425	$ 11,606,481	(6.1)%	(4.3)%
North American Commercial	8,041,613	8,108,402	158,943	7,949,459	(0.8)%	1.2 %
International Operations	3,969,490	4,444,202	80,816	4,363,386	(10.7)%	(9.0)%
Total	$ 23,114,263	$ 24,380,510	$ 461,184	$ 23,919,326	(5.2)%	(3.4)%

Sales: Sales for 2013 were $23.11 billion, a decrease of 5.2% from 2012. Excluding the impact of $461.2 million of sales related to the additional week in 2012, sales for 2013 decreased by 3.4% from 2012. Our sales decline for 2013 reflects a 4% decline in comparable store sales in North America, ongoing weakness in International Operations, a 1% impact from store closures in North America and Europe, and a $156.6 million unfavorable impact from changes in foreign exchange rates, partially offset by growth in our North American online businesses and in North American Commercial. Declines in office supplies, business machines and technology accessories, ink and toner, and computers were partly offset by growth in facilities and breakroom supplies, tablets and other mobile technology, and technology services.

Gross Profit: Gross profit as a percentage of sales was 26.1% for 2013 compared to 26.6% for 2012. The decrease in gross profit rate was driven by lower product margins and by the negative impact of fixed costs on lower sales. The decline in margins was primarily due to adverse mix stemming from strong top line growth in lower margin categories such as tablets combined with a decline in higher margin categories such as office supplies, as well as pressure in core categories such as paper and ink and toner.

Selling, General and Administrative Expenses: Selling, general and administrative expenses in 2013 decreased by $149.0 million or 3.1% from 2012. The decline was primarily driven by the impact of the additional week in 2012 and decreased compensation expense as a result of changes in management incentive compensation and lower headcount, combined with reductions in marketing spend and a favorable comparison to selling, general and administrative expenses in 2012, which included significant costs associated with headcount reductions and legal settlements. These reductions were partially offset by increased costs related to growing our online businesses. As a percentage of sales, selling, general and administrative expenses increased to 20.5% in 2013 compared to 20.0% for 2012, reflecting the negative impact of lower sales.

Impairment of Goodwill and Long-Lived Assets: There were no material impairment charges incurred in 2013. See Note C Goodwill and Long-Lived Assets in the Notes to the Consolidated Financial Statements for a description of the facts and circumstances related to the goodwill and long-lived impairment charges in 2012.

Restructuring Charges: See Note B - Restructuring Charges in the Notes to the Consolidated Financial Statements for information relating to restructuring charges recorded in 2013 and 2012.

Amortization of Intangibles: Amortization of intangibles was $55.4 million for 2013 compared to $78.9 million for 2012, primarily reflecting the amortization of tradenames and customer relationships. Amortization in 2012 included $20.0 million of accelerated amortization related to the rebranding of our Australian business.

Interest Expense: Interest expense decreased to $119.3 million for 2013 from $162.5 million for 2012. The decrease was primarily the result of the early extinguishment of $633.1 million of our $1.5 billion 9.75% notes (the "January 2014 Notes") in January and February of 2013, the repayment of our $325 million 7.375% notes in October 2012 (the "October 2012 Notes"), and, to a lesser extent, the repayment of the remaining $866.9 million balance of our January 2014 Notes upon their maturity. These favorable items were partially offset by interest expense related to our $500 million 2.75% Notes and our $500 million

4.375% Notes, both of which were issued in January 2013. Our interest rate swap agreements reduced interest expense by $12.1 million for 2013 compared to $21.0 million for 2012.

Loss on Early Extinguishment of Debt: In January 2013, we repurchased $632.8 million of our $1.5 billion, 9.75% notes that were due January 2014 (the "January 2014 Notes") pursuant to a cash tender offer. As a result of this tender offer, we incurred a pre-tax loss on early extinguishment of debt of $57.0 million in 2012 related to debt tender premiums and fees.

Other Income (Expense), Net: Other income (expense), net was $(0.1) million for 2013 compared to $(30.5) million for 2012. The expense in 2012 was primarily driven by the $26.2 million charge related to the termination of our joint venture arrangement in India.

Income Taxes: Our tax rate related to continuing operations was 33.5% in 2013 compared to 160.6% for 2012. Our tax rate for 2013 reflects the impact of the $64.1 million of net restructuring charges incurred in 2013, certain portions of which did not result in a tax benefit. Excluding the impact of these charges, our effective tax rate in 2013 was 32.5%.

The high effective tax rate for 2012 reflected the fact that we incurred charges of $811.0 million for goodwill and long-lived asset impairment, $207.0 million related to restructuring activities and $26.2 million related to the termination of our joint venture arrangement in India, the majority of which do not result in a related income tax benefit. Our tax rate in 2012 also reflects additional tax expense related to establishing valuation allowances for previously recorded deferred tax assets as a result of the closure of certain operations in our Europe Retail and Europe Catalog reporting units. Excluding the impact of these items, our effective tax rate was 32.5% in 2012.

See Note J Income Taxes in the Notes to the Consolidated Financial Statements for a reconciliation of the federal statutory tax rate to our effective tax rates in 2013 and 2012 and for information relating to the undistributed earnings of our foreign subsidiaries.

Discontinued Operations: The results of discontinued operations in 2013 and 2012 pertain to PSD. See Note D Divestitures in the Notes to the Consolidated Financial Statements for more information.

Segment Performance

We have three reportable segments: North American Stores & Online, North American Commercial and International Operations. North American Stores & Online sells products and services to customers in the United States and Canada. North American Commercial consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses and includes Staples Advantage and Quill.com. The International Operations segment consists of businesses that sell and deliver products and services directly to consumers and businesses in 23 countries in Europe, Australia, South America and Asia.

Historically we have evaluated performance and allocated resources based on profit or loss from operations before goodwill and long-lived asset impairment charges, restructuring costs, stock-based compensation, interest and other expense, non-recurring items and the impact of changes in accounting principles ("business unit income"). Beginning in 2014, business unit income also excludes accelerated depreciation and amortization and inventory write-downs associated with restructuring activities. Segment information for 2012 and 2013 has been restated to reflect this change. Intersegment sales and transfers are recorded at our cost; therefore, there is no intercompany profit or loss recognized on these transactions.

See additional geographic information and a reconciliation of total business unit income to income from continuing operations before income taxes in Note P - Segment Reporting in the Notes to the Consolidated Financial Statements.

	(Amounts in thousands)			2014 Increase (Decrease)	2013 Decrease
Sales:	**2014**	**2013**	**2012**	**From Prior Year**	**From Prior Year**
North American Stores & Online	$ 10,448,603	$ 11,103,160	$ 11,827,906	(5.9)%	(6.1)%
North American Commercial	8,270,682	8,041,613	8,108,402	2.8 %	(0.8)%
International Operations	3,773,075	3,969,490	4,444,202	(4.9)%	(10.7)%
Total segment sales	$ 22,492,360	$ 23,114,263	$ 24,380,510	(2.7)%	(5.2)%

	(Amounts in thousands)					
Business Unit Income:	**2014**	**2013**	**2012**	**2014 % of Sales**	**2013 % of Sales**	**2012 % of Sales**
North American Stores & Online	$ 473,068	$ 733,465	$ 987,025	4.5 %	6.6 %	8.3 %
North American Commercial	570,831	603,972	680,011	6.9 %	7.5 %	8.4 %
International Operations	(21,181)	(15,219)	(1,097)	(0.6)%	(0.4)%	— %
Business unit income	$ 1,022,718	$ 1,322,218	$ 1,665,939	4.5 %	5.7 %	6.8 %

Store Activity		**Stores Open at Beginning of Period**	**Stores Opened**	**Stores Closed**	**Stores Open at End of Period**
2013	North American Stores & Online	1,886	2	42	1,846
2013	International Operations	329	1	7	323
2013	Total	2,215	3	49	2,169
2014	North American Stores & Online	1,846	2	169	1,679
2014	International Operations	323	9	28	304
2014	Total	2,169	11	197	1,983

North American Stores & Online

2014 Compared with 2013

Sales decreased 5.9% for 2014 compared to 2013. This decrease was driven by a 4% decline in comparable store sales primarily due to lower traffic, an approximate negative 2% impact from store closures, and a $158.9 million negative impact from changes in foreign exchange rates. Sales declines were partially offset by an 8% increase in Staples.com (in local currency) driven by increased business customer acquisition, improved customer conversion and an expanded assortment beyond office supplies. Comparable sales, which include comparable store sales and growth in Staples.com as defined further below, declined 2%. Declines in business machines and technology accessories, computers, and ink and toner were partially offset by growth in facilities and breakroom supplies, copy and print, and mobile phones and accessories.

Business unit income as a percentage of sales decreased to 4.5% for 2014 from 6.6% for 2013. The decrease was primarily driven by investments to accelerate growth in Staples.com, increased incentive compensation, and increased marketing expense to drive awareness of our expanded product offerings. These expenses were partially offset by reduced retail labor costs and increased gross margin rates in retail stores.

2013 Compared with 2012

Sales decreased 6.1% for 2013 compared to 2012. Sales for 2012 include $221.4 million of revenue related to the additional week in 2012. Excluding the additional week, sales for 2013 decreased by 4.3% from 2012. This decrease was driven by a 4% decline in comparable store sales due to lower traffic, a 1% negative impact on sales from the closure of 78 stores during fiscal 2012 and the first three quarters of 2013, and a $102.9 million negative impact from changes in foreign exchange rates. Sales declines were partially offset by an increase in sales for Staples.com. Declines in business machines and technology accessories, office supplies, computers, ink and toner were partially offset by growth in tablets and other mobile technology, facilities and breakroom supplies and copy and print services.

Business unit income as a percentage of sales decreased to 6.6% for 2013 from 8.3% for 2012. The decrease was primarily driven by unfavorable product margins due to an increased mix of lower product margins on Staples.com, deleverage of fixed expenses on lower sales, and investments to optimize our pricing, profit improvements and sourcing strategies. These expenses were partially offset by a reduction in incentive compensation.

North American Commercial

2014 Compared with 2013

Sales increased 2.8% for 2014 compared to 2013. The increase was primarily due to increased sales of facilities and breakroom supplies, furniture, business machines and technology accessories, and promotional and print solutions. This was partially offset by decreased sales of ink and toner and a $35.3 million unfavorable impact from foreign exchange rates.

Business unit income as a percentage of sales decreased to 6.9% for 2014 from 7.5% for 2013, primarily driven by increased incentive compensation, pricing investments in Quill, and investments in sales force. These declines were partially offset by reduced marketing expense and leverage of fixed expenses on increased sales.

2013 Compared with 2012

Sales decreased 0.8% for 2013 compared to 2012. Sales of 2012 include $158.9 million of revenue related to the additional week in 2012. Excluding the additional week, sales for 2013 increased by 1.2% from 2012. Sales increased as a result of the acquisition of new customers, partially offset by lower sales to existing customers. Sales of facilities and breakroom supplies and, to a lesser extent, tablets and other mobile technology increased, partially offset by lower sales of core office supplies.

Business unit income as a percentage of sales decreased to 7.5% for 2013 from 8.4% for 2012, primarily driven by investments in sales force and marketing expenses to drive growth. These expenses were partially offset by lower costs associated with legal settlements and incentive compensation.

International Operations

2014 Compared with 2013

Sales decreased 4.9% for 2014 compared to 2013. This decrease was primarily driven by a $115.5 million unfavorable impact from foreign exchange rates and weakness in our European delivery businesses.

Business unit loss as a percentage of sales was (0.6)% for 2014 compared to (0.4)% for 2013. The business unit loss rate for 2014 reflects a 30 basis point unfavorable impact from foreign exchange rates; results for 2014 in local currency were largely comparable to the prior year. In 2014 there was slight improvement in our Australian business, with lower salary and professional service costs more than offsetting the impact of lower product margins. There was also improvement in Europe driven by improved product margins as we continue to benefit from pan-European assortment and pricing optimization, partially offset by increased costs in Europe as we transition to a more centralized pan-European business model.

2013 Compared with 2012

Sales decreased 10.7% for 2013 compared to 2012. Sales for 2013 include $80.8 million of revenue related to the additional week in 2012. Excluding the 53rd week, sales decreased 9% for 2013 compared to 2012. This decrease was primarily driven by weakness in our European delivery businesses, an approximate 2% decrease in sales from store closures in Europe related to the 2012 restructuring plan, and weakness in our Australian business. The decrease was also driven by a $31.8 million unfavorable impact from foreign exchange rates, and a 3% decline in comparable store sales in Europe, primarily due to lower traffic.

Business unit loss as a percentage of sales was (0.4)% for 2013 compared to 0.0% for 2012. This change was driven by reduced marketing spend, savings related to headcount reductions in our European and Australian businesses, as well as a favorable comparison to 2012 which included severance and the settlement of a contractual dispute. In addition, to a lesser extent, we experienced improved profitability in our European retail business as a result of closing underperforming stores in 2012. These factors were mostly offset by the negative impact of fixed costs on lower sales in Australia and in our European delivery businesses.

Critical Accounting Policies and Significant Estimates

Our financial statements have been prepared in accordance with U.S. GAAP and are based on the application of significant accounting policies (see Note A - Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements). Preparation of these statements requires management to make significant judgments and estimates. We believe that the following are some of the more critical judgment areas in the application of our accounting policies that currently affect our financial condition and results of operations.

Inventory: We record inventory at the lower of weighted-average cost or market value. We reserve for obsolete, overstocked and inactive inventory based on the difference between the weighted-average cost of the inventory and the estimated market value using assumptions of future demand and market conditions. To estimate the required reserve, we consider factors such as age of the inventory, the nature of the products, the quantity of items on-hand relative to sales trends, current market prices and trends in pricing, our ability to use excess supply in another channel, historical write-offs, expected residual values or other recoveries, contractual terms related to and historical experience with returns to vendors, and new product introductions and other developments in industry. If actual demand or market conditions are less favorable than those projected by management, additional reserves may be required. However, past experience has shown little variability in reserve estimates, and we do not believe that deviations from our current estimates and assumptions will have a material impact upon our financial statements in the future.

In 2014, we recorded $26.3 million of inventory write-downs related to our initiatives to improve efficiencies in our delivery fulfillment operations and the closure of North American retail stores. The key factors considered by management when developing the underlying estimates include the extent to which inventory on-hand will be discounted, transferred to other stores or distribution channels, returned to vendors, or liquidated. These estimates required judgment. However, we have a significant amount of experience with managing inventory upon the closure or consolidation of facilities, as well as in the context of significant changes to the merchandise assortment. In addition, with respect to the write-downs related to the store closure plan, many of the stores have already closed during 2014, allowing us to corroborate the accuracy of our earlier estimates. We do not believe our estimates will yield material differences in the future.

Purchase and Advertising Rebates: We earn rebates from our vendors, which are based on various quantitative contract terms that can be complex and subject to interpretation. Amounts expected to be received from vendors that relate to the purchase of merchandise inventories are recognized as a reduction of inventory cost and realized as part of cost of goods sold as the merchandise is sold. Amounts that represent reimbursement for specific, incremental costs we incur related to selling a vendor's products, such as advertising, are recorded as an offset to those costs when they are recognized in our consolidated statement of income. Several controls are in place, including direct confirmation with vendors, which we believe allows us to ensure that these amounts are recorded in accordance with the terms of the contracts.

Past experience has shown little variability in purchase and advertising rebate estimates, no collectibility issues and no significant write-off history. Given the historical accuracy of our estimates, we believe that a significant change in our estimates is not likely.

Impairment of Goodwill: See our accounting policy related to testing goodwill for impairment in Note A in the notes to the consolidated financial statements.

For the annual test in 2014, we performed an optional qualitative assessment for our North American Commercial and Canada Retail reporting units (combined goodwill of $1.28 billion at the time of the impairment test) to determine whether it was more likely than not that their fair values were less than their carrying amounts. The assessment requires management to identify the key drivers of fair value for the reporting units, to consider all significant events and circumstances that are relevant to their fair values, and then to weigh the positive and negative evidence. Examples of factors considered include trends and conditions in the macro economy, industry, and financial markets, as well as Staples-specific factors that would likely be considered by market participants, such as recent financial results and our latest forecasts, our current strategic plans, and our stock price. This process requires management to exercise a great deal of judgment. Based on our assessment, we concluded that it was more likely than not that the reporting units' fair values continued to exceed their carrying values by significant margins, and accordingly that it was not necessary to perform the two-step impairment test for these reporting units.

For our U.S. Stores & Online (USS&O) (goodwill of $633 million at the time of the impairment test) and International reporting units (combined goodwill of $1.25 billion at the time of the impairment test), we proceeded directly to the two-step impairment test. In step one, we determined fair value using discounted cash flow ("DCF") analysis, which requires management to make assumptions and develop estimates regarding industry and economic factors and the future profitability of our businesses. The key assumptions and estimates used in the discounted cash flow approach include:

- The reporting unit's projections of financial results over periods that range from five to eleven years, depending on the maturity of the underlying business. For more established businesses, such as USS&O and our European and Australian operations, we used projection periods of five to seven years, while in our emerging market businesses we used an eleven year projection period which reflects management's expectations of the development time for these growth-oriented businesses. In general, our reporting units' fair values are most sensitive to our sales growth and operating profit rate assumptions, which represent estimates based on our current and projected sales mix, profit improvement opportunities and market conditions.
- The discount rate, which is used to measure the present value of the reporting unit's projected future cash flows, including those relating to the reporting unit's terminal value. The discount rate is based on a weighted-average cost of capital ("WACC") that reflects market and industry data as well as our specific risk factors that are likely to be considered by a market participant. The WACC is our estimate of the overall after-tax rate of return required by equity and debt holders of a business enterprise.
- The reporting unit's perpetual growth rate, which is based on projections for long-term GDP growth in the reporting unit's local economy and a consideration of trends that indicate its long-term market opportunity. While we believe our growth assumptions are reasonable, actual growth rates may be lower due to a variety of potential causes, such as a secular decline in demand for our products and services, unforeseen competition, long-term GDP growth rates in established economies being lower than projected growth rates, or a long-term deceleration in the growth rates of emerging markets.

The fair values of our reporting units are based on underlying assumptions that represent our best estimates. Many of the factors used in assessing fair value are outside of the control of management and if actual results are not consistent with our assumptions and judgments, we could experience future impairment charges. To validate the reasonableness of our reporting units' estimated fair values, we reconcile the aggregate fair values of our reporting units to our total market capitalization. This exercise required judgment for our 2014 impairment test, given that it incorporated high-level estimates of the fair values of the two reporting units for which we relied on the optional qualitative screen.

Based on the results of our testing in 2014, three of our reporting units failed step one of the impairment test - Australia, China, and South America. In step two of the test, we measured impairment charges of $280.2 million related to Australia, $116.3 million related to China, and $13.0 million related to South America. See Note C in the notes to the consolidated financial statements for a description of the facts and circumstances leading to these impairment charges and a summary of the process by which the charges were calculated.

The fair value estimates incorporated in step two were primarily based on the income approach, specifically the multi-period excess earnings method. The valuations incorporated significant estimates and assumptions made by management including those relating to projected long-term rates of growth, customer attrition, and profitability; appropriate market-based royalty rates; and discount rates discussed above.

As of January 31, 2015, taking into account the charges recorded during the fourth quarter of 2014 as well as the impact of currency translation adjustments, the remaining amount of goodwill associated with our Australia, China, and South America reporting units was $51.3 million, $80.2 million, and $0.0 million, respectively. The current year valuation of our China reporting unit was predicated on the business achieving significant growth in the future, and therefore this reporting unit could experience additional impairment charges if sales growth doesn’t accelerate in the near-to-mid term future. The current year valuation of our Australia business assumes improvements in sales trends and profitability compared with actual performance over the past several years. If we are unable to execute our strategic and operational plans for China and Australia, the reporting units’ financial results may be lower than these projections, and additional impairment charges may be incurred.

As of January 31, 2015, our Europe Online reporting unit has $275 million of goodwill. This reporting unit has experienced ongoing challenges transitioning from its legacy catalog business model to an online model, and as a result it is at an increased risk of an impairment.

With respect to all our reporting units, the following are key factors that could potentially result in future impairment charges:

- Deterioration in macroeconomic or industry conditions, or a failure to manage our businesses successfully, could result in our reporting units’ actual future financial results to be lower than management’s projections;
- Adverse changes in market and economic conditions could increase the reporting units’ WACC’s; and,
- A sustained and significant decline in our stock price could result in a decline in the value of some or all of our reporting units.

Impairment of Long-Lived Assets: We evaluate long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Our policy is to evaluate long-lived assets for impairment at the lowest level for which there are clearly identifiable cash flows that are largely independent of the cash flows of other assets and liabilities. Recoverability is measured based upon the estimated undiscounted cash flows expected to be generated from the use of an asset plus any net proceeds expected to be realized upon its eventual disposition. Our cash flow projections are based on historical cash flows and our latest forecasts. An impairment loss is recognized if an asset's carrying value is not recoverable and if it exceeds its fair value.

We estimate the undiscounted cash flows that will be generated over the asset's remaining useful life, or, in the case of an asset group, over the remaining useful life of the primary asset from which the group derives its cash flow generating capacity. Upon the occurrence of indicators of impairment, we reassess the remaining useful life of the asset or primary asset in the case of an asset group. The projections, estimates and assumptions reflected in our long-lived asset impairment testing require a significant degree of judgment on the part of management.

In 2014 we recorded impairment charges of $60.1 million, of which $36.0 million related to fixed assets at North American retail stores that are closing pursuant to our plan to close at least 225 North American stores by the end of 2015. In addition, we determined that the fixed assets at certain other North American retail stores were impaired because they are not recoverable from future cash flows, primarily due to declining sales, and as a result we recorded impairment charges of $21.7 million. In general, we consider the individual store to be the lowest level at which to test store assets for impairment. For stores that have been approved for closure, we estimate future cash flows to be generated by the stores through their planned closure dates. For other stores, we estimate future cash flows over the stores' remaining lease terms, or if the store is owned, over the remaining depreciable life of the building. Forecasting future sales and profitability for an individual store, in some cases over long periods, requires a significant amount of judgment. If actual results are less favorable than management's projections, estimates and assumptions, additional write-offs in the future may be necessary.

For stores that failed the recoverability test, we measured the fair value of the impaired assets using the income approach, specifically the discounted cash flow method, which incorporated Level 3 inputs as defined in ASC Topic 820. We considered the expected net cash flows to be generated by the use of the assets through the store closure dates, as well as the expected cash proceeds from the disposition of the assets, if any.

Pension Benefits: Our pension costs and obligations are dependent on various assumptions. Our major assumptions primarily relate to expected long-term rates of return on plan assets, discount rates and inflation. In estimating the expected return on plan assets, we take into account the historical performance for the major asset classes held, or anticipated to be held, by the applicable pension funds and current forecasts of future rates of return for those asset classes. We base the discount rate on the interest rate on high quality (AA rated) corporate bonds that have a maturity approximating the term of the related obligations. We also make assumptions regarding employee demographic factors such as retirement patterns, mortality, turnover and the rate of compensation increases.

Based on our analysis of the financial impact of pension obligation assumptions and estimates, we do not believe these assumptions and estimates will have a material impact on our financial statements. The effect on pension obligations at January 31, 2015 of a change in discount rate and other assumptions is included in Note L - Pension and Other Post-Retirement Benefit Plans of the Notes to the Consolidated Financial Statements.

Income Taxes: The amount of income taxes we pay is subject to ongoing audits by federal, state and foreign tax authorities, which may result in proposed assessments. Our estimate for the potential outcome for any uncertain tax issue is highly judgmental. We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. For those tax positions for which it is more likely than not that a tax benefit will be sustained, we record the largest amount of tax benefit likely of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. Interest is accrued, where applicable. We recognize net tax-related interest and penalties in income tax expense. If we do not believe that it is more likely than not that a tax benefit will be sustained, no tax benefit is recognized. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities due to closure of income tax examinations, new regulatory or judicial pronouncements, or other relevant events. As a result, our effective tax rate may fluctuate significantly on a quarterly and annual basis.

We record deferred income tax assets for timing differences related to tax payments. We record a valuation allowance to reduce our deferred income tax assets to the amount that is more likely than not to be realized. We have considered estimated future taxable income and ongoing tax planning strategies in assessing the amount needed for the valuation allowance. If actual results differ unfavorably from those estimates used, we may not be able to realize all or part of our net deferred tax assets and additional valuation allowances may be required.

Definition of comparable sales

Beginning in 2014, we refer to comparable sales in our analysis of the results of operations of our North American Stores & Online segment. Comparable sales reflect comparable store sales (as defined below) for our North American retail stores**,** plus growth in Staples.com excluding the impact of foreign currency translation.

Definition of comparable store sales

Comparable store sales represents a comparison of sales for a particular store in the current period with sales for that same store in the corresponding period in the prior year. Stores become comparable as of the beginning of the 13th full fiscal month in which they are open. For stores that we close, the stores remain comparable through their last full fiscal monthly period of sales. For relocations, if the new store location opens within four days of the closure of the old location, and within a five mile radius of the old location, then the sales for the new location are compared with the sales for the old location; otherwise, the old location is treated as a closure and the new location is treated as an opening of a new store. For foreign locations, comparable stores sales exclude the impact of foreign currency translation. Comparable store sales figures exclude online sales. Transactions at in-store kiosks are included in comparable store sales if payment is made through the Company's point-of-sale systems.

Recently Adopted Accounting Pronouncements

See Note A in the Notes to the Consolidated Financial Statements for a summary of recently adopted accounting pronouncements.

Liquidity and Capital Resources

Cash Flows

2014 Compared to 2013

Cash provided by operations was $1.04 billion for 2014 compared to $1.11 billion for 2013. The $65.3 million decrease in operating cash flow from 2013 to 2014 was primarily due to a decline in net income adjusted for non-cash expenses compared with 2013.

Cash used in investing activities was $375.3 million for 2014 compared to $479.5 million for 2013, a decline of $104.3 million. The decline was primarily driven by the fact that in 2014 we sold three small business units for $58.6 million in net cash, whereas in 2013 our disposal of PSD and the termination of our joint venture in India yielded a combined $47.0 million net cash outflow.

Cash used in financing activities was $492.7 million for 2014 compared to $1.44 billion for 2013, a decline of $949.4 million. The decline was primarily attributable to the repayment of the $866.9 million remaining principal balance of our 9.75% notes upon their maturity in January 2014 (the "January 2014 Notes"), and a $132.5 million reduction in cash used to repurchase shares compared with fiscal 2013.

2013 Compared to 2012

Cash provided by operations was $1.11 billion for 2013 compared to $1.22 billion for 2012. The decrease in operating cash flow from 2012 to 2013 was primarily due to a decline in net income adjusted for non-cash expenses compared to 2012.

Cash used in investing activities was $479.5 million for 2013 compared to $342.0 million for 2012, an increase of $137.5 million. The increase was primarily driven by $74.6 million of net cash used for two business acquisitions, $34.3 million of cash spent in conjunction with the termination of our joint venture arrangement in India, and a $21.7 million increase in capital expenditures compared with the prior year. The $12.7 million use of cash related to the disposal of a business primarily pertained to cash that was on-hand at PSD at the time the sale transaction was completed.

Cash used in financing activities was $1.44 billion for 2013 compared to $812.3 million for 2012, an increase of $629.8 million. The increase was primarily attributable to the repayment of the $866.9 million remaining principal balance of our January 2014 Notes, partly offset by a $143.4 million reduction in cash used in our share repurchase plans. In 2013, the Company paid shareholders cash dividends of $0.48 per share for a total of $312.5 million, an increase from the $0.44 per share for a total of $294.1 million paid in 2012.

Contractual Obligations and Commercial Commitments

A summary, as of January 31, 2015, of our contractual obligations and balances available under credit agreements is presented below (amounts in thousands):

			Payments Due By Period			
Contractual Obligations and Commercial Commitments (1)(2)(6)	**Available Credit**	**Total Outstanding Obligations**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
January 2018 Notes (5)	—	500,000	—	500,000	—	—
January 2023 Notes (5)	—	500,000	—	—	—	500,000
May 2018 Revolving Credit Facility	1,000,000	—	—	—	—	—
Other lines of credit	138,947	77,214	77,214	—	—	—
Other notes and capital leases	—	40,073	14,504	19,821	5,387	361
Total (5)	$ 1,138,947	$ 1,117,287	$ 91,718	$ 519,821	$ 5,387	$ 500,361
Interest payments	—	$ 216,250	$ 35,625	$ 71,250	$ 43,750	$ 65,625
Operating leases (3)	—	$ 2,930,521	$ 703,905	$ 1,078,745	$ 602,231	$ 545,640
Purchase obligations (4)	—	$ 656,330	$ 485,240	$ 119,697	$ 48,550	$ 2,843

(1) See Note J - Income Taxes in the Notes to the Consolidated Financial Statements for information related to our unrecognized tax benefits.
(2) The above table excludes expected future contributions to our pension and post-retirement benefit plans. See Note L - Pension and Other Post-Retirement Benefit Plans in the Notes to the Consolidated Financial Statements for details about these future contributions.
(3) The operating lease payments reported above do not include common area maintenance or real estate taxes, which are expected to approximate 25% to 28% of the related operating lease payments. Utility costs related to leased facilities have also been excluded from this table because the payments do not represent contractual obligations until the services have been provided. Future annual minimum payments include restructuring related obligations as of January 31, 2015.
(4) Many of our purchase commitments may be canceled by us without advance notice or payment, and we have excluded such commitments, along with intercompany commitments. Contracts that may be terminated by us without cause or penalty but require advance notice for termination are valued on the basis of an estimate of what we would owe under the contract upon providing notice of termination.
(5) See Note F in the Notes to the Consolidated Financial Statements for information related to our $500 million 2.75% senior notes due January 2018 ("January 2018 Notes") and $500 million 4.375% senior notes due January 2023 ("January 2023 Notes"). The amounts shown in the table above represent the par value of the debt obligations. The funds provided by these issuances were used for general corporate purposes.
(6) As of January 31, 2015, Staples had open standby letters of credit totaling $100.7 million

There were no instances of default during 2014 under any of our debt agreements.

Off-Balance Sheet Financing Arrangements

We do not have any off-balance sheet financing arrangements as of January 31, 2015, nor did we utilize any during 2014.

Sources of Liquidity

To cover seasonal fluctuations in cash flows and to support our various initiatives, we use cash generated from operations and borrowings available under various credit facilities and a commercial paper program. As of January 31, 2015, we had $1.69 billion in total cash and funds available through credit agreements, which consisted of $1.06 billion of available credit and $627.2 million of cash and cash equivalents.

Of the $627.2 million in cash and cash equivalents, $326.2 million is held in jurisdictions outside the United States. During the first quarter of 2014, we repatriated $127.3 million of cash held by one of our foreign subsidiaries. As a result, during the first quarter of 2014 we recorded income tax expense of $11.2 million related to taxable income generated in the U.S. stemming from this repatriation. For the undistributed earnings that remain in our foreign subsidiaries after this repatriation that have not been previously taxed in the U.S., our intention remains to indefinitely reinvest those funds outside of the U.S., and accordingly deferred taxes have not been provided for these funds. The determination of the amount of the unrecognized deferred tax liability related to the remaining undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

On May 31, 2013, we entered into a credit agreement (the "May 2018 Revolving Credit Facility") with Bank of America N.A. and other lending institutions that provides for a maximum borrowing of $1.0 billion, and which pursuant to an accordion feature may be increased to $1.5 billion upon our request and the agreement of the lenders participating in the increase. We also have a commercial paper program ("Commercial Paper Program") that allows us to issue up to $1.0 billion of unsecured commercial paper notes from time to time. The May 2018 Revolving Credit Facility serves as a back-up to the Commercial Paper Program. See Note F - Debt and Credit Agreements in the Notes to the Consolidated Financial Statements for additional information related to these agreements. We did not borrow under the May 2018 Revolving Credit Facility during 2014, and no amounts were outstanding at January 31, 2015. The maximum amount outstanding under the Commercial Paper Program during 2014 was $150.0 million. As of January 31, 2015, no Commercial Paper Notes were outstanding. We also have various other lines of credit under which we may borrow a maximum of $138.9 million.

During 2014, we entered into $39.8 million of new capital lease obligations. We did not incur any new capital lease obligations in 2013.

Taking into consideration the amount of cash expected to be required for our planned acquisition of Office Depot and the financing commitments from Bank of America Merrill Lynch and Barclays, we expect that our cash generated from operations, together with our current cash, funds available under our existing credit agreements and other alternative sources of financing, will be sufficient to fund our planned capital expenditures, obligations associated with our restructuring and transformation initiatives, and other operating cash needs for at least the next twelve months.

Uses of Capital

As a result of our proposed acquisition of Office Depot, we have temporarily suspended our share repurchase program to focus on building up cash reserves ahead of the acquisition. Under the repurchase plan approved by our Board of Directors in 2011 (the "2011 Repurchase Plan"), we are authorized to repurchase up to $1.5 billion of common stock in both open market and privately negotiated transactions. The 2011 Repurchase Plan has no expiration date and may be suspended or discontinued at any time. As of January 31, 2015, we have spent a total of $1.13 billion to repurchase 83.4 million shares under the 2011 Repurchase Plan, and therefore, the remaining repurchase authorization is $373.3 million. While we do not plan to resume share repurchases in 2015, over the long-term we expect to continue buying back stock.

We may use capital to engage in strategic acquisitions such as the proposed acquisition of Office Depot. We consider many types of acquisitions for their strategic and other benefits. For example, on July 11, 2014 we completed the acquisition of PNI Digital Media Inc. ("PNI") for a net $67.9 million. PNI provides a software platform that enables retailers to sell personalized products such as photo prints, photo books, calendars, business cards, documents, wedding invitations, stationery and more. We plan to invest in PNI so that we can leverage its platform to grow our copy and print businesses, as well as to help PNI grow its existing customer base.

We are committed to maintaining our current quarterly dividend of $0.12 per share. We paid quarterly dividends of $0.12 per share during 2014 and 2013, and quarterly dividends of $0.11 per share in 2012. While it is our intention to continue to pay quarterly cash dividends for 2015 and beyond, any decision to pay future cash dividends will be made by our Board of Directors and will depend upon our earnings, financial condition and other factors.

We expect a modest increase in capital spending in 2015 compared with 2014, driven by investments in our online businesses and other strategic initiatives, as well as investments aimed at improving the productivity of existing stores. We expect the source of funds for our capital expenditures to come from operating cash flows.

Inflation and Seasonality

While neither inflation nor deflation has had, nor do we expect them to have a material impact upon our consolidated operating results, we may see price increases in certain categories from time to time. Our business is somewhat seasonal, with sales and profitability historically higher during the second half of our fiscal year due to the back-to-school, holiday and January back-to-business seasons.

Quantitative and Qualitative Disclosures about Market Risks

We are exposed to market risk from changes in interest rates and foreign exchange rates. We have a risk management control process to monitor our interest rate and foreign exchange risks. The risk management process uses analytical techniques, including market value, sensitivity analysis and value at risk estimates.

Interest Rate Risk

At January 31, 2015, we had variable rate debt obligations of approximately $77.2 million. While variable rate debt obligations expose us to the risk of rising interest rates, management does not believe that the potential exposure is material to our overall financial position or results of operations. Based on January 31, 2015 borrowing levels, a 1.0% increase or decrease in current market interest rates would have the effect of causing a $.8 million additional pre-tax charge or credit to our statement of operations. In certain instances we may use interest rate swap agreements to modify fixed rate obligations to variable rate obligations, thereby adjusting the interest rates to current market rates and ensuring that the debt instruments are always reflected at fair value. We had no interest rate swap agreements outstanding as of January 31, 2015 and February 1, 2014.

Foreign Currency Risk

We are exposed to foreign exchange risks through our business operations and investments in subsidiaries in Canada, Europe, Australia, South America and Asia. The currencies for which we have the most significant exposure to exchange rate fluctuations include the Canadian Dollar, the Euro, the British Pound Sterling, the Australian Dollar and the Chinese Renminbi.

Revenue and expense transactions in our foreign subsidiaries are primarily denominated in the respective local currencies. The income statements of our international operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions results in increased revenues and operating expenses for our international operations. Conversely, our revenues and operating expenses will decrease for our international operations when the U.S. dollar strengthens against foreign currencies. While the matching of local currency revenues and local currency expenses provides in effect a natural hedge, such matching does not completely reduce the foreign currency exchange rate exposure. Revenues from our foreign operations accounted for approximately 29% and 30% of consolidated revenues in 2014 and 2013, respectively.

The conversion of our foreign subsidiaries' financial statements into U.S. dollars will lead to a translation gain or loss which is recorded as a component of other comprehensive income (loss) in stockholders' equity. In 2014 and 2013, we recorded consolidated foreign currency translation losses of approximately $403.4 million and $126.8 million, respectively. In addition, certain of our foreign subsidiaries have assets and liabilities that are denominated in currencies other than the relevant entity's functional currency. Changes in the functional currency value of these assets and liabilities will result in a transaction gain or loss. In 2014, our foreign currency transaction losses were de minimis. In 2013, we recorded foreign currency transaction losses of $6.6 million, which are recorded in Other income (expense), net in our consolidated statement of income.

Our international business is subject to risks, including, but not limited to differing economic conditions, changes in political climate, differing tax structures, and other regulations and restrictions, all of which may influence foreign currency exchange rate volatility. Accordingly, our future results could be materially adversely impacted by changes in these or other factors. As exchange rates vary, our international financial results may vary from expectations and adversely impact our overall operating results.

In accordance with our risk management policies, we use derivative instruments on a limited basis to hedge our foreign currency exposures (see Note H - Derivative Instruments and Hedging Activities to the Notes to the Consolidated Financial Statements). Any increase or decrease in the fair value of our currency exchange rate sensitive derivative instruments would be offset by a corresponding decrease or increase in the fair value of the hedged underlying loans. As of January 31, 2015 and February 1, 2014, we had no outstanding foreign currency derivative agreements designated as hedges.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Staples, Inc.

We have audited the accompanying consolidated balance sheets of Staples, Inc. and subsidiaries as of January 31, 2015 and February 1, 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a) 2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Staples, Inc. and subsidiaries at January 31, 2015 and February 1, 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Staples, Inc.'s internal control over financial reporting as of January 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 Framework") and our report dated March 6, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Boston, Massachusetts
March 6, 2015

STAPLES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollar Amounts in Thousands, Except Share Data)

	January 31, 2015	February 1, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 627,174	$ 492,532
Receivables, net	1,927,781	1,838,714
Merchandise inventories, net	2,144,447	2,328,299
Deferred income tax assets	224,067	179,566
Prepaid expenses and other current assets	252,954	400,447
Total current assets	5,176,423	5,239,558
Property and equipment:		
Land and buildings	947,999	990,324
Leasehold improvements	1,230,740	1,306,987
Equipment	2,824,877	2,778,294
Furniture and fixtures	1,015,737	1,078,876
Total property and equipment	6,019,353	6,154,481
Less: Accumulated depreciation	4,314,421	4,283,762
Net property and equipment	1,704,932	1,870,719
Intangible assets, net of accumulated amortization	335,017	382,700
Goodwill	2,680,029	3,233,597
Other assets	417,327	448,302
Total assets	$ 10,313,728	$ 11,174,876
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,866,545	$ 1,997,494
Accrued expenses and other current liabilities	1,332,308	1,266,974
Debt maturing within one year	91,718	103,982
Total current liabilities	3,290,571	3,368,450
Long-term debt, net of current maturities	1,023,997	1,000,205
Other long-term obligations	685,795	665,386
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized; no shares issued	—	—
Common stock, $.0006 par value, 2,100,000,000 shares authorized; issued and outstanding 941,561,541 and 640,320,352 shares at January 31, 2015 and 938,722,858 shares and 652,860,207 shares at February 1, 2014, respectively	565	563
Additional paid-in capital	4,935,415	4,866,467
Accumulated other comprehensive loss	(1,041,195)	(507,154)
Retained earnings	6,829,277	7,001,755
Less: Treasury stock at cost, 301,241,189 shares at January 31, 2015 and 285,862,651 shares at February 1, 2014	(5,419,003)	(5,229,368)
Total Staples, Inc. stockholders' equity	5,305,059	6,132,263
Noncontrolling interests	8,306	8,572
Total stockholders' equity	5,313,365	6,140,835
Total liabilities and stockholders' equity	$ 10,313,728	$ 11,174,876

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(Dollar Amounts in Thousands, Except Share Data)

	Fiscal Year Ended		
	January 31, 2015	**February 1, 2014**	**February 2, 2013**
Sales	$ 22,492,360	$ 23,114,263	$ 24,380,510
Cost of goods sold and occupancy costs	16,691,324	17,081,978	17,889,249
Gross profit	5,801,036	6,032,285	6,491,261
Operating expenses:			
Selling, general and administrative	4,816,433	4,735,294	4,884,284
Impairment of goodwill and long-lived assets	469,663	—	810,996
Restructuring charges	170,878	64,085	207,016
Amortization of intangibles	61,691	55,405	78,900
Total operating expenses	5,518,665	4,854,784	5,981,196
Gain on sale of businesses, net	27,495	—	—
Operating income	309,866	1,177,501	510,065
Other income (expense):			
Interest income	2,930	4,733	5,340
Interest expense	(49,139)	(119,329)	(162,477)
Loss on early extinguishment of debt	—	—	(56,958)
Other income (expense), net	4,478	(100)	(30,547)
Income from continuing operations before income taxes	268,135	1,062,805	265,423
Income tax expense	133,609	355,801	426,270
Income (loss) from continuing operations	134,526	707,004	(160,847)
Discontinued operations:			
Loss from discontinued operations, net of income taxes	—	(86,935)	(49,978)
Consolidated net income (loss)	134,526	620,069	(210,825)
Loss attributed to the noncontrolling interests	—	—	(119)
Net income (loss) attributed to Staples, Inc.	$ 134,526	$ 620,069	$ (210,706)
Amounts attributable to Staples, Inc.:			
Income (loss) from continuing operations	$ 134,526	$ 707,004	$ (160,728)
Loss from discontinued operations	—	(86,935)	(49,978)
Net income (loss) attributed to Staples, Inc.	$ 134,526	$ 620,069	$ (210,706)
Basic Earnings Per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 0.21	$ 1.08	$ (0.24)
Discontinued operations attributed to Staples, Inc.	—	(0.13)	(0.07)
Net income (loss) attributed to Staples, Inc.	$ 0.21	$ 0.95	$ (0.31)
Diluted Earnings per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 0.21	$ 1.07	$ (0.24)
Discontinued operations attributed to Staples, Inc.	—	(0.13)	(0.07)
Net income (loss) attributed to Staples, Inc.	$ 0.21	$ 0.94	$ (0.31)
Dividends declared per common share	$ 0.48	$ 0.48	$ 0.44

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Dollar Amounts in Thousands)

	Fiscal Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
Consolidated net income (loss)	$ 134,526	$ 620,069	$ (210,825)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(403,419)	(126,795)	36,602
Disposal of foreign business, net	(1,335)	8,308	—
Changes in the fair value of derivatives, net	—	—	2,022
Deferred pension and other post-retirement benefit costs, net	(129,553)	737	(106,656)
Other comprehensive loss, net of tax	(534,307)	(117,750)	(68,032)
Consolidated comprehensive (loss) income	(399,781)	502,319	(278,857)
Comprehensive (loss) income attributed to noncontrolling interests	(266)	631	879
Comprehensive (loss) income attributed to Staples, Inc.	$ (399,515)	$ 501,688	$ (279,736)

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(Dollar and Share Amounts in Thousands)

	Equity Attributed to Staples, Inc.							
	Outstanding Common Stock	**Common Stock**	**Additional Paid-In Capital**	**Accumulated Other Comprehensive Income (loss)**	**Retained Earnings**	**Treasury Stock**	**Non-controlling Interests**	**Total Stockholders Equity**
Balances at January 28, 2012	695,744	$ 553	$ 4,551,299	$ (319,743)	$ 7,199,060	$ (4,416,018)	$ 7,062	$ 7,022,213
Issuance of common stock for stock options exercised	2,008	1	3,670	—	—	—	—	3,671
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	3,637	2	(2)	—	—	—	—	—
Tax benefit on exercise of options	—	—	185	—	—	—	—	185
Stock-based compensation	—	—	117,813	—	—	—	—	117,813
Sale of common stock under employee stock purchase plan	4,476	3	46,319	—	—	—	—	46,322
Net loss for the year	—	—	—	—	(210,706)	—	(119)	(210,825)
Common stock dividend	—	—	—	—	(294,147)	—	—	(294,147)
Other comprehensive income	—	—	—	(69,030)	—	—	998	(68,032)
Repurchase of common stock	(36,681)	—	—	—	—	(472,935)	—	(472,935)
Purchase of noncontrolling interest	—	—	(7,910)	—	—	—	—	(7,910)
Other	—	—	(261)	—	—	—	—	(261)
Balances at February 2, 2013	669,183	$ 559	$ 4,711,113	$ (388,773)	$ 6,694,207	$ (4,888,953)	$ 7,941	$ 6,136,094

		Equity Attributed to Staples, Inc.						
	Outstanding Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Treasury Stock	Non-controlling Interests	Total Stockholders Equity
Issuance of common stock for stock options exercised	2,646	$ 2	$ 38,511	$ —	$ —	$ —	$ —	$ 38,513
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	48	—	—	—	—	—	—	—
Net tax expense related to shortfall on exercise of stock options	—	—	(6,154)	—	—	—	—	(6,154)
Stock-based compensation	—	—	80,632	—	—	—	—	80,632
Sale of common stock under employee stock purchase plan	3,782	2	42,742	—	—	—	—	42,744
Net income for the year	—	—	—	—	620,069	—	—	620,069
Common stock dividend	—	—	—	—	(312,521)	—	—	(312,521)
Other comprehensive income	—	—	—	(118,381)	—	—	631	(117,750)
Repurchase of common stock	(22,799)	—	—	—	—	(340,415)	—	(340,415)
Purchase of noncontrolling interest	—	—	(96)	—	—	—	—	(96)
Other	—	—	(281)	—	—	—	—	(281)
Balances at February 1, 2014	652,860	$ 563	$ 4,866,467	$ (507,154)	$ 7,001,755	$ (5,229,368)	$ 8,572	$ 6,140,835
Issuance of common stock for stock options exercised	711	—	11,122	—	—	—	—	11,122
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	423	—	—	—	—	—	—	—
Net tax expense related to shortfall on exercise of stock options	—	—	(26,551)	—	—	—	—	(26,551)
Stock-based compensation	—	—	64,123	—	—	—	—	64,123
Sale of common stock under employee stock purchase plan	3,299	2	37,616	—	—	—	—	37,618
Net income for the year	—	—	—	—	134,526	—	—	134,526
Common stock dividend	—	—	—	—	(307,004)	—	—	(307,004)
Other comprehensive income	—	—	—	(534,041)	—	—	(266)	(534,307)
Repurchase of common stock	(16,973)	—	(18,261)	—	—	(189,635)	—	(207,896)
Other	—	—	899	—	—	—	—	899
Balances at January 31, 2015	640,320	$ 565	$ 4,935,415	$ (1,041,195)	$ 6,829,277	$ (5,419,003)	$ 8,306	$ 5,313,365

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Dollar Amounts in Thousands)

	Fiscal Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
Operating Activities:			
Consolidated net income (loss)	$ 134,526	$ 620,069	$ (210,825)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	405,181	402,813	408,413
Amortization of intangibles	61,691	55,405	78,900
(Gain) loss on sale of businesses, net	(27,495)	80,887	—
Impairment of goodwill and long-lived assets	469,663	—	810,996
Inventory write-downs related to restructuring activities	26,307	—	—
Stock-based compensation	64,123	80,632	117,813
Excess tax benefits from stock-based compensation arrangements	(625)	(2,140)	(185)
Deferred income tax (benefit) expense	(48,544)	104,786	112,148
Loss on early extinguishment of debt	—	—	56,958
Loss related to equity method investment	—	—	26,211
Other	12,524	(4,348)	7,208
Changes in assets and liabilities:			
(Increase) decrease in receivables	(184,003)	(54,418)	122,628
Decrease (increase) in merchandise inventories	62,035	(81,130)	87,246
Decrease (increase) in prepaid expenses and other assets	138,457	(39,349)	(48,145)
(Decrease) increase in accounts payable	(59,154)	108,392	(260,263)
Decrease in accrued expenses and other liabilities	(24,475)	(89,615)	(111,246)
Increase (decrease) in other long-term obligations	12,727	(73,698)	21,331
Net cash provided by operating activities	1,042,938	1,108,286	1,219,188
Investing Activities:			
Acquisition of property and equipment	(360,866)	(371,229)	(349,574)
Cash paid for termination of joint venture	—	(34,298)	—
Proceeds from the sale of property and equipment	4,721	13,350	9,500
Sale of businesses, net	58,639	(12,736)	—
Acquisition of businesses, net of cash acquired	(77,787)	(74,632)	(1,941)
Net cash used in investing activities	(375,293)	(479,545)	(342,015)
Financing Activities:			
Proceeds from the exercise of stock options and sale of stock under employee stock purchase plans	48,738	81,257	49,993
Proceeds from borrowings	22,618	37,811	1,087,843
Payments on borrowings and capital lease obligations	(49,737)	(910,225)	(485,554)
Early settlement of debt	—	—	(689,740)
Purchase of noncontrolling interest	—	(96)	(7,910)
Cash dividends paid	(307,004)	(312,521)	(294,147)
Excess tax benefits from stock-based compensation arrangements	625	2,140	185
Repurchase of common stock	(207,896)	(340,415)	(472,935)
Net cash used in financing activities	(492,656)	(1,442,049)	(812,265)
Effect of exchange rate changes on cash and cash equivalents	(48,215)	(19,889)	5,245
Net increase (decrease) in cash and cash equivalents	126,774	(833,197)	70,153
Cash and cash equivalents at beginning of period	492,532	1,334,302	1,264,149
Cash and cash equivalents at end of period	619,306	501,105	1,334,302
Less: Change in cash and cash equivalents attributed to discontinued operations	—	(705)	—
Add: Cash and cash equivalents attributed to disposal group held for sale at February 1, 2014	7,868	(7,868)	—
Cash and cash equivalents at the end of the period	$ 627,174	$ 492,532	$ 1,334,302

See notes to consolidated financial statements.

Note A - Summary of Significant Accounting Policies

Nature of Operations: Staples, Inc. and subsidiaries ("Staples" or "the Company") is a world-class provider of products and services that serve the needs of business customers and consumers. Through its leading retail, online and delivery capabilities, Staples lets customers shop however and whenever they want, whether it's in-store, online or on mobile devices. The Company has three reportable segments: North American Stores & Online, North American Commercial, and International Operations. The North American Stores & Online segment consists of the U.S. and Canadian businesses that sell products and services through retail stores and Staples.com. The North American Commercial segment consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses and includes Staples Advantage and Quill.com. The International Operations segment consists of business units that sell and deliver products and services directly to customers in 23 countries in Europe, Australia, South America and Asia.

Basis of Presentation: The consolidated financial statements include the accounts of Staples, Inc. and its wholly and majority owned subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation. The Company accounts for investments in businesses in which it owns between 20% and 50% of the voting interest using the equity method, if the Company has the ability to exercise significant influence over the investee company.

On July 11, 2014, Staples completed its acquisition of PNI Digital Media, Inc. ("PNI") for a net $67.9 million. PNI's results of operations are included in the Company's consolidated results from that date forward.

The Company's former European Printing Systems Division business ("PSD") is presented as a discontinued operation in the consolidated statement of income in 2012 and 2013. The Company completed the sale of PSD on October 5, 2013. Unless otherwise stated, any reference to the consolidated statement of income items in the notes to the consolidated financial statements refers to results from continuing operations.

Fiscal Year: Staples' fiscal year is the 52 or 53 weeks ending on the Saturday closest to January 31. Fiscal year 2014 ("2014") consisted of the 52 weeks ended January 31, 2015, fiscal year 2013 ("2013") consisted of the 52 weeks ended February 1, 2014 and fiscal year 2012 ("2012") consisted of the 53 weeks ended February 2, 2013.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management of Staples to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents: Staples considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables: Receivables include trade receivables financed under regular commercial credit terms and other non-trade receivables. Gross trade receivables were $1.43 billion at January 31, 2015 and $1.38 billion at February 1, 2014. Concentrations of credit risk with respect to trade receivables are limited due to Staples' large number of customers and their dispersion across many industries and geographic regions.

An allowance for doubtful accounts has been recorded to reduce trade receivables to an amount expected to be collectible from customers based on specific evidence as well as historic trends. The allowance recorded at January 31, 2015 and February 1, 2014 was $38.3 million and $30.8 million, respectively.

Other non-trade receivables were $539.6 million at January 31, 2015 and $489.5 million at February 1, 2014 and consisted primarily of purchase and advertising rebates due from vendors under various incentive and promotional programs. Amounts expected to be received from vendors relating to the purchase of merchandise inventories are recognized as a reduction of inventory cost and realized as part of cost of goods sold as the merchandise is sold. Amounts expected to be received from vendors that represent reimbursement for specific, incremental costs incurred by the Company related to selling a vendor's products, such as advertising, are recorded as an offset to those costs when they are recognized in the consolidated statement of income.

Inventory: Inventory is valued at the lower of weighted-average cost or market value. The Company reserves for obsolete, overstocked and inactive inventory based on the difference between the weighted-average cost of the inventory and the estimated market value using assumptions of future demand and market conditions.

Accounts Payable: The Company has agreements with third parties to provide accounts payable tracking and payment services which facilitate participating suppliers' ability to finance payment obligations from the Company with designated third-party financial institutions. Participating suppliers may, at their sole discretion, make offers to finance one or more payment obligations of the Company prior to their scheduled due dates at a discounted price to participating financial institutions. The Company has no economic interest in the sale of these receivables. The Company's obligations to its suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to finance amounts under these arrangements. The Company presents these obligations as trade accounts payable.

Property and Equipment: Property and equipment are recorded at cost. Expenditures for normal maintenance and repairs are charged to expense as incurred. Depreciation and amortization, which includes the amortization of assets recorded under capital obligations, are provided using the straight-line method over the following useful lives: 40 years for buildings; 3-10 years for furniture and fixtures; and 3-10 years for equipment, which includes computer equipment and software with estimated useful lives of 3-7 years. Leasehold improvements are amortized over the shorter of the terms of the underlying leases or the estimated economic lives of the improvements. Asset retirement obligations are recognized when incurred and the related cost is amortized over the remaining useful life of the related asset.

Lease Acquisition Costs: Lease acquisition costs, which are included in other assets, are recorded at cost and amortized using the straight-line method over the respective lease terms, including option renewal periods if renewal of the lease is reasonably assured, which range from 1 to 46 years. Lease acquisition costs, net of accumulated amortization, at January 31, 2015 and February 1, 2014 were $11.3 million and $13.8 million, respectively.

Fair Value of Financial Instruments: The Company measures the fair value of financial instruments pursuant to the guidelines of Accounting Standards Codification ("ASC") Topic 820 *Fair Value Measurement* ("ASC Topic 820"), which establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement), then the lowest priority to unobservable inputs (Level 3 measurement).

Impairment of Goodwill: The Company reviews goodwill for impairment annually, in the fourth quarter, and whenever events or changes in circumstances indicate that the carrying value of a reporting unit might exceed its current fair value. For the annual test, the Company may perform an initial qualitative assessment for certain reporting units to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. This assessment is used as a basis for determining whether it is necessary to perform the two step goodwill impairment test. For those reporting units for which the Company performs the two step impairment test, the Company determines fair value using discounted cash flow analysis, which requires management to make assumptions and estimates regarding industry economic factors and the future profitability of the Company's businesses. The Company does not rely on a market approach given that it believes there are an insufficient number of relevant guideline companies and comparable transactions. It is the Company's policy to allocate goodwill and conduct impairment testing at a reporting unit level based on its most current business plans, which reflect changes the Company anticipates in the economy and the industry. The Company established, and continues to evaluate, its reporting units based on its internal reporting structure and defines such reporting units at the operating segment level or one level below.

Impairment of Long-Lived Assets: The Company evaluates long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability is measured based upon the estimated undiscounted cash flows expected to be generated from the use of an asset plus any net proceeds expected to be realized upon its eventual disposition. An impairment loss is recognized if an asset's carrying value is not recoverable and if it exceeds its fair value. Staples' policy is to evaluate long-lived assets for impairment at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows or other assets and liabilities.

Exit and Disposal Activities: The Company's policy is to recognize costs associated with exit and disposal activities, including restructurings, when a liability has been incurred. Employee termination costs associated with ongoing benefit arrangements are accrued when the obligations are considered probable and can be reasonably estimated, while costs associated with one-time benefit arrangements generally are accrued when the key terms of the arrangement have been communicated to the affected employees. Costs related to ongoing lease obligations for vacant facilities are recognized once the Company has ceased using the facility, and the related liability is recorded net of estimated future sublease income. Payments made to terminate a lease agreement prior to the end of its term are accrued when the termination agreement is signed, or when notification is given to the landlord if a lease agreement has a pre-existing termination clause. For property and equipment that the Company expects to retire at the time of a facility closing, the Company first reassesses the assets' estimated remaining useful lives and evaluates whether the assets are impaired on a held for use basis, and then accelerates depreciation as warranted.

Revenue Recognition: The Company recognizes revenue from the sale of products and services when the following four criteria are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable, and collectibility is reasonably assured. Revenue is recognized for product sales at the point of sale for the Company's retail operations and at the time of shipment for its delivery sales. The Company offers its customers various coupons, discounts and rebates, which are treated as a reduction of revenue.

The Company evaluates whether it is appropriate to record the gross amount of product and service sales and related costs or the net amount earned as a commission. In making this determination, the Company considers several factors, including which party in the transaction is the primary obligor, the degree of inventory risk, which party establishes pricing, the Company's ability to select vendors, and whether it earns a fixed amount per transaction. Generally, when the Company is the party in the transaction with the primary obligation to the customer or is subject to inventory risk, revenue is recorded at the gross sale price, assuming other factors corroborate that the Company is the principal party in the transaction. If the Company is not primarily obligated and does not have inventory risk, it generally records the net amount as a commission earned.

Revenue arrangements with multiple deliverables that have value on a standalone basis are divided into separate units of accounting. Revenue is allocated to each deliverable using estimated selling prices if the Company does not have vendor-specific objective evidence or third-party evidence of the selling prices of the deliverables. The Company recognizes revenue for each unit of accounting based on the nature of the deliverable and the revenue recognition guidance applicable to each unit.

Revenue is recorded net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded as current liabilities until remitted to the relevant government authority.

Cost of Goods Sold and Occupancy Costs: Cost of goods sold and occupancy costs includes the costs of merchandise sold, inbound and outbound freight, receiving and distribution, and store and distribution center occupancy (including real estate taxes and common area maintenance).

Shipping and Handling Costs: All shipping and handling costs are included as a component of cost of goods sold and occupancy costs.

Selling, General and Administrative Expenses: Selling, general and administrative expenses include payroll, advertising and other operating expenses for the Company's stores and delivery operations not included in cost of goods sold and occupancy costs.

Advertising: Staples expenses the costs of producing an advertisement the first time the advertising takes place, except for the cost of direct response advertising, primarily catalog production costs, which are capitalized and amortized over their expected period of future benefits (i.e., the life of the catalog). Direct catalog production costs included in prepaid and other assets totaled $10.1 million and $14.3 million at January 31, 2015 and February 1, 2014, respectively. The cost of communicating an advertisement is expensed when the communication occurs. Total advertising and marketing expense was $495.9 million, $498.9 million and $533.6 million for 2014, 2013 and 2012, respectively.

Stock-Based Compensation: The Company accounts for stock-based compensation in accordance with ASC Topics 505 *Equity* and 718 *Stock Compensation*. Stock-based compensation for restricted stock and restricted stock units is measured based on the closing market price of the Company's common stock price on the date of grant, less the present value of dividends expected to be paid on the underlying shares but foregone during the vesting period. Stock-based compensation for stock options is measured based on the estimated fair value of each award on the date of grant using a binomial valuation model. For awards with service conditions only, the Company recognizes stock-based compensation costs as expense on a straight-line basis over the requisite service period. For awards that include performance conditions, the Company recognizes compensation expense during the performance period to the extent achievement of the performance condition is deemed probable relative to targeted performance. A change in the Company's estimate of the probable outcome of a performance condition is accounted for in the period of the change by recording a cumulative catch-up adjustment.

Pension and Other Post-Retirement Benefits: The Company maintains pension and post-retirement life insurance plans for certain employees globally. These plans include significant obligations, which are calculated based on actuarial valuations. Key assumptions used in determining these obligations and related expenses include expected long-term rates of return on plan assets, discount rates and inflation. The Company also makes assumptions regarding employee demographic factors such as retirement patterns, mortality, turnover and the rate of compensation increases. These assumptions are evaluated annually. Expected return on plan assets is determined using fair market value. The Company calculates amortization of actuarial gains and losses using the corridor approach and the estimated remaining service of plan participants.

Foreign Currency: The assets and liabilities of Staples' foreign subsidiaries are translated into U.S. dollars at current exchange rates as of the balance sheet date, and revenues and expenses are translated at average monthly exchange rates. The resulting translation adjustments are recorded as a separate component of stockholders' equity. Foreign currency transaction gains and losses relate to the settlement of assets or liabilities in a currency other than the functional currency. Foreign currency transaction (losses) gains were $0.0 million, $(6.6) million and $(3.1) million for 2014, 2013 and 2012, respectively. These amounts are included in Other income (expense), net.

Derivative Instruments and Hedging Activities: The Company recognizes all derivative financial instruments in the consolidated financial statements at fair value. Changes in the fair value of derivative financial instruments that qualify for hedge accounting are recorded in stockholders' equity as a component of accumulated other comprehensive income or as an adjustment to the carrying value of the hedged item. Changes in fair values of derivatives not qualifying for hedge accounting are reported in earnings.

Accounting for Income Taxes: Deferred income tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted income tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse. Additionally, deferred income tax assets and liabilities are separated into current and non-current amounts based on the classification of the related assets and liabilities for financial reporting purposes or the expected reversal date of the deferred income tax assets and liabilities if they are not related to an asset or liability for financial reporting purposes.

The Company accounts for uncertain tax provisions in accordance with ASC Topic 740 *Income Taxes*. These provisions require companies to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any benefit can be recorded in the financial statements. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

Recently Adopted Accounting Pronouncements: In May 2014, a pronouncement was issued that creates common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The new guidance supersedes most preexisting revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, and early adoption is not permitted. The standard shall be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. For Staples, the standard will be effective in the first quarter of fiscal 2017. The Company is currently evaluating the impact of the new pronouncement on the Company's consolidated financial statements.

In April 2014, a pronouncement was issued that changes the requirements for reporting discontinued operations. The new pronouncement stipulates that the disposal of a component of an entity is to be reported in discontinued operations only if the disposal represents a strategic shift that has (or will have) a major effect on an entity’s operations and financial results. The pronouncement also removed the conditions that a) the operations and cash flows of the component have been (or will be) eliminated from the ongoing operations of the entity as a result of the disposal transaction and b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. The Company adopted this guidance as of the beginning of its fiscal year 2014. The guidance applies to components of the Company that are disposed or classified as held for sale after the effective date. The adoption of this guidance had no impact on the Company's consolidated financial statements for 2014.

Note B — Restructuring Charges

2014 Restructuring Plan

The Company continues to see customer demand shifting to online channels, which has led the Company to increase its focus on growing its online businesses. As a result, the Company announced the closure of at least 225 retail stores in North America by the end of fiscal year 2015 (the “Store Closure Plan”). In 2014, the Company approved the closure of 197 specific retail stores, of which 169 were closed during the year.

In addition, as part of the Company’s continuing efforts to transform its business, the Company initiated a cost savings plan to generate annualized pre-tax savings of approximately $500 million by the end of fiscal 2015. The Company expects the savings to come from global supply chain, retail store closures and labor optimization, non-product related costs, IT hardware and services, marketing, sales force, and customer service. The Company plans to reinvest some of the savings in its strategic initiatives. In 2014, pursuant to the Company's efforts to improve efficiencies in its North American delivery fulfillment operations, the Company approved the closure of certain fulfillment centers and supporting facilities, and the outsourcing of certain logistics functions.

The actions to be taken related to the $500 million cost savings plan, together with the actions to be taken related to the Store Closure Plan, are herein referred to as the "2014 Plan". The Company expects to substantially complete the actions required under the 2014 Plan by the end of 2015.

As a result of these actions and other initiatives related to the 2014 Plan, the Company recorded pre-tax charges of $244.7 million in 2014. The table below provides a summary of the charges recorded for each major type of cost associated with the

2014 Plan, as well as the Company's current estimates of the amount of charges expected to be incurred during fiscal 2015. The table also summarizes the costs incurred and expected to be incurred by reportable segment (in millions).

	Actual costs incurred		Estimated costs to be incurred
	2014		2015
Employee related costs	$	45.3	$10 - 25 million
Contractual obligations		109.5	50 - 100 million
Other associated costs		17.3	Up to 15 million
Total restructuring charges		172.1	60 - 140 million
Impairment of long-lived assets and accelerated depreciation		46.3	10 - 30 million
Inventory write-downs		26.3	Up to 10 million
Total charges	$	244.7	$70 - 180 million
North American Stores & Online	$	177.3	$25 - 90 million
North American Commercial		50.1	30 - 50 million
International Operations		17.3	15 - 40 million
Total charges	$	244.7	$70 - 180 million

The Company's estimates of future charges could change as the Company's plans evolve and become finalized.

See Note C - Goodwill and Long-Lived Assets for additional information related to the $36.9 million of fixed asset impairment charges recorded in 2014. The Company also recorded accelerated depreciation of $9.4 million in 2014, primarily related to the planned closure of facilities supporting the Company's North American delivery operations.

During 2014, the Company recognized inventory write-downs of $26.3 million primarily related to the rationalization of certain SKU's pursuant to the Company's efforts to improve efficiencies in its delivery fulfillment operations, as well as the retail store closures. The inventory write-downs are included in Cost of goods sold and occupancy costs in the consolidated statement of comprehensive income.

The table below shows the restructuring charges recorded during the 2014 and the related liability balances as of January 31, 2015 for each major type of cost associated with the 2014 Plan (in thousands):

	2014 Plan							
	Employee Related		Contractual Obligations		Other		Total	
Accrued restructuring balance as of February 1, 2014	$	—	$	—	$	—	$	—
Charges		45,326		109,494		17,271		172,091
Cash payments		(13,829)		(24,455)		(15,495)		(53,779)
Foreign currency translations		(828)		(1,557)		(9)		(2,394)
Accrued restructuring balance as of January 31, 2015	$	30,669	$	83,482	$	1,767	$	115,918

Of the $172.1 million of restructuring charges incurred during 2014 related to the 2014 Plan, approximately $133.7 million relates to North American Stores & Online, $23.6 million relates to North American Commercial and $14.8 million relates to International Operations. For the restructuring liabilities associated with the 2014 Plan, $51.6 million of contractual obligations costs are included within Other long-term obligations and the remaining balances are included within Accrued expenses and other current liabilities in the Company's consolidated balance sheet as of January 31, 2015. The Company expects that payments related to employee related liabilities associated with the 2014 Plan will be substantially completed by the end of fiscal 2015. The Company anticipates that payments related to facility lease obligations will be completed by fiscal year 2024.

The restructuring charges related to the 2014 Plan are presented within Restructuring charges in the Company's consolidated statement of income. The table below shows how the $172.1 million of restructuring charges would have been allocated if the Company had recorded the expenses within the functional departments of the restructured activities (in thousands):

	Fiscal Year Ended January 31, 2015
Cost of goods sold and occupancy costs	$ 123,709
Selling, general and administrative	48,382
Total	$ 172,091

2013 Restructuring Plan

In the third quarter of 2013, the Company initiated a restructuring plan (“the 2013 Plan”) to streamline its operations and general and administrative functions. Pursuant to the 2013 Plan, certain distributed general and administrative functions are being centralized and certain operational resources are being consolidated, which the Company believes will decrease costs, without negatively impacting customer service.

As a result of this plan, the Company recorded pre-tax restructuring charges of $78.3 million, including $75.5 million for employee severance costs related to the elimination of positions throughout the organization and $2.8 million for other associated costs. Of these amounts, $62.7 million relates to the Company's International Operations segment and $15.6 million relates to the Company’s corporate headquarters and North American operations. The Company expects to substantially complete the actions required under the 2013 Plan by the end of fiscal 2015.

During 2014, the Company recorded adjustments to increase the employee-related liability associated with the 2013 Plan by $5.1 million and to decrease the liability for other associated costs by $1.2 million. The adjustment to the employee-related liability stemmed from changes in estimates regarding the number of headcount reductions and the amount of severance benefits per associate, primarily related to the closure of a distribution center in Europe and the Company's restructuring of its European marketing and merchandising organizations. The adjustment to the liability for other associated costs resulted from changes in estimates related to professional fees incurred in connection with the 2013 Plan. The Company does not expect to incur material costs in future periods related to the 2013 Plan.

The table below shows a reconciliation of the beginning and ending liability balances related to each major type of cost incurred under the 2013 Plan (in thousands):

	2013 Plan		
	Employee Related	Other	Total
Accrued restructuring balance as of February 1, 2014	$ 62,489	$ 2,532	$ 65,021
Cash payments	(23,609)	(1,327)	(24,936)
Adjustments	5,129	(1,243)	3,886
Foreign currency translations	(8,294)	38	(8,256)
Accrued restructuring balance as of January 31, 2015	$ 35,715	$ —	$ 35,715

For the restructuring liabilities associated with the 2013 Plan, all of the balances are included within Accrued expenses and other current liabilities in the Company's consolidated balance sheet as of January 31, 2015. The Company expects that the payments related to the employee related liabilities will be substantially completed by the end of fiscal 2015.

The restructuring charges related to the 2013 Plan are presented within Restructuring charges in the Company's consolidated statements of income. The table below shows how the $78.3 million of restructuring charges would have been allocated if the Company had recorded the expenses within the functional departments of the restructured activities (in thousands):

	Fiscal Year Ended February 1, 2014
Cost of goods sold and occupancy costs	$ 7,680
Selling, general and administrative	70,610
Total	$ 78,290

2012 Restructuring Plan

In 2012, the Company initiated a strategic plan (the "2012 Plan") aimed at accelerating growth, particularly in the Company's online businesses. Pursuant to the 2012 Plan, the Company took the following actions:

- closed 46 retail stores in Europe and accelerated the closure of 15 retail stores in the United States;
- closed and consolidated certain sub-scale delivery businesses in Europe;
- sold PSD;
- reorganized certain general and administrative functions in Europe; and
- rebranded its business in Australia from the Corporate Express tradename to the Staples tradename (see Note C - Goodwill and Long-Lived Assets).

As a result of the actions taken under the 2012 Plan, during 2012 the Company recorded pre-tax restructuring charges of $207.0 million related to continuing operations. Of these amounts, approximately $177 million related to the Company's International Operations segment and $30 million related to the North American Stores & Online segment. The Company does not expect to incur material costs in future periods in connection with the 2012 Plan. The actions required under the 2012 Plan were substantially complete by the end of fiscal 2013.

The table below shows a reconciliation of the beginning and ending liability balances related to each major type of cost incurred under the 2012 Plan (in thousands):

	2012 Plan			
	Contractual Obligation	Employee Related	Other	Total
Accrued restructuring balance as of February 1, 2014	$ 28,681	$ 13,787	$ 179	$ 42,647
Cash payments	(13,594)	(9,480)		(23,074)
Adjustments	(1,197)	(3,722)	(179)	(5,098)
Foreign currency translations	(847)	3,045		2,198
Accrued restructuring balance as of January 31, 2015	$ 13,043	$ 3,630	$ —	$ 16,673

The Company expects that payments related to employee related liabilities associated with the 2012 Plan will be substantially completed by the end of 2015. The Company anticipates payments related to facility lease obligations will be complete by fiscal year 2024.

During 2014, the Company recorded an adjustment to reduce the severance liability related to the 2012 restructuring plan by $3.7 million due to changes in estimates for the amount of severance benefits to be paid under this plan (primarily related to the Company's North American Stores & Online segment).

For the restructuring liabilities associated with the 2012 Plan, $5.9 million of the contractual obligations are included in Other long-term obligations and the remaining balances are included within Accrued expenses and other current liabilities in the Company's consolidated balance sheet as of January 31, 2015.

The restructuring charges related to continuing operations are presented within Restructuring charges in the Company's consolidated statements of income. The table below summarizes how the $207.0 million of restructuring charges would have been allocated if the Company had recorded the expenses within the functional department of the restructured activities (in thousands):

	Fiscal Year Ended February 2, 2013
Cost of goods sold and occupancy costs	$ 118,693
Selling, general and administrative	88,323
Total	$ 207,016

As a result of the closure of the 46 retail stores in Europe and the 15 retail stores in the United States and the consolidation of certain sub-scale delivery businesses in Europe, the Company incurred long-lived asset impairment charges of $34.7 million in 2012 (see Note C - Goodwill and Long-Lived Assets).

Also during 2012, the Company recorded a pre-tax charge of $20.1 million primarily for severance and benefit costs in connection with the Company's decision to pursue the sale of PSD. These charges were reflected in Loss from discontinued operations, net of tax in the Company's consolidated statements of income. The Company completed the sale of PSD in the third quarter of 2013 (see Note E - Divestitures).

Note C — Goodwill and Long-Lived Assets

Goodwill

2014 Goodwill Impairment

In the fourth quarter of 2014, the Company performed its annual goodwill impairment testing. See Note A for the Company's accounting policy related to testing goodwill for impairment. The Company measured fair value in step one of the impairment test using the income approach, specifically the discounted cash flow ("DCF") method. The key assumptions and estimates used in the DCF method included:

- The reporting unit's projections of financial results over periods that range from five to eleven years, depending on the maturity of the underlying business. For more established businesses, such as U.S. Stores & Online and the Company's European and Australian operations, the Company used projection periods of five to seven years, while in its emerging market businesses an eleven year projection period was used which reflects management's expectations of the development time for these growth-oriented businesses. In general, the reporting units' fair values are most sensitive to assumptions related to sales growth and operating profit rates, which represent estimates based on the Company's current and projected sales mix, profit improvement opportunities and market conditions.
- The discount rate, which is used to measure the present value of the reporting unit's projected future cash flows, including those relating to the reporting unit's terminal value, is based on a weighted-average cost of capital ("WACC") that reflects market and industry data as well as Company-specific risk factors that are likely to be considered by a market participant. The WACC represents the Company's best estimate of the overall after-tax rate of return required by equity and debt holders of a business enterprise.
- The reporting unit's perpetual growth rate, which is based on projections for long-term GDP growth in the reporting unit's local economy and a consideration of trends that indicate its long-term market opportunity. While the Company believes its growth assumptions are reasonable, actual growth rates may be lower due to a variety of potential causes, such as a secular decline in demand for products and services, unforeseen competition, long-term GDP growth rates in established economies being lower than projected growth rates, or a long-term deceleration in the growth rates of emerging markets.

As disclosed in the Company's prior year annual report on form 10-K and in its quarterly report on form 10-Q for the thirteen weeks ended November 1, 2014, the Company has been monitoring the performance of its Australia and China reporting units, which have material amounts of goodwill that were deemed to be at risk of impairment. At the time of the impairment test, these reporting units had $337 million and $198 million of associated goodwill, respectively.

The Company's Australia reporting unit experienced unusually high customer attrition in 2011 and 2012, and operating challenges continued in 2013. In 2014, sales and profits were again below plan, and challenges remain in generating the levels of growth sufficient to improve the long-term profitability of the business.

The Company has previously projected significant growth for its China reporting unit. However, sales growth in 2013 was weaker than expected, and in 2014 sales declined as the business decided to exit certain unprofitable arrangements, and growth in ecommerce sales was not sufficient to offset the loss of these arrangements.

In addition, the Company's South America reporting unit, which had $13 million of goodwill at the time of the impairment test, has also experienced weaker than expected growth.

In conjunction with the Company's annual cycle for planning and budgeting, in the fourth quarter of 2014 the Company updated its fiscal 2015 and long-term financial projections for its reporting units. The resulting sales growth outlook for the Australia, China and South America reporting units is lower than prior expectations. Considering the lower near-term outlook and the recent history of operating shortfalls, the Company incorporated reductions into its long-term sales growth projections for these three reporting units, resulting in lower long-term profit rates due to lower operating leverage. As a result, these three reporting units failed step one of the impairment test.

In the second step of the impairment test, the Company assigned the reporting units' fair values to their individual assets and liabilities, including any unrecognized assets or liabilities, in a hypothetical analysis that calculates the implied fair value of goodwill in the same manner as if the reporting unit was being acquired in a business combination. If the implied fair value of the reporting unit's goodwill is less than the carrying value, the difference is recorded as an impairment charge. The fair value estimates incorporated in step two were primarily based on the income approach, specifically the multi-period excess earnings method. Based on the results of this second step, during the fourth quarter of 2014 the Company recorded total goodwill impairment charges of $409.5 million, including $280.2 million related to Australia, $116.3 million related to China, and $13.0 million related to South America. These reporting units are components of the Company's International Operations segment.

The valuation methodologies used to measure the impairment charges incorporated unobservable inputs reflecting significant estimates and assumptions made by management. Accordingly, the Company classified these measurements as Level 3 within the fair value hierarchy. Key inputs included expected sales growth rates, customer attrition rates, operating income margins, market-based royalty rates, and discount rates.

Due to the inherent uncertainty associated with forming the estimates described above, actual results could differ from those estimates. Future events and changing market conditions may impact the Company's key inputs and may result in future goodwill impairment charges that, if incurred, could have a material adverse effect on the Company's results of operations. As of January 31, 2015, taking into account the charges recorded during the fourth quarter of 2014 as well as the impact of currency translation adjustments, the remaining amount of goodwill associated with the Company's Australia, China, and South America reporting units was $51.3 million, $80.2 million, and $0, respectively.

2012 Goodwill Impairment

In 2012 the Company recorded goodwill impairment charges of $303.3 million related to its Europe Retail reporting unit and $468.1 million related to its Europe Catalog reporting unit. These reporting units are components of the Company's International Operations segment. The impairment charges stemmed from a history of declining sales and profits for these businesses, combined with political and economic instability in Europe and a sustained decline of the Company's stock price at that time. As a result of these trends, the Company developed a strategic plan in 2012 to restructure its operations in Europe (see Note B - Restructuring Charges).

To derive the fair value of these reporting units in step one of the impairment test, the Company used the DCF method. The fair value estimates incorporated in step two were primarily based on third-party appraisals and the income approach, specifically the relief from royalty and the multi-period excess earnings methods.

The valuation methodologies used in the 2012 goodwill and long-lived asset (see further below) impairment testing incorporated unobservable inputs reflecting significant estimates and assumptions made by management. Accordingly, the Company classified these measurements as Level 3 within the fair value hierarchy. The charges were also based, in part, on property appraisals prepared by third-party valuation specialists. The appraisals incorporate a significant amount of judgment on the part of the valuation specialists regarding appropriate comparable properties and an assessment of current market conditions. The Company has also classified these measurements as Level 3 within the fair value hierarchy.

The changes in the carrying amounts of goodwill during fiscal 2013 and 2014 are as follows (in thousands):

	Goodwill at February 2, 2013	2013 Additions	Held for Sale	2013 Adjustments	Foreign Exchange Fluctuations	Goodwill at February 1, 2014
North American Commercial	$ 1,245,034	$ 18,377	$ (11,163)	$ (5,462)	$ —	$ 1,246,786
North American Stores & Online	626,673	15,945	—	—	(4,593)	638,025
International Operations	1,349,455	—	—	—	(669)	1,348,786
Consolidated	$ 3,221,162	$ 34,322	$ (11,163)	$ (5,462)	$ (5,262)	$ 3,233,597

	Goodwill at February 1, 2014	2014 Additions	2014 Disposals	2014 Impairments	Foreign Exchange Fluctuations	Goodwill at January 31, 2015
North American Commercial	$ 1,246,786	$ 2,045	$ (2,199)	$ —	$ —	$ 1,246,632
North American Stores & Online	638,025	34,417	—	—	(10,158)	662,284
International Operations	1,348,786	—	(2,058)	(409,539)	(166,076)	771,113
Consolidated	$ 3,233,597	$ 36,462	$ (4,257)	$ (409,539)	$ (176,234)	$ 2,680,029

As of January 31, 2015 and February 1, 2014, the Company's International Operations segment had $1.18 billion and $771.5 million of accumulated goodwill impairment charges, respectively.

Long-Lived Assets

2014 Impairment of Long-Lived Assets

The Company recorded a total of $60.1 million of fixed asset impairment charges in 2014, which includes $36.9 million related to the 2014 Restructuring Plan (see Note B - Restructuring Charges). During 2014, the Company approved the closure of 197 retail stores pursuant to its plan to close at least 225 retail stores in North America by the end of 2015 (see Note B - Restructuring Charges), and as a result recorded impairment charges of $36.0 million. In addition, the Company determined that the fixed assets at certain other North American retail stores are not recoverable from future cash flows, primarily due to declining sales, and as a result recorded impairment charges of $21.7 million. The charges related to North American stores primarily pertain to leasehold improvements, fixtures, equipment and other assets at the store locations. The Company also recorded $2.4 million of impairment charges related to its International Operations segment, $0.9 million of which related to restructuring initiatives.

These charges were based on measurements of the fair value of the impaired assets derived using the income approach, specifically the DCF method, which incorporated Level 3 inputs as defined in ASC Topic 820. The Company considered the expected net cash flows to be generated by the use of the assets through the store closure dates, as well as the expected cash proceeds from the disposition of the assets, if any.

2012 Impairment of Long-Lived Assets

Prior to performing the goodwill impairment tests for Europe Retail and Europe Catalog in 2012, the Company tested long-lived assets to be held and used by these reporting units for impairment on an undiscounted cash flow basis. Based on the results of this testing, the Company recorded a $4.8 million impairment charge related to the ongoing operations of Europe Retail and determined that the long-lived assets associated with the ongoing operations of Europe Catalog were not impaired. The impairment charge primarily related to leasehold improvements at retail stores and was based on estimates of the fair values of the related assets which were derived using a DCF valuation analysis.

During 2012, the Company closed 46 retail stores in Europe and 15 retail stores in the United States and consolidated several sub-scale delivery businesses in Europe (see Note B - Restructuring Charges). As a result of these planned actions, the Company recorded long-lived asset impairment charges of $29.6 million and $5.1 million related to the Company's International Operations and North American Stores and Online segments, respectively, primarily relating to leasehold improvements and company-owned facilities.

Intangible Assets

During 2012, the Company rebranded its Australian business pursuant to which the Company accelerated the transition from the legacy Corporate Express tradename to the exclusive use of the Staples brand name. As a result, the Company accelerated the remaining amortization totaling $20.0 million in 2012. This amount was recorded in Amortization of intangibles in the consolidated statement of income.

The Company's intangible assets are amortized on a straight-line basis over their estimated useful lives and are summarized below (in thousands):

	January 31, 2015			February 1, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 628,047	$ (363,569)	$ 264,478	$ 686,399	$ (357,239)	$ 329,160
Technology	72,206	(6,710)	65,496	48,193	(862)	47,331
Tradenames	9,052	(4,009)	5,043	204,598	(198,389)	6,209
Total	$ 709,305	$ (374,288)	$ 335,017	$ 939,190	$ (556,490)	$ 382,700

Estimated future amortization expense associated with the intangible assets at January 31, 2015 is as follows (in thousands):

Fiscal Year	Total
2015	$ 66,977
2016	64,464
2017	64,125
2018	60,567
2019	38,139
Thereafter	40,745
	$ 335,017

Note D — Divestitures

On May 2, 2014, the Company completed the sale of its Smilemakers, Inc. business unit, recognizing a gain of $23.4 million. The results of operations for Smilemakers, Inc. had not been material to the Company's consolidated results of operations nor to its segment reporting, and therefore this business has not been presented as a discontinued operation in the Company's consolidated financial statements. Smilemakers, Inc. was a component of the Company's North American Commercial segment.

During 2014 the Company also completed the sales of a small business in Europe and a small business that was a component of the Company's North American Commercial segment, recognizing a $1.6 million loss and a $5.7 million gain on the sales, respectively.

On October 5, 2013, the Company completed the sale of PSD recognizing a preliminary loss on disposal of $80.9 million in 2013 that is subject to the impact of a working capital adjustment to the purchase price. The loss is included in Loss from discontinued operations, net of income taxes in the consolidated statements of income. The amount of the working capital adjustment continues to be in dispute between the parties to the transaction. The purchaser claims that the amount of the adjustment is approximately €59.7 million. The Company disagrees and intends to vigorously defend against the purchaser’s claim. If the purchaser prevails, it could result in an adjustment, which may be material, to the loss we recorded for the transaction.

The following table details PSD's results of operations for 2013 and 2012, which have been reported in discontinued operations (in thousands):

	35 Weeks Ended October 5, 2013	53 Weeks Ended February 2, 2013
Sales	$ 199,224	$ 291,428
Restructuring Charges	—	20,064
Loss from discontinued operations, before income taxes (including loss on disposal of $80.9 million in 2013)	(88,301)	(51,074)
Income tax benefit	(1,366)	(1,096)
Loss from discontinued operations, net of income taxes	$ (86,935)	$ (49,978)

Note E — Accrued Expenses and Other Current Liabilities

The major components of Accrued expenses and other current liabilities are as follows (in thousands):

	January 31, 2015	February 1, 2014
Taxes	$ 237,454	$ 232,676
Employee related	416,215	321,736
Acquisition and restructuring reserves	122,759	100,425
Advertising and marketing	96,075	109,213
Other	459,805	502,924
Total	$ 1,332,308	$ 1,266,974

Note F — Debt and Credit Agreements

The major components of the Company's outstanding debt are as follows (in thousands):

	January 31, 2015	February 1, 2014
January 2018 Notes	499,192	498,919
January 2023 Notes	499,236	499,140
Other lines of credit	77,214	100,100
Capital lease obligations and other notes payable	40,073	6,028
	1,115,715	1,104,187
Less: current portion	(91,718)	(103,982)
Net long-term debt	$ 1,023,997	$ 1,000,205

Aggregate annual maturities of long-term debt and capital lease obligations are as follows (in thousands):

Fiscal Year:	Total
2015	$ 91,718
2016	10,629
2017	509,192
2018	5,124
2019	263
Thereafter	500,361
	$ 1,117,287
Unamortized discounts on January 2018 Notes and January 2023 Notes	(1,572)
	$ 1,115,715

Future minimum lease payments under capital leases of $34.6 million are included in aggregate annual maturities shown above. Staples entered into $39.8 million of new capital lease obligations in 2014. Staples did not incur any new capital lease obligations in 2013.

Interest paid by Staples totaled $50.5 million, $128.0 million and $171.6 million for 2014, 2013 and 2012, respectively. There was no interest capitalized in 2014, 2013 and 2012.

January 2018 Notes and January 2023 Notes: In January 2013, the Company issued $500 million aggregate principal amount of 2.75% senior notes due January 2018 (the "January 2018 Notes") and $500 million aggregate principal amount of 4.375% senior notes due January 2023 (the "January 2023 Notes", or collectively “the Notes”), for total net proceeds after the original issue discount and the underwriters' fees of $991.4 million. The Notes were issued with original discounts at 99.727% and 99.808%, respectively. The Notes rank equally with all of the Company's other unsecured and unsubordinated indebtedness. The indenture governing the notes contains covenants that will limit the Company's ability to create certain liens and engage in certain sale and leaseback transactions. The indenture does not limit the amount of debt that the Company or any of the Company's subsidiaries may incur. Interest on these Notes is payable in cash on a semi-annual basis on January 12 and July 12 of each year. The interest rate payable on the Notes will be subject to adjustments from time to time if Moody's Investors Service, Inc. or Standard & Poor's Ratings Services downgrades (or downgrades and subsequently upgrades) the rating assigned to the Notes. The Company may redeem the Notes at any time at certain redemption prices specified in the indenture governing the Notes. Upon the occurrence of both (a) a change of control of Staples, Inc., as defined in the indenture, and (b) a downgrade of the Notes below an investment grade rating by both of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, the Company will be required to make an offer to purchase the Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. The Notes are not guaranteed by any of the Company's subsidiaries.

January 2014 Notes: The Company repaid the $866.9 million remaining principal amount of its $1.5 billion, 9.75% notes due January 2014 (the "January 2014 Notes") on their maturity date of January 15, 2014. In January and February 2013, the Company repurchased $633.1 million of the unhedged portion of the January 2014 Notes pursuant to a cash tender offer.

October 2012 Notes: The Company repaid the $325 million, 7.375% notes due October 2012 (the “October 2012 Notes”) on their maturity date of October 1, 2012.

Revolving Credit Facility: On May 31, 2013, the Company entered into a new credit agreement (the "May 2018 Revolving Credit Facility") with Bank of America, N.A., as Administrative Agent and other lending institutions named therein. The May 2018 Revolving Credit Facility provides for a maximum borrowing of $1.0 billion, which pursuant to an accordion feature may be increased to $1.5 billion upon our request and the agreement of the lenders participating in the increase. Borrowings may be syndicated loans, swing line loans, multicurrency loans, or letters of credit, the combined sum of which may not exceed the maximum borrowing amount. Amounts borrowed may be repaid and reborrowed from time to time until May 31, 2018. Borrowings will bear interest at various interest rates depending on the type of borrowing, and will reflect a percentage spread based on our credit rating and fixed charge coverage ratio. The Company will pay a facility fee at rates that range from 0.08% to 0.225% per annum depending on its credit rating and fixed charge coverage ratio. The May 2018 Revolving Credit Facility is unsecured and ranks pari passu with the Company's public notes and other indebtedness and contains customary affirmative and negative covenants for credit facilities of this type. The May 2018 Revolving Credit Facility also contains financial covenants that require the Company to maintain a minimum fixed charge coverage ratio and a maximum adjusted funded debt to total capitalization ratio. The Company did not borrow under the May 2018 Revolving Credit Facility during 2014, and no amounts were outstanding related to this facility at January 31, 2015.

Commercial Paper Program: The Company has a commercial paper program ("Commercial Paper Program") that allows it to issue up to $1.0 billion of unsecured commercial paper notes ("Commercial Paper Notes") from time to time. The May 2018 Revolving Credit Facility serves as a back-up to the Commercial Paper Program. The Company typically uses proceeds from the Commercial Paper Notes for general purposes, including working capital, capital expenditures, acquisitions and share repurchases. Maturities of the Commercial Paper Notes vary, but may not exceed 397 days from the date of issue. During 2014, the Company borrowed under the Commercial Paper Program to support its seasonal working capital requirements. The maximum amount outstanding under the Commercial Paper Program during 2014 was $150.0 million. As of January 31, 2015, no Commercial Paper Notes were outstanding.

Other Lines of Credit: The Company has various other lines of credit under which it may borrow a maximum of $138.9 million. At January 31, 2015, the Company had outstanding borrowings of $77.2 million and outstanding letters of credit of $0.1 million related to these lines of credit, leaving $61.6 million of available credit at that date.

There were no instances of default during 2014 under any of the Company's debt agreements.

Deferred Financing Fees

In connection with the issuance of certain debt instruments, the Company incurred financing fees which are being amortized over the terms of the related debt instruments. Amortization of the financing fees is classified as interest expense. Deferred financing fees amortized to interest expense were $2.0 million, $3.4 million and $4.8 million for 2014, 2013 and 2012, respectively. The amount for 2012 includes $1.0 million of accelerated amortization related to the early extinguishment of $632.8 million of the January 2014 Notes. At January 31, 2015, unamortized financing fees of $2.0 million were included in Prepaid expenses and other current assets and $5.6 million were included in Other assets. At February 1, 2014, unamortized financing fees of $2.0 million were included in Prepaid expenses and other current assets and $8.4 million were included in Other assets.

Note G — Fair Value Measurements

Recurring Fair Value Measurements

ASC Topic 820 *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement), then the lowest priority to unobservable inputs (Level 3 measurement).

The fair values of cash and cash equivalents, receivables, accounts payable, accrued expenses, other current liabilities, and short-term debt approximate their carrying values because of their short-term nature.

The following table shows the difference between the financial statement carrying value and fair value of the Company's debt obligations (see Note F - Debt and Credit Agreements) as of January 31, 2015 and February 1, 2014 (in thousands). The fair values of these notes were determined based on quoted market prices and are classified as Level 1 measurements.

	January 31, 2015		February 1, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
January 2018 Notes	$ 499,192	$ 507,085	$ 498,919	$ 505,189
January 2023 Notes	499,236	510,961	499,140	486,947

The following table shows the Company's assets and liabilities as of January 31, 2015 and February 1, 2014 that are measured and recorded in the financial statements at fair value on a recurring basis (in thousands):

	January 31, 2015		
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Unobservable Inputs
	Level 1	Level 2	Level 3
Assets			
Money market funds	$ 13,971	$ —	$ —
Derivative assets	—	333	—
Liabilities			
Derivative liabilities	—	(648)	—

	February 1, 2014		
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Unobservable Inputs
	Level 1	Level 2	Level 3
Assets			
Money market funds	$ 37,288	$ —	$ —
Liabilities			
Derivative liabilities	—	(4,688)	—

The derivatives shown in the tables above have not been designated as hedges pursuant to the guidelines of ASC Topic 815, "Derivatives and Hedging."

The fair values of the Company's money market funds are based on quotes received from third-party banks. The fair values of the Company's derivative assets and liabilities are based on quotes received from third-party banks and represent the estimated amount the Company would receive or pay to terminate the agreements taking into consideration current interest and forward exchange rates as well as the creditworthiness of the counterparty.

The fair values of the assets in the Company's pension plans are described in detail in Note L - Pension and Other Post-Retirement Benefit Plans.

Note H — Derivative Instruments and Hedging Activities

From time to time, Staples uses interest rate swap agreements, foreign currency swap and foreign currency forward agreements to offset certain operational and balance sheet exposures related to changes in interest or foreign exchange rates. These agreements are entered into to support transactions made in the normal course of business and accordingly are not speculative in nature. The derivatives qualify for hedge accounting treatment if the derivatives have been highly effective in offsetting the underlying exposures related to the hedge.

All derivatives are recorded at fair value and the changes in fair value are immediately included in earnings if the derivatives do not qualify as effective hedges. If a derivative is designated as a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged item in earnings. If a derivative is designated as a cash flow hedge, then the effective portion of the changes in the fair value of the derivative is recognized as a component of accumulated other comprehensive income (loss) until the underlying hedged item is recognized in earnings or the forecasted transaction is no longer probable of occurring. If a derivative or a nonderivative financial instrument is designated as a hedge of the Company's net investment in a foreign subsidiary, then changes in the fair value of the financial instrument are recognized as a component of accumulated other comprehensive income (loss) to offset a portion of the change in the translated value of the net investment being hedged, until the investment is sold or liquidated. The Company formally documents all hedging relationships for all derivatives, nonderivative hedges and the underlying hedged items, as well as its risk management objectives and strategies for undertaking the hedge transactions. There are no amounts excluded from the assessment of hedge effectiveness.

The Company classifies the fair value of all derivative contracts and the fair value of its hedged firm commitments as either current or long-term depending on whether the maturity date of the derivative contract is within or beyond one year from the balance sheet date. The cash flows from derivatives are classified in the Company's consolidated statement of cash flows in the same category as the item being hedged.

Interest Rate Swaps

In March 2010, Staples entered into interest rate swaps for an aggregate notional amount of $750 million. These swaps were designated as a fair value hedge and designed to convert half of the aggregate principal amount of the January 2014 Notes into a variable rate obligation. In September 2011, the Company terminated the $750 million interest rate swaps, realizing a gain of $30.3 million which was recorded as an adjustment to the carrying value of the debt and was amortized to interest expense over the remaining term of the hedged portion of the January 2014 Notes.

Foreign Currency Swaps and Forwards:

In December 2011, the Company entered into a foreign currency forward designed to convert a series of intercompany loans denominated in Canadian dollars into a fixed U.S. dollar amount. The loans totaled 750 million Canadian dollars in the aggregate and matured at various dates between October 2012 and October 2013. Staples, upon full maturity of the agreements in October 2013, had collected $720 million and paid 750 million Canadian dollars per the terms of the contracts. The forward agreements were accounted for as a fair value hedge. In 2012, the Company settled 500 million Canadian dollars of the notional amount relating to this forward, realizing a loss of $24.2 million which was recorded within Other income (expense), net. In 2013, the Company settled the remaining 250 million Canadian dollars of notional amount relating to this forward, realizing a loss of $4.2 million, which was recorded within Other income (expense), net. During 2013 and 2012, unrealized gains (losses) of $5.8 million and $12.2 million, respectively, were recognized in Other income (expense), net related to the outstanding portion of this fair value hedge. No amounts were included in the consolidated statements of income related to ineffectiveness associated with this fair value hedge.

Note I — Commitments and Contingencies

<u>Commitments</u>

Staples leases certain retail and support facilities under long-term non-cancelable lease agreements. Most lease agreements contain renewal options and rent escalation clauses and, in some cases, allow termination within a certain number of years with notice and a fixed payment. Certain agreements provide for contingent rental payments based on sales.

Other long-term obligations at January 31, 2015 include $76.5 million relating to future rent escalation clauses and lease incentives under certain existing operating lease arrangements. These rent obligations are recognized on a straight-line basis over the respective terms of the leases. Future minimum lease commitments due for retail, distribution, fulfillment and support facilities (including restructured facilities and lease commitments for eleven retail stores not yet opened at January 31, 2015) and equipment leases under non-cancelable operating leases are as follows (in thousands):

Fiscal Year:	Total
2015	$ 703,905
2016	599,304
2017	479,441
2018	348,146
2019	254,085
Thereafter	545,640
	$ 2,930,521

Future minimum lease commitments exclude the impact of $33.3 million of minimum rentals due under non-cancelable subleases.

Rent expense was $767.5 million, $801.4 million and $838.9 million for 2014, 2013 and 2012, respectively.

As of January 31, 2015, Staples had contractual purchase obligations that are not reflected in the Company's consolidated balance sheets totaling $656.3 million. Many of the Company's purchase commitments may be canceled by the Company without advance notice or payment and, accordingly, the Company has excluded such commitments from the following schedule. Contracts that may be terminated by the Company without cause or penalty, but that require advance notice for termination, are valued on the basis of an estimate of what the Company would owe under the contract upon providing notice of termination. Expected payments related to such purchase obligations are as follows (in thousands):

Fiscal Year:	Total
2015	$ 485,240
2016	70,127
2017	49,570
2018	15,389
2019	33,161
Thereafter	2,843
	$ 656,330

Letters of credit are issued by Staples during the ordinary course of business through major financial institutions as required by certain vendor contracts. As of January 31, 2015, Staples had open standby letters of credit totaling $100.7 million.

Contingencies

On December 19, 2014, the Company announced that the investigation into its previously announced data security incident had determined that malware deployed by criminals to some point of sale systems at 115 of the Company’s more than 1,400 U.S. retail stores may have allowed access to transaction data at those affected stores. As a result, cardholder names, payment card numbers, expiration dates, and card verification codes for approximately 1.16 million payment cards may have been affected. Upon detection, the Company immediately took action to eradicate the malware and commenced an investigation into the incident, working closely with payment card companies and law enforcement and with the assistance of outside data security experts. The Company also has taken steps to further enhance the security of its point of sale systems, including the use of new encryption tools. The Company continues to evaluate cybersecurity policies and practices to mitigate the risk of future incidents. Expenses incurred to date related to this incident have not been material. It is reasonably possible that the Company may incur additional expenses or losses in connection with the incident; however, at this time the Company is unable to reasonably estimate any such additional expenses or losses. In addition, the Company maintains network-security insurance coverage, which it expects would help mitigate any material financial impact.

From time to time, the Company is involved in litigation arising from the operation of its business that is considered routine and incidental to its business. The company estimates exposures and establishes reserves for amounts that are probable and can be reasonably estimated. However, litigation is inherently unpredictable and the outcome of legal proceedings and other contingencies could be unexpected or differ from the Company's reserves. The Company does not believe it is reasonably possible that a loss in excess of the amounts recognized in the consolidated financial statements as of January 31, 2015 would have a material adverse effect on its business, results of operations or financial condition.

Note J — Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The approximate tax effect of the significant components of Staples' deferred tax assets and liabilities, including those related to discontinued operations, are as follows (in thousands):

	January 31, 2015	February 1, 2014
Deferred income tax assets:		
Deferred rent	$ 28,442	$ 34,953
Foreign tax credit carryforwards	3,189	6,775
Net operating loss carryforwards	287,886	333,920
Capital loss carryforwards	26,514	18,231
Employee benefits	159,344	124,356
Bad debts	20,147	16,356
Inventory	24,906	39,111
Insurance	37,202	36,312
Deferred revenue	14,102	16,143
Depreciation	50,361	56,768
Financing	25,768	30,629
Accrued expenses	14,641	18,505
Store closures	34,802	4,725
Other—net	13,757	11,011
Total deferred income tax assets	741,061	747,795
Total valuation allowance	(350,304)	(414,258)
Net deferred income tax assets	$ 390,757	$ 333,537
Deferred income tax liabilities:		
Intangibles	$ (141,911)	$ (142,772)
Other—net	(3,327)	624
Total deferred income tax liabilities	(145,238)	(142,148)
Net deferred income tax assets	$ 245,519	$ 191,389

The deferred tax asset from tax loss carryforwards of $287.9 million represents approximately $1.10 billion of net operating loss carryforwards, $496.6 million of which are subject to expiration beginning in 2015. The remainder has an indefinite carryforward period. The deferred tax asset from foreign tax credit carryforwards of $3.2 million is subject to expiration beginning in 2019. The valuation allowance decreased by $64.0 million during 2014, primarily due to the expiration of net operating loss carryforwards against which a valuation allowance had been maintained, as well as the impact of currency translation adjustments, partially offset by the establishment of valuation allowances in certain foreign jurisdictions and current year operating losses generated in foreign jurisdictions that the Company has determined are not more-likely-than-not realizable.

For financial reporting purposes, income from continuing operations before income taxes includes the following components (in thousands):

	2014	2013	2012
Pretax income (loss):			
United States	$ 544,851	$ 881,204	$ 1,027,547
Foreign	(276,716)	181,601	(762,124)
Income from continuing operations before income taxes	$ 268,135	$ 1,062,805	$ 265,423

The provision (benefit) for income taxes related to continuing operations consists of the following (in thousands):

	2014	2013	2012
Current tax expense:			
Federal	$ 117,316	$ 192,875	$ 240,230
State	36,136	36,818	43,661
Foreign	28,701	21,322	30,231
Deferred tax expense (benefit):			
Federal	(52,182)	72,721	77,824
State	(8,693)	5,551	5,837
Foreign	12,331	26,514	28,487
Total income tax expense	$ 133,609	$ 355,801	$ 426,270

See Note D - Divestitures for the losses from discontinued operations before income taxes and related income taxes reported in 2013 and 2012. All pre-tax income presented in discontinued operations is related to foreign operations.

A reconciliation of the federal statutory tax rate to Staples' effective tax rate on income from continuing operations is as follows:

	2014	2013	2012
Federal statutory rate	35.0%	35.0%	35.0%
State effective rate, net of federal benefit	(1.6)	2.3	12.1
Effect of foreign taxes	(22.3)	(9.9)	(11.3)
Tax credits	(1.5)	(0.4)	(0.8)
Changes in uncertain tax positions	(13.7)	2.4	8.0
Goodwill impairment	44.1	—	82.5
Change in valuation allowance	12.5	3.8	37.1
Other	(2.7)	0.3	(2.0)
Effective tax rate	49.8%	33.5%	160.6%

The effective tax rate in any year is impacted by the geographic mix of earnings. Additionally, certain foreign operations are subject to both U.S. and foreign income tax regulations, and as a result, income before tax by location and the components of income tax expense by taxing jurisdiction are not directly related. The 2014 and 2012 effective tax rates were unfavorably impacted by the goodwill impairment charges recorded in 2014 and 2012 (see Note C - Goodwill and Long-Lived Assets). The 2014 effective tax rate was favorably impacted by changes in uncertain tax positions. The tax impact of the unrealized gain or loss on instruments designated as hedges of net investments in foreign subsidiaries is reported in accumulated other comprehensive loss in stockholders' equity.

The Company operates in multiple jurisdictions and could be subject to audit in these jurisdictions. These audits can involve complex issues that may require an extended period of time to resolve and may cover multiple years. In the Company's opinion, an adequate provision for income taxes has been made for all years subject to audit.

Income tax payments were $203.6 million, $265.9 million and $402.9 million during 2014, 2013 and 2012, respectively.

During 2014, the Company repatriated $127.3 million of cash held by a foreign subsidiary, and as a result recorded income tax expense of $11.2 million in 2014 related to the net tax cost in the U.S. stemming from the repatriation. As of January 31, 2015, the Company had $835 million of undistributed earnings. It is the Company’s intention to indefinitely reinvest the majority of the undistributed earnings outside of the U.S., and for jurisdictions not deemed indefinitely reinvested there would be no incremental tax due upon remittance. Accordingly, deferred income taxes have not been provided for these funds. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

Uncertain Tax Positions

At January 31, 2015, the Company had $216.0 million of gross unrecognized tax benefits, of which $207.6 million, if recognized, would affect the Company's tax rate. At February 1, 2014, the Company had $281.0 million of gross unrecognized tax benefits, of which $266.0 million, if recognized, would affect the Company's tax rate. The Company does not reasonably expect any material changes to the estimated amount of liability associated with its uncertain tax positions through fiscal 2015.

The following summarizes the activity related to the Company's unrecognized tax benefits, including those related to discontinued operations (in thousands):

	2014	2013	2012
Balance at beginning of fiscal year	$ 280,959	$ 254,724	$ 250,397
Additions for tax positions related to current year	21,695	28,390	39,989
Additions for tax positions of prior years	36,522	4,350	11,058
Reductions for tax positions of prior years	(87,995)	—	—
Reduction for statute of limitations expiration	(17,236)	(6,240)	(30,116)
Settlements	(17,984)	(265)	(16,604)
Balance at end of fiscal year	$ 215,961	$ 280,959	$ 254,724

The decline in the liability for unrecognized tax benefits during 2014 reflects, in part, a $69.1 million net reduction in the liability for discrete items, partially offset by a net increase to the reserve related to current year activity that impacted the Company's income tax rate. The primary driver of this net reduction was the resolution of federal and foreign audits. The federal audit primarily pertained to the utilization of certain net operating loss carryforwards that the Company acquired by virtue of its acquisition of Corporate Express.

Staples is subject to U.S. federal income tax, as well as income tax of multiple state and foreign jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 2008. All material state, local and foreign income tax matters for years through 2002 have been substantially concluded.

Staples' continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. The Company recognized interest and penalties related to income tax matters of $2.3 million, $9.1 million and $7.2 million in 2014, 2013 and 2012, respectively. The Company had $49.0 million and $46.7 million accrued for gross interest and penalties as of January 31, 2015 and February 1, 2014, respectively.

Note K — Equity Based Employee Benefit Plans

Staples offers its associates share ownership through certain equity-based employee compensation and benefit plans. In connection with these plans, Staples recognized approximately $64.1 million, $80.6 million and $117.8 million of compensation expense for 2014, 2013 and 2012, respectively. The total income tax benefit related to stock-based compensation was $17.8 million, $22.7 million, $36.0 million for 2014, 2013 and 2012, respectively. As of January 31, 2015, Staples had $71.6 million of unamortized stock compensation expense associated with its equity-based plans, which will be expensed over a weighted-average period of 1.5 years.

Stock Award Plan

Under the 2014 Stock Incentive Plan, the Company may grant restricted stock and restricted stock units (collectively, “Restricted Shares”) and non-qualified stock options to associates. Prior to June 2014, Restricted Shares and non-qualified stock options were granted under the Company's Amended and Restated 2004 Stock Incentive Plan. Shares issued pursuant to restricted stock awards are restricted in that they are not transferable until they vest. Shares underlying awards of restricted stock units are not issued until the units vest. Non-qualified stock options cannot be exercised until they vest. For stock awards with service conditions only, vesting occurs over different periods, depending on the terms of the individual award, but expenses relating to these awards are recognized on a straight line basis over the applicable vesting period. For awards that include performance conditions, the Company recognizes compensation expense during the performance period to the extent achievement of the performance condition is deemed probable relative to targeted performance. A change in the Company's estimate of the probable outcome of a performance condition is accounted for in the period of the change by recording a cumulative catch-up adjustment.

Performance Shares

In April 2013 and March 2014, the Company entered into long-term performance share agreements with certain executives. Payout under these arrangements may range from 25% to 200% of target, depending on actual performance. Vesting is based on performance in each fiscal year, not cumulative performance, with metrics established within the first 90 days of each year. Any award earned based on performance will be increased or decreased by 25% if the Company's cumulative total shareholder return ("TSR") over the three year performance period is in the top or bottom one-third of the S&P 500 TSR, respectively. Shares earned, if any, will be issued on a fully-vested basis at the conclusion of the three-year performance period only if the grantee is still actively employed by or serving as a consultant to the Company at that time, with certain exceptions for retirement, death, disability, and termination without cause.

The agreements entered into in March 2014 pertain to fiscal years 2014, 2015 and 2016. The aggregate target number of shares for each year is 0.6 million. Vesting for the 2014 tranche is 50% based on satisfaction of certain sales growth metrics and 50% based on achievement of certain return on net assets percentage targets in 2014. The 2014 tranche had an aggregate grant-date fair value of $7.2 million. For the 2014 tranche, 87.3% of the target shares were earned based on the extent to which the performance targets were achieved, subject to adjustment based on TSR at the end of the three year performance period.

The agreements entered into in April 2013 pertained to fiscal years 2013, 2014 and 2015, with an aggregate targeted number of shares for each year of 0.5 million. Vesting for the 2013 and 2014 tranches is 50% based on satisfaction of certain sales growth metrics and 50% based on achievement of certain return on net assets percentage targets. The 2013 and 2014 tranches had aggregate grant-date fair values of $6.7 million and $6.0 million, respectively. For the tranches relating to fiscal years 2013 and 2014, 49.74% and 87.3% of the target shares, respectively, were earned based on the extent to which the performance targets were achieved, subject to adjustment based on TSR at the end of the three year performance period.

Restricted Shares

The following table summarizes the Company's grants of Restricted Shares in 2014 (amounts exclude unvested performance shares):

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at February 1, 2014	10,174,432	$ 14.66
Granted	5,199,254	11.73
Vested	(4,805,804)	14.61
Canceled	(1,062,636)	14.07
Nonvested at January 31, 2015	9,505,246	$ 13.14

The total market value of Restricted Shares vested during 2014, 2013 and 2012 was $54.1 million, $96.2 million and $71.4 million, respectively.

Stock Options

The Company did not grant any stock options during 2013 or 2014. The weighted-average fair value of options granted in 2012 was $2.94. Information with respect to stock options granted in 2012 and prior is as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (1) (in thousands)
Outstanding at February 1, 2014	36,252,522	$ 20.35		
Granted	—	—		
Exercised	(710,812)	15.65		
Canceled	(133,835)	15.31		
Expired	(8,778,130)	20.33		
Outstanding at January 31, 2015	26,629,745	$ 20.51	3.67	$ 12,978
Exercisable at January 31, 2015	24,570,347	$ 21.04	3.40	$ 7,338
Vested or expected to vest at January 31, 2015	26,420,683	$ 20.56	3.65	$ 12,692

(1) The intrinsic value of the non-qualified stock options is the amount by which the market value of the underlying stock exceeds the exercise price of an option.

The total intrinsic value of options exercised during 2014, 2013 and 2012 were $1.3 million, $5.5 million and $5.2 million, respectively.

The fair values of options granted in 2012 were estimated at the date of grant using the following weighted-average assumptions:

	2012
Risk free interest rate	1.0%
Expected dividend yield	1.7%
Expected stock volatility	30%
Expected life of options	5.6 years

The risk free interest rate was based on the implied yield curve for zero coupon U.S. Treasury securities over the expected term of the options. The expected dividend yield was calculated as the average of the dividend yields for each period the Company paid a dividend. The expected stock volatility factor was calculated using an average of historical and implied volatility measures to reflect the different periods in the Company's history that would impact the value of the stock options granted to employees. The expected life of options was calculated using the simplified assumption that all outstanding options will be exercised at the midpoint of the vesting date (if unvested) or the valuation date (if vested) and the full contractual term, which the Company believes to yield a reasonable approximation of the expected term of the options.

Employee Stock Purchase Plan

Staples offers its associates the opportunity for share ownership pursuant to the 2012 Employee Stock Purchase Plan. Historically, including the first half of 2014, U.S. and International associates were able to purchase shares of Staples common stock at 85% of the lower of the market price of the common stock at the beginning or end of an offering period through payroll deductions in an amount not to exceed 10% of an employee’s annual base compensation. Effective beginning in the third quarter of 2014, the 2012 Employee Stock Purchase Plan was amended such that the purchase price is based on 85% of the market price of the common stock at the end of the offering period. During 2014 and 2013, the Company issued 3.3 million shares and 3.8 million shares, respectively, pursuant to the 2012 Employee Stock Purchase Plan.

Shares Available for Issuance

At January 31, 2015, 71.2 million shares of common stock were reserved for issuance under Staples' 2004 Plan, 401(k) Plan and employee stock purchase plans.

Note L — Pension and Other Post-Retirement Benefit Plans

The company sponsors pension plans that cover certain employees in Europe and the United States. The benefits due to U.S. plan participants are frozen. A number of the defined benefit plans outside the U.S. are funded with plan assets that have been segregated in trusts. Contributions are made to these trusts, as necessary, to meet legal and other requirements. The Company also sponsors an unfunded post-retirement life insurance benefit plan, which provides benefits to eligible U.S. executives based on earnings, years of service and age at termination of employment.

In the third quarter of 2013, the Company completed the sale of PSD, pursuant to which certain defined benefit pension plan obligations were transferred to the buyer. In addition, until December 31, 2014 certain employees of PSD participated as current employees in a pension plan in the Netherlands along with participants from other business units of Staples, and as a result of the transaction their benefits have been curtailed. The curtailment and settlement gains and losses related to these plan obligations were insignificant. See Note D Divestitures for additional information regarding PSD.

Unless otherwise noted, the information contained in this note includes both continuing and discontinued operations. The following table presents a summary of the total projected benefit obligation for the pension plans, the fair value of plan assets and the associated funded status recorded in the consolidated balance sheet at January 31, 2015 and February 1, 2014 (in thousands):

	January 31, 2015			February 1, 2014		
	Projected Benefit Obligations	Fair Value of Plan Assets	Funded Status	Projected Benefit Obligations	Fair Value of Plan Assets	Funded Status
Overfunded Plans:						
International Plans	$ —	$ —	$ —	$ (954,826)	$ 1,042,370	$ 87,544
Total Overfunded Plans	$ —	$ —	$ —	$ (954,826)	$ 1,042,370	$ 87,544
Underfunded Plans:						
U.S. Plans	$ (41,033)	$ 30,901	$ (10,132)	$ (38,183)	$ 33,379	$ (4,804)
International Plans	(1,168,685)	1,105,644	(63,041)	(121,275)	98,776	(22,499)
Total Underfunded Plans	$ (1,209,718)	$ 1,136,545	$ (73,173)	$ (159,458)	$ 132,155	$ (27,303)

The following tables present a summary of the total net cost recorded in the consolidated statement of income for the pension and post-retirement life insurance benefit plans for 2014, 2013 and 2012 (in thousands):

	2014			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 10,273	$ 10,273	$ 1,300
Interest cost	1,783	28,885	30,668	2,068
Expected return on plan assets	(1,960)	(50,954)	(52,914)	—
Amortization of unrecognized losses and prior service costs	64	9,859	9,923	1,787
Settlement loss	970	—	970	—
Total cost (benefit)	$ 857	$ (1,937)	$ (1,080)	$ 5,155

	2013			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 16,142	$ 16,142	$ 1,999
Interest cost	1,687	33,479	35,166	2,007
Expected return on plan assets	(1,924)	(61,571)	(63,495)	—
Amortization of unrecognized losses and prior service costs	378	11,668	12,046	2,432
Total cost (benefit)	$ 141	$ (282)	$ (141)	$ 6,438

	2012			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 11,579	$ 11,579	$ 2,282
Interest cost	1,772	38,156	39,928	1,811
Expected return on plan assets	(1,750)	(55,418)	(57,168)	—
Amortization of unrecognized losses and prior service costs	331	1,276	1,607	2,135
Total cost (benefit)	$ 353	$ (4,407)	$ (4,054)	$ 6,228

The total net cost disclosed above for 2014, 2013 and 2012 associated with the pension plans reflects the total for both continuing and discontinued operations. The following table presents the net periodic cost recorded in the consolidated statement of comprehensive income for 2013 and 2012 related to discontinued operations pension plans only (in thousands):

	Discontinued Operations Pension Plans 35 Weeks Ended October 5, 2013	Discontinued Operations Pension Plans 53 Weeks Ended February 2, 2013
Service cost	$ 4,299	$ 2,487
Interest cost	2,141	1,940
Expected return on plan assets	(2,279)	(1,836)
Amortization of unrecognized losses and prior service costs	354	95
Total cost	$ 4,515	$ 2,686

The following table presents the changes in benefit obligations during 2013 and 2014 (in thousands):

	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Projected benefit obligation at February 2, 2013	$ 40,661	$ 1,123,312	$ 1,163,973	$ 46,049
Service cost	—	16,142	16,142	1,999
Interest cost	1,687	33,479	35,166	2,007
Plan participants' contributions	—	1,041	1,041	—
Actuarial (gains) losses	(2,458)	675	(1,783)	(8,544)
Benefits paid	(1,707)	(55,765)	(57,472)	(2,783)
Divestiture	—	(35,069)	(35,069)	—
Currency translation adjustments	—	(7,714)	(7,714)	—
Projected benefit obligation at February 1, 2014	$ 38,183	$ 1,076,101	$ 1,114,284	$ 38,728
Service cost	—	10,273	10,273	1,300
Interest cost	1,783	28,885	30,668	2,068
Plan participants' contributions	—	3,445	3,445	—
Actuarial losses	7,146	315,519	322,665	16,479
Benefits paid	(6,079)	(50,914)	(56,993)	—
Divestiture	—	(632)	(632)	—
Currency translation adjustments	—	(213,992)	(213,992)	—
Projected benefit obligation at January 31, 2015	$ 41,033	$ 1,168,685	$ 1,209,718	$ 58,575

The accumulated benefit obligation for the U.S. Plans and International Plans at January 31, 2015 was $41.0 million and $1.14 billion, respectively. The accumulated benefit obligation for the U.S. Plans and International Plans at February 1, 2014 was $38.2 million and $1.06 billion, respectively. The accumulated benefit obligation for the post-retirement benefit obligation was $58.6 million and $38.7 million at January 31, 2015 and February 1, 2014, respectively.

The following table presents the changes in pension plan assets for each of the defined benefit pension plans during 2013 and 2014 (in thousands):

	U.S. Plans	International Plans	Total
Fair value of plan assets at February 2, 2013	$ 32,273	$ 1,165,558	$ 1,197,831
Actual return on plan assets	2,451	44,619	47,070
Employer's contributions	740	14,701	15,441
Plan participants' contributions	—	1,041	1,041
Benefits paid	(1,707)	(55,765)	(57,472)
Other	—	3,677	3,677
Divestiture	—	(14,116)	(14,116)
Amortization of unrecognized losses	(378)	(11,668)	(12,046)
Currency translation adjustments	—	(6,901)	(6,901)
Fair value of plan assets at February 1, 2014	$ 33,379	$ 1,141,146	$ 1,174,525
Actual return on plan assets	3,165	216,867	220,032
Employer's contributions	500	10,530	11,030
Plan participants' contributions	—	3,445	3,445
Benefits paid	(6,079)	(50,914)	(56,993)
Amortization of unrecognized losses	(64)	(9,859)	(9,923)
Currency translation adjustments	—	(205,571)	(205,571)
Fair value of plan assets at January 31, 2015	$ 30,901	$ 1,105,644	$ 1,136,545

Amounts recognized in the consolidated balance sheet consist of the following (in thousands):

	January 31, 2015			
	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Accrued benefit liability (included in other long-term obligations)	(10,132)	(63,041)	(73,173)	(58,575)
Accumulated other comprehensive loss	10,354	334,983	345,337	35,966
Net amount recognized	$ 222	$ 271,942	$ 272,164	$ (22,609)

	February 1, 2014			
	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Prepaid benefit cost (included in other assets)	$ —	$ 87,544	$ 87,544	$ —
Accrued benefit liability (included in other long-term obligations)	(4,804)	(22,499)	(27,303)	(38,729)
Accumulated other comprehensive loss	5,383	223,378	228,761	22,989
Net amount recognized	$ 579	$ 288,423	$ 289,002	$ (15,740)

Amounts recognized in accumulated other comprehensive loss that have not yet been recognized as components of net periodic pension and post-retirement costs at January 31, 2015 and February 1, 2014 are comprised of actuarial losses and prior service costs. The amount of accumulated other comprehensive loss expected to be recognized as components of net periodic pension and post-retirement benefit costs during 2015 is approximately $14.9 million and $3.0 million, respectively.

There were no significant amendments to any of the Company's defined benefit pension plans or the post-retirement life insurance benefit plan in 2014 or 2013 that would have had a material effect on the consolidated statement of income in these periods.

Assumptions Used to Determine Plan Financial Information

The valuation of benefit obligations and net periodic pension and post-retirement benefit cost uses participant-specific information such as salary, age and years of service, as well as certain assumptions, the most significant of which include estimates of discount rates, expected return on plan assets, rate of compensation increases, interest rates and mortality rates.

The following table presents the assumptions used to measure the net periodic cost and the year-end benefit obligations for the defined benefit pension and post-retirement benefit plans for 2014, 2013 and 2012:

	2014		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	4.8%	3.0%	4.1%
Expected return on plan assets	6.0%	4.7%	—%
Rate of compensation increase	—%	1.1%	2.5%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	3.8%	1.3%	4.1%
Rate of compensation increase	—%	2.0%	2.5%
Rate of pension increase	—%	1.1%	—%

	2013		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	4.3%	3.0%	5.4%
Expected return on plan assets	6.0%	5.4%	—%
Rate of compensation increase	—%	2.1%	2.0%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	4.8%	2.9%	5.4%
Rate of compensation increase	—%	2.0%	2.0%
Rate of pension increase	—%	1.1%	—%

	2012		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	4.7%	4.4%	4.9%
Expected return on plan assets	6.0%	5.4%	—%
Rate of compensation increase	—%	2.1%	3.0%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	4.3%	3.0%	4.4%
Rate of compensation increase	—%	2.0%	2.5%
Rate of pension increase	—%	1.1%	—%

The following table shows the effect on pension obligations at January 31, 2015 of a change in discount rate and other assumptions (in thousands):

	Change in Discount Rate		
	(0.25)%	No change	0.25%
Change in rate of compensation increase:			
(0.25)%	$ 39,546	$ (2,725)	$ (42,241)
No change	42,440	—	(39,662)
0.25%	45,662	2,869	(37,119)
Change in rate of pension increase:			
(0.25)%	$ 7,032	$ (33,308)	$ (71,044)
No change	42,440	—	(39,662)
0.25%	80,159	35,296	(6,613)

The discount rate used is the interest rate on high quality (AA rated) corporate bonds that have a maturity approximating the term of the related obligations. In estimating the expected return on plan assets, appropriate consideration is taken into account of the historical performance for the major asset classes held, or anticipated to be held, by the applicable pension funds and of current forecasts of future rates of return for those asset classes.

Staples' investment strategy for worldwide pension plan assets is to seek a competitive rate of return relative to an appropriate level of risk depending on the funded status of each plan. The majority of the plans' investment managers employ active investment management strategies with the goal of outperforming the broad markets in which they invest. Risk management practices include diversification across asset classes and investment styles and periodic rebalancing toward asset allocation targets. A portion of the currency risk related to investments in equity securities, real estate and debt securities is hedged.

The target allocation reflects a risk/return profile Staples feels is appropriate relative to each plan's liability structure and return goals. Staples conducts periodic asset-liability studies for the plan assets in order to model various potential asset allocations in comparison to each plan's forecasted liabilities and liquidity needs.

Outside the United States, asset allocation decisions are typically made by an independent board of trustees. As in the U.S., investment objectives are designed to generate returns that will enable the plan to meet its future obligations. In some countries local regulations require adjustments in asset allocation, typically leading to a higher percentage in fixed income than would otherwise be deployed. Staples acts in a consulting and governance role via its board representatives in reviewing investment strategy, with final decisions on asset allocation and investment managers made by local trustees.

The Company's pension plans' actual and target asset allocations at January 31, 2015 and February 1, 2014 are as follows:

	January 31, 2015					
	Actual			Target		
	U.S. Plans	International Plans	Total	U.S. Plans	International Plans	Total
Asset allocation:						
Equity securities	43%	26%	26%	40%	26%	26%
Debt securities	54%	60%	60%	60%	61%	61%
Real estate	3%	8%	8%	—%	7%	7%
Cash	—%	5%	5%	—%	—%	—%
Other	—%	1%	1%	—%	6%	6%
Total	100%	100%	100%	100%	100%	100%

	February 1, 2014					
	Actual			Target		
	U.S. Plans	International Plans	Total	U.S. Plans	International Plans	Total
Asset allocation:						
Equity securities	43%	27%	27%	40%	25%	26%
Debt securities	54%	62%	62%	60%	62%	61%
Real estate	3%	7%	7%	—%	7%	7%
Cash	—%	2%	2%	—%	—%	—%
Other	—%	2%	2%	—%	6%	6%
Total	100%	100%	100%	100%	100%	100%

No pension plan assets are expected to be returned to the Company during 2015.

Information on Fair Value of Plan Assets

The fair values of the Company's pension plan assets at January 31, 2015 and February 1, 2014 by asset category are as follows (in thousands):

	January 31, 2015							
	U.S. Pension Plans				International Plans			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs
Asset Category:	Fair Market Value	Level 1	Level 2	Level 3	Fair Market Value	Level 1	Level 2	Level 3
Equity securities (1)	$ 13,208	$ 13,208	$ —	$ —	$ 285,519	$ 223,945	$ 39,609	$ 21,965
Debt securities (2)	16,620	7,943	—	8,677	665,081	437,853	221,855	5,373
Real estate (3)	1,073	1,073	—	—	92,078	89,617	2,461	—
Cash	—	—	—	—	49,477	34,782	14,695	—
Other (4)	—	—	—	—	13,489	1,630	(5,088)	16,947
Total	$ 30,901	$ 22,224	$ —	$ 8,677	$ 1,105,644	$ 787,827	$ 273,532	$ 44,285

	February 1, 2014							
	U.S. Pension Plans				International Plans			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs
Asset Category:	Fair Market Value	Level 1	Level 2	Level 3	Fair Market Value	Level 1	Level 2	Level 3
Equity securities (1)	$ 14,451	$ 14,451	$ —	$ —	$ 304,902	$ 220,149	$ 61,131	$ 23,622
Debt securities (2)	17,785	8,900	—	8,885	707,082	484,888	216,087	6,107
Real estate (3)	1,131	1,131	—	—	80,604	77,803	2,801	—
Cash	12	12	—	—	25,939	15,120	10,819	—
Other (4)	—	—	—	—	22,619	2,760	(785)	20,644
Total	$ 33,379	$ 24,494	$ —	$ 8,885	$ 1,141,146	$ 800,720	$ 290,053	$ 50,373

(1) This category includes investments in equity securities of large, small and medium sized companies in the U.S. and in foreign companies, including those in developing countries. The funds are valued using the net asset value method in which an average of the market prices for the underlying investments is used to value the fund. For securities with unobservable inputs, the value is based on audited statements for the underlying fund.

(2) This category includes investments in investment grade fixed income instrument, U.S. dollar denominated debt securities of emerging market issuers and high yield fixed-income securities that are rated below investment grade. The funds are valued using the net asset value method in which an average of the market prices for the underlying investments is issued to value the fund. For securities with unobservable inputs, the value is based on discounted future cash flows.

(3) This category includes investments in mortgage-backed and asset-backed securities. The funds are valued using the net asset value method in which an average of the market prices for the underlying investments is used to value the fund.

(4) This category includes commodities of approximately $(5.1) million and $(1.3) million and non-separated investments with insurance companies of approximately $1.6 million and $2.6 million for the years ended January 31, 2015 and February 1, 2014 respectively. Commodities are valued using the net asset value method in which an average of the market prices for the underlying investments is used; the insurance contracts are based on discounted future cash flows.

The change in the fair value for the pension assets valued using significant unobservable inputs (Level 3) was due to the following:

	U.S. Plans	International Plans
Balance at February 1, 2014	$ 8,885	$ 50,373
Actual return on plan assets still held at the reporting date	(208)	393
Translation adjustments	—	(6,481)
Balance at January 31, 2015	$ 8,677	$ 44,285

Expected Benefit Payments and Contributions

The following table presents the expected benefit payments to pension plan participants for the next five years, and the aggregate for the following five years (in thousands):

	Pension Plans		
	U.S. Plans	International Plans	Total
2015	$ 1,905	$ 42,982	$ 44,887
2016	1,981	42,678	44,659
2017	2,089	42,795	44,884
2018	2,159	42,736	44,895
2019	2,244	42,085	44,329
2020-2024	12,266	205,710	217,976

These payments have been estimated based on the same assumptions used to measure the plans' projected benefit obligation at January 31, 2015 and include benefits attributable to estimated future compensation increases for the pension plans.

The 2015 expected benefit payments to plan participants not covered by the respective plan assets (that is, underfunded plans) represent a component of other long-term obligations in the consolidated balance sheet.

Based on current assumptions, the Company expects to contribute $0 million and $10.4 million to its U.S. and international plans, respectively, during fiscal 2015.

There are no expected benefit payments and contributions associated with the other post-retirement benefit plans.

Employees' 401(k) Savings Plan and Other Defined Contribution Plans

Staples' Employees' 401(k) Savings Plan (the "401(k) Plan") is available to all United States based employees of Staples who meet minimum age and length of service requirements. Contributions by the Company to the 401(k) Plan are made in cash and vest ratably over a five year period. The Company's Supplemental Executive Retirement Plan (the "SERP Plan"), which is similar in many respects to the 401(k) Plan, is available to certain Company executives and other highly compensated employees, whose contributions to the 401(k) Plan are limited, and allows such individuals to supplement their contributions to the 401(k) Plan by making pre-tax contributions to the SERP Plan. Company contributions to the SERP Plan are based on a matching formula and vesting period similar to the 401(k) Plan.

The expense associated with the Company's match for the Staples 401(k) Savings Plan and for contributions related to certain foreign defined contribution plans for 2014, 2013 and 2012 was $39.7 million, $40.7 million and $40.9 million, respectively.

Note M - Accumulated Other Comprehensive Loss

The following table details the changes in accumulated other comprehensive loss for 2014, 2013 and 2012 (in thousands):

	Foreign Currency Translation Adjustment	Derivative instruments	Deferred Benefit Costs	Accumulated Other Comprehensive Loss
Balance at January 28, 2012	$ (160,317)	$ (2,022)	$ (157,404)	$ (319,743)
Foreign currency translation adjustment	35,604	—	—	35,604
Changes in fair value of derivatives (net of taxes of $1.0 million)	—	2,022	—	2,022
Deferred pension and other post-retirement benefit costs (net of taxes of $36.4 million)	—	—	(109,464)	(109,464)
Reclassification adjustments:				
Amortization of deferred benefit costs (net of taxes of $0.9 million)	—	—	2,808	2,808
Balance at February 2, 2013	$ (124,713)	$ —	$ (264,060)	$ (388,773)
Foreign currency translation adjustment	(127,426)	—	—	(127,426)
Curtailment of pension plans (net of taxes of $3.9 million)	—	—	11,573	11,573
Deferred pension and other post-retirement benefit costs (net of taxes of $4.4 million)	—	—	(9,036)	(9,036)
Reclassification adjustments:				
Release of cumulative translation adjustments to earnings upon disposal of foreign businesses (net of taxes of $0)	(3,265)	—	—	(3,265)
Amortization of deferred benefit costs (net of taxes of $4.7 million)	—	—	9,773	9,773
Balance at February 1, 2014	$ (255,404)	$ —	$ (251,750)	$ (507,154)
Foreign currency translation adjustment	(403,153)	—	—	(403,153)
Deferred pension and other post-retirement benefit costs (net of taxes of $18.3 million)	—	—	(138,336)	(138,336)
Reclassification adjustments:				
Release of cumulative translation adjustments to earnings upon disposal of foreign businesses (net of taxes of $0)	(1,335)	—	—	(1,335)
Amortization of deferred benefit costs (net of taxes of $0)	—	—	8,783	8,783
Balance at January 31, 2015	$ (659,892)	$ —	$ (381,303)	$ (1,041,195)

The following table details the line items in the consolidated statements of income affected by the reclassification adjustments during 2014, 2013 and 2012 (in thousands):

	Amount reclassified from AOCL		
	52 Weeks Ended January 31, 2015	52 Weeks Ended February 1, 2014	53 Weeks Ended February 2, 2013
Selling, general and administrative	$ 11,710	$ 14,478	$ 3,742
Gain on sale of businesses, net	(1,335)	—	—
Income before tax	(10,375)	(14,478)	(3,742)
Income tax expense	(2,927)	(4,705)	(934)
Income (loss) from continuing operations	(7,448)	(9,773)	(2,808)
Loss from discontinued operations	—	3,265	—
Net income from continuing operations	$ (7,448)	$ (6,508)	$ (2,808)

Changes in other comprehensive income during 2014, 2013 and 2012 related to noncontrolling interests pertained to currency translations adjustments.

Note N — Share Repurchase Plan

On September 13, 2011, the Company announced a repurchase program had been approved by the Board of Directors (the "2011 Repurchase Plan"). Under this plan, the Company is authorized to repurchase up to $1.5 billion of common stock in both open market and privately negotiated transactions. The 2011 Repurchase Plan has no expiration date and may be suspended or discontinued at any time. Under the 2011 Repurchase Plan, a total of $1.13 billion has been spent to repurchase 83.4 million shares as of January 31, 2015, and therefore the remaining repurchase authorization was $373.3 million as of that date. As a result of the Company's planned acquisition of Office Depot (see Note R Subsequent Event), in the fourth quarter of 2014 the Company temporarily suspended the 2011 Repurchase Plan.

Note O — Computation of Earnings per Common Share

The computation of basic and diluted earnings per share for 2014, 2013 and 2012 is as follows (in thousands, except per share data):

	52 Weeks Ended January 31, 2015	52 Weeks Ended February 1, 2014	53 Weeks Ended February 2, 2013
Numerator:			
Income (loss) from continuing operations	$ 134,526	$ 707,004	$ (160,728)
Loss from discontinued operations	—	(86,935)	(49,978)
Net income (loss) attributed to Staples, Inc.	$ 134,526	$ 620,069	$ (210,706)
Denominator:			
Weighted-average common shares outstanding	640,745	651,931	669,479
Effect of dilutive securities:			
Employee stock options and restricted shares	5,104	6,511	—
Weighted-average common shares outstanding assuming dilution	645,849	658,442	669,479
Basic Earnings Per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 0.21	$ 1.08	$ (0.24)
Discontinued operations attributed to Staples, Inc.	—	(0.13)	(0.07)
Net income (loss) attributed to Staples, Inc.	$ 0.21	$ 0.95	$ (0.31)
Diluted Earnings Per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 0.21	$ 1.07	$ (0.24)
Discontinued operations attributed to Staples, Inc.	—	(0.13)	(0.07)
Net income (loss) attributed to Staples, Inc.	$ 0.21	$ 0.94	$ (0.31)

For 2014 and 2013 approximately 29.8 million and 35.7 million, respectively, potentially dilutive equity instruments were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. For 2012, approximately 58.6 million potentially dilutive equity instruments were excluded from the calculation of diluted earnings per share as the Company recorded a net loss for that period.

Note P — Segment Reporting

Staples has three reportable segments: North American Stores & Online, North American Commercial and International Operations. North American Stores and Online sells products and services to customers in the United States and Canada. North American Commercial consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses and includes Staples Advantage and Quill.com. The International Operations segment consists of businesses that sell and deliver products and services directly to consumers and businesses in 23 countries in Europe, Australia, South America and Asia.

Staples' North American Stores & Online and North American Commercial segments are managed separately because the way they sell and market products is different and the classes of customers they service are different. The International Operations are considered a separate reportable segment because of the significant differences in the operating environment from the North American operations.

Staples evaluates performance and allocates resources based on profit or loss from operations before goodwill and long-lived asset impairment charges, restructuring costs, stock-based compensation, interest and other expense, other non-recurring items and the impact of changes in accounting principles ("business unit income"). Beginning in 2014, business unit income also excludes accelerated depreciation and amortization and inventory write-downs associated with restructuring activities. Segment information for 2012 and 2013 has been restated to reflect this change. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note A - Summary of Significant Accounting Policies. Intersegment sales and transfers are recorded at Staples' cost; therefore, there is no intercompany profit or loss recognized on these transactions.

Asset information by reportable segment has not been presented, since this information is not regularly reviewed by the Company's chief operating decision maker.

The following is a summary of sales, business unit income, and depreciation and amortization expense by reportable segment (in thousands):

	2014	2013	2012
Sales:			
North American Stores & Online	$ 10,448,603	$ 11,103,160	$ 11,827,906
North American Commercial	8,270,682	8,041,613	8,108,402
International Operations	3,773,075	3,969,490	4,444,202
Total segment sales	$ 22,492,360	$ 23,114,263	$ 24,380,510
Business Unit Income (Loss):			
North American Stores & Online	$ 473,068	$ 733,465	$ 987,025
North American Commercial	570,831	603,972	680,011
International Operations	(21,181)	(15,219)	(1,097)
Total business unit income	$ 1,022,718	$ 1,322,218	$ 1,665,939
Depreciation & Amortization:			
North American Stores & Online	$ 224,054	$ 225,506	$ 222,381
North American Commercial	140,196	123,625	123,890
International Operations	93,246	109,087	120,993
Total segment depreciation & amortization	$ 457,496	$ 458,218	$ 467,264
Accelerated depreciation & amortization related to restructuring activities	9,376	—	20,049
Consolidated depreciation & amortization	$ 466,872	$ 458,218	$ 487,313

The following is a reconciliation of total business unit income to consolidated income before income taxes (in thousands):

	2014	2013	2012
Total business unit income	$ 1,022,718	$ 1,322,218	$ 1,665,939
Stock-based compensation	(64,123)	(80,632)	(117,813)
Impairment of goodwill and long lived assets	(469,663)	—	(810,996)
Gain on sale of businesses, net	27,495	—	—
Restructuring costs	(170,878)	(64,085)	(207,016)
Other restructuring-related costs:			
Inventory write-downs	(26,307)	—	—
Accelerated amortization	—	—	(20,049)
Accelerated depreciation	(9,376)	—	—
Interest and other expense, net	(41,731)	(114,696)	(244,642)
Income from continuing operations before income taxes	$ 268,135	$ 1,062,805	$ 265,423

The following table shows the Company's sales by each major category as a percentage of total sales for the periods indicated:

	Fiscal Year Ended		
	January 31, 2015	February 1, 2014	February 2, 2013
Core office supplies	25.6%	27.5%	28.1%
Ink and toner	20.0%	20.2%	19.7%
Business technology	14.3%	15.2%	16.6%
Paper	9.2%	9.0%	9.0%
Facilities and breakroom	10.0%	8.7%	7.4%
Computers and mobility	6.3%	6.9%	6.9%
Services	8.6%	6.9%	6.7%
Office furniture	6.0%	5.6%	5.6%
	100.0%	100.0%	100.0%

Geographic Information:

	2014	2013	2012
Sales:			
United States	$ 16,022,311	$ 16,211,640	$ 16,783,592
Canada	2,696,974	2,933,133	3,152,716
International	3,773,075	3,969,490	4,444,202
Total consolidated sales	$ 22,492,360	$ 23,114,263	$ 24,380,510
	January 31, 2015	**February 1, 2014**	**February 2, 2013**
Long-lived Assets:			
United States	$ 1,170,497	$ 1,236,841	$ 1,248,732
Canada	167,470	192,467	226,417
International	366,965	441,411	488,026
Total consolidated long-lived assets	$ 1,704,932	$ 1,870,719	$ 1,963,175

Note Q — Quarter Summary (Unaudited)

The following table summarizes quarterly information for 2014 and 2013 (in thousands, except for per share data):

	(In thousands, except per share amounts)			
	First Quarter (1)	Second Quarter (2)	Third Quarter (3)	Fourth Quarter (4)
Fiscal Year Ended January 31, 2015				
Sales	$ 5,654,259	$ 5,220,103	$ 5,961,531	$ 5,656,467
Gross profit	1,410,294	1,308,043	1,596,276	1,486,423
Consolidated net income (loss) (6)	96,210	81,875	216,792	(260,352)
Basic and diluted earnings per common share (6):	$ 0.15	$ 0.13	$ 0.34	$ (0.41)

	First Quarter	Second Quarter	Third Quarter (5)	Fourth Quarter
Fiscal Year Ended February 1, 2014				
Sales	$ 5,814,571	$ 5,314,724	$ 6,111,695	$ 5,873,273
Gross profit	1,511,010	1,359,496	1,654,726	1,507,053
Income from continuing operations	$ 170,421	$ 104,115	$ 220,085	$ 212,383
Loss from discontinued operations	(494)	(1,584)	(84,857)	—
Consolidated net income	$ 169,927	$ 102,531	$ 135,228	$ 212,383
Basic and diluted earnings per common share (6):				
Continuing operations	$ 0.26	$ 0.16	$ 0.34	$ 0.33
Discontinued operations	—	—	(0.13)	—
Net Income	$ 0.26	$ 0.16	$ 0.21	$ 0.33

(1) Net income for this period includes a $21.8 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $13.5 million of restructuring charges (see Note B - Restructuring Charges), a $21.8 million net gain on disposal of businesses (see Note D - Divestitures) and $10.6 million of inventory write downs related to restructuring activities (see Note B - Restructuring Charges).

(2) Net income for this period includes a $5.2 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $88.4 million of restructuring charges, an inventory write down of $5.1 million related to restructuring activities and $2.1 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges).

(3) Net income for this period includes a $9.0 million charge for impairment long-lived assets (see Note C - Goodwill and Long-Lived Assets), $24.6 million of restructuring charges (see Note B - Restructuring Charges), a $5.7 million net gain on disposal of a business (see Note D - Divestitures), and $10.6 million of inventory write downs and $2.2 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges).

(4) Net loss for this period includes a $433.7 million charge for impairment of goodwill and long-lived assets (see Note C - Goodwill and Long-Lived Assets), $44.4 million of restructuring charges (see Note B - Restructuring Charges) and $5.0 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges).

(5) Income from continuing operations for this period includes $64.1 million of restructuring charges (see Note B - Restructuring Charges). Loss from discontinued operations, net of income taxes includes a loss on disposal of of PSD of $80.9 million (see Note D - Divestitures).

(6) The sum of the quarterly amounts may not tie to the year-to-date amounts due to rounding.

Note R — Subsequent Event

Proposed acquisition of Office Depot

On February 4, 2015, the Company announced that it had entered into a definitive agreement (the “Merger Agreement”) under which it plans to acquire all of the outstanding shares of Office Depot, a global supplier of office products, services and solutions for the workplace. Under the terms of the agreement, Office Depot shareholders will receive, for each Office Depot share, $7.25 in cash and 0.2188 of a share in Staples stock at the closing. Based on the number of outstanding shares of the Company's common stock and Office Depot common stock as of February 2, 2015, and the closing share price of the Company's common stock on such date, the value of the total consideration to be paid by Staples is estimated to be approximately $6.3 billion, including approximately $4.1 billion of cash and approximately 124.4 million shares of Staples common stock.

The transaction is subject to customary closing conditions, including antitrust regulatory clearances and Office Depot shareholder approval. The Company intends to file a Form S-4 registration statement relating to the Company common stock to be issued in the merger and the listing of such stock on Nasdaq. Assuming such conditions are satisfied, the deal is expected to close by the end of calendar year 2015.

The Merger Agreement contains termination rights for both the Company and Office Depot. The Company would be required to pay Office Depot a termination fee of $250 million under certain circumstances, including if the Merger Agreement is terminated as a result of the antitrust closing conditions (as set forth in the Merger Agreement) not being satisfied on or before November 4, 2015 (which date will be automatically extended to February 4, 2016 if all other closing conditions would otherwise have been satisfied). In addition, Office Depot may be required to pay the Company a termination fee of $185 million under certain circumstances, including if Office Depot terminates the Merger Agreement to accept a superior proposal.

In connection with the planned acquisition, Staples has obtained financing commitments from Bank of America, N.A. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC for a $3 billion asset-based credit facility and a $2.75 billion 6-year term loan. These sources of financing, together with the Company’s cash reserves, are expected to be sufficient to finance the acquisition. As a result of the planned acquisition, the Company has temporarily suspended its share repurchase program (see Note N Share Repurchase Plan).

Staples, Inc.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Valuation and qualifying account information related to operations is as follows (in thousands):

Accounts Receivable Allowance for Doubtful Accounts

	Balance at Beginning of Period	Additions Charged to Expense	Deductions—Write-offs, Payments and Other Adjustments (1)	Balance at End of Period
Fiscal year ended:				
February 2, 2013	45,962	34,167	46,584	33,545
February 1, 2014	33,545	23,292	26,015	30,822
January 31, 2015	30,822	36,207	28,723	38,306

(1) Amount for fiscal year 2012 includes $14.7 million relating to the Company's European Printing Systems Division business which was reclassified to Current assets of discontinued operations in 2012.

EXHIBIT INDEX

Exhibit No.	Description
3.1^	Restated Certificate of Incorporation, dated as of September 29, 2008. Filed as Exhibit 3.1 to the Company's Form 10-Q for the quarter ended November 1, 2008.
3.2^	Amendment to Restated Certificate of Incorporation, dated June 4, 2012. Filed as Exhibit 3.1 to the Company's Form 8-K filed on June 8, 2012.
3.3^	Amended and Restated By-laws of the Company, dated June 4, 2012. Filed as Exhibit 3.2 to the Company's Form 8-K filed on June 8, 2012.
4.1^	Indenture, dated January 15, 2009, by and among the Company and HSBC Bank USA, National Association. Filed as Exhibit 4.1 to the Company's Form 8-K filed on January 21, 2009.
4.2^	Form of 2.750% Senior Note due 2018. Filed as Exhibit 4.1 to the Company's Form 8-K filed on January 13, 2013.
4.3^	Form of 4.375% Senior Note due 2023. Filed as Exhibit 4.2 to the Company's Form 8-K filed on January 13, 2013.
10.1^	Agreement and Plan of Merger by and among Office Depot, Inc., Staples, Inc., and Staples AMS, Inc., dated as of February 4, 2015. Filed as Exhibit 2.1 to the Company's Form 8-K filed on February 4, 2015.
10.2+	Amended and Restated Commitment Letter by and among Staples, Inc., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC dated as of February 20, 2015.
10.3^	Credit Agreement, dated May 31, 2013, by and among Staples, Inc., Bank of America, N.A., and the other lenders named therein, Bank of America, N.A., as administrative agent for the lenders, as the lender of Swing Line Loans, and as an Issuing Bank, Barclays Bank PLC and HSBC Bank USA, National Association, as co-syndication agents for the Lenders and as Issuing Banks, and Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as co-documentation agents for the lenders. (Including schedules and exhibits). Filed as Exhibit 10.1 to the Company's Form 8-K filed June 4, 2013.
10.4^	Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company, and Banc of America Securities LLC. Filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended August 2, 2008.
10.5^	Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company and Lehman Brothers Inc. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended August 2, 2008.
10.6^	Letter, dated as of September 29, 2008, assigning Lehman Brothers Inc. interests to Barclays Capital Inc., for the Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company and Lehman Brothers Inc. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended November 1, 2008.
10.7^	Commercial Paper Dealer Agreement, dated as of September 19, 2008, among the Company, JP Morgan Securities Inc. Filed as Exhibit 10.6 to the Company's Form 10-Q for the quarter ended November 1, 2008.
10.8*^	Amended and Restated 2004 Stock Incentive Plan, as amended. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended October 30, 2010.
10.9*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan.
10.10*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended April 30, 2011.
10.11*^	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan.
10.13*^	Form of Performance Share Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended August 3, 2013.
10.13*^	Form of Special Performance Share Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended July 31, 2010.

Exhibit No.	Description
10.14*^	2014 Stock Incentive Plan. Filed as Exhibit 10.1 to the Company's 8-K filed on June 2, 2014.
10.15*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement (Annual Grant). Filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.16*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement (Lead Director and Committee Chairs). Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.17*^	Form of Restricted Stock Unit Award Agreement. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.18*^	Form of Performance Share Award Agreement. Filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.19*^	Amended and Restated Employee Stock Purchase Plan. Filed as Exhibit 10.6 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.20*^	Non-Management Director Compensation Summary. Filed as Exhibit 10.7 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.21*^	Form of Severance Benefits Agreement signed by executive officers of the Company. Filed as Exhibit Exhibit 10.23 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.22*^	Second Amended and Restated Long Term Cash Incentive Plan. Filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended May 4, 2013.
10.23*^	Amended and Restated Executive Officer Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 8-K filed on June 8, 2012.
10.24*^	Form of Proprietary Interest Protection Agreement. Filed as Exhibit 10.1 to the Company Form 10-Q for the quarter ended November 2, 2013.
10.25*^	Form of Non-Compete and Non-Solicitation Agreement. Filed as Exhibit Exhibit 10.27 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.26*^	Form of Proprietary and Confidential Information Agreement. Filed as Exhibit Exhibit 10.28 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.27*^	Form of Indemnification Agreement signed by executive officers and directors of the Company. Filed as Exhibit 10.34 to the Company's Form 10-K for the fiscal year ended January 31, 2009.
10.28*^	Form of Outside Directorship Agreement. Filed as Exhibit 10.32 to the Company's Form 10-K for the fiscal year ended January 28, 2012.
10.29*^	Second Amended and Restated Severance Benefits Agreement, dated March 10, 2006, by and between the Company and Ronald L. Sargent. Filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended April 29, 2006.
10.30*^	Amendment, dated December 22, 2008, to Second Amended and Restated Severance Benefits Agreement, dated March 13, 2006, by and between the Company and Ronald L. Sargent. Filed as Exhibit 10.37 to the Company's Form 10-K for the fiscal year ended January 31, 2009.
10.31*+	Second Amendment, dated January 13, 2015, to Second Amended and Restated Severance Benefits Agreement, dated March 13, 2006, by and between the Company and Ronald L. Sargent.
10.32*^	Long Term Care Insurance Plan Summary. Filed as Exhibit 10.39 to the Company's Form 10-K for the fiscal year ended January 29, 2011.
10.33*^	Survivor Benefit Plan. Filed as Exhibit 10.24 to the Company's Form 10-K for the fiscal year ended on January 29, 2005.
10.34*+	Executive Life Insurance Plans Summary of Provisions.
10.35*^	Amended and Restated Supplemental Executive Retirement Plan. Filed as Exhibit 10.2 to the Company's Form 8-K filed on June 11, 2010.
10.36*^	Policy on Personal Use of Corporate Aircraft. Filed as Exhibit 10.28 to the Company's Form 10-K for the fiscal year ended January 29, 2005.
10.37*+	Senior Executive Long Term Disability Supplemental Coverage Reimbursement Policy.
10.38*^	Tax Services Reimbursement. Filed as Exhibit 10.45 to the Company's Form 10-K for the fiscal year ended January 29, 2011.

Exhibit No.	Description
12.1+	Ratio of Earnings to Fixed Charges.
14.1^	Code of Ethics. Filed as Exhibit 14.1 to the Company's 10-Q for the quarter ended on May 4, 2013.
21.1+	Subsidiaries of the Company.
23.1+	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1+	Principal Executive Officer-Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Principal Financial Officer-Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Principal Executive Officer-Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2++	Principal Financial Officer-Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Calculation Linkbase Document
101.DEF+	XBRL Taxonomy Definition Linkbase Document.
101.LAB+	XBRL Taxonomy Label Linkbase Document.
101.PRE+	XBRL Taxonomy Presentation Linkbase Document.

* A management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report pursuant to Item 15(b) of Form 10-K.

** Portions of the exhibit have been omitted pursuant to a grant of confidential treatment.

^ An exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Unless otherwise indicated, such exhibit was filed under Commission File Number 0-17586.

\+ Filed herewith.

++ Furnished herewith.

Exhibit 10.2
Execution Version

BANK OF AMERICA, N.A.
MERRILL, LYNCH, PIERCE, FENNER & SMITH INCORPORATED
One Bryant Park
New York, New York 10036

BARCLAYS
745 Seventh Avenue
New York, New York 10019

WELLS FARGO BANK,
NATIONAL ASSOCIATION
WELLS FARGO
SECURITIES, LLC
550 South Tryon Street
Charlotte, North Carolina
28202

HSBC BANK USA, N.A.
HSBC SECURITIES (USA) INC.
452 Fifth Avenue
New York, NY 10018

PNC BANK, NATIONAL ASSOCIATION
PNC CAPITAL MARKETS LLC
340 Madison Avenue
New York, NY 10173

TORONTO DOMINION (TEXAS) LLC
TD SECURITIES (USA) LLC
31 West 52nd Street
New York, New York 10019

U.S. BANK NATIONAL ASSOCIATION
800 Nicollet Mall
Minneapolis, MN 55402

GUGGENHEIM SECURITIES HOLDINGS, LLC
330 Madison Avenue
New York, New York 10017

PERSONAL AND CONFIDENTIAL

February 20, 2015

Staples, Inc.
500 Staples Drive
Framingham, MA 01702
Attention: Ronald L. Sargent, Chairman and Chief Executive Officer

Project Warrior
$2,750,000,000 Senior Secured Term Loan Facility
$3,000,000,000 ABL Facility
Amended and Restated Commitment Letter

Ladies and Gentlemen:

This amended and restated commitment letter amends, restates and supersedes that certain commitment letter dated as of February 4, 2015 (the "Original Signing Date") from Bank of America (as defined below), MLPFS (as defined below) and Barclays (as defined below) to Staples, Inc., a Delaware Corporation (the "Company" or "you"). The Company has advised Bank of America, N.A. (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "Bank of America"), Merrill Lynch, Pierce, Fenner & Smith Incorporated (together with any of its affiliates as may be appropriate to provide the services contemplated herein, "MLPFS"), Barclays Bank PLC (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "Barclays"), Wells Fargo Bank, National Association (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "Wells Fargo Bank"), Wells Fargo Securities, LLC (together with any of its affiliates as may be appropriate to provide the services contemplated herein, "Wells Fargo Securities"), HSBC Bank USA, N.A. (together with any of its affiliates

as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "HSBC Bank"), HSBC Securities (USA) Inc. (together with any of its affiliates as may be appropriate to provide the services contemplated herein, "HSBC Securities"), PNC Bank, National Association (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "PNC Bank"), PNC Capital Markets LLC (together with any of its affiliates as may be appropriate to provide the services contemplated herein, "PNCCM"), Toronto Dominion (Texas) LLC (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "TD Texas"), TD Securities (USA) LLC (together with any of its affiliates as may be appropriate to provide the services contemplated herein, "TD Securities"), U.S. Bank National Association (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "U.S. Bank") and Guggenheim Securities Holdings, LLC (together with any of its affiliates as may be appropriate to provide the services (but not, for the avoidance of doubt, to provide the commitments) contemplated herein, "Guggenheim", and together with Bank of America, MLPFS, Barclays, Wells Fargo Bank, Wells Fargo Securities, HSBC Bank, HSBC Securities, PNC Bank, PNCCM, TD Texas, TD Securities and U.S. Bank, collectively, the "Commitment Parties", "we" or "us") that it intends to (a) acquire Office Depot, Inc., a Delaware corporation (the "Target") pursuant to an Agreement and Plan of Merger, dated as of the Original Signing Date (together with all exhibits, annexes, schedules and other disclosure letters thereto, collectively, as modified, amended, supplemented, consented to or waived, the "Acquisition Agreement") by and among the Company, the Target and Staples AMS, Inc., a corporation organized under the laws of the state of Delaware and a wholly-owned subsidiary of the Company ("Merger Sub"), whereby Merger Sub will merge with and into the Target with the Target surviving such merger as a wholly-owned subsidiary of the Company (the "Acquisition") and (b) consummate the other transactions described in the Transaction Description attached hereto as Exhibit A (the "Transaction Description"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Transaction Description, in the Summary of Principal Terms and Conditions attached hereto as Exhibit B (the "Term Facility Term Sheet") and in the Summary of Principal Terms and Conditions attached hereto as Exhibit C (the "ABL Facility Term Sheet" and, together with the Term Facility Term Sheet, the "Term Sheets"; this amended and restated commitment letter, the Transaction Description, the Term Sheets and the Summary of Additional Conditions attached hereto as Exhibit D, collectively, the "Commitment Letter").

You have also advised us that, in connection therewith, it is intended that the financing for the Transactions will be financed from the following sources:

- $2,750,000,000 of borrowings under a senior secured term loan facility (the "Term Facility") having the terms set forth in the Term Facility Term Sheet;

- Borrowings of up to the amount specified in the ABL Facility Term Sheet under a $3,000,000,000 asset based revolving credit facility (the "ABL Facility") (the ABL Facility and the Term Facility, collectively, are referred to herein as the " Facilities" and each as a "Facility");

- Common equity issued by the Company to the shareholders of the Target in accordance with the Acquisition Agreement (the "Equity Issuance"); and

- Approximately $500,000,000 of existing cash on hand at the Company and the Target (the "Cash Consideration Amount").

1. Commitments and Agency Roles

You hereby appoint (i) Barclays to act, and Barclays hereby agrees to act, as sole and exclusive administrative agent for the Term Facility (in such capacity, the "Term Facility Administrative Agent") and collateral agent for the Term Facility (in such capacity, the "Term Facility Collateral Agent") and (ii) Bank of America to act, and Bank of America hereby agrees to act, as sole and exclusive administrative agent for the ABL Facility (in such capacity, the "ABL Facility Administrative Agent" and, together with the Term Facility

Administrative Agent, collectively, the "Administrative Agents" and each an "Administrative Agent") and collateral agent for the ABL Facility (in such capacity, the "ABL Facility Collateral Agent" and, together with the Term Facility Collateral Agent, collectively, the "Collateral Agents" and each a "Collateral Agent"). You hereby appoint (i) each of Barclays, MLPFS, Wells Fargo Securities and HSBC Securities to act, and each of Barclays, MLPFS, Wells Fargo Securities and HSBC Securities hereby agrees to act, as a lead arranger and bookrunner for the Term Facility (in such capacity, collectively, the " Term Facility Arrangers") and (ii) each of MLPFS, Barclays, Wells Fargo Bank, HSBC Securities, PNCCM, TD Securities and U.S. Bank to act, and each of MLPFS, Barclays, Wells Fargo Bank, HSBC Securities, PNCCM, TD Securities and U.S. Bank hereby agrees to act, as a lead arranger and bookrunner for the ABL Facility (in such capacity, together with the Term Facility Arrangers, each an " Arranger" and collectively, the "Arrangers", and Barclays and MLPFS in such capacity, each a "Lead Arranger" and collectively, the "Lead Arrangers"). It is agreed that (i) Barclays shall have "left" placement in any and all marketing materials or other documentation used in connection with the Term Facility and shall hold the leading role and responsibilities conventionally associated with such "left" placement (and MLPFS shall have immediate "right" placement) and (ii) MLPFS shall have "left" placement (and Barclays shall have immediate "right" placement) in any and all marketing materials or other documentation used in connection with the ABL Facility and shall hold the leading role and responsibilities conventionally associated with such "left" placement.

In connection with the Transactions (as defined in the Transaction Description) contemplated hereby, (i) Bank of America is pleased to advise you of its several (but not joint) commitment to provide 38.5625% of the aggregate principal amount of the Term Facility and 57.50% of the aggregate principal amount of the ABL Facility, (ii) Barclays is pleased to advise you of its several (but not joint) commitment to provide 38.5625% of the aggregate principal amount of the Term Facility and 42.50% of the aggregate principal amount of the ABL Facility, (iii) Wells Fargo Bank is pleased to advise you of its several (but not joint) commitment to provide 7.00% of the aggregate principal amount of the Term Facility, (iv) HSBC Bank is pleased to advise you of its several (but not joint) commitment to provide 5.50% of the aggregate principal amount of the Term Facility, (v) PNC Bank is pleased to advise you of its several (but not joint) commitment to provide 3.125% of the aggregate principal amount of the Term Facility, (vi) TD Texas is pleased to advise you of its several (but not joint) commitment to provide 3.125% of the aggregate principal amount of the Term Facility, (vii) U.S. Bank is pleased to advise you of its several (but not joint) commitment to provide 3.125% of the aggregate principal amount of the Term Facility and (viii) Guggenheim is pleased to advise you of its several (but not joint) commitment to provide 1.00% of the aggregate principal amount of the Term Facility, in each case, subject solely to the satisfaction or waiver of the applicable conditions set forth or referred to in Section 2 of this Commitment Letter. In such capacities, Bank of America, Barclays, Wells Fargo Bank, HSBC Bank, PNC Bank, TD Texas, U.S. Bank and Guggenheim are the "Initial Lenders" and each is an "Initial Lender".

Separate fee letters entered into on the date hereof among (i) the Company, Bank of America, MLPFS and Barclays set forth our fees for services related to the ABL Facility (the "ABL Facility Fee Letter") and (ii) the Company and us set forth our fees for services related to the Term Facility (the "Term Facility Fee Letter", and together with the ABL Facility Fee Letter, collectively, the " Fee Letters"). In consideration of our execution and delivery of this Commitment Letter, you agree to pay the fees and expenses set forth in the Term Sheets and in the Fee Letters as and when payable in accordance with the terms hereof and thereof. You agree that no other titles will be awarded and no compensation (other than as expressly contemplated by this Commitment Letter and the Fee Letters) will be paid to the Lenders in order to obtain their commitments under the Facilities unless you and we shall so agree.

2. Conditions Precedent

Our commitments hereunder to make effective and fund the Facilities on the Closing Date and our agreements to perform the services described herein are subject only to the following conditions: (i)(A) since September 27, 2014 through the date of the Acquisition Agreement, there not having been any Events (as defined below) that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect (as defined below) on the Target; provided that such condition is qualified in its entirety by reference to (1) the information disclosed by the Target in any Company SEC Document (as defined in the Acquisition Agreement as in effect on the Original Signing Date) filed under Sections 13(a), 14(a) or 15(d) of the Exchange Act (as defined in the Acquisition Agreement as in effect on the Original Signing Date) during the period from December 31, 2013 through the Business Day (as defined in the Acquisition Agreement as in effect on the Original Signing Date) prior to the date of the Acquisition Agreement (other than in any risk factor or other cautionary or forward-looking disclosure contained in such Company SEC Document) and (2) the exceptions set forth in the Company Disclosure Schedule (as defined in the Acquisition Agreement as in effect on the Original Signing Date); it being understood and agreed that each exception set forth in the Company Disclosure Schedule shall qualify such condition to the extent such exception is specifically identified as being disclosed under Section 3.6 of the Acquisition Agreement or such exception is disclosed with reference to any other section of the Acquisition Agreement and it is reasonably apparent on the face of such disclosure that it relates to Section 3.6, and (B) since the date of the Acquisition Agreement, there shall not have occurred any Events (other than Excluded Company Events (as defined in the Acquisition Agreement as in effect on the Original Signing Date)) that, individually or in the aggregate, have had or would reasonably be expected to have a Material Adverse Effect on the Target; (ii) the conditions set forth in Exhibit D hereto, (iii) with respect to the Term Facility, each other condition set forth under the caption "Conditions Precedent to Effectiveness and Borrowings on the Closing Date" in the Term Facility Term Sheet and (iv) with respect to the ABL Facility, each other condition set forth under the caption "Conditions Precedent to Effectiveness and Borrowings on the Closing Date" in the ABL Facility Term Sheet; and upon, in each case, satisfaction (or waiver by the applicable Commitment Parties) of such conditions, the initial funding of the Facilities shall occur; it being understood that there are no conditions (implied or otherwise) to the commitments hereunder, other than those that are expressly stated in clauses (i), (ii), (iii) and (iv), as applicable, above to be conditions to the initial funding under and effectiveness of, the Facilities on the Closing Date.

"Material Adverse Effect" means any event, change or effect (each, an "Event"), individually or in the aggregate with other such Events, that has a material adverse effect on the financial condition, business or results of operations of the Target and its Subsidiaries (as defined in the Acquisition Agreement as of the Original Signing Date), taken as a whole; provided, however, that a Material Adverse Effect shall not include any Event directly or indirectly arising out of or attributable to: (i) any decrease in the market price of the shares of the Company Common Stock (as defined in the Acquisition Agreement as of the Original Signing Date), but not any Event underlying such decrease to the extent such Event would otherwise constitute a Material Adverse Effect; (ii) conditions, events, or circumstances generally affecting the retail, contract, direct mail and/or internet businesses of the office supply industry; (iii) changes in GAAP, applicable Law (as defined in the Acquisition Agreement as of the Original Signing Date) or accounting standards, or in any interpretation of GAAP, applicable Law or accounting standards; (iv) any litigation arising from allegations of a breach of fiduciary duty or other violation of applicable Law relating to the Acquisition Agreement or the transactions contemplated by the Acquisition Agreement (or any public disclosure relating to such litigation); (v) any change, in and of itself, in any analyst's recommendations, any financial strength rating or any other recommendations or ratings as to the Target or its Subsidiaries, or any failure, in and of itself, to meet analyst projections, but not any Event underlying such change or failure to the extent such Event would otherwise constitute a Material Adverse Effect; (vi) the failure, in and of itself, of the Target to meet any expected or projected financial or operating performance target publicly announced or provided to the Company prior to the date of the Acquisition Agreement, as well as any change, in and of itself, by the Target in any expected or projected financial or operating performance target as compared with any target publicly announced or provided to the Company prior to the date of the Acquisition Agreement, but in each case not any Event underlying such failure or change to the extent such Event would otherwise constitute a Material Adverse Effect; (vii) any changes or developments in United States, European, Asian or global economic, regulatory or political conditions in general (including the outbreak or escalation of hostilities or acts of war or terrorism), or generally affecting United States, European, Asian or global financial or securities markets; or (viii) any changes or developments resulting from the execution, delivery, existence of, or compliance with the Acquisition Agreement or announcement or consummation of the transactions contemplated by the Acquisition Agreement, including any loss of employees, customers, suppliers, vendors, licensors, licensees or distributors; provided, further, that the exceptions in subclauses (ii), (iii) and (vii) shall not apply to the extent that the Target and its Subsidiaries are materially disproportionately affected thereby compared to other participants in the industry or industries in which they operate.

Notwithstanding anything to the contrary in this Commitment Letter (including each of the exhibits attached hereto), the Fee Letters, the Loan Documents (as defined in Exhibit C) or any other agreement or undertaking between you and us concerning the financing of the Transactions to the contrary, (i) the only representations and warranties the accuracy of which will be a condition to the availability and effectiveness of the Facilities on the Closing Date will be (a) the representations and warranties made by, or with respect to, the Target in the Acquisition Agreement that are material to the interests of the Lenders, but only to the extent that the Company or its subsidiaries have the right (taking into account any applicable cure periods) to terminate its or their obligations under the Acquisition Agreement or decline to consummate the transactions thereunder as a result of a breach of such representations in the Acquisition Agreement (to such extent, the "Acquisition Agreement Representations") and (b) the Specified Representations (as defined below) and (ii) the terms of the Loan Documents shall be in a form such that they do not impair the availability and effectiveness of the Facilities on the Closing Date if the conditions set forth or referred to in the first paragraph of this Section 2 are satisfied and/or waived by the applicable Commitment Parties (it being understood that, to the extent any security interest in the Collateral (as defined in Exhibit B) (other than any collateral the security interest in which may be perfected by the filing of a UCC financing statement or by the possession of stock certificates (or equivalent certificated equity interests) of the subsidiaries of the Company (including the Target) as and to the extent required under the heading "Collateral" in Exhibit B), is not or cannot be provided and/or perfected on the Closing Date (1) without undue burden or expense or (2) after your use of commercially reasonable efforts to do so, then the provision and/or perfection of such security interest(s) or deliverable shall not constitute a condition precedent to the availability and effectiveness of the Facilities on the Closing Date but shall be required to be delivered no later than (x) 120 days after the Closing Date in the case of security interests in real properties and (y) 90 days after the Closing Date in the case of security interests in any other Collateral (in each case, as such date may be extended by the Administrative Agents acting reasonably) pursuant to arrangements to be mutually agreed by the Company and the Administrative Agents). For purposes hereof, "Specified Representations" means the representations of the Borrowers and the Guarantors (each, as defined in each of the Term Sheets) in the Loan Documents relating to qualification, incorporation or organization of the Company and the Guarantors; power and authority to enter into the Loan Documents; due authorization and execution of the Loan Documents; no conflict of the Loan Documents with the organizational documents of any Borrower or any Guarantor or the Company's existing 2.75% senior notes due 2018 (the "2018 Notes") or 4.375% senior notes due 2023 (the "2023 Notes"); delivery and enforceability of the Loan Documents; solvency as of the Closing Date (after giving effect to the Transactions) of the Company and its restricted subsidiaries on a consolidated basis (solvency to be defined in a manner consistent with the manner in which solvency is determined in the solvency certificate to be delivered pursuant to paragraph 5 of Exhibit D); not being subject to regulation under the Investment Company Act of 1940; not using proceeds of the loans under the Facilities to purchase margin stock or in violation of the FCPA; not using the proceeds of the loans under the Facilities in violation of OFAC and the Patriot Act (and similar laws in relevant jurisdictions); and the creation, validity and perfection of the security interest to be granted in the intended collateral to be perfected (except as provided above). This paragraph, and the provisions herein, shall be referred to as the "Limited Conditionality Provisions".

3. Syndication

The Arrangers intend and reserve the right, on and after the Original Signing Date, to syndicate the Facilities to the Lenders (as such term is defined in each of the Term Sheets) (collectively with the Initial Lenders, the "Lenders"). Notwithstanding the foregoing, the Arrangers will not syndicate to (i) those lenders separately identified in writing by you to us prior to the Original Signing Date or (ii) to your competitors (which shall not include bona fide debt funds), separately identified in writing by you to us prior to the Original Signing Date or to the applicable Administrative Agent from time to time after the Closing Date (such Lenders, "Disqualified Lenders").

Notwithstanding the Arrangers' right to syndicate the Facilities and receive commitments with respect thereto (unless otherwise agreed in writing by you), (i) no Initial Lender shall be relieved, released or novated from its obligations hereunder (including its obligation to fund the Facilities on the date of effectiveness of, and initial funding under, the Facilities (the date of such effectiveness and funding, the "Closing Date")) in connection with any syndication, assignment or participation of the Facilities, including its commitments in respect thereof, until after the initial funding of the Facilities on the Closing Date has occurred, (ii) no assignment or novation by any Initial Lender shall become effective with respect to all or any portion of any Initial Lender's commitments in respect of the Facilities until after the initial funding of the Facilities on the Closing Date has occurred and (iii) unless you otherwise agree in writing, each Commitment Party shall retain exclusive control over all rights and obligations with respect to its commitments in respect of the Facilities, including all rights with respect to consents, modifications, supplements, waivers and amendments, until the Closing Date has occurred.

The Arrangers will lead the syndication, including determining, in consultation with you, the timing of all offers to potential Lenders, any title of agent or similar designations or roles awarded to any Lender and the acceptance of commitments, the amounts offered and the compensation provided to each Lender from the amounts to be paid to the Arrangers pursuant to the terms of this Commitment Letter and the Fee Letters, in each case subject to your consent rights with respect to Disqualified Lenders specified above. The Arrangers will determine the final commitment allocations and will notify the Company of such determinations. The Company agrees to use commercially reasonable efforts to ensure that the Arrangers' syndication efforts benefit from the existing lending and investment banking relationships of the Company, the Target and their respective subsidiaries. To facilitate an orderly and successful syndication of the Facilities, you agree that, until the earlier to occur of (a) a Successful Syndication (as defined in each of the Fee Letters) and (b) the Closing Date, the Company will not, and will use commercially reasonable efforts to ensure that the Target will not, syndicate or issue, attempt to syndicate or issue, announce or authorize the announcement of the syndication or issuance of, any debt facility or any debt security of the Company or the Target or any of their respective subsidiaries (other than the Facilities, any indebtedness of the Target permitted to be incurred by the Target (including its subsidiaries) pursuant to the Acquisition Agreement, and other indebtedness incurred in the ordinary course of business of the Company and its subsidiaries or the Target and its subsidiaries for capital expenditures and working capital purposes), without the prior written consent of the Lead Arrangers, if such issuance, offering, placement or arrangement would reasonably be expected to materially impair the primary syndication of the Facilities.

Without limiting your obligations to assist with the syndication efforts as set forth herein, it is understood that the Initial Lenders' commitments hereunder are not conditioned upon the syndication of, or receipt of commitments in respect of, the Facilities and in no event shall the successful completion of syndication of the Facilities constitute a condition to the availability of the Credit Facilities on the Closing Date. The Company agrees to, and agrees to use commercially reasonable efforts to have the Target, cooperate with the Arrangers, and provide customary information reasonably required by the Arrangers, in connection with all syndication efforts of the Arrangers until the earlier to occur of (a) a Successful Syndication and (b) 60 days following the Closing Date, including: (i) your assistance in preparing, as soon as practicable after the Original Signing Date, a customary information memorandum and other customary presentation materials (collectively, "Facilities Marketing Materials") in each case to be used in connection with the syndication of the Facilities; (ii) using commercially reasonable efforts to obtain, prior to the launch of syndication, a public corporate family rating from Moody's Investors Service, Inc. ("Moody's") and a public corporate credit rating from Standard & Poor's Ratings Service ("S&P"), in each case with respect to the Company, and ratings for the Term Facility from each of S&P and Moody's; (iii) arranging for direct contact between appropriate senior management, representatives and advisors of the Company (and using commercially reasonable efforts to cause direct contact between appropriate senior management, representatives and advisors of the Target) with prospective Lenders in all such cases at times mutually agreed upon; (iv) hosting (including any preparations with respect thereto) with the Arrangers at places and times reasonably requested by the Arrangers and mutually agreed upon one or more meetings with prospective Lenders; and (v) ensuring that (and with respect to the Target, using commercially reasonable efforts to ensure that) the ABL Facility

Administrative Agent shall have sufficient access to the Company and its subsidiaries and the Target and its subsidiaries, such that the field exam and inventory appraisal referred to in paragraph 11 of Exhibit D can be completed at least 15 business days prior to the launch of retail syndication of the ABL Facility. (i) The Lead Arrangers agree to use their commercially reasonable efforts to ensure the timely completion of a third party field exam and inventory appraisal and (ii) we agree that the only financial statements that shall be required to be provided to the Commitment Parties in connection with the syndication of the Facilities shall be those required to be delivered pursuant to paragraphs 2 and 3 of Exhibit D. Notwithstanding anything to the contrary contained in this Commitment Letter or either Fee Letter or any other letter agreement or undertaking concerning the financing of the Transactions to the contrary, your obligations to assist in syndication efforts as provided herein (including the obtaining of the ratings referred to above and the compliance with any of the provisions set forth in this paragraph), shall not constitute a condition to the commitments hereunder or the funding of the Facilities on the Closing Date.

Subject to your consent, not to be unreasonably withheld or delayed, and compliance with applicable laws, each Arranger has the right, after the Closing Date, to place advertisements in financial and other newspapers and journals at its own expense describing its services to you. You will be solely responsible for the contents of the Facilities Marketing Materials and all other information, documentation or other materials delivered to us by you or your affiliates in connection therewith and you acknowledge that we will be using and relying upon such information without independent verification thereof.

You understand that certain prospective Lenders (such Lenders, "Public Lenders") may have personnel that do not wish to receive MNPI (as defined below). At the Arrangers' request, you agree to assist in the preparation of an additional version of the Facilities Marketing Materials that does not contain material non-public information (as reasonably determined by you) concerning you, the Target or your or its respective subsidiaries or your or its respective affiliates or any of your or its respective securities for purposes of foreign, United States federal and state securities laws (collectively, "MNPI"). You will clearly designate as "PUBLIC" any information that does not contain MNPI (the "Public Information Materials") provided to the Commitment Parties by you or by your representatives on your behalf which is suitable to make available to Public Lenders. Before distribution of any Facilities Marketing Materials in connection with the syndication of the Facilities (i) to prospective Lenders that are not Public Lenders, you will provide us with a customary letter authorizing the dissemination of such materials and (ii) to prospective Public Lenders, you will provide us with a customary letter authorizing the dissemination of Public Information Materials to Public Lenders and confirming the absence of MNPI therein. You acknowledge and agree that the following documents may be distributed to Public Lenders (unless you or your counsel promptly notify us (including by email) otherwise and provided that you and your counsel have been given a reasonable opportunity to review such documents and comply with applicable securities law disclosure obligations): (a) drafts and final versions of the Loan Documents; (b) administrative materials prepared by the Arrangers for prospective Lenders (including without limitation a lender meeting invitation, allocations and funding and closing memoranda); and (c) term sheets and notification of changes in the terms and conditions of the Facilities. You agree that unless specifically labeled "PUBLIC," no information, documentation or other data disseminated to prospective Lenders in connection with the syndication of the Facilities, whether through an Internet site (including without limitation an IntraLinks or SyndTrak workspace), electronically, in presentations, at meetings or otherwise will be distributed to Public Lenders.

4. Information

You represent and warrant to us that (and with respect to information and projections relating to the Target and its subsidiaries, to the best of your knowledge that) (i) all written information (other than projections, forward-looking information and information of a general economic or industry specific nature) that has been or will be made available to any Arranger, any Commitment Party, the Lenders or any of their respective affiliates by you or the Target or any of your or its respective representatives on your or its behalf in connection with the Transactions, when taken as a whole, was and will be, when furnished, complete and correct in all material respects and did not and will not when furnished and when taken as a whole contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading in light of the circumstances under which such statements were or are made (giving effect to all supplements and updates provided thereto) and (ii) the projections and other forward-looking information that have been or will be made available to any Arranger, any Commitment Party, the Lenders or any of their respective affiliates by you or the Target or any of your or its respective representatives on your or its behalf in connection with the Transactions have been and will be prepared in good faith and that the information in such projections with respect to you will be based upon accounting principles consistent with the historical audited financial statements of the Company most recently provided to the Commitment Parties as of the date hereof and upon assumptions that are believed by the preparer thereof to be reasonable at the time made and at the time such projections are made available to any Arranger, any Commitment Party, the Lenders or any of their respective affiliates; it being understood that such projections and forward-looking statements are as to future events and are not to be viewed as facts, such projections and forward-looking statements are subject to significant uncertainties and contingencies and that actual results during the period or periods covered by any such information may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized. You agree that if at any time prior to the later of (a) the Closing Date and (b) a Successful Syndication (but, in any event, not later than 60 days after the Closing Date) you become aware that any of the representations in the preceding sentence would be incorrect (to the best of your knowledge with respect to information and projections relating to the Target and its subsidiaries) in any material respect if the information and projections were being furnished, and such representations were being made, at such time, then you will (and, with respect to information and projections relating to the Target and its subsidiaries, you will use commercially reasonable efforts to cause the Target and its subsidiaries to) promptly supplement, or cause to be supplemented, the information and projections so that (with respect to information and projections relating to the Target and its subsidiaries, to the best of your knowledge) such representations will be correct in all material respects under those circumstances. You understand that in providing our services pursuant to this Commitment Letter we may use and rely on the information and projections without independent verification thereof.

5. Indemnification; Expense Reimbursement

To induce us to enter into this Commitment Letter and the Fee Letters and to proceed with the documentation of the Facilities, you hereby agree (a) to indemnify and hold harmless the Administrative Agents, the Collateral Agents, the Commitment Parties, the Arrangers, each Commitment Party in any other capacity to which it may be appointed by you in connection with the Transactions, each Lender and their respective affiliates and each partner, trustee, director, officer, employee, advisor, representative, agent, attorney and controlling person thereof (each of the above, an "Indemnified Person") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses, joint or several, of any kind or nature whatsoever that may be brought by the Company, the Target, the Guarantors, any of their respective affiliates or any other person or entity and which may be incurred by or asserted against or involve any Indemnified Person as a result of or arising out of or in any way relating to or resulting from this Commitment Letter, the Fee Letters, the Facilities, the Transactions or any related transaction contemplated hereby or thereby or any use or intended use of the proceeds of the Facilities and you agree, upon demand, to pay and reimburse each Indemnified Person, whether or not the action, suit, proceeding or claim out of which any such expenses arise is brought by the Company, the Target, any Guarantor, any of their respective affiliates or any other person or entity and whether or not any Indemnified Person is a party to such action, suit, proceeding or claim for any reasonable, documented out-of-pocket legal (limited to the fees, charges and disbursements of a single counsel for all Indemnified Persons selected by the Commitment Parties and of such special and local counsel as the Commitment Parties may deem appropriate in their good faith discretion, except that if any Indemnified Person reasonably concludes that its interests conflict with those of another Indemnified Person and notifies you of such conflict, you shall also be responsible for the reasonable, documented fees, charges and disbursements of (i) one separate counsel for such conflicted Indemnified Persons and (ii) such special and local counsel as such conflicted Indemnified Persons may deem appropriate in their good faith discretion) and other reasonable, documented out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including any inquiry or investigation) or claim; provided that you will not have to indemnify an Indemnified Person against (A) any claim, loss, damage, liability or expense (i) to the extent such claim, loss, damage, liability or expense is found in a final, non-appealable judgment of a court of competent jurisdiction to have resulted from (x) the gross negligence or willful misconduct of such Indemnified Person or any of its controlled affiliates, partners, trustees, directors, officers, employees, advisors, representatives, agents, attorneys or controlling persons or (y) a material breach by any Commitment Party of its obligations under this Commitment Letter or (ii) arising out of any claim, actions, suits, inquiries, litigation, investigation or proceeding that does not involve an act or omission of you or any of your affiliates and that is brought by an Indemnified Person against any other Indemnified Person (other than any claim, actions, suits, inquiries, litigation, investigation or proceeding against any Administrative Agent, Commitment Party, Arranger or other agent in its capacity or in fulfilling its role as such) or (B) any settlement entered into by such Indemnified Person without your written consent (such consent not to be unreasonably withheld, conditioned or delayed) and (b) on the earlier of the Closing Date and any other Termination Date, to reimburse each Commitment Party from time to time, upon presentation of a summary statement, for all reasonable and documented out-of-pocket expenses (including but not limited to expenses of each Commitment Party's due diligence investigation, consultants' fees, syndication expenses, travel expenses and reasonable fees, disbursements and other charges of counsel to the Arrangers named in each of the Term Sheets, of a single firm of local counsel to the Arrangers in each relevant material jurisdiction and, solely in the case of an actual or perceived conflict of interest, one additional counsel in each applicable material jurisdiction), in each case incurred in connection with the Facilities and the preparation, negotiation and enforcement of this Commitment Letter, the Fee Letters and the Loan Documents. You acknowledge that we may receive a benefit, including without limitation, a discount, credit or other accommodation, from any of such counsel based on the fees such counsel may receive on account of their relationship with us including, without limitation, fees paid pursuant hereto. Notwithstanding any other provision of this Commitment Letter, no Indemnified Person will be responsible or liable to you or any other person or entity for damages arising from the use by others of any information or other materials obtained through internet, electronic, telecommunications or other information transmission systems unless such use resulted from the gross negligence or willful misconduct on the part of such person (to the extent determined by a court of competent jurisdiction in a final and non-appealable judgment).

The indemnity and reimbursement obligations of the Company under this Section 5 will be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company and the Indemnified Persons and shall be superseded in each case by the applicable provisions to the extent covered in the definitive financing documentation upon effectiveness thereof and thereafter shall have no further force and effect.

Neither you nor we nor any other Indemnified Person will be responsible or liable to us or you or any other person or entity for any indirect, special, punitive or consequential damages which may be alleged as a result of or arising out of, or in any way related to, the Acquisition, this Commitment Letter, the Fee Letters, the Facilities or the Transactions or any use or intended use of the proceeds of the Facilities; provided that the indemnity and reimbursement obligations under this Section 5 shall not be limited by this sentence.

6. Assignments

This Commitment Letter may not be assigned by you without the prior written consent of each of the Commitment Parties (and any purported assignment without such consent will be null and void), is intended to be solely for the benefit of the parties hereto and is not intended to confer any benefits upon, or create any rights in favor of, any person (including equity holders, employees or creditors of the Company) other than the parties hereto (and any Indemnified Person). This Commitment Letter may not be assigned by any Commitment Party without the consent of the Company (and any purported assignment without such consent will be null and void); provided that the Initial Lenders may assign their commitments in accordance with Section 3 above. This Commitment Letter may not be amended or any term or provision hereof waived or modified except by an instrument in writing signed by each of the parties hereto.

7. USA PATRIOT Act Notification

The Arrangers hereby notify the Company, the Borrowers and the Guarantors that, pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it and each Lender may be required to obtain, verify and record information that identifies the Borrowers and the Guarantors, which information includes the name and address of the Borrowers and the Guarantors and other information that will allow the Arrangers and each Lender to identify the Borrowers and the Guarantors in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act and is effective for each Arranger and each Lender, and you agree that the Arrangers shall be permitted to share such information with the Lenders.

8. Sharing Information; Affiliate Activities; Absence of Fiduciary Relationship

Please note that this Commitment Letter, the Fee Letters and any communications provided by the Commitment Parties or any of their affiliates in connection with the Transactions (collectively with the Commitment Letter and the Fee Letters, the "Transaction Information") may not be disclosed to any person or entity other than the Board of Directors and senior management of the Company or circulated or referred to publicly without our prior written consent except, after providing prior written notice to the Commitment Parties (but only as and to the extent the provision of such notice is reasonably practicable), pursuant to applicable law or compulsory legal process, including without limitation a subpoena or order issued by a court of competent jurisdiction or by a judicial, administrative or legislative body or committee; provided that (x) we hereby consent to your disclosure of (i) the Transaction Information to your officers, directors, employees, agents, attorneys, accountants, advisors and controlling persons who are directly involved in the consideration of the Facilities to the extent you notify such persons of their obligation to keep such Transaction Information confidential and such persons are subject to confidentiality obligations, (ii) this Commitment Letter or the information contained herein and the Term Sheets (but not either Fee Letter or the information contained therein other than a version of the Fee Letters redacted in a customary manner reasonably satisfactory to the Commitment Parties) to the Target and its officers, directors, employees, agents, attorneys, accountants, advisors and controlling persons who are directly involved in the consideration of the Facilities to the extent you notify such persons of their obligation to keep this Commitment Letter, such Term Sheets and the information contained herein and therein confidential and such persons are subject to confidentiality obligations, (iii) the Term Sheets to any ratings agencies on a confidential basis in connection with the Transactions, (iv) this Commitment Letter or the information contained herein and the Term Sheets (but not the Fee Letters or the information contained therein) in any syndication or other marketing materials, prospectus or other offering memorandum, in each case relating to the Facilities, (v) the Term Sheets (but not this Commitment Letter or either Fee Letter) to potential debt providers in coordination with us to obtain commitments to the Facilities from such potential debt providers, (vi) this Commitment Letter or the information contained herein and the Term Sheets (but not either Fee Letter or the information contained therein) to the extent customary or required in any public or regulatory filing relating to the Transactions and (vii) you may disclose the aggregate amounts contained in the Fee Letters as part of the projections, pro forma information or a generic disclosure of aggregate sources and uses related to fee amounts related to the Transactions to the extent customary or required in offering and marketing materials for the Facilities or to the extent customary or required in any public or regulatory filing relating to the Transactions; provided, further, that the foregoing restrictions shall cease to apply (except in respect of the Fee Letters and the contents thereof) after the earlier of the Closing Date and the date that is two years after the Original Signing Date.

We shall use all nonpublic information received by us and our affiliates from or on behalf of you in connection with this Commitment Letter and the transactions contemplated hereby solely for the purposes of negotiating, evaluating and consulting on the transactions contemplated hereby and providing the services that are the subject of this Commitment Letter and shall treat confidentially, together with the terms and substance of this Commitment Letter and the Fee Letters, all such information; provided, however, that nothing herein shall prevent us from disclosing any such information (a) to rating agencies on a confidential basis in connection with our mandate hereunder, (b) to any Lenders or participants or prospective Lenders or participants who have agreed to be bound by confidentiality and use restrictions in accordance with the proviso to this sentence, (c) in any legal, judicial or administrative proceeding or other compulsory process or otherwise as required by applicable law or regulations (in which case we shall promptly notify you, in advance, to the extent reasonably practicable and permitted by law), (d) upon the request or demand of any regulatory authority having jurisdiction over us or our affiliates (in which case we shall, except with respect to any audit or examination conducted by bank accountants or any regulatory authority exercising examination or regulatory authority, promptly notify you, in advance, to the extent reasonably practical and permitted by law), (e) to our officers, directors, employees, legal counsel, independent auditors, professionals and other experts or agents (collectively, "Representatives") who are informed of the confidential nature of such information and who are subject to customary confidentiality obligations of professional practice or who agree to be bound by the terms of this paragraph (or language substantially similar to this paragraph) (with each such Commitment Party, to the extent within its control, responsible for such Representatives' compliance with this paragraph), (f) to any of our affiliates and their Representatives (provided that any such affiliate or Representative is advised of its obligation to retain such information as confidential, and we shall be responsible for such affiliates' compliance with this paragraph) to be utilized solely in connection with rendering services to you in connection with the Transactions, (g) to the extent any such information becomes publicly available other than by reason of disclosure by us, our affiliates or any of our respective Representatives in breach of this Commitment Letter (h) to the extent that such information is received by us from a third party that is not, to our knowledge, subject to confidentiality obligations owing to you or any of your affiliates or related parties, (i) to the extent that such information is independently developed by us, (j) for purposes of establishing a "due diligence" defense (in which case we shall promptly notify you, in advance, to the extent permitted by law), (k) to any hedge provider or prospective hedge provider (collectively, "Specified Counterparties") subject to the provisions of the proviso to this paragraph or (l) for purposes of enforcing the rights of the Commitment Parties under this Commitment Letter; provided that the disclosure of any such information to any Lenders or prospective Lenders or participants or prospective participants or Specified Counterparties referred to above shall be made subject to the acknowledgment and acceptance by such Lender or prospective Lender or participant or prospective participant or Specified Counterparty that such information is being disseminated on a confidential basis (on substantially the terms set forth in this paragraph or as is otherwise reasonably acceptable to you and us, including, without limitation, as agreed in any confidential information memorandum or other marketing materials) in accordance with our standard syndication processes or customary market standards for dissemination of such type of information. The provisions of this paragraph shall automatically be superseded by the confidentiality provisions to the extent covered in the definitive documentation for the Facilities upon the Closing Date and shall in any event automatically terminate two years following the Original Signing Date.

You acknowledge that the Commitment Parties and their respective affiliates may from time to time effect transactions, for their own account or the account of customers, and may hold positions in loans or options on loans of the Company, the Target and other companies that may be the subject of the Transactions. In addition, each of the Commitment Parties and their respective affiliates are full service securities firms and as such may from time to time effect transactions, for their own account or the account of customers, and may hold long or short positions in securities or options on securities of the Company, the Target and other companies that may be the subject of the Transactions. You acknowledge that each Commitment Party and their affiliates may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which you may have conflicting interests regarding the transactions described herein or otherwise, and that each Commitment Party and its affiliates may have economic interests that are different from or conflict with those of the Company regarding the Transactions. You acknowledge that no Commitment Party has any obligation to disclose such interests and transactions to you by virtue of any fiduciary, advisory or agency relationship and you waive, to the fullest extent permitted by law, any claims you may have against any Commitment Party for breach of fiduciary duty or alleged breach of fiduciary duty and agree that no Commitment Party will have any liability (whether direct or indirect) to you in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on your behalf, including your equity holders, employees or creditors. You acknowledge that the Transactions (including the exercise of rights and remedies hereunder and under the Fee Letters) are arms'-length commercial transactions and that we are acting as principal and in our own best interests. The Company is relying on its own experts and advisors to determine whether the Transactions are in the Company's best interests. You agree that we will act under this Commitment Letter and the Fee Letters as an independent contractor and that nothing in this Commitment Letter, either Fee Letter, the nature of our services or in any prior relationship will be deemed to create an advisory, fiduciary or agency relationship between us, on the one hand, and the Company, its equity holders or its affiliates, on the other hand, in connection with the financing contemplated hereby. In addition, we may employ the services of our respective affiliates and branches in providing any of the services hereunder and may exchange with such affiliates information concerning the Company, the Target and other companies that may be the subject of the Transactions and such affiliates or branches will be entitled to the benefits afforded to, and subject to the limitations and restrictions binding upon, us hereunder.

In addition, please note that Barclays Capital Inc. has been retained by you as financial advisor (in such capacity, the "Financial Advisor") to you in connection with the Acquisition. You agree to such retention, and further agree not to assert any claim you might allege based on any actual or potential conflicts of interest that might be asserted to arise or result from, on the one hand, the engagement of the Financial Advisor, and on the other hand, our and our affiliates' relationships with you as described and referred to herein.

Consistent with our policies to hold in confidence the affairs of our customers, we will not use or disclose confidential information obtained from you by virtue of the Transactions in connection with our performance of services for any of our other customers (other than as permitted to be disclosed under this Section 8). Furthermore, you acknowledge that neither we nor any of our affiliates have an obligation to use in connection with the Transactions, or to furnish to you, confidential information obtained or that may be obtained by us from any other person.

Additionally, you acknowledge and agree that no Commitment Party nor their respective affiliates are advising you as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction; provided that the parties acknowledge that the Financial Advisor is advising you with respect to the Acquisition pursuant to a separate Engagement Letter between the Financial Advisor and you. You shall consult with your own advisors concerning such matters and shall be responsible for making your own independent investigation and appraisal of the transactions contemplated hereby, and no Commitment Party nor their respective affiliates shall have any responsibility or liability to you with respect thereto. Any review by the Commitment Parties or their affiliates of the Company, the Target, the Transactions, the other transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Commitment Parties and shall not be on behalf of you or any of your affiliates.

9. Waiver of Jury Trial; Governing Law; Submission to Jurisdiction; Surviving Provisions

ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION, SUIT, PROCEEDING OR CLAIM ARISING IN CONNECTION WITH OR AS A RESULT OF ANY MATTER REFERRED TO IN THIS COMMITMENT LETTER OR EITHER FEE LETTER IS HEREBY IRREVOCABLY WAIVED BY THE PARTIES HERETO. THIS COMMITMENT LETTER WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT THE LAWS OF THE STATE OF DELAWARE SHALL GOVERN IN DETERMINING (A) THE INTERPRETATION OF A MATERIAL ADVERSE EFFECT AND WHETHER A MATERIAL ADVERSE EFFECT HAS OCCURRED AND (B) THE ACCURACY OF ANY ACQUISITION AGREEMENT REPRESENTATION AND WHETHER AS A RESULT OF ANY INACCURACY THEREOF YOU OR YOUR SUBSIDIARIES (OTHER THAN THE TARGET AND ITS SUBSIDIARIES) HAVE THE RIGHT (WITHOUT REGARD TO ANY NOTICE REQUIREMENT) TO TERMINATE YOUR OR THEIR RESPECTIVE OBLIGATIONS (OR TO REFUSE TO CONSUMMATE THE ACQUISITION) UNDER THE ACQUISITION AGREEMENT (IN EACH CASE, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES THAT WOULD

RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF DELAWARE).

Each of the parties hereto hereby irrevocably and unconditionally (i) submits, for itself and its property, to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, located in the Borough of Manhattan and (b) the United States District Court for the Southern District of New York and any appellate court from any such court, in any action, suit, proceeding or claim arising out of or relating to this Commitment Letter, either Fee Letter or the performance of services hereunder or under either Fee Letter, or for recognition or enforcement of any judgment, and agrees that all claims in respect of any such action, suit, proceeding or claim may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court, (ii) waives, to the fullest extent that it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action, suit, proceeding or claim arising out of or relating to this Commitment Letter, either Fee Letter or the performance of services hereunder or under either Fee Letter in any such New York State or Federal court and (iii) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such action, suit, proceeding or claim in any such court. Each of the parties hereto agrees to commence any such action, suit, proceeding or claim either in the United States District Court for the Southern District of New York or in the Supreme Court of the State of New York, New York County located in the Borough of Manhattan.

This Commitment Letter and any written or oral communications provided by the Commitment Parties or any of their affiliates in connection with the Transactions are issued for your benefit only and no other person or entity (other than the Indemnified Persons) may rely hereon or thereon.

Each of the parties hereto agrees that (i) this Commitment Letter is a binding and enforceable agreement with respect to the subject matter contained herein, including an agreement of each party to negotiate in good faith the Loan Documents by the parties hereto in a manner consistent with this Commitment Letter, it being acknowledged and agreed that the commitments provided hereunder are subject only to conditions precedent as expressly provided or referred to in Section 2 of this Commitment Letter, and (ii) each Fee Letter is a legally valid and binding agreement of the parties thereto with respect to the subject matter set forth therein.

Except to the extent otherwise specified in this Commitment Letter, the provisions of Sections 3, 4, 5, 6 and 8 and this Section 9 of this Commitment Letter will survive any termination or completion of the arrangements contemplated by this Commitment Letter or either Fee Letter, or the Transactions, including without limitation whether or not the Loan Documents are executed and delivered and whether or not the Facilities are made available or any loans under the Facilities are incurred. You may terminate this Commitment Letter and the Initial Lenders' commitments with respect to the Facilities hereunder at any time subject to the provisions of the preceding sentence and the Fee Letters. In addition, in the event that a lesser amount of indebtedness is required to fund the Transactions for any reason (including by virtue of the issuance of additional shares of capital stock by the Company pursuant to the Equity Issuance), you may, in your sole discretion, reduce the Initial Lenders' commitments with respect to the Term Facility (on a pro rata basis amongst the Initial Lenders).

10. Termination; Acceptance

Our commitments hereunder and our agreements to provide the services described herein will automatically (and without further action) terminate upon the first to occur of (such first date, the "Termination Date") (i) the consummation of the Acquisition (together with any funding of the Facilities to the extent required hereunder), (ii) your written notice to us of your abandonment or termination of the definitive documentation for the Acquisition, including the Acquisition Agreement, (iii) your written notice to us of your election to terminate the commitments for all of the Facilities, our agreements to provide the services described herein, and your obligations described herein and (iv) 5:00 p.m. New York City time on November 4, 2015 (or, if all conditions precedent to consummation of the Acquisition pursuant to the Acquisition Agreement have been satisfied other than the receipt of regulatory approvals, 5:00 p.m. New York City time on February 4,

2016) unless the Closing Date has occurred on or before such date on the terms and subject to the conditions set forth herein. Notwithstanding anything in this paragraph to the contrary, the termination of any commitment pursuant to this paragraph does not prejudice our or your rights and remedies in respect of any breach of this Commitment Letter.

This Commitment Letter may be executed in any number of counterparts, each of which when executed will be an original and all of which, when taken together, will constitute one agreement. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof. This Commitment Letter and the Fee Letters set forth the entire understanding of the parties with respect to the Facilities and supersede any prior written or oral agreements among the parties hereto with respect to the Facilities. Those matters that are not covered in this Commitment Letter or in either Fee Letter are subject to mutual agreement of the parties. This Commitment Letter is in addition to the agreements of the parties set forth in the Fee Letters. No person has been authorized by any Commitment Party to make any oral or written statements that are inconsistent with this Commitment Letter and the Fee Letters.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to the Commitment Parties the enclosed copy of this Commitment Letter, together, if not previously executed and delivered, with the Fee Letters on or before the close of business on February 20, 2015, whereupon this Commitment Letter and the Fee Letters will become binding agreements among us. If not signed and returned as described in the preceding sentence by such date, this offer will terminate on such date.

[*The remainder of this page is intentionally left blank.*]

We look forward to working with you on this assignment.

Very truly yours,

BANK OF AMERICA, N.A.

/s/ Douglas M. Ingram

By: __ Name: Douglas M. Ingram

Title: Managing Director

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

/s/ Douglas M. Ingram

By: __ Name: Douglas M. Ingram

Title: Managing Director

[Signature Page to Amended and Restated Commitment Letter]

BARCLAYS BANK PLC

By: __ /s/ Regina Tarone

Name: Regina Tarone

Title: Managing Director

[Signature Page to Amended and Restated Commitment Letter]

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Thomas M. Molitor

By: __ Name: Thomas M. Molitor

Title: Managing Director

WELLS FARGO SECURITIES, LLC

/s/ Lewis S. Morris, III

By: __ Name: Lewis S. Morris, III

Title: Managing Director

[Signature Page to Amended and Restated Commitment Letter]

HSBC BANK USA, N.A.

By: __ Name: Thomas Foley

/s/ Thomas Foley

Title: Managing Director

HSBC SECURITIES (USA) INC.

By: __ Name: Richard Jackson

/s/ Richard Jackson

Title: Managing Director

[Signature Page to Amended and Restated Commitment Letter]

PNC BANK, NATIONAL ASSOCIATION

/s/ Kevin Madigan

By: __ Name: Kevin Madigan

Title: SVP

PNC CAPITAL MARKETS LLC

/s/ Brian Prettyman

By: __ Name: Brian Prettyman

Title: Senior Vice President

[Signature Page to Amended and Restated Commitment Letter]

TORONTO DOMINION (TEXAS) LLC

By: __ Name: Robin Zeller /s/ Robin Zeller

Title: Vice President

TD SECURITIES (USA) LLC

By: __ Name: Linda Lavin /s/ Linda Lavin

Title: Managing Director

[Signature Page to Amended and Restated Commitment Letter]

U.S. BANK NATIONAL ASSOCIATION

By: __ Name: Matt J. Downs

/s/ Matt J. Downs

Title: SVP

[Signature Page to Amended and Restated Commitment Letter]

GUGGENHEIM SECURITIES HOLDINGS, LLC

/s/ Paul Friedman

By: __ Name: Paul Friedman

Title: Authorized Signatory

[Signature Page to Amended and Restated Commitment Letter]

Accepted and agreed to as of
the date first above written:

STAPLES, INC.

/s/ John Buchta
By:__
Name: John Buchta
Title: SVP Treasurer

[Signature Page to Amended and Restated Commitment Letter]

Exhibit A

Project Warrior
Transaction Description

Capitalized terms used but not defined herein have the meanings assigned to such terms as set forth in the Commitment Letter to which this Exhibit A is attached. In the case of any such capitalized term that is subject to multiple and differing definitions, the appropriate meaning thereof in this Exhibit A shall be determined by reference to the context in which it is used.

In connection with the Acquisition, it is intended that:

1. The Company will obtain the Facilities and, on the Closing Date, will borrow (i) term loans under the Term Facility in an aggregate principal amount of $2,750 million and (ii) loans and other extensions of credit in an aggregate amount of approximately $1,500 million under the ABL Facility;

2. The Equity Issuance will be consummated;

3. Immediately after giving effect to the Acquisition, (a) on the Closing Date, all principal, accrued and unpaid interest, fees, premium, if any, and other amounts (other than (i) contingent obligations not then due and payable and that by their terms survive the termination of the Existing Credit Facility (as defined below) and (ii) certain existing letters of credit outstanding thereunder that on the Closing Date will be handled as set forth under the heading "Letters of Credit" in Exhibit C) under that certain Amended and Restated Credit Agreement dated as of May 25, 2011 (as amended, restated, amended and restated, refinanced, replaced, modified or supplemented from time to time prior to the Closing Date), among, inter alios, the Target, JPMorgan Chase Bank, N.A. as administrative agent and US collateral agent, JPMorgan Chase Bank, N.A., London Branch, as European administrative agent and European collateral agent, and the other parties thereto (the "Existing Credit Facility") will be repaid in full and the commitments to extend credit thereunder will be terminated and security interests or guaranties provided in connection therewith will be terminated or released pursuant to a customary payoff letter and (b) the Target's 9.75% Senior Secured Notes due 2019 (the "Existing Notes"), issued under that certain Indenture, dated as of March 14, 2012 (the "Existing Indenture"), between the Target and US Bank National Association, as trustee, will either be (A) redeemed 30 days after the Closing Date (with an irrevocable notice of redemption being delivered on the Closing Date), (B) irrevocably defeased in accordance with the terms of the Existing Indenture, (C) discharged on the Closing Date (with an irrevocable notice of redemption being delivered on the Closing Date) or (D) will be subject to a tender offer and consent solicitation that closes on the Closing Date, which as a result of such tender offer and consent solicitation and/or any covenant defeasance or discharge in accordance with the terms of the Existing Indenture, any conflicts in the Existing Indenture are eliminated (and if any stub debt remains outstanding after such tender offer and consent solicitation, the Target shall redeem, discharge or defease such stub debt in the manner described in either clause (A) or (B) above (with an irrevocable notice of redemption being delivered on the Closing Date) (the transactions described in clauses (a) and (b) above, collectively, the "Refinancings"); and

4. The proceeds of the Term Facility and permitted borrowings under the ABL Facility, together with approximately $500 million of existing cash on hand of the Company and the Target, will be applied (i) as described above to fund the cash consideration for the Acquisition, (ii) to pay the fees and expenses incurred in connection with the Transactions (such fees and expenses, including any original issue discount, the "Transaction Costs") and (iii) to pay for the Refinancings.

The Acquisition and the other transactions described above (including the payment of Transaction Costs) are collectively referred to herein as the "Transactions".

Exhibit B

Project Warrior
Summary of Terms and Conditions of the Term Facility

Capitalized terms used but not defined herein have the meanings assigned to such terms as set forth in the in the Commitment Letter (including Exhibits A, C and D thereto) to which this Exhibit B is attached.

Borrower:	The Company (the "Borrower").
Guarantors:	All obligations of the Borrower under the Term Facility and under any Incremental Facility (as defined below) will be unconditionally guaranteed by each existing and each subsequently acquired or organized direct or indirect U.S. wholly-owned restricted subsidiary of the Borrower (individually, each a "Guarantor" and, collectively, the "Guarantors"), subject to customary exceptions (including, without limitation, where the Borrower and the Administrative Agent reasonably determine that the costs of obtaining such guarantee are excessive in relation to the value afforded thereby). The Borrower and the Guarantors of the Term Facility are each herein referred to as a "Loan Party". The Borrower will be permitted, on and after the Closing Date, to designate subsidiaries as "unrestricted" (each, an "Unrestricted Subsidiary"), and to re-designate an Unrestricted Subsidiary as "restricted", subject to (x) customary limitations on investments, loans, advances to, and other investments in Unrestricted Subsidiaries, (y) the absence of any defaults or events of default and (z) in the case of any designation of an Unrestricted Subsidiary, the requirement to satisfy a Total Net Leverage Ratio (to be defined in a manner to be agreed) to be agreed. Unrestricted Subsidiaries will not be included in the representations and warranties of the Loan Parties or be subject to affirmative or negative covenants or events of default (other than certain representations, warranties and covenants relating to the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws), and the cash held by, results of operations, assets, indebtedness and interest expense of Unrestricted Subsidiaries will not be taken into account for purposes of determining any financial ratio or covenant contained in the Term Loan Documents.
Joint Lead Arrangers and Joint Bookrunners:	Barclays, MLPFS, Wells Fargo Securities and HSBC Securities will act as the joint lead arrangers and joint bookrunners for the Term Facility (in such capacities, the "Arrangers") and will perform the duties customarily associated with such roles.
Lenders:	A syndicate of banks, financial institutions and other entities, including the Initial Lenders, arranged by the Arrangers in consultation with the Borrower, but excluding Disqualified Lenders (the "Lenders").

Administrative Agent:	Barclays will act as sole and exclusive administrative agent for the Lenders and will perform the duties customarily associated with such role (the "Administrative Agent").
Collateral Agent:	Barclays will act as sole and exclusive collateral agent for the Lenders and will perform the duties customarily associated with such role (the "Collateral Agent").
Syndication Agents:	Bank of America, Wells Fargo Securities and HSBC Securities.
Documentation Agents:	PNCCM, TD Securities, U.S. Bank and Guggenheim.
Transactions:	As described in Exhibit A.
Term Facility:	A senior secured tranche B term loan facility, consisting of a $2,750,000,000 U.S. Dollar denominated term loan (the "Term Facility").
Purpose/Use of Proceeds:	The proceeds of the Term Facility will be used, along with proceeds of the ABL Facility, if drawn, and cash on hand at the Company, the Target and their respective subsidiaries to finance the cash consideration for the Transactions and for working capital and general corporate purposes.
Closing Date:	The date of the initial funding of the Facilities.
Term Loan Maturity Date:	The earlier of (such earlier date, the "Term Loan Maturity Date"): (i) the date that is six years after the Closing Date and (ii) the date that is 91 days prior to the final maturity date then in effect for the 2018 Notes (as defined in the Commitment Letter) (as such maturity date may be extended from time to time in accordance with the terms of the 2018 Notes); provided that clause (ii) shall be disregarded (and the Term Loan Maturity Date shall be the date that is six years after the Closing Date) if, as of the date referred to in such clause (ii), the aggregate principal amount of outstanding 2018 Notes is less than $300 million.
Availability:	One drawing may be made under the Term Facility on the Closing Date.
Collateral:	Subject, on the Closing Date, to the Limited Conditionality Provisions (as set forth in Section 2 of the Commitment Letter) and subject to the limitations set forth below in this section, the obligations of the Loan Parties in respect of the Term Facility and any Incremental Facility will be secured by substantially all assets of the Loan Parties, wherever located, now owned or hereafter acquired, including the following (collectively, the "Collateral"): (a) a perfected second-priority security interest (subject to permitted liens) in the ABL Priority Collateral (as defined in Exhibit C); and (b) a perfected first-priority security interest (subject to permitted liens) in all assets (other than the ABL Priority Collateral), including but not

limited to: (i) machinery, equipment, furniture, fixtures, vehicles, real property, intellectual property, general intangibles (except those relating to accounts and inventory that constitute ABL Priority Collateral) and documents relating to equipment, (ii) instruments and other rights to payment (including accounts receivable), in each case, solely to the extent relating to the sale or other disposition of Term Loan Priority Collateral (the "Term Loan Receivables") and any deposit account or securities account that contain only proceeds of the sale of any Term Loan Priority Collateral (the "Term Loan Asset Sale Proceeds Account"), (iii) the equity interests held directly by the Borrower or any Guarantor in any restricted subsidiary (which pledge, in the case of any foreign subsidiary, will be limited to 100% of the non-voting equity interests (if any) and 66% of the voting equity interests of such foreign subsidiary), (iv) all other Collateral not constituting ABL Priority Collateral and (v) all proceeds and products of the foregoing (collectively, the "Term Loan Priority Collateral").

Notwithstanding anything to the contrary, the Collateral shall exclude the following: (A) motor vehicles and other assets subject to certificates of title (to the extent a lien thereon cannot be perfected by filing of a UCC financing statement); (B) pledges and security interests over assets (including in respect of interests in partnerships, joint ventures and other non-wholly owned entities) to the extent prohibited by law, except to the extent such prohibition is unenforceable after giving effect to applicable provisions of the Uniform Commercial Code, other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code notwithstanding such prohibitions; (C) all fee owned real property having a book value less than $7.5 million (with all required mortgages being permitted to be delivered post-closing subject to the requirements of the Limited Conditionality Provisions) determined on the Closing Date for existing real property and on the date of acquisition for any after acquired real property (or the date of substantial completion of any material improvement thereon or new construction thereof) and all real property leasehold interests; (D) intent to use trademark or service mark applications until such time as a statement of use is filed; (E) equity interests in any person other than wholly owned restricted subsidiaries to the extent not permitted by the terms of such subsidiary's organizational or joint venture documents; (F) any lease, license or other agreement or any property subject to a purchase money security interest, capital lease obligation or similar arrangements, in each case, to the extent permitted under the Term Loan Documents and to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement, purchase money, capital lease or a similar arrangement or create a right of termination in favor of any other party thereto (other than a Loan Party), in each case, after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law, other than proceeds and receivables thereof and (G) (i) the Divested Properties (as defined below) and (ii) any other real property identified in writing by the Borrower prior to the Closing Date that is for sale on the Closing Date or that the Borrower or any Guarantor intends to sell as part of the restructuring and integration in connection with the Acquisition, in each case, that would otherwise not be excluded pursuant to clause (C) above and that have not been disposed of on or prior to 120 days after the Closing Date (in which case perfection of the lien on such Divested Properties or such other real property shall be provided within 180 days after the Closing Date, or such longer period as the Administrative Agent may agree in its reasonable judgment). For the avoidance of doubt, notwithstanding the foregoing, the Term Lenders will have a security interest in all Collateral required under the ABL Facility, which security interest shall be (x) senior to any lien the secured parties in respect of the ABL Facility have in any Term Loan Priority Collateral and (y) junior to any lien the secured parties in respect of the ABL Facility have in any ABL Priority Collateral.

If the Company or any of its subsidiaries has any assets that constitute Principal Properties or has any Principal Subsidiaries (as each such term is defined in that certain Indenture dated as of January 15, 2009 among the Company, as issuer, the subsidiary guarantors named therein and HSBC Bank USA, National Association, as trustee (the "Indenture")), then, to the extent security is provided over such Principal Properties or over any shares of capital stock of, or evidences of indebtedness issued by such Principal Subsidiaries, such pledge shall be automatically limited to the maximum amount of indebtedness permitted to be secured by such assets without violating the terms of the Indenture and without giving rise to any obligation to grant an equal and ratable lien on such assets to secure the obligations under the Indenture.

Intercreditor Matters: The exercise of certain rights and remedies with respect to the respective security interests and liens of the Collateral Agent and the collateral agent under the ABL Facility will be subject to an intercreditor agreement that will contain customary lien subordination, completion rights, collateral access and intellectual property licensing provisions, all in form and substance reasonably satisfactory to the Arrangers, the arrangers of the ABL Facility and the Company (the "Intercreditor Agreement").

Documentation: The definitive credit documentation for the Term Facility will include, among other items, a credit agreement, guarantees, Intercreditor Agreement and appropriate pledge and security agreements (collectively, the "Term Loan Documents"). The Term Loan Documents will contain the terms set forth in this Exhibit B and, to the extent any other terms are not expressly set forth in this Exhibit B will (i) be negotiated in good faith within a reasonable time period to be determined based on the expected Closing Date and taking into account the timing of the syndication of the Term Facility and the pre-closing requirements of the Acquisition Agreement, (ii) contain such other terms as the Borrower and the Arrangers shall reasonably agree, (iii) give due regard to a combination of (a) the leverage profile and projected free cash flow generation of the Borrower and its restricted subsidiaries after giving effect to the Transactions and (b) general trends and risks affecting the industry and the Borrower and its restricted subsidiaries, (iv) reflect the operational and strategic requirements of the Borrower and its restricted subsidiaries, (v) take into account the proposed business plan and financial model of the Borrower and (vi) be in a form such that they do not impair the availability of the Term Facility on the Closing Date if the conditions to funding set forth or referred to in Section 2 of the Commitment Letter are satisfied (collectively, the "Documentation Principles").

Incremental Facilities: The Term Loan Documents shall provide for the ability of the Borrower to add one or more incremental term facilities or increase any then existing term loan facility, in each case under such documentation (the "Incremental Facilities") in minimum amounts of U.S. Dollars to be agreed and in an aggregate total principal amount not to exceed the sum of (i) $1,000.0 million for all such Incremental Facilities *plus* (ii) additional amounts so long as the Borrower is in pro forma compliance (after giving effect to such Incremental Facility and any customary and appropriate pro forma adjustments for acquisitions or dispositions or prepayment of indebtedness in connection therewith (including adjustments for cost-savings and synergies subject to parameters to be agreed), and assuming that any cash proceeds of any Incremental Facilities will not be netted for the purpose of determining compliance) with a Senior Secured Net Leverage Ratio (as defined below) that is less than or equal to 2.00 to 1.0 (the "Incremental Leverage Test"). The Incremental Facilities will be incurred by the Borrower and will rank pari passu in right of payment, with the same guarantees and security as the Term Facility.

The Incremental Facilities shall not initially be effective but may be activated at any time and from time to time during the life of the Term Facility at the request of the Borrower with consent required only from those Lenders (including new lenders ("Additional Lenders") that are reasonably acceptable to the Borrower; provided that the Administrative Agent shall have consent rights (not to be unreasonably withheld or delayed) with respect to such Additional Lender if (and to the extent) such consent would be required under the heading "Assignments and Participations" for an assignment of loans or commitments, as applicable, to such Additional Lender) that agree, in their sole discretion, to participate in such Incremental Facility, and the following shall be conditions to the effectiveness of any Incremental Facility: (a) no default or event of default shall have occurred and be continuing or would result therefrom, except in the case of an Incremental Facility incurred to finance a permitted acquisition or other permitted investment where no payment or bankruptcy event of default will be the standard (except where customary "Sungard" or "certain funds" conditionality is otherwise agreed to by the lenders providing such Incremental Facility), (b) all representations and warranties shall be true and correct in all material respects (except to the extent already qualified by materiality, in which case accuracy in all respects is required) immediately prior to, and after giving effect to, the incurrence of such Incremental Facility (except where customary “Sungard” or “certain funds” conditionality is otherwise agreed to by the lenders providing such Incremental Facility, in which cash such limited conditionality shall apply), (c) the maturity date of any such Incremental Facility shall be no earlier than the latest term loan maturity date then in effect, (d) the weighted average life to maturity of any Incremental Facility shall be no shorter than the weighted average life to maturity of the Term Facility, and (e) the interest margins for the Incremental Facility shall be determined by the Borrower and the lenders of the Incremental Facility, provided that in the event that the all-in yield for any Incremental Facility raised within twelve (12) months of the Closing Date is greater than the all-in yield for the Term Facility by more than 50 basis points (the "Yield Differential"), then the Applicable Margin for the Term Facility shall be increased to the extent necessary so that the all-in yield for such Incremental Facility is not more than 50 basis points higher than the all-in yield for the Term Facility, provided that, to the extent such terms and documentation are not identical to the Term Facility (except to the extent permitted by clause (c), (d) or (e) above or except for such terms applicable only to periods after the latest term loan maturity date then in effect), they shall be reasonably satisfactory to the Administrative Agent. For purposes of determining the all-in yield applicable to the Incremental Facility and the Yield Differential, (i) OID or upfront fees (which shall be deemed to constitute like amounts of OID) payable by the Borrower for the account of the Lenders with respect to the Term Facility or the Incremental Facility in the primary syndication thereof shall be included (with OID being equated to interest based on an assumed four-year life to maturity), (ii) customary arrangement or similar fees payable to the Arrangers (or their respective affiliates) in connection with the Term Facility or to one or more arrangers (or their affiliates) of the Incremental Facility shall be excluded, and (iii) if any LIBOR or any ABR floor for the Incremental Facility is greater than the LIBOR or ABR floor, respectively, for the Term Facility, the difference between such floor for the Incremental Facility and the Term Facility shall be equated to an increase in the Applicable Margin (it being agreed that any increase in interest margins to any existing facility required due to the application of a LIBOR or ABR floor on any Incremental Facility shall be effected solely through an increase in (or implementation of, as applicable) any LIBOR or ABR floor (as the case may be) applicable to such Term Facility).

“Senior Secured Net Leverage Ratio” means, as of any date of determination, the ratio of (a)(i) Total Secured Indebtedness (as defined below) as of such date, less (ii) all unrestricted cash and cash equivalents of the Borrower and its restricted subsidiaries up to a cap of $250 million to (b) Consolidated EBITDA (to be defined in a manner to be agreed) of the Borrower and its restricted subsidiaries for the most recently ended four-fiscal quarter period for which financial statements are available.

"Total Secured Indebtedness" means, as of any date of determination, the outstanding principal amount of funded secured indebtedness for borrowed money, purchase money indebtedness and the principal portion of capital leases, determined on a consolidated basis, of the Borrower and its restricted subsidiaries; provided that when calculating Total Secured Indebtedness under the ABL Facility such amount shall be deemed to be the average daily amount drawn on the ABL Facility over the immediately preceding four quarter period.

Refinancing Facilities: The Term Loan Documents shall provide for the ability of the Borrower to refinance loans under the Term Facility or under any Incremental Facility with one or more new term facilities (each, a "Refinancing Term Facility") under such documentation with the consent of the Borrower and the institutions providing such Refinancing Term Facility or with one or more additional series of senior unsecured notes or loans or senior secured notes or loans incurred by the Borrower that will be secured by liens on the Collateral ranking on an equal priority basis (but without regard to the control of remedies) with the liens on the Collateral securing the Term Facility (such notes or loans, "Refinancing Notes" and, together with the Refinancing Term Facility, the "Refinancing Indebtedness") subject to customary limitations.

Amortization: Commencing with the last day of the first full calendar quarter following the Closing Date, the Term Facility will amortize in equal quarterly installments in aggregate annual amounts equal to 5% of the original principal amount of the Term Facility, with the remaining balance, together with all other amounts owed with respect thereto, payable on the Term Loan Maturity Date.

Interest: All amounts outstanding under the Term Facility will bear interest, at the Borrower's option, at a rate *per annum* equal to:

(a) the Base Rate plus the Applicable Margin *per annum*; or

(b) the Adjusted LIBOR Rate plus the Applicable Margin *per annum*;

provided, however, that at no time will the Base Rate be deemed to be less than 1.75% *per annum* or the Adjusted LIBOR Rate be deemed to be less than 0.75% *per annum*.

The "Applicable Margin" shall mean, (i) with respect to Base Rate Loans, 2.75% and (ii) with respect to LIBOR Loans, 3.75%.

"Base Rate" and "Adjusted LIBOR Rate" shall be defined in a manner customary for transactions of this kind.

Default Interest: Upon and during the continuance of any payment or bankruptcy event of default, and solely with respect to any overdue amounts, the applicable interest rate plus 2.00% per annum.

Voluntary Prepayments: Voluntary prepayments of borrowings under the Term Facility will be permitted at any time, in minimum principal amounts to be agreed upon, without premium or penalty (subject to the premium described in the next two sentences), subject to reimbursement of the Lenders' redeployment costs in the case of a prepayment of Adjusted LIBOR loans other than on the last day of the relevant interest period. In the event that, within six (6) months of the Closing Date, the Term Facility is refinanced, repaid or repriced in connection with a Repricing Event (as defined below), such prepayment, refinancing or repricing shall be made at 101% of the principal amount prepaid, refinanced or repriced. "Repricing Event" means (i) any prepayment or re-payment of the Term Loans, in whole or in part, with the proceeds of, or conversion of such Term Loans into, any new or replacement tranche of syndicated bank financings bearing interest with an "effective yield" (taking into account, for example, upfront fees, interest rate spreads, interest rate benchmark floors and OID, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all lenders or holders of such new or replacement loans) less than the "effective yield" applicable to the Term Loans (as such comparative yields are determined in the reasonable judgment of the Administrative Agent consistent with generally accepted financial practices) and (ii) any amendment to the Term Loans which reduces the "effective yield" applicable to the Term Loans (and any assignment pursuant to the "yank-a-bank" provisions in connection therewith), in the case of each of clauses (i) and (ii), solely to the extent the primary purpose of such replacement or amendment, as reasonably determined by the Borrower in good faith, is to reduce the "effective yield" on the Term Loans. Notwithstanding the foregoing, no such fee shall be payable if such Repricing Event relates to new or replacement loans incurred in connection with a change of control. All voluntary prepayments under the Term Facility shall be applied to the remaining amortization payments thereunder as directed by the Borrower and as between the Term Facility and any Incremental Facility, as directed by the Borrower.

Mandatory Prepayments: Loans under the Term Facility shall be prepaid with:

(a) 50% (stepping down to 25% if the Senior Secured Net Leverage Ratio is less than or equal 1.50 to 1.00 and to 0% if the Senior Secured Net Leverage Ratio is less than or equal to 1.00 to 1.00) of the Borrower's annual excess cash flow (to be defined as mutually agreed, but in any event to provide for a deduction from excess cash flow, without duplication among periods, of operating cash flow used to make acquisitions, make permitted investments (other than intercompany investments, cash equivalents, money market instruments and certain other limited exceptions), make certain distributions and dividends (in any event, such deduction not to include those made under the Available Amount Basket, the Free and Clear Basket or the general basket), or make capital expenditures, or to be used within the succeeding twelve months to fund acquisition obligations for which binding agreements exist or to make capital expenditures (in each case subject to reversal of such deduction if such amount is not actually expended within such twelve-month period)) commencing with the end of the fiscal year ending on or around January 28, 2017 (with such fiscal year to be calculated on a "stub year" basis only for the full fiscal quarters of the Borrower to occur after the Closing Date); provided that voluntary prepayments of Term Loans shall reduce excess cash flow payments on a dollar-for-dollar basis (except to the extent made with the proceeds of long-term indebtedness or non-ordinary course disposition of property);

(b) to the extent that the net cash proceeds of non-ordinary course asset sales or other dispositions of property (including condemnation and insurance proceeds, but excluding the proceeds of any asset sale or other disposition of ABL Priority Collateral that are required to be applied to the ABL Facility in accordance with the terms of the ABL Facility Documents (as defined in Exhibit C)) by the Borrower or any of its restricted subsidiaries exceeds, in the aggregate, an amount to be agreed in any fiscal year, 100% of such excess net cash proceeds in excess of such aggregate amount to be agreed of all non-ordinary course asset sales or other dispositions of property by the Borrower or its restricted subsidiaries (including, without limitation, insurance and condemnation proceeds), subject to exceptions to be agreed upon and customary reinvestment rights if reinvested within twelve (12) months of such sale or disposition (or committed to be reinvested within such twelve (12) month period and reinvested within six (6) months thereafter); provided that the Borrower shall prepay the loans under the Term Facility and the ABL Facility (without a permanent reduction of the ABL Facility commitments) on a *pro rata* basis with 100% of the net proceeds received after the Closing Date from any and all Divested Properties in excess of $15 million in the aggregate in any calendar year (except that, in any event, the application of such proceeds shall be reallocated as between the Term Facility and the ABL Facility to the extent required to maintain Excess Availability (as defined in Exhibit C) of not less than $1,000 million after giving effect to such sale of Divested Properties and such repayments); provided, further, that if, after giving pro forma effect to any sale of Divested Properties, the Senior Secured Net Leverage Ratio is less than or equal to 2.00 to 1.00, the proceeds of such Divested Properties shall be permitted to be reinvested as provided above.

(c) 100% of the net cash proceeds of debt issued by the Borrower or its restricted subsidiaries (other than debt permitted under the Term Loan Documents, except for any Refinancing Indebtedness, the net cash proceeds of which, for the avoidance of doubt, will be applied as a mandatory prepayment to the class of loans being refinanced).

Notwithstanding the foregoing, to the extent that the Borrower has determined in good faith that repatriation of any portion of excess cash flow or the net proceeds of any asset sale by a non-U.S. restricted subsidiary would have an adverse tax cost consequence (taking into account any foreign tax credit or benefit received in connection with such repatriation) or is not permitted by applicable law, then, to the extent that such adverse tax cost consequence or legal limitation is not directly attributable to actions taken by the Borrower or any of its subsidiaries with the intent of avoiding or reducing any mandatory prepayment otherwise required, the Borrower shall not be required to make a prepayment with such portion of excess cash flow or such net proceeds as provided above.

The above described mandatory prepayments shall be applied first, in direct order to the next eight (8) scheduled quarterly amortization and, second, *pro rata* to the remaining scheduled amortization payments and, other than with respect to mandatory prepayments in respect of any Refinancing Indebtedness, *pro rata* among the classes of loans; provided that any mandatory prepayment with the proceeds of Divested Properties shall be applied *pro rata* to reduce all remaining scheduled amortization payments, *pro rata* among the classes of loans.

Any Lender may elect not to accept any mandatory prepayment (each a "Declining Lender"). Any prepayment amount declined by a Declining Lender may be retained by the Borrower and any such retained amounts will not thereafter be counted as excess cash flow or net cash proceeds (as described above) in any subsequent measurement period.

"Divested Properties" means the businesses, services or assets required to be divested, transferred or otherwise sold by the Company or the Target in connection with the Acquisition in accordance with the Acquisition Agreement.

Conditions Precedent to Effectiveness and Borrowings On the Closing Date: The several obligations of the Lenders to make, or cause one of their respective affiliates to make, loans under the Term Facility on the Closing Date will be subject to only the following conditions: (i) prior written notice of borrowing and (ii) the conditions set forth or referred to in Section 2 of the Commitment Letter (including those specified in Exhibit D thereto).

Representations and Warranties: Limited to the following, defined in a manner usual and customary for facilities and transactions of this type in accordance with the Documentation Principles, subject to customary material adverse effect and materiality qualifiers, exceptions and baskets to be mutually agreed (applicable to the Company and its restricted subsidiaries (and with respect to the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws representations, its unrestricted subsidiaries) and, in the case of the Target and its subsidiaries, giving due regard to matters disclosed in the Acquisition Agreement): corporate status; good standing; power and authority; due authorization, execution and delivery; legal, valid and binding documentation; no material consents; no material adverse change; litigation and investigations; use of proceeds; no violation of, or conflicts with, material agreements or instruments; compliance with organizational documents, laws and regulations (including margin regulations); payment of taxes; ownership of subsidiaries and properties; accuracy of financial statements (including pro forma financial statements); accuracy of disclosure; insurance; absence of undisclosed liabilities; intellectual property; inapplicability of the Investment Company Act; consolidated Closing Date solvency after giving effect to the Transactions; labor matters; regulatory matters; PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws; validity, priority and perfection of security interests in the Collateral; environmental matters, employment matters and employee benefit matters; no default; in each case subject, on the Closing Date, to the Limited Conditionality Provisions.

Affirmative Covenants: Limited to the following, defined in a manner usual and customary for facilities and transactions of this type in accordance with the Documentation Principles, subject to customary materiality qualifiers, exceptions and baskets to be mutually agreed (to be applicable to the Company and its restricted subsidiaries and, with respect to the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws, its unrestricted subsidiaries): maintenance of corporate existence and rights; performance of obligations; delivery of consolidated financial statements for the Company and its subsidiaries (including quarterly financial statements and audited annual financial statements (and annual audit opinions from nationally recognized auditors that are not subject to any qualification as to "going concern" or scope of the audit)), related certificates, annual budget and other financial and operational information, including a quarterly MD&A, and including information required under the PATRIOT Act; delivery of notices of default, materially adverse litigation, ERISA events, material adverse change and other material events; maintenance of properties in good working order; maintenance of customary insurance; compliance with laws and regulations; environmental matters; inspection of books and properties; casualty and condemnation; additional loan parties and other further assurances; payment of taxes; maintenance of necessary consents, approvals, licenses and permits; compliance with the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws; commercially reasonable efforts to maintain public corporate credit and facility ratings (but not specific ratings); and post-closing covenant to provide first priority perfected security interests (subject to the terms of the Intercreditor Agreement).

Negative Covenants: Limited to the following, defined in a manner usual and customary for facilities and transactions of this type in accordance with the Documentation Principles, subject to customary materiality qualifiers, exceptions and baskets to be agreed (to be applicable to the Company and its restricted subsidiaries): limitations on dividends and distributions on, and redemptions and repurchases of, equity interests and other restricted payments (which shall permit, among other things, (i) dividends, distributions or redemptions with the Available Amount Basket as set forth below, (ii) dividends, distributions or redemptions in connection with the Transactions (in accordance with the Acquisition Agreement), (iii) if no event of default exists when declared, quarterly dividends by the Company in an amount up to $0.15 per share and (iv) additional dividends, distributions or redemptions when the Free and Clear RP Basket (as defined below) conditions are satisfied); limitations on prepayments, redemptions and repurchases of junior lien, subordinated or unsecured debt (which shall permit, among other things, (i) prepayments, redemptions and repurchases with the Available Amount Basket as set forth below, (ii) unlimited prepayments, redemptions and repurchases when the Free and Clear RP Basket conditions are satisfied and (iii) any refinancing of such junior lien, subordinated or unsecured debt with the proceeds of Permitted Refinancing Indebtedness (to be defined in a manner to be agreed)); limitations on amendments to organizational documents and documentation relating to certain material indebtedness; limitations on liens (which shall permit, among other things, liens securing (i) the ABL Facility, (ii) any Refinancing Indebtedness, and (iii) debt assumed in connection with a Permitted Acquisition or similar investment or other permitted acquisition of an entity that becomes a restricted subsidiary (provided that, in the case of this clause (iii), such liens extend only to the same assets that such liens extended to, and secure the same indebtedness that such liens secured, immediately prior to such assumption and were not created in contemplation thereof)); negative pledge with respect to U.S. owned real property not constituting Collateral; limitations on investments (which shall permit, among other things, (i) intercompany investments (subject to limitations to be agreed regarding investments by Loan Parties in non-Loan Parties), (ii) acquisitions on the terms set forth below regarding Permitted Acquisitions, (iii) investments with the Available Amount Basket as set forth below, (iv) certain investments in joint ventures to be agreed and (v) the Acquisition and investments in connection with the Transactions); limitations on debt and issuance of preferred stock (which shall permit, among other things, (i) the ABL Facility and any refinancing thereof in whole or in part, (ii) any Refinancing Indebtedness, (iii) certain debt existing as of the Closing Date (including the 2018 Notes, the 2023 Notes (as defined in the Commitment Letter), the Target's 5% debentures due 2030, the Target's 7.35% debentures due 2016, the Target's receivables securitization program in France, certain capital leases and certain revenue bonds), (iv) indebtedness incurred and/or assumed in connection with a Permitted Acquisition, similar investment or other permitted acquisition of an entity that becomes a restricted subsidiary on the terms set forth below regarding debt assumed or incurred in connection with a Permitted Acquisition, (v) purchase money debt and capital leases in an amount to be mutually agreed, (vi) certain indebtedness of foreign subsidiaries to be mutually agreed (but no less than $300 million in the aggregate at any one time outstanding) and (vii) additional unsecured debt in an amount to be mutually agreed); limitations on mergers and asset sales (which shall permit, among other things, intercompany transfers among the Borrower and its restricted subsidiaries (subject to limitations to be agreed regarding transfers from Loan Parties to non-Loan Parties)); limitations on sale leaseback transactions, with exceptions to be agreed; limitations on transactions with affiliates; limitations on changes in business; limitations on negative pledge clauses; limitations on swap agreements; limitations on change of fiscal quarter, fiscal year and other accounting changes (except in connection with the integration of the Target and its subsidiaries following the Acquisition); and limitations on restrictions on ability of subsidiaries to pay dividends or make distributions (with exclusions to be agreed, including with respect to restrictions included in agreements governing debt of non-U.S. restricted subsidiaries).

The Borrower and its restricted subsidiaries will be permitted to make acquisitions of persons that become restricted subsidiaries or of assets (including assets constituting a business unit, line of business or division) (each, a "Permitted Acquisition") and incur or assume indebtedness in connection therewith subject to: (a) pro forma compliance, after giving effect to any such transaction, with either (i) a Total Net Leverage Ratio that is less than or equal to the Total Net Leverage Ratio on the Closing Date or (ii) a Total Net Leverage Ratio that is no greater than the Total Net Leverage Ratio immediately prior to giving effect to any such acquisition; (b) no event of default shall have occurred and be continuing or would result therefrom; (c) the acquired entity or business is in the same line of business or carries on, or is, a business complementary to that carried on by the Borrower and its restricted subsidiaries; (d) the Loan Parties comply with the applicable covenants to provide Collateral and guarantees; and (e) acquisitions of entities that do not become Guarantors (or of assets that do not become Collateral) will be subject to the applicable limitations on investments in non-Guarantor subsidiaries to be mutually agreed.

The Borrower or any restricted subsidiary will be permitted to make non-ordinary course of business asset sales or dispositions without limit so long as (a) such sales or dispositions are for fair market value, (b) at least 75% of the consideration for asset sales and dispositions shall consist of cash or cash equivalents, subject to customary terms and limitations and (c) such asset sale or disposition is subject to the terms set forth in the section entitled "Mandatory Prepayments" hereof, if applicable, and subject to other customary terms and conditions to be agreed.

In addition, the negative covenants shall include:

(1) an Available Amount Basket based on (i) $150 million, plus (ii) the retained portion of excess cash flow (i.e., the portion not required to be applied to prepay the Term Loans under the excess cash flow sweep), *plus* (iii) permitted equity proceeds, which may be used (without duplication) for restricted payments, investments and the prepayment or redemption of junior lien, subordinated or unsecured debt; provided that the Available Amount Basket may only be used in connection with restricted payments and payments or redemptions of junior lien, subordinated or unsecured indebtedness so long as (x) the Borrower is in pro forma compliance with a Senior Secured Net Leverage Ratio of not greater than 2.00 to 1.00 and (y) no event of default have occurred and be continuing or would result therefrom; and

(2) an additional basket to make restricted payments and payments or redemptions of junior lien, subordinated or unsecured indebtedness so long as (x) the Borrower is in pro forma compliance with a Senior Secured Net Leverage Ratio of not greater than 1.50 to 1.00 and (y) no event of default shall have occurred and be continuing or would result therefrom (the "Free and Clear RP Basket").

Financial Covenant: None.

Limited Conditionality Acquisition

For purposes of (i) determining compliance with any provision of the Term Loan Documents that requires the calculation of a financial ratio, (ii) determining compliance with representations, warranties, defaults or events of default or (iii) testing availability under baskets set forth in the Term Loan Documents, in each case, in connection with an acquisition by one or more of Borrower and its restricted subsidiaries of any assets, business or person permitted to be acquired under the Term Loan Documents, in each case whose consummation is not expressly conditioned on the availability of, or on obtaining, third party financing (any such acquisition, a "Limited Condition Acquisition"), at the option of the Borrower (Borrower's election to exercise such option in connection with any Limited Condition Acquisition, an "LCA Election"), the date of determination of whether any such action is permitted shall be deemed to be the date the definitive agreements for such Limited Condition Acquisition are entered into (the "LCA Test Date"), and if, after giving pro forma effect to the Limited Condition Acquisition and the other transactions to be entered into in connection therewith as if they had occurred at the beginning of the most recent test period ending prior to the LCA Test Date, the Borrower could have taken such action on the relevant LCA Test Date in compliance with such financial ratio or basket, representation, warranty, default or event of default, such financial ratio or basket, representation, warranty, default or event of default shall be deemed to have been complied with.

For the avoidance of doubt, if the Borrower has made an LCA Election and any of the financial ratios or baskets for which compliance was determined or tested as of the LCA Test Date are exceeded as a result of fluctuations in any such financial ratio or basket (including due to fluctuations of the target of any Limited Condition Acquisition) solely as a result of fluctuations in Consolidated EBITDA (as opposed to any incurrence, disposition or restricted payment) at or prior to the consummation of the relevant transaction or action, such baskets or financial ratios will not be deemed to have been exceeded as a result of such fluctuations.

If the Borrower has made an LCA Election for any Limited Condition Acquisition, then in connection with any subsequent calculation of any financial ratio or basket availability on or following such date of the execution of the definitive agreement and prior to the earlier of the date on which such acquisition is consummated or such definitive agreement is terminated or expires without consummation of such acquisition, any such financial ratio or basket shall be calculated (and tested) on a pro forma basis assuming that such Limited Condition Acquisition has been consummated and also calculated (and tested) on a pro forma basis assuming that such Limited Condition Acquisition has not been consummated, except that (other than solely with respect to the determinations described in the first paragraph under the heading "Limited Condition Acquisition") Consolidated EBITDA (except to the extent calculating any financial ratio that is required by this provision to be calculated on a pro forma basis), assets and consolidated net income of any target of such Limited Condition Acquisition can only be used in the determination of the relevant ratios and baskets if and when such acquisition has closed.

Events of Default: Limited to the following (relating to the Company and its restricted subsidiaries and, solely with respect to any breach of a representation, warranty or covenant applicable to unrestricted subsidiaries, unrestricted subsidiaries), defined in a manner that is usual and customary for facilities and transactions of this type in accordance with the Documentation Principles and subject to, where appropriate, materiality qualifiers and grace periods to be mutually agreed upon: nonpayment of principal, interest or other amounts; violation of covenants; incorrectness of representations and warranties in any material respect (or in any respect with respect to any representations and warranties already qualified by materiality); cross-default and cross-acceleration to indebtedness in a principal amount exceeding $75 million; bankruptcy and other insolvency-related defaults; material unsatisfied judgments (subject to a threshold of $75 million in the case of monetary judgments); actual or asserted invalidity of guarantees, security documents or other Term Loan Documents; loss of lien priority; ERISA events; and change of control (to be defined in a manner to be agreed). While the accuracy of any representation and warranty other than as set forth or referred to in Section 2 of the Commitment Letter is not a condition precedent to the availability of the Facilities on the Closing Date, all other representations and warranties shall be made on the Closing Date.

Assignments and Participations:

From and after the Closing Date, each Lender may assign all or, subject to the minimum amount specified below, a portion of its loans and commitments under the Term Facility. Assignments will require payment of an administrative fee to the Administrative Agent and the consents of the Administrative Agent and the Company, which consents shall not be unreasonably withheld or delayed (and, in the case of the Company, will deemed to be given if no response is received within 10 business days of the date of the request); provided that (i) no consents shall be required for an assignment to an existing Lender or an affiliate or approved fund of an existing Lender, (ii) no consent of the Company shall be required when a payment or bankruptcy event of default is continuing and (iii) no consent of the Company shall be required when such assignment after the Closing Date is by the Arrangers during primary syndication of the Term Facility pursuant to a pre-approved syndication strategy. Each assignment (except to other Lenders or their affiliates or approved funds) will be in a minimum amount of $1.0 million.

In addition, each Lender may sell participations in all or a portion of its loans and commitments under the Term Facility; provided that no purchaser of a participation shall have the right to exercise or to cause the selling Lender to exercise voting rights in respect of the Term Facility, except with respect to: (w) increases in commitments of such participant; (x) reductions or forgiveness of principal, interest, premium or fees payable to such participant; (y) extensions of the Term Loan Maturity Date or the date for payment of any amortization, interest or fees on the loans or commitments in which such participant participates; and (z) releases of all or substantially all of the value of the guarantees, or all or substantially all of the Term Loan Priority Collateral.

In addition, subject to the provisions below, non-pro rata payments will be permitted in connection with loan buy-back or similar programs on terms to be mutually agreed.

The Term Loan Documents shall provide that (a) Term Loans may be purchased and assigned on a non-pro rata basis through (i) open market purchases and/or (ii) Dutch auction or similar procedures to be agreed that are offered to all Lenders on a pro rata basis in accordance with customary procedures to be agreed and, in each case, subject to customary restrictions to be agreed and (b) the Borrower and its subsidiaries shall be eligible assignees of Term Loans; provided that (i) any such Term Loans acquired by the Borrower or any of its subsidiaries shall be cancelled (and be deemed automatically cancelled) promptly upon acquisition thereof, (ii) no loan purchases shall be permitted by the Borrower or any of its subsidiaries if a default or event of default has occurred and is continuing, (iii) all parties to the relevant transactions shall render customary "big boy" disclaimer letters and the Borrower (or such subsidiary, as applicable) shall have executed and delivered to the

Administrative Agent an Affiliated Lender assignment and assumption agreement and (iv) no proceeds from any ABL Loan (as defined in Exhibit C) shall be used to fund such purchases.

No assignments or participations may be made to Disqualified Lenders and any assignment or participation made in violation of such requirement shall be voidable upon request by the Borrower (unless such Disqualified Lender no longer holds such assignment or participation and the holder thereof would otherwise be an eligible assignee). The Administrative Agent shall have the right to (a) post the list of Disqualified Lenders provided by the Borrower and any updates thereto from time to time (collectively, the "DQ List") on IntraLinks, SyndTrak Online or similar electronic means (the "Platform"), including that portion of the Platform that is designated for "public side" Lenders and/or (b) provide the DQ List to each Lender requesting the same. The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions of the Term Loan Documents relating to Disqualified Lenders.

Expenses and Indemnification: The Borrower shall pay (a) (i) all reasonable and documented or invoiced out-of-pocket expenses of the Administrative Agent, the Collateral Agent and each Arranger associated with the syndication of the Term Facility and the preparation, execution, delivery and administration of the Term Loan Documents and (ii) all reasonable and documented or invoiced out-of-pocket expenses of the Administrative Agent, the Collateral Agent and each Arranger associated with and any amendment or waiver with respect to the Term Loan Documents (including, without limitation, the reasonable and documented fees, disbursements and other charges of counsel identified herein, one local counsel in each relevant material jurisdiction and, solely in the case of an actual or perceived conflict of interest, one additional counsel in each applicable material jurisdiction) and (b) all reasonable and documented or invoiced out-of-pocket expenses of the Administrative Agent, the Collateral Agent, each Arranger and the Lenders (including, without limitation, the reasonable and documented fees, disbursements and other charges of counsel) in connection with the enforcement of the Term Loan Documents.

The Loan Parties will indemnify the Administrative Agent, the Collateral Agent, each Arranger, and the Lenders and their respective affiliates, successors and assigns and the officers, directors, employees, affiliates, agents, advisors, controlling persons and members of each of the foregoing, and hold them harmless from and against all costs, expenses (including, without limitation, reasonable and documented fees, disbursements and other charges of counsel), losses, claims, damages and liabilities of any such Indemnified Person arising out of, or relating to any claim or any litigation or other proceedings (regardless of whether any such Indemnified Person is a party thereto or whether such claim, litigation, or other proceeding is brought by a third party or by the Borrower or any of its affiliates, creditors or shareholders) that relate to the Transactions; provided that no Indemnified Person will be indemnified for its gross negligence, material breach of its funding obligations under the Term Facility, bad faith or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable decision or for any dispute that is solely among Indemnified Persons and does not arise from any act or omission by the Borrower or any of its affiliates (other than a dispute involving claims against the Administrative Agent or Collateral Agent in its capacity as such); provided, further that no Indemnified Person or the Borrower shall be liable for any indirect, special, punitive or consequential damages (other than in respect of any such damages incurred or paid by an Indemnified Person to a third party).

Yield Protection and Increased Costs: Usual for facilities and transactions of this type, including customary tax gross-up provisions (including customary provisions relating to the implementation of regulations related to Basel III and Dodd-Frank regardless of the date enacted); provided that any U.S. federal withholding taxes imposed on any Lender under current Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) shall be solely for the account and expense of such Lenders.

Voting: Amendments and waivers of the Term Loan Documents will require the approval of Lenders (the "Required Lenders") holding more than 50.0% of the aggregate amount of loans and commitments under the Term Facility and under any Incremental Facilities, except that: (a) the consent of each Lender directly and adversely affected thereby shall be required with respect to (i) increases in or extensions of commitments of such Lender, (ii) reductions or forgiveness of principal, interest (other than default interest), premium or fees payable to such Lender, (iii) reductions in the amount of, or extensions of scheduled amortization or final maturity or the date for payment to such Lender of any interest, premium or fee, and (iv) changes that impose any additional restrictions on such Lender's ability to assign any of its rights or obligations; (b) the consent of 100% of the Lenders will be required with respect to (i) modifications to voting requirements or percentages, (ii) modification to certain provisions requiring the pro rata treatment of lenders, and (iii) releases of liens on all or substantially all of the Term Loan Priority Collateral or all or substantially all of the value of the Guarantees (other than in connection with any sale of Collateral or of the relevant Guarantor permitted by the Term Loan Documents); and (c) the consent of the Administrative Agent or the Collateral Agent will be required to amend, modify or otherwise affect the rights and duties of the Administrative Agent or the Collateral Agent, as applicable. Notwithstanding the foregoing, amendments and waivers of the Term Loan Documents that affect solely the Lenders under the Term Facility or any Incremental Facility will require only the consent of Lenders holding more than 50% of the aggregate commitments or loans, as applicable, under such Term Facility or Incremental Facility.

The Term Loan Documents shall contain customary provisions for replacing non-consenting Lenders in connection with amendments and waivers requiring the consent of all relevant Lenders or of all relevant Lenders directly affected thereby so long as the Required Lenders have consented thereto.

In addition, if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical nature in the Term Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision without any further action or consent of any other party if the same is not objected to in writing by the Required Lenders to the Administrative Agent within five (5) business days following receipt of notice thereof.

The Term Loan Documents shall contain "amend and extend" provisions pursuant to which individual Lenders may agree to extend the maturity date of their outstanding loans (which may include, among other things, an increase in the interest rates payable with respect of such extended loans, with such extensions not subject to any "default stoppers", financial tests or "most favored nation" pricing provision, upon the request of the Borrower and without the consent of any other Lender (it is understood that (i) no existing Lender will have any obligation to commit to any such extension and (ii) each Lender under the class being extended shall have the opportunity to participate in such extension on the same terms and conditions as each other Lender under such class).

Replacement of Lenders: The Term Loan Documents shall contain customary provisions for replacing, through an assignment at par or through repayment at par (or, in the case of a non-consenting Lender in connection with a Repricing Event occurring within 6 months of the Closing Date, at 101% of the principal amount so assigned or repaid): (i) non-consenting Lenders in connection with amendments and waivers requiring the consent of all Lenders or of all Lenders directly and adversely affected thereby so long as the Required Lenders shall have consented thereto and (ii) Lenders invoking yield protection provisions.

Governing Law and Forum: New York.

Counsel to the Arrangers, Administrative Agent and the Collateral Agent: Latham & Watkins LLP.

Exhibit C

Project Warrior
Summary of Terms and Conditions of the ABL Facility

Capitalized terms used but not defined herein have the meanings assigned to such terms as set forth in the Commitment Letter (including Exhibits A, B and D thereto) to which this Exhibit C is attached.

Borrowers:	The Company, Merger Sub (to be succeeded by Target immediately upon consummation of the Acquisition) and certain direct and indirect U.S. operating subsidiaries of the Company with assets to be included in the Borrowing Base (individually, a "Borrower" and, collectively, the "Borrowers").
Guarantors:	All obligations of the Borrowers under the ABL Facility (including any Additional ABL Commitments (as defined below)) and the obligations of the Loan Parties (as defined below) in respect of certain bank products (including hedging and treasury management obligations) incurred in favor of any person that is an Arranger, the Administrative Agent, a Lender or an affiliate of an Arranger, the Administrative Agent or a Lender at the time such obligations are incurred (or, with respect to any such obligations incurred prior to the Closing Date, in favor of any person that is an Arranger, the Administrative Agent, a Lender or an affiliate of an Arranger, the Administrative Agent or a Lender as of the Closing Date) will be unconditionally guaranteed by the Borrowers (except as to their respective primary obligations) and each existing and each subsequently acquired or organized direct or indirect wholly-owned U.S. restricted subsidiary of the Company (individually, a "Guarantor" and, collectively, the "Guarantors"), subject to customary exceptions (including, without limitation, where the Company and the Administrative Agent reasonably determine that the costs of obtaining such a guarantee are excessive in relation to the value afforded thereby). The Borrowers and the Guarantors are referred to herein as the "Loan Parties". The Company will be permitted, on and after the Closing Date, to designate subsidiaries as "unrestricted" (each, an "Unrestricted Subsidiary"), and to re-designate an Unrestricted Subsidiary as "restricted", subject to (x) customary limitations on investments, loans, advances to, and other investments in Unrestricted Subsidiaries, (y) the absence of any defaults or events of default and (z) in the case of any designation of an Unrestricted Subsidiary, the requirement to satisfy the Payment Conditions (as defined below) except in the case of any Unrestricted Subsidiary designated on the Closing Date. Unrestricted Subsidiaries will not be included in the representations and warranties of the Loan Parties or be subject to affirmative or negative covenants or events of default (other than certain representations, warranties and covenants relating to the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws), and the cash held by, results of operations, assets,

indebtedness and interest expense of Unrestricted Subsidiaries will not be taken into account for purposes of determining any financial ratio or covenant contained in the ABL Facility Documents.

Joint Lead Arrangers and Joint Bookrunners:	MLPFS, Barclays, Wells Fargo Bank, HSBC Securities, PNCCM, TD Securities and U.S. Bank (in such capacities, the "Arrangers").
Lenders:	A syndicate of banks, financial institutions and other entities, including the Initial Lenders, arranged by the Arrangers in consultation with the Company, but excluding Disqualified Lenders (collectively, the "Lenders").
Administrative Agent:	Bank of America will act as sole and exclusive administrative agent for the Lenders and will perform the duties customarily associated with such role (the "Administrative Agent").
Collateral Agent:	Bank of America will act as sole and exclusive collateral agent for the Lenders and will perform the duties customarily associated with such role (the "Collateral Agent").
Issuing Banks:	Bank of America and certain other Lenders that agree to act in such capacity, each with respect to a portion of the aggregate letter of credit sublimit (collectively, the "Issuing Banks", each an "Issuing Bank"). Notwithstanding the foregoing, no Issuing Bank shall be required to issue documentary letters of credit absent an express agreement by such Issuing Bank to do so.
Swingline Lender:	Bank of America (the "Swingline Lender").
Syndication Agents:	Barclays, Wells Fargo Bank and HSBC Securities.
Documentation Agents:	PNCCM, TD Securities and U.S. Bank.
Transactions:	As described in Exhibit A.
ABL Facility:	A senior secured revolving credit facility in an aggregate principal amount of $3,000,000,000, which shall be available to the Borrowers in U.S. Dollars, with sublimits to be agreed for borrowings in Euros, Canadian Dollars and other currencies to be agreed (the "ABL Facility"), with subfacilities for letters of credit and swingline loans in maximum amounts and on terms described more fully below. The loans under the ABL Facility are referred to herein as the "ABL Loans". The aggregate amount of the commitments in respect of the ABL Facility is referred to herein as the "Aggregate Commitments".
Purpose/Use of Proceeds:	$1,500 million (or such lesser amount as is requested by the Company) of the ABL Facility may be used on the Closing Date to issue letters of credit and for revolving loans to (i) finance a portion of the Refinancings,

(ii) finance the consideration for the Acquisition and pay fees and expenses in connection with the Transactions and (iii) fund upfront fees or original issue discount ("OID") in respect of the Facilities pursuant to the "flex" provisions of the Fee Letters; provided, that after giving effect to the Transactions on the Closing Date (including the loans and other extensions of credit made under the ABL Facility on the Closing Date) and including the assets of the Target and its subsidiaries in the Borrowing Base, pro forma Excess Availability is at least $750 million; and provided, further, that the Borrowers may also borrow additional amounts (up to $1,700 million in the aggregate) if, after giving effect thereto, pro forma Excess Availability as of the Closing Date (after giving effect to the Transactions) is at least $1,000 million.

Following the Closing Date, the ABL Loans will be used by the Borrowers and their subsidiaries for working capital and general corporate purposes (including permitted acquisitions and other investments).

Closing Date: The date of the initial funding of the Facilities.

ABL Maturity Date: The date that is five years after the Closing Date (the "ABL Maturity Date").

Availability: Subject to the limitations set forth above in the section entitled "Purpose/Use of Proceeds", borrowings of ABL Loans may be made at any time on and after the Closing Date, and letters of credit may be issued at any time on and after the Closing Date, to but excluding the business day preceding the ABL Maturity Date. ABL Loans may be borrowed, repaid and, subject to the terms and conditions of the ABL Facility Documents (as defined below), reborrowed at any time and from time to time during the period of availability provided in the preceding sentence.

The aggregate of the outstanding principal amount of the ABL Loans, swingline loans, the undrawn amount of the letters of credit and the unreimbursed amount of payments in respect of drafts under letters of credit issued under the ABL Facility may not at any time exceed the lesser of the Aggregate Commitments and the Borrowing Base (as defined below) determined as at the end of the most recently ended month.

The "Borrowing Base" shall be the sum of:

(a) 90% of the face amount of eligible credit card receivables of the Loan Parties; plus

(b) 85% of the book value of eligible accounts receivable of the Loan Parties (other than any credit card receivables referred to in clause (a) above and any unbilled accounts receivable referred to in clause (c) below); plus

(c) 75% of the book value of eligible unbilled accounts receivable of the Loan Parties for goods that have been delivered, subject to a cap to be agreed; plus

(d) 90% of the "net recovery percentage" (the percentage of the book value of applicable eligible collateral recoverable in an orderly liquidation as determined in the most recent appraisal delivered to the Collateral Agent) of eligible inventory of the Loan Parties located in the U.S., multiplied by the book value (excluding LIFO reserves) of such eligible inventory; minus

(e) eligibility reserves.

Eligibility criteria and reserves will be determined in accordance with mutually agreed criteria to be set forth in the ABL Facility Documents and will, in any case, be not less favorable (in any material respect) to the Borrowers than the provisions regarding reserves and eligibility set forth in the Existing Credit Facility. If the 2018 Notes (as defined in Exhibit B) are not refinanced, redeemed or defeased at least 60 days prior to their maturity date (as such maturity date may be extended from time to time in accordance with the terms of the 2018 Notes), the Administrative Agent shall impose an Availability reserve in an amount equal to the outstanding principal balance of such 2018 Notes, which reserve shall remain in effect until the 2018 Notes are fully refinanced, redeemed or defeased. As it relates to clauses (a), (b) and (c) above, any such receivable that is subject to a securitization facility shall not be eligible.

Letters of Credit: Up to $750,000,000 of the ABL Facility will be available for letters of credit, on terms and conditions to be set forth in the ABL Facility Documents, on or after the Closing Date. Each letter of credit shall expire not later than the earlier of (i) 12 months after its date of issuance (subject to customary provisions for annual extension) and (ii) the second business day prior to the ABL Maturity Date.

Drawings under any letter of credit shall be reimbursed by the Borrowers within one business day after notice of such drawing is received by the Borrowers. To the extent that the Borrowers do not reimburse the applicable Issuing Bank within one business day after receipt of notice, the Lenders under the ABL Facility shall be irrevocably obligated to reimburse such Issuing Bank pro rata based upon their respective commitments. Letters of credit shall be available in U.S. Dollars, with sublimits to be agreed for letters of credit issued in Canadian Dollars, Euros and other currencies to be agreed.

The issuance of all letters of credit shall be subject to the customary procedures of the applicable Issuing Bank.

Certain letters of credit issued pursuant to the Existing Credit Facility (as defined in Exhibit A), or issued pursuant to the Company's existing credit facility or other letter of credit facilities, shall be deemed issued under the ABL Facility on the Closing Date pursuant to arrangements acceptable to the applicable Issuing Banks and the Administrative Agent.

Swingline Facility: The Swingline Lender will make available to the Borrowers a swingline facility under which the Borrowers may make short-term borrowings in U.S. Dollars of up to an aggregate amount to be agreed upon. Except for purposes of calculating the Commitment Fee described below, any such swingline borrowings will reduce availability under the ABL Facility on a dollar-for-dollar basis. Each Lender under the ABL Facility shall, promptly upon request by the Swingline Lender, fund to the Swingline Lender its pro rata share of any swingline borrowings.

Collateral: Subject, on the Closing Date, to the Limited Conditionality Provisions (as set forth in Section 2 of the Commitment Letter) and subject to the limitations set forth below in this section, the obligations of the Loan Parties in respect of the ABL Facility and certain bank products (including hedging and treasury management obligations) incurred in favor of any person that is an Arranger, the Administrative Agent, a Lender or an affiliate of an Arranger, the Administrative Agent or a Lender at the time such obligations are incurred (or, with respect to any such obligations incurred prior to the Closing Date, in favor of any person that is an Arranger, the Administrative Agent, a Lender or an affiliate of an Arranger, the Administrative Agent or a Lender as of the Closing Date) will be secured by substantially all assets of the Loan Parties, wherever located, now owned or hereafter acquired, including the following (collectively, the "Collateral"):

(a) a perfected first-priority security interest (subject to permitted liens) in all (i) accounts receivable (other than Term Loan Receivables (as defined in Exhibit B)), credit card receivables, inventory (excluding any consigned inventory), chattel paper, deposit and security accounts (other than such accounts containing solely proceeds of Term Loan Priority Collateral (as defined in Exhibit B) to the Commitment Letter), (ii) to the extent evidencing, securing, governing, or otherwise reasonably related to the assets described in the foregoing subclause (i), all general intangibles (other than intellectual property), investment property (other than equity interests owned by the Borrowers and the Guarantors), documents, instruments, commercial tort claims, supporting obligations, and letters of credit and letter of credit rights; provided, however, that to the extent any of the foregoing also evidence. secure, govern or otherwise reasonably relate to any Term Priority Collateral, only that portion that evidences, governs, secures or primarily relates to ABL Priority Collateral shall constitute ABL Priority Collateral, (iii) all books and records related to the foregoing, and (iv) all proceeds and products of the foregoing (all of the foregoing, the "ABL Priority Collateral"); and

(b) a perfected second-priority security interest (subject to permitted liens) in the Term Loan Priority Collateral.

Notwithstanding anything to the contrary, the Collateral shall exclude the following: (A) motor vehicles and other assets subject to certificates of title (to the extent a lien thereon cannot be perfected by filing of a UCC financing statement); (B) pledges and security interests over assets (including in respect of interests in partnerships, joint ventures and other non-wholly owned entities) to the extent prohibited by law, except to the extent such prohibition is unenforceable after giving effect to applicable provisions of the Uniform Commercial Code, other than proceeds thereof, the assignment of which is expressly deemed effective under the Uniform Commercial Code notwithstanding such prohibitions; (C) all fee owned real property having a book value less than $7.5 million (with all required mortgages being permitted to be delivered post-closing subject to the requirements of the Limited Conditionality Provisions) determined on the Closing Date for existing real property and on the date of acquisition for any after acquired real property (or the date of substantial completion of any material improvement thereon or new construction thereof) and all real property leasehold interests; (D) intent to use trademark or service mark applications until such time as a statement of use is filed; (E) equity interests in any person other than wholly owned restricted subsidiaries to the extent not permitted by the terms of such subsidiary's organizational or joint venture documents; (F) any lease, license or other agreement or any property subject to a purchase money security interest, capital lease obligation or similar arrangements, in each case, to the extent permitted under the ABL Facility Documents and to the extent that a grant of a security interest therein would violate or invalidate such lease, license or agreement, purchase money, capital lease or a similar arrangement or create a right of termination in favor of any other party thereto (other than a Loan Party), in each case, after giving effect to the applicable anti-assignment provisions of the UCC or other applicable law, other than proceeds and receivables thereof and (G) (i) the Divested Properties (as defined in Exhibit B) and (ii) any other real property identified in writing by the Company prior to the Closing Date that is for sale on the Closing Date or that the Company or any Guarantor intends to sell as part of the restructuring and integration in connection with the Acquisition, in each case, that would otherwise not be excluded pursuant to clause (C) above and that have not been disposed of on or prior to 120 days after the Closing Date (in which case perfection of the lien on such Divested Properties or such other real property shall be provided within 180 days after the Closing Date, or such longer period as the Administrative Agent may agree in its reasonable judgment). For the avoidance of doubt, notwithstanding the foregoing, the ABL Lenders will have a security interest in all collateral required under the Term Facility, which security interest shall be (x) senior to any lien the secured parties in respect of the Term Facility have in any ABL Loan Priority Collateral and (y) junior to any lien the secured parties in respect of the Term Facility have in any Term Priority Collateral.

Intercreditor Matters: The exercise of certain rights and remedies with respect to the respective security interests and liens of the Collateral Agent and the collateral agent under the Term Facility with respect to the assets of the Loan Parties will be subject to an intercreditor agreement that will contain customary lien subordination, completion rights, collateral access and intellectual property licensing provisions, all in form and substance reasonably satisfactory to the Arrangers, the arrangers of the Term Facility and the Company (the "Intercreditor Agreement").

Documentation: The definitive credit documentation for ABL Facility will include, among other items, a credit agreement, guarantees, Intercreditor Agreement and appropriate pledge and security agreements (collectively, the "ABL Facility Documents"). The ABL Facility Documents will contain the terms set forth in this Exhibit C, in each case, substantially similar to the corresponding terms (if any) set forth in the Existing Credit Facility, except as expressly set forth herein and, to the extent any other terms are not expressly set forth in this Exhibit C or the Existing Credit Facility will (i) be usual and customary for asset based facilities made available to borrowers in a similar industry to the Borrowers, (ii) be negotiated in good faith within a reasonable time period to be determined based on the expected Closing Date and taking into account the timing of the syndication of the ABL Facility and the pre-closing requirements of the Acquisition Agreement, (iii) contain such other terms as the Borrower and the Arrangers shall reasonably agree and (iv) give due regard to a combination of (a) the leverage profile and projected free cash flow generation of the Borrower and its restricted subsidiaries after giving effect to the Transactions, (b) general trends and risks affecting the industry and the Borrower and its restricted subsidiaries and (c) prevailing market conditions at the time of syndication of the Facilities (iv) reflect the operational and strategic requirements of the Borrower and its restricted subsidiaries, (v) take into account the proposed business plan and financial model of the Company and (vi) be in a form such that they do not impair the availability of the ABL Facility on the Closing Date if the conditions to funding set forth or referred to in Section 2 of the Commitment Letter are satisfied (collectively, the "Documentation Principles").

Incremental Facilities: The Borrowers shall be entitled on one or more occasions to increase commitments under the ABL Facility (the "Additional ABL Commitments") in an aggregate principal amount of up to $500,000,000 (which amount shall be reduced dollar for dollar by the amount, if any, by which the aggregate principal amount of the ABL Facility exceeds $3,000,000,000 on the Closing Date), which shall have the same guarantees as, and be secured on a pari passu basis by the same collateral securing, the ABL Facility; provided that (i) no event of default or default exists or would exist after giving effect thereto, (ii) the representations and warranties in the ABL Facility Documents are true and correct in all material respects, (iii) the final maturity date of Additional ABL

Commitments shall be the ABL Maturity Date, and (iv) the other terms and conditions in the respect thereof shall be the same as those applicable to the other commitments and loans under the ABL Facility except as otherwise provided below. The Borrowers may seek Additional ABL Commitments from existing Lenders (each of which shall be entitled to agree or decline to participate in its sole discretion) and additional lenders who will become Lenders in connection therewith. The initial "yield" on the Additional ABL Commitments shall not exceed the "yield" at such time on the ABL Facility (with "yield" being determined by the Administrative Agent taking into account the applicable margin, commitment fees, and any LIBOR or Base Rate floors, but not any fees paid to the Arrangers in connection with the ABL Facility or the arrangers of the Additional ABL Commitments that are not shared with all Lenders), unless the applicable margin on revolving loans made pursuant to the then existing commitments are increased so that the "yield" on such loans pursuant to the existing commitments is equal to the "yield" for the loans to be made pursuant to the Additional ABL Commitments. The determination of the yield differential shall not take into account upfront fees or OID paid for either the then existing commitments under the ABL Facility or the Additional ABL Commitments.

Interest: At Borrowers' option, loans denominated in U.S. Dollars will bear interest based on the Base Rate or LIBOR Rate, as described below (except that all swingline borrowings will accrue interest based on the Base Rate). Loans denominated in Euros or Canadian Dollars will bear interest based on the applicable Eurocurrency Rate, as described below.

A. Base Rate Option

Base Rate borrowings will bear interest at the Base Rate plus the Applicable Margin specified below, calculated on the basis of a year of 360 days (or 365/366 days in the case of Base Rate loans the interest rate payable on which is then based on the prime commercial lending rate of Bank of America) and payable quarterly in arrears. The "Base Rate" means the highest of (i) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1%, (ii) the prime commercial lending rate of Bank of America as established from time to time, and (iii) the one-month LIBOR plus 1%.

Base Rate borrowings will be in minimum amounts to be agreed (and minimum multiples thereof) and (other than swingline borrowings) will require one business day's prior notice.

B. LIBOR Option

LIBOR borrowings will bear interest for periods to be selected by the Borrowers ("Interest Periods") of one, two, three or six months or, with the consent of all Lenders, twelve months, and will be at a rate per annum equal to the London Interbank Offered Rate ("LIBOR") for the applicable

Interest Period for the corresponding deposits of U.S. Dollars, plus the Applicable Margin specified below. LIBOR for an Interest Period will be the rate appearing on Reuters Screen LIBOR01 Page (or any successor or substitute therefor selected by the Administrative Agent in its reasonable judgment) two business days prior to the start of the Interest Period. Interest will be paid at the end of each Interest Period or, in the case of Interest Periods longer than three months, every three months, and will be calculated on the basis of the actual number of days elapsed in a year of 360 days. LIBOR will be adjusted for maximum statutory reserve requirements (if any).

LIBOR borrowings will require three business days' prior notice and will be in minimum amounts (and minimum multiples thereof) to be agreed upon.

C. Eurocurrency Rate

Eurocurrency Rate borrowings will bear interest at the applicable Eurocurrency Rate plus the Applicable Margin specified below. "Eurocurrency Rate" shall be defined in a manner to be agreed based on the Administrative Agent's customary manner for determining rates with respect to Euros and Canadian Dollars.

Eurocurrency Rate borrowings will require three business days' prior notice and will be in minimum amounts (and minimum multiples thereof) to be agreed upon.

Interest Margins: The "Applicable Margin" will be the interest rate per annum set forth in the following pricing grid. The Applicable Margins will initially be set at the Applicable Margins in Tier 3 below and, commencing with the date that is 6 months after the Closing Date, will be subject to increase or reduction based upon the average daily Excess Availability Percentage (as defined below) during the most recently ended fiscal quarter:

Tier	Quarterly Average Excess Availability Percentage	LIBOR Borrowings	Base Rate Borrowings
1	>66.7%	1.50%	0.50%
2	≤66.7% but ≥ 33.3%	1.75%	0.75%
3	<33.3%	2.00%	1.00%

"Excess Availability" means the amount by which (a) the lesser of (i) the Borrowing Base and (ii) the Aggregate Commitments (such lesser amount, the "Availability") exceeds (b) the sum of (i) the aggregate outstanding principal balance of the loans (including swingline loans) under the ABL Facility plus (ii) the undrawn face amount of outstanding letters of credit issued under the ABL Facility and the unreimbursed amount of payments in respect of drafts under letters of credit issued under the ABL Facility, and "Excess Availability Percentage" means the percentage obtained by dividing Excess Availability by the amount of clause (a).

Default Interest:	During the continuation of an event of default, all ABL Loans shall accrue interest at a rate of 2.0% per annum plus the rate otherwise applicable to such principal. Default interest shall be payable on demand.
Commitment Fee:	A Commitment Fee shall accrue on the average daily unused amount of the Aggregate Commitments under the ABL Facility (calculated as the excess of the Aggregate Commitment over the outstanding principal balance of the loans (excluding swingline loans), the undrawn face amount of the outstanding letters of credit, and the unreimbursed payments under letters of credit) at a rate (a) if the average daily utilization (as a percentage of the Aggregate Commitments during the most recently ended fiscal quarter) is greater than 40%, 0.25% per annum and (b) if such average daily utilization (as a percentage of the Aggregate Commitments during the most recently ended fiscal quarter) is less than or equal to 40%, 0.375% per annum. Accrued Commitment Fees will be payable quarterly in arrears (calculated on a 360-day basis) for the account of the Lenders from the Closing Date.
Letter of Credit Fees:	The Borrowers will pay (i) the applicable Issuing Bank for each letter of credit under the ABL Facility a fronting fee equal to 0.125% per annum calculated on the aggregate face amount of outstanding letters of credit, payable in arrears at the end of each quarter and on the ABL Maturity Date and (ii) the Lenders under the ABL Facility letter of credit participation fees at a rate per annum equal to the interest margin for LIBOR Loans, in each case, on the undrawn amount of all outstanding standby letters of credit and 50% of the interest rate margin for LIBOR Loans for documentary letters of credit. In addition, Borrowers will pay each Issuing Bank customary issuance fees.
Mandatory Prepayments:	The Borrowers shall be required to prepay the revolving loans and cash collateralize undrawn letters of credit by the amount, if any, by which (a) the sum of (i) the aggregate outstanding principal balance of the loans (including swingline loans) under the ABL Facility plus (ii) the U.S. Dollar equivalent of the undrawn face amount of outstanding letters of credit issued under the ABL Facility and the unreimbursed amount of payments in respect of drafts under letters of credit issued under the ABL Facility exceeds (b) the Availability. The Borrowers shall prepay the ABL Loans and (if the ABL Loans are repaid in full) cash collateralize undrawn letters of credit (without a permanent reduction of the Aggregate Commitments) in an amount equal to 100% of the net proceeds received from the sale or other disposition

of, or casualty with respect to or condemnation of, ABL Priority Collateral (to the extent of the type included in the Borrowing Base) not in the ordinary course of business subject to thresholds and other exceptions to be agreed and subject to 100% reinvestment rights if the proceeds are reinvested or committed to be reinvested within 12 months of receipt (if committed to be reinvested within such 12 month period, to the extent reinvested within 6 months thereafter) in assets constituting Collateral, provided, however, that if no Liquidity Period (as defined below) is then in effect, the Borrowers shall only be required to prepay the revolving loans and cash collateralize undrawn letters of credit to the extent of any such net proceeds equal to the amount advanced or available to be advanced against the ABL Priority Collateral subject to the sale or other disposition. In addition, the Borrowers shall prepay the revolving loans and cash collateralize undrawn letters of credit under the ABL Facility (without a permanent reduction of the Aggregate Commitments) and prepay the loans under the Term Facility on a *pro rata* basis with 100% of the net proceeds received after the Closing Date from any and all Divested Properties in excess of $15 million in the aggregate in any calendar year (except that, in any event, the application of such proceeds shall be reallocated as between the Term Facility and the ABL Facility to the extent required to maintain Excess Availability of not less than $1,000 million after giving effect to such sale of Divested Properties and such repayments); provided, further, that if, after giving pro forma effect to any sale of Divested Properties, the Senior Secured Net Leverage Ratio is less than or equal to 2.00 to 1.00, the proceeds of such Divested Properties shall be permitted to be reinvested as provided above.

Notwithstanding the foregoing, to the extent that the Company has determined in good faith that repatriation of any portion of the net proceeds of any asset sale by a non-U.S. restricted subsidiary would have an adverse tax cost consequence (taking into account any foreign tax credit or benefit received in connection with such repatriation) or is not permitted by applicable law, then, to the extent that such adverse tax cost consequence or legal limitation is not directly attributable to actions taken by the Company or any of its subsidiaries with the intent of avoiding or reducing any mandatory prepayment otherwise required, the Borrowers shall not be required to make a prepayment with such portion of such net proceeds as provided above.

There will be no prepayment penalties (except LIBOR or Eurocurrency breakage costs) for mandatory prepayments.

Cash Dominion: The Borrowers shall be required to enter into account control agreements on the Borrowers' concentration accounts and other accounts to be mutually determined (with exceptions for certain accounts to be agreed) within 90 days after the Closing Date (or such longer period as the Administrative Agent may reasonably agree). The Borrowers shall be required to maintain a main cash concentration account and blocked accounts with a financial institution reasonably acceptable to the

Administrative Agent into which all proceeds of the ABL Priority Collateral are deposited (subject to mutually agreeable exceptions). The Administrative Agent shall have the right, during a Liquidity Period, to cause all amounts on deposit in any blocked account to be transferred to the main concentration account at the end of each business day. During a Liquidity Period, the Administrative Agent shall have the right to require that all amounts on deposit in the main concentration account be applied on a daily basis by the Administrative Agent to reduce loans outstanding under the ABL Facility. Amounts so prepaid shall, subject to the terms and conditions of the ABL Facility Documents, be available to be reborrowed.

"Liquidity Period" means the period from the date that (a) an event of default has occurred and is continuing or (b) (i) the Excess Availability Percentage is less than 12.5% or (ii) Excess Availability is less than $300 million, in the case of this clause (b), for 3 consecutive business days, until the date that the Excess Availability Percentage (or Excess Availability) has been equal to or greater than the percentage or amount described in clause (b) for 30 consecutive days and no event of default is continuing.

Optional Prepayments: The Borrowers may voluntarily prepay ABL Loans (together with accrued but unpaid interest thereon) under the ABL Facility in whole or in part (subject to a minimum threshold to be agreed) at any time and from time to time without premium or penalty (except LIBOR or Eurocurrency breakage costs). Borrowers may also voluntarily reduce the Aggregate Commitments in whole or in part (subject to a minimum threshold to be agreed), at any time and from time to time without premium or penalty.

Conditions Precedent to Effectiveness and Borrowings on the Closing Date: Conditions precedent to the initial extensions of credit under the ABL Facility will be subject to only the following conditions: (i) prior written notice of borrowing or letter of credit request, as applicable, and (ii) the conditions set forth or referred to in Section 2 of the Commitment Letter (including those specified in Exhibit D thereto).

Conditions Precedent to Other Credit Extensions: Conditions precedent to each extension of credit (other than the initial extensions of credit on the Closing Date) under the ABL Facility will be (1) the absence of any continuing default or event of default, (2) the accuracy of representations and warranties in all material respects, (3) receipt of a customary borrowing notice or letter of credit request, as applicable, and (4) Excess Availability.

Representations and Warranties: Limited to the following, defined in a manner usual and customary for facilities and transactions of this type in accordance with the Documentation Principles, subject to customary material adverse effect and materiality qualifiers, exceptions and baskets to be mutually agreed and applicable to the Company and its restricted subsidiaries (and, with respect to the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws representations, its unrestricted subsidiaries) and, in the case of the Target and its subsidiaries, giving due regard to matters disclosed in the Acquisition Agreement: corporate status; good standing; power and authority; due authorization, execution and delivery; legal, valid and binding documentation; no material consents; no material adverse change; litigation and investigations; use of proceeds; no violation of, or conflicts with, material agreements or instruments; compliance with organizational documents, laws and regulations (including margin regulations); payment of taxes; ownership of the Borrowers and their respective subsidiaries and properties; accuracy of financial statements (including pro forma financial statements); accuracy of disclosure; insurance; absence of undisclosed liabilities; intellectual property; inapplicability of the Investment Company Act; solvency; labor matters; regulatory matters; PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws; validity, priority and perfection of security interests in the Collateral; cash management and credit card arrangements; environmental matters, employment matters and employee benefit matters; common enterprise; and no default; in each case subject, on the Closing Date, to the Limited Conditionality Provisions.

Affirmative Covenants: Limited to the following, defined in a manner usual and customary for facilities and transactions of this type in accordance with the Documentation Principles, subject to customary materiality qualifiers, exceptions and baskets to be mutually agreed (to be applicable to the Company and its restricted subsidiaries and, with respect to the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws, its unrestricted subsidiaries): maintenance of corporate existence and rights; performance of obligations; delivery of consolidated financial statements for the Company and its subsidiaries (including quarterly financial statements and audited annual financial statements (and annual audit opinions from nationally recognized auditors that are not subject to any qualification as to "going concern" or scope of the audit)), related certificates, annual budget and other financial and operational information, including a quarterly MD&A, and including information required under the PATRIOT Act; delivery of borrowing base certificates and other collateral reports (on a monthly basis, but on a weekly basis if (a) an event of default has occurred and is continuing or (b)(i) the Excess Availability Percentage is less than 15% or (ii) Excess Availability is less than $350 million, in the case of this clause (b), for 3 consecutive business days, until the date that the Excess Availability Percentage (or Excess Availability) has been equal to or greater than the percentage or amount described in clause (b) for 30 consecutive days and no event of default is continuing); delivery of notices of default, litigation, ERISA events, material adverse change and other material events; maintenance of properties in good working order; maintenance of customary insurance; compliance with laws and regulations; compliance with the PATRIOT Act, OFAC, FCPA and other applicable sanction, anti-money laundering, anti-bribery and anti-corruption laws; environmental matters; inspection of books and properties; field examinations, appraisals and collateral audits (one per annum normally, two per annum during a twelve-month period if the Excess Availability Percentage falls below 25% for 5 consecutive days and quarterly during an event of default, but, in any event, not more than four per year); cash management arrangements; casualty and condemnation; additional loan parties and other further assurances; payment of taxes; maintenance of necessary consents, approvals, licenses and permits; and post-closing covenant to provide first priority perfected security interests (subject to the terms of the Intercreditor Agreement).

Negative Covenants: Limited to the following, defined in a manner usual and customary for facilities and transactions of this type in accordance with the Documentation Principles, subject to customary materiality qualifiers, exceptions and baskets to be agreed (to be applicable to the Company and its restricted subsidiaries): limitations on dividends and distributions on, and redemptions and repurchases of, equity interests and other restricted payments (which shall permit, among other things, (i) dividends, distributions or redemptions subject to the Payment Conditions as set forth below, (ii) dividends, distributions or redemptions in connection with the Transactions (in accordance with the Acquisition Agreement) and (iii) if no event of default exists when declared, quarterly dividends by the Company in an amount up to $0.15 per share); limitations on prepayments, redemptions and repurchases of junior lien, subordinated or unsecured debt (which shall permit, among other things, (i) prepayments, redemptions and repurchases subject to the Payment Conditions as set forth below and (ii) any refinancing of such junior lien, subordinated or unsecured debt with the proceeds of Permitted Refinancing Indebtedness (to be defined in a manner to be agreed)); limitations on amendments to organizational documents and documentation relating to certain material indebtedness; limitations on liens (which shall permit, among other things, liens securing (i) the Term Facility and (ii) debt assumed in connection with a Permitted Acquisition (as defined below) or similar investment or other permitted acquisition of an entity that becomes a restricted subsidiary (provided that, in the case of this clause (ii), such liens extend only to the same assets that such liens extended to, and secure the same indebtedness that such liens secured, immediately prior to such assumption and were not created in contemplation thereof); negative pledge with respect to owned U.S. real property not constituting Collateral; limitations on investments (which shall permit, among other things, (i) intercompany investments (subject to limitations to be agreed regarding investments by Loan Parties in non-Loan Parties), (ii) acquisitions on the terms set forth below regarding Permitted Acquisitions, (iii) investments subject to the Payment Conditions as set forth below, (iv) certain investments in joint ventures to be agreed and (v) the Acquisition and investments in connection with the Transactions); limitations on debt and issuance of preferred stock (which shall permit, among other things, (i) the Term Facility and any refinancing thereof in whole or in part, (ii) certain debt existing on the Closing Date (including the 2018 Notes, the 2023 Notes, the Target's 5% debentures due 2030, the Target's 7.35% debentures due 2016, the Target's receivables securitization program in France, certain capital leases and certain revenue bonds), (iii) purchase money debt and capital leases in an amount to be mutually agreed, (iv) certain indebtedness of foreign subsidiaries to be mutually agreed (but no less than $300 million in the aggregate at any one time outstanding), (v) debt assumed or incurred in connection with a Permitted Acquisition (as defined below) or similar investment or other permitted acquisition of an entity that becomes a restricted subsidiary, in each case, subject to the Payment Conditions as set forth below and (vi) additional unsecured debt in an amount to be mutually agreed); limitations on mergers and asset sales (which shall permit, among other things, intercompany transfers among the Company and its restricted subsidiaries (subject to limitations to be agreed regarding transfers from Loan Parties to non-Loan Parties)); limitations on sale leaseback transactions with exceptions to be agreed; limitations on transactions with affiliates; limitations on changes in business; limitations on negative pledge clauses; limitations on swap agreements; limitations on change of fiscal quarter, fiscal year and other accounting changes (except in connection with the integration of the Target and its subsidiaries following the Acquisition); and limitations on restrictions on ability of subsidiaries to pay dividends or make distributions (with exclusions to be agreed, including with respect to restrictions included in agreements governing debt of non-U.S. restricted subsidiaries).

The Company and its restricted subsidiaries will be permitted to make acquisitions of persons that become restricted subsidiaries or of assets (including assets constituting a business unit, line of business or division), and assume debt and liens in connection therewith (each, a "Permitted Acquisition") subject to: (a) compliance with the Payment Conditions; (b) no event of default shall have occurred and be continuing or would result therefrom; (c) the acquired entity or business is in the same line of business or carries on, or is, a business complementary to that carried on by the Borrower and its restricted subsidiaries; (d) the Loan Parties comply with the applicable covenants to provide Collateral and guarantees; and (e) acquisitions of entities that do not become Guarantors (or of assets that do not become Collateral) will be subject to the applicable limitations on investments in non-Guarantor subsidiaries to be mutually agreed.

The Company and its restricted subsidiaries will also be permitted to make unlimited restricted payments, investments and prepayments of junior lien, subordinated or unsecured debt subject to satisfaction of the Payment Conditions. Satisfaction of the "Payment Conditions" means that no default or event of default has occurred and is continuing and, on a pro forma basis after giving effect to such restricted payment, investment or prepayment, either:

(i) (A) Excess Availability would be at least 15% of Availability (or 12.5% of Availability in the case of permitted acquisitions and other investments) on such date and for the projected following 6-month period, and (B) the Consolidated Fixed Charge Coverage Ratio (to be defined) for the most recent four fiscal quarter period would be at least 1.1 to 1.0 (or, in the case of permitted acquisitions and other investments, 1.0 to 1.0); or

(ii) Excess Availability would be at least 25% of Availability (or 20% of Availability in the case of permitted acquisitions and other investments) on such date and for the projected following 6-month period.

Financial Covenants: If either (a) the Excess Availability Percentage is less than 10% at any time, (b) Excess Availability is less than $250 million at any time or (c) an event of default is continuing, until the 30th consecutive day that all such triggers no longer exist, the Company shall comply with a minimum Consolidated Fixed Charge Coverage Ratio for the Company and its consolidated subsidiaries for the then most recent period of four consecutive fiscal quarters for which financial statements have been delivered in accordance with ABL Facility Documents, of at least 1.00 to 1.00.

"Consolidated Fixed Charge Coverage Ratio" means the ratio, determined as of the end of each fiscal quarter of the Company for the most recently ended four fiscal quarters, of (a) Consolidated EBITDA (to be defined in a manner to be agreed and consistent with the definition in the Term Facility) minus the unfinanced portion of capital expenditures, minus taxes paid in cash net of refunds, to (b) Fixed Charges, all calculated for the Company and its restricted subsidiaries on a consolidated basis in accordance with GAAP.

"Fixed Charges" means, with reference to any period, without duplication, cash interest expense (net of interest income), plus scheduled principal payments on indebtedness made during such period (other than certain payments to be agreed), plus dividends or distributions paid in cash, plus capital lease obligation payments, plus cash contributions to benefits plans, all calculated for the Company and its restricted subsidiaries on a consolidated basis.

Events of Default: Limited to the following (relating to the Company and its restricted subsidiaries and, solely with respect to any breach of a representation, warranty or covenant applicable to unrestricted subsidiaries, unrestricted subsidiaries), defined in a manner that is usual and customary for facilities and transactions of this type in accordance with the Documentation Principles and subject to, where appropriate, materiality qualifiers and grace periods to be mutually agreed upon: nonpayment of principal, interest or other amounts; violation of covenants; incorrectness of representations and warranties in any material respect (or in any respect with respect to any representations and warranties already qualified by materiality); cross-default and cross-acceleration to other indebtedness in a principal amount exceeding $75 million; bankruptcy and other insolvency-related defaults; material unsatisfied judgments (subject to a threshold of $75 million in the case of monetary judgments); actual or asserted invalidity of guarantees, security documents or other ABL Facility Documents; loss of lien priority; ERISA events; and change of control (to be defined in a manner to be agreed). While the accuracy of any representation and warranty other than as set forth or referred to in Section 2 of the Commitment Letter is not a condition precedent to the availability of the Facilities on the Closing Date, all other representations and warranties shall be made on the Closing Date.

Assignments and Participations: After the Closing Date, each Lender may assign all or, subject to the minimum amount specified below, a portion of its loans and commitments under the ABL Facility. Assignments will require payment of an administrative fee to the Administrative Agent and the consents of the Administrative Agent, each Issuing Bank, the Swingline Lender and the Company, which consents shall not be unreasonably withheld or delayed (and, in the case of the Company, will deemed to be given if no response is received within 10 business days of the date of the request); provided that (i) no consents shall be required for an assignment to an existing Lender or an affiliate or approved fund of an existing Lender and (ii) no consent of the Company shall be required when a payment or bankruptcy event of default is continuing. Each assignment (except to other Lenders and their affiliates or approved funds) will be in a minimum amount of $10 million.

In addition, each Lender may sell participations in all or a portion of its loans and commitments under the ABL Facility; provided that no purchaser of a participation shall have the right to exercise or to cause the selling Lender to exercise voting rights in respect of the ABL Facility, except with respect to: (w) increases in commitments of such participant; (x) reductions or forgiveness of principal, interest, premium or fees payable to such participant; (y) extensions of the ABL Maturity Date or the date for payment of interest or fees on the loans or commitments in which such participant participates; and (z) releases of all or substantially all of the value of the guarantees, or all or substantially all of the ABL Priority Collateral.

No assignments or participations may be made to Disqualified Lenders and any assignment or participation made in violation of such requirement shall be voidable upon request by the Borrower (unless such Disqualified Lender no longer holds such assignment or participation and the holder thereof would otherwise be an eligible assignee). The Administrative Agent shall have the right to (a) post the list of Disqualified Lenders provided by the Company and any updates thereto from time to time (collectively, the "DQ List") on IntraLinks, SyndTrak Online or similar electronic means (the "Platform"), including that portion of the Platform that is designated for "public side" Lenders and/or (b) provide the DQ List to each Lender requesting the same. The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions of the ABL Facility Documents relating to Disqualified Lenders.

Expenses and Indemnification: The Company shall pay (a) (i) all reasonable and documented or invoiced out-of-pocket expenses of the Administrative Agent, the Collateral Agent, each Issuing Bank and each Arranger associated with the syndication of the ABL Facility and the preparation, execution, delivery and administration of the ABL Facility Documents (including with respect to field exams and appraisals), and (ii) all reasonable and documented or invoiced out-of-pocket expenses of the Administrative Agent, the Collateral Agent, each Issuing Bank and each Arranger associated with any amendment or waiver with respect to the ABL Facility Documents (including, without limitation, the reasonable and documented fees, disbursements and other charges of counsel identified herein, one local counsel in each relevant material jurisdiction and, solely in the case of an actual or perceived conflict of interest, one additional counsel in each applicable material jurisdiction) and (b) all reasonable and documented or invoiced out-of-pocket expenses of the Administrative Agent, the Collateral Agent, each Issuing Bank, each Arranger and the Lenders (including, without limitation, the reasonable and documented fees, disbursements and other charges of counsel) in connection with the enforcement of the ABL Facility Documents.

The Loan Parties will indemnify the Administrative Agent, the Collateral Agent, each Arranger, and the Lenders and their respective affiliates, successors and assigns and the officers, directors, employees, affiliates, agents, advisors, controlling persons and members of each of the foregoing, and hold them harmless from and against all costs, expenses (including, without limitation, reasonable and documented fees, disbursements and other charges of counsel), losses, claims, damages and liabilities of any such Indemnified Person arising out of or relating to any claim or any litigation or other proceedings (regardless of whether any such Indemnified Person is a party thereto or whether such claim, litigation, or other proceeding is brought by a third party or by the Company or any of its affiliates, creditors or shareholders) that relate to the Transactions; provided that no Indemnified Person will be indemnified for its gross negligence, material breach of its funding obligations under the ABL Facility, bad faith or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable decision or for any dispute that is solely among Indemnified Persons and does not arise from any act or omission by the Company or any of its affiliates (other than a dispute involving claims against the Administrative Agent or Collateral Agent in its capacity as such; provided, further that no Indemnified Person or the Company shall be liable for any indirect, special, punitive or consequential damages (other than in respect of any such damages incurred or paid by an Indemnified Person to a third party).

Defaulting Lenders: The ABL Facility Documents will contain provisions relating to defaulting Lenders that are customary for facilities of this type and consistent with the Documentation Principles.

Yield Protection, Taxes and Other Deductions: Usual for facilities and transactions of this type, including customary tax gross-up provisions (including customary provisions relating to the implementation of regulations related to Basel III and Dodd-Frank regardless of the date enacted); provided that any U.S. federal withholding taxes imposed on any Lender under current Sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) shall be solely for the account and expense of such Lenders.

Voting: Amendments and waivers of the ABL Facility Documents will require the approval of Lenders holding more than 50% of the aggregate amount of the loans and commitments under the ABL Facility (the "Required Lenders"), except that (a) the consent of each Lender directly and adversely affected thereby shall also be required with respect to (i) increases in or extensions of the commitment of such Lender, (ii) reductions or forgiveness of principal, interest (other than default interest), fees or reimbursement obligations payable to such Lender or increases in advance rates, (iii) extensions of the ABL Maturity Date or of the date for payment to such Lender of any interest or fees, or any reimbursement obligation, and (iv) changes that impose any additional restriction on such Lender's ability to assign any of its rights or obligations, (b) the consent of each Lender shall be required with respect to (i) modification to voting requirements or percentages, (ii) modification to certain provisions requiring the pro rata treatment of lenders, and (iii) releases of all or substantially all of the value of the guarantees, or all or substantially all of the ABL Priority Collateral, (c) the consent of the Issuing Banks, Swingline Lender, Administrative Agent or the Collateral Agent shall be required with respect to amendments and waivers affecting the rights or duties of such Issuing Bank, the Swingline Lender, Administrative Agent or Collateral Agent, as applicable, and (d) the consent of Lenders holding at least 66-2/3% of the aggregate commitments and outstandings under the ABL Facility will be required for amendments or waivers to change the definition of Borrowing Base and the component definitions thereof the effect of which would be to increase availability (other than increases to the advance rates as provided above).

The ABL Facility Documents shall permit extensions of the final expiration date of the commitments approved by affected Lenders and offered to all Lenders, and without the consent of any other Lender or the Required Lenders, and providing for different interest rates and fees and voluntary prepayments, in each case subject to terms and conditions usual and customary for facilities and transactions of this type.

Replacement of Lenders: The ABL Facility Documents shall contain customary provisions for replacing, through an assignment at par or through repayment at par: (i) non-consenting Lenders in connection with amendments and waivers requiring the consent of all Lenders or of all Lenders directly and adversely affected thereby so long as the Required Lenders shall have consented thereto, (ii) Lenders invoking yield protection provisions and (iii) defaulting Lenders.

Governing Law and Forum: New York.

Counsel to the Arrangers, Administrative Agent and the Collateral Agent: Morgan, Lewis & Bockius LLP.

Exhibit D

Project Warrior
Summary of Conditions Precedent to the Facilities

The availability of the Facilities is subject to the following conditions precedent:

1. Concurrent Transactions: The Acquisition shall have been consummated or will be consummated substantially concurrently with the initial funding under the Facilities in accordance with the Acquisition Agreement without giving effect to any amendments, modifications, supplements, consents or waivers by the Company thereto, if such amendments, modifications, supplements, consents or waivers by the Company of any term thereof are materially adverse to any interest of the Commitment Parties or the Lenders (it being understood that (i) any amendment, modification, supplement, consent or waiver by the Company to the definition of "Material Adverse Effect" or the "Xerox" provisions in Sections 8.5(b), 8.6, 8.11, the last sentence of 8.12 and the last sentence of 8.14 of the Acquisition Agreement shall be deemed to be materially adverse and (ii) any amendment, modification, supplement, consent or waiver by the Company that results in a decrease of up to 15% of the Cash Consideration (as defined in the Acquisition Agreement) shall not be deemed to be materially adverse so long as the Term Facility is reduced on a dollar-for-dollar basis by the amount of any such decrease) will be made or granted without the prior written consent of the Commitment Parties. Notwithstanding anything to the contrary herein, the commitments in respect of the Term Facility and the borrowings under the ABL Facility on the Closing Date (without a permanent reduction in the ABL Facility commitments) shall be reduced on a *pro rata* basis in an aggregate principal amount equal to the net cash proceeds received by the Company and the Target on or prior to the Closing Date from any and all sales of Divested Properties (as defined in Exhibit B) where the aggregate proceeds exceed $15 million, solely to the extent required to cause the Senior Secured Net Leverage Ratio, after giving effect to such sales of Divested Properties, to be less than or equal to 2.00 to 1.00 as of the Closing Date; provided that, in any event, the reduction of the commitments as between the Term Facility and the ABL Facility shall be reallocated to the extent Excess Availability (as defined in Exhibit C) is less than $1,000 million as of the Closing Date after giving effect to such sale of Divested Properties and such commitment reductions.

2. Historical Financial Statements. The Arrangers shall have received (i) audited consolidated financial statements of the Company and its consolidated subsidiaries consisting of audited consolidated balance sheets as of the last date of each of the three fiscal years of the Company and its consolidated subsidiaries ended at least 90 days prior to the Closing Date and audited consolidated income statements and statements of stockholders' equity and cash flows for each of the three fiscal years of the Company ended at least 90 days prior to the Closing Date, (ii) audited consolidated financial statements of the Target and its consolidated subsidiaries consisting of audited consolidated balance sheets as of the last date of each of the three fiscal years of the Target and its consolidated subsidiaries ended at least 90 days prior to the Closing Date and audited consolidated income statements and statements of stockholders' equity and cash flows for each of the fiscal years of the Target and its consolidated subsidiaries for each of the three fiscal years of the Target ended at least 90 days prior to the Closing Date, (iii) unaudited interim consolidated financial statements of the Company and its consolidated subsidiaries consisting of unaudited interim consolidated balance sheets and unaudited interim consolidated income statements and statements of cash flows of the Company and its consolidated subsidiaries as of the last day of, and for the most recently completed fiscal quarter (other than the fourth fiscal quarter) of, the Company and its consolidated subsidiaries ended after the last fiscal year for which financial statements have been provided pursuant to clause (i)

above and ended at least 45 days before the Closing Date (other than the fourth fiscal quarter) and (iv) unaudited interim consolidated financial statements of the Target and its consolidated subsidiaries consisting of unaudited interim consolidated balance sheets and unaudited interim consolidated income statements and statements of cash flows of the Target and its consolidated subsidiaries as of the last day of, and for the most recently completed fiscal quarter (other than the fourth fiscal quarter) of, the Target and its consolidated subsidiaries ended after the last fiscal year for which financial statements have been provided pursuant to clause (i) above and ended at least 45 days before the Closing Date (other than the fourth fiscal quarter).

3. Pro Forma Financial Statements. The Arrangers shall have received a *pro forma* consolidated balance sheet and related *pro forma* consolidated statement of income of the Company as of, and for the twelve-month period ending on, the last day of the most recently completed four-fiscal quarter period for which the latest financial information pursuant to paragraph 2(i) and (iii) above has been delivered, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of such income statements) which need not be prepared in compliance with Regulation S-X of the Securities Act of 1933, as amended, or include adjustments for purchase accounting (including adjustments of the type contemplated by Financial Accounting Standards Board Accounting Standards Codification 805, Business Combinations (formerly SFAS 141R)).

4. Payment of Fees and Expenses. The Company shall have paid, or will substantially simultaneously with the initial borrowing under the Facilities pay, all fees and reasonable expenses (including, without limitation, legal fees and expenses) of the Arrangers, the Administrative Agents, the Collateral Agents and the Lenders as and to the extent (a) required pursuant to the terms of this Commitment Letter or either Fee Letter and (b) invoiced to the Company at least two business days prior to the Closing Date (which amounts may be offset against the proceeds of the Facilities).

5. Definitive Documents; Customary Closing Conditions. Subject in all respects to the Limited Conditionality Provisions and the Documentation Principles, (a) with respect to the Term Facility (i) the Term Loan Documents (including, for the avoidance of doubt, the credit agreement, guarantees, security agreements, intercreditor agreements and other related definitive documents), which shall be in accordance with the terms set forth in the Commitment Letter, the Term Loan Term Sheet (as modified to reflect any exercise of the "Market Flex" provisions under the Term Facility Fee Letter) and the Documentation Principles (as defined in the Term Facility Term Sheet)) shall have been executed and delivered by the Borrower and each Guarantor (provided that the Target and its subsidiaries to the extent required to become Guarantors shall only be required to execute and deliver such documentation after the effectiveness of, but substantially concurrently with, the Acquisition) and (ii) the Company shall have delivered the following other customary closing deliverables with respect to the Borrower and the Guarantors with respect to the Term Facility: (A) customary officer's closing and secretary certificates, legal opinions (in each relevant jurisdiction), corporate authority or organizational documents, good standing certificates in jurisdictions of formation/organization, and officer's certificates evidencing authority and (B) a solvency certificate, dated as of the Closing Date and after giving effect to the Transactions, substantially in the form of Annex I attached to this Exhibit D, of the chief financial officer of the Company and (b) with respect to the ABL Facility (i) the ABL Loan Documents (including, for the avoidance of doubt, the credit agreement, guarantees, security agreements, intercreditor agreements and other related definitive documents), which shall be in accordance with the terms set forth in the Commitment Letter, the ABL Facility Term Sheet (as modified to reflect any exercise of the "Market Flex" provisions under the ABL Facility Fee Letter) and the Documentation Principles (as defined in the ABL Facility Term Sheet)) shall have

been executed and delivered by the Borrowers and each Guarantor (provided that the Target and its subsidiaries to the extent required to become Borrowers and Guarantors shall only be required to execute and deliver such documentation after the effectiveness of, but substantially concurrently with, the Acquisition) and (ii) the Company shall have delivered the following other customary closing deliverables with respect to the Borrowers and the Guarantors with respect to the ABL Facility: (A) customary officer's closing and secretary certificates, legal opinions (in each relevant jurisdiction), corporate authority or organizational documents, good standing certificates in jurisdictions of formation/organization, and officer's certificates evidencing authority and (B) a solvency certificate, dated as of the Closing Date and after giving effect to the Transactions, substantially in the form of Annex I attached to this Exhibit D, of the chief financial officer of the Company.

6. Refinancings. The Refinancings shall have been consummated, or substantially simultaneously with the initial borrowing under the Facilities, shall be consummated.

7. Liens. Subject in all respects to the Limited Conditionality Provisions and the Documentation Principles, (a) with respect to the Term Facility, all documents and instruments required to create and perfect the Term Facility Collateral Agent's security interest in the Collateral (as defined in Exhibit B) shall have been executed and delivered and, if applicable, be in proper form for filing and (b) with respect to the ABL Facility, all documents and instruments required to create and perfect the ABL Facility Collateral Agent's security interest in the Collateral (as defined in Exhibit C) shall have been executed and delivered and, if applicable, be in proper form for filing.

8. Patriot Act. Each Commitment Party shall have received, at least three business days prior to the Closing Date, all documentation and other information about the Loan Parties that the Commitment Parties have reasonably determined is required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act, and that was reasonably requested from the Company in writing at least 10 business days prior to the Closing Date.

9. Marketing Period. The Arrangers shall have been afforded a marketing period of at least 15 consecutive business days prior to the Closing Date commencing with the delivery of such information as is requested by the Arrangers and customarily delivered by a borrower and necessary for the preparation of a customary confidential information memorandum with respect to the Facilities; provided that, for purposes of determining the marketing period, such period shall (i) either end on or prior to August 21, 2015 or, if such period has not ended on or prior to August 21, 2015, then such period shall commence no earlier than September 8, 2015 and (ii) either end on or prior to December 18, 2015 or, if such period has not ended on or prior to December 18, 2015, then such period shall commence no earlier than January 4, 2016; provided, further, that such period of consecutive business days will not be required to be consecutive if it would include July 3, 2015 or November 25, 2015 through November 27, 2015 (and such dates shall be excluded for purposes of determining consecutive business days). If the Company in good faith reasonably believes it has delivered the information requested by the Arrangers in accordance with the preceding sentence for use in the confidential information memorandum, it may deliver to the Lead Arrangers a written notice to that effect, in which case the confidential information memorandum will be deemed to have been delivered on the date such notice is received by the Lead Arrangers, and the 15 consecutive business day period referred to above will be deemed to have commenced on the date such notice is received by the Lead Arrangers, in each case, unless the Lead Arrangers in good faith reasonably believe that the Company has not completed delivery of the information requested by the Arrangers

in accordance with the preceding sentence for use in the confidential information memorandum and, within two business days after the receipt of such notice from the Company, the Lead Arrangers deliver a written notice to the Company to that effect (stating with reasonable specificity which information required to be included in the confidential information memorandum has not been delivered).

10. Representations and Warranties. (a) To the extent that the Company or its subsidiaries have the right (taking into account any applicable cure periods) to terminate its or their obligations under the Acquisition Agreement or decline to consummate the transactions thereunder as a result of a breach of such representations in the Acquisition Agreement, the Acquisition Agreement Representations shall be true and correct on the Closing Date, except to the extent that any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall be true and correct on and as of such earlier date and (b) the Specified Representations shall be true and correct in all material respects (provided that Specified Representations already qualified by materiality or material adverse effect shall be true and correct in all respects) on the Closing Date, except to the extent that any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall be true and correct in all material respects on and as of such earlier date.

11. Field Exams, Appraisals; Receipt of Borrowing Base Certificate; Projections; Minimum Excess Availability. With respect to the ABL Facility, (i) the Company and its subsidiaries shall have used their commercially reasonable efforts, and the Company shall have used its commercially reasonable efforts to cause the Target and its subsidiaries to use their commercially reasonable efforts, to deliver to the Arrangers an appraisal and field exam from a third party appraiser reasonably acceptable to the Lead Arrangers, in each case, with respect to the Loan Parties and the Borrowing Base (provided that, neither the delivery nor the substance of any such appraisal or field audit is a condition to the initial availability of the ABL Facility on the Closing Date), (ii) the Arrangers shall have received (x) a Borrowing Base certificate (similar in format to the certificate under the Existing Credit Facility) prepared as of the last day of the most recent month ending at least 20 calendar days prior to the Closing Date and (y) projections prepared in good faith by the Company and based upon reasonable assumptions showing Availability and Excess Availability during the 12-month period following the Closing Date and (iii) after giving effect to the Transactions on the Closing Date (including the loans and other extensions of credit made under the ABL Facility on the Closing Date) and including the assets of the Target and its subsidiaries in the Borrowing Base, pro forma Excess Availability shall be not less than $750,000,000.

Form of Solvency Certificate

To the Administrative Agent and each of the Lenders party to the Credit Agreement referred to below:

I, the undersigned, the Chief Financial Officer of [*Borrower*], a corporation organized under the laws of the State of Delaware (the "Borrower"), in that capacity only and not in my individual capacity (and without personal liability), do hereby certify as of the date hereof, and based upon (i) facts and circumstances as they exist as of the date hereof (and disclaiming any responsibility for changes in such fact and circumstances after the date hereof) and (ii) such materials and information as I have deemed relevant to the determination of the matters set forth in this certificate, that:

1. This certificate is furnished to the Administrative Agent and the Lenders pursuant to Section [___] of the [ABL] [Term Loan] Credit Agreement, dated as of____, among [____] (the "Credit Agreement"). Unless otherwise defined herein, capitalized terms used in this certificate shall have the meanings set forth in the Credit Agreement.

2. For purposes of this certificate, the terms below shall have the following definitions:

(a) "Fair Value"

The amount at which the assets (both tangible and intangible), in their entirety, of the Borrower and its restricted subsidiaries taken as a whole would change hands between a willing buyer and a willing seller, within a commercially reasonable period of time, each having reasonable knowledge of the relevant facts, with neither being under any compulsion to act.

(b) "Present Fair Salable Value"

The aggregate amount of net consideration that could be expected to be realized from an interested purchaser by a seller, in an arm's length transaction under present conditions in a current market for the sale of assets of a comparable business enterprise, where both parties are aware of all relevant facts and neither party is under any compulsion to act, where such seller is interested in disposing of an entire operation as a going concern, presuming the business will be continued, in its present form and character, and with reasonable promptness, not to exceed one year.

(c) "Stated Liabilities"

The recorded liabilities (including contingent liabilities that would be recorded in accordance with GAAP) of the Borrower and its restricted subsidiaries taken as a whole, as of the date hereof after giving effect to the consummation of the Transactions (including the execution and delivery of the Credit Agreement, the making of the loans under the Credit Agreement and the use of proceeds of such loans on the date hereof), determined in accordance with GAAP consistently applied.

(d) "Identified Contingent Liabilities"

The maximum estimated amount of liabilities reasonably likely to result from pending litigation, asserted claims and assessments, guaranties, uninsured risks and other contingent liabilities of the Borrower and its restricted subsidiaries taken as a whole after giving effect to the Transactions (including the execution and delivery of the Credit Agreement, the making of the loans under the Credit Agreement and the use of proceeds of such loans on the date hereof) (including all fees and expenses related thereto but exclusive of such contingent liabilities to the extent reflected in Stated Liabilities), as identified and explained in terms of their nature and estimated magnitude by responsible officers of the Borrower.

(e) "Can pay their Stated Liabilities and Identified Contingent Liabilities as they mature"

Borrower and its restricted subsidiaries taken as a whole after giving effect to the Transactions (including the execution and delivery of the Credit Agreement, the making of the loans under the Credit Agreement and the use of proceeds of such loans on the date hereof) have sufficient assets and cash flow to pay their respective Stated Liabilities and Identified Contingent Liabilities as those liabilities mature or (in the case of contingent liabilities) otherwise become payable.

(f) "Do not have Unreasonably Small Capital"

Borrower and its restricted subsidiaries taken as a whole after giving effect to the Transactions (including the execution and delivery of the Credit Agreement, the making of the loans under the Credit Agreement and the use of proceeds of such loans on the date hereof) have sufficient capital to ensure that it is a going concern.

3. For purposes of this certificate, I, or officers of Borrower under my direction and supervision, have performed the following procedures as of and for the periods set forth below.

(a) I have reviewed the financial statements (including the pro forma financial statements) referred to in Section [ ] of the Credit Agreement.

(b) I have knowledge of and have reviewed to my satisfaction the Credit Agreement.

(c) As chief financial officer of Borrower, I am familiar with the financial condition of Borrower and its restricted subsidiaries.

4. Based on and subject to the foregoing, I hereby certify on behalf of Borrower that after giving effect to the consummation of the Transactions (including the execution and delivery of the Credit Agreement, the making of the loans under the Credit Agreement and the [ABL] [Term Loan] Credit Agreement and the use of proceeds of such loans on the date hereof), it is my opinion that (i) each of the Fair Value and the Present Fair Salable Value of the assets of Borrower and its restricted subsidiaries taken as a whole exceed their Stated Liabilities and Identified Contingent Liabilities; (ii) Borrower and its restricted subsidiaries taken as a whole do not have Unreasonably Small Capital; and (iii) Borrower and its restricted subsidiaries taken as a whole can pay their Stated Liabilities and Identified Contingent Liabilities as they mature.

IN WITNESS WHEREOF, Borrower has caused this certificate to be executed on its behalf by its Chief Financial Officer this [ ] day of [_______].

[ ]

By: ____________________________
Name:
Title: Chief Financial Officer

Exhibit 10.31

Amendment to Severance Benefits Agreement (Amendment B)

Ronald L. Sargent
c/o Staples, Inc.
500 Staples Drive
Framingham, MA 01702

Dear Mr. Sargent,

You are a party to that certain Second Amended and Restated Severance Benefits Agreement, dated March 10, 2006 and amended on December 22, 2008 (the “Agreement”) with Staples, Inc. and/or one of its subsidiaries (“Staples”). Under the Agreement, Staples agrees to provide you with the severance benefits set forth in the Agreement if your employment is terminated under the circumstances described in the Agreement.

This Amendment memorializes our discussions in the Fall of 2014 relating to changes to your Agreement. You hereby agree that the Agreement shall be revised as set forth below, and shall otherwise remain in full force and effect in accordance with its terms. This Amendment shall be effective as of January 13, 2015.

Specifically, you and Staples agree to delete the language of Section 3(e) of the Agreement in its entirety and replace it with the following:

(i) *You expressly waive any right to receive from Staples any gross-up payments in connection with this Agreement, including, without limitation, (i) in the event that you become entitled to payments and/or benefits provided by this Agreement as a result of a Change in Control, and such Company Payments will be subject to the tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) in the event that, notwithstanding the provisions of Section 3(f) below, any payments and/or benefits provided by this Agreement constitute nonqualified deferred compensation under Section 409A of the Code (collectively, the “Deferred Payments”) and you become subject to the tax and interest imposed under Section 409A (the “409A Liability”).*

If this letter sets forth our agreement, kindly sign and return to Staples the enclosed copy of this letter no later than January 13, 2015.

Sincerely,

STAPLES, INC.

/s/ Paul F. Walsh

By: ______________________________

Chairman of the Compensation Committee of the Board of Directors

I have been advised of my right to consult with counsel regarding this letter and the Agreement and have decided to sign below knowingly, voluntarily, and free from duress or coercion.

Agreed to this 13th day of January, 2015.

/s/ Ronald L. Sargent

____

Ronald L. Sargent

Exhibit 10.34

STAPLES, INC.

EXECUTIVE LIFE INSURANCE PLANS

SUMMARY OF PROVISIONS

BONUS LIFE PLAN

1. This plan covers all named executive officers, except John Wilson. This plan was no longer offered at the time Mr. Wilson joined Staples.
2. On a pre-retirement basis, the death benefit is equal to 3 times current annual base salary.
3. On a post-retirement basis following 10 years of service, Staples will continue to provide a death benefit equal to 3 times annual base salary (at the time of separation of service).
4. Alternatively, a participant can elect survivorship (or second-to-die) coverage under the Plan with a death benefit up to the maximum amount that can be obtained on a cost-neutral basis to the Staples.
5. Staples reimburses participants for premium payments related to this plan. Staples also provides a gross-up payment which is intended to cover the income taxes on the premium payment reimbursement.

DEATH BENEFIT ONLY PLAN

1. This plan covers all officers of Staples, including Mr. Wilson.
2. On a pre-retirement basis, the death benefit is equal to three (3) times current annual base salary.
3. On a post-retirement basis following certain age and service milestones, Staples will continue to provide a death benefit equal to two (2) times current annual base salary.
4. The cost for this coverage is free, and non-taxable, to the participant.
5. The death benefit under the plan is taxable to the beneficiary. Staples also provide a gross-up payment which is intended to cover the income taxes on the death benefit payment.

Exhibit 10.37

Staples, Inc.

Senior Executive Long Term Disability

Supplemental Coverage Reimbursement Policy

Coverage under the Company's Group Long Term Disability (LTD) Plan, which only covers base salary, and Supplemental LTD Plan, which covers any excess base salary and bonus, are fully paid for by our associates. For senior executives earning an annual base salary in excess of $400,000 and electing supplemental LTD coverage prior to certain changes reducing the maximum monthly benefit, the Company annually reimburses through bonuses (on a grossed up basis) premiums related to any supplemental LTD coverage due to base salary, and the Company expects such annual aggregate bonuses to be approximately $32,000.

Exhibit 12.1

STAPLES, INC. AND SUBSIDIARIES
Statement of Computation of Ratio of Earnings to Fixed Charges
(Amounts in Thousands, Except Ratios)
(unaudited)

	Fiscal Year Ended				
	January 31, 2015	February 1, 2014	February 2, 2013	January 28, 2012	January 29, 2011
Earnings:					
Income from continuing operations before income taxes	$ 268,135	$ 1,062,805	$ 265,423	$ 1,464,644	$ 1,366,537
Add Fixed Charges:					
Interest portion of rental expense	230,248	240,408	251,677	251,878	248,810
Interest expense, net of capitalized interest	49,136	131,429	183,448	199,735	239,639
Amortization of capitalized interest	—	—	—	—	—
Pre-tax losses from equity method investees	—	—	1,661	3,626	1,972
Less:					
Capitalized interest	—	—	—	—	—
Noncontrolling interest	—	—	—	—	—
Earnings	$ 547,519	$ 1,434,642	$ 702,209	$ 1,919,883	$ 1,856,958
Fixed charges:					
Interest portion of rental expense	$ 230,248	$ 240,408	$ 251,677	$ 251,878	$ 248,810
Interest expense, net of capitalized interest	49,136	131,429	183,448	199,735	239,639
Capitalized interest	—	—	—	—	—
Fixed charges	$ 279,384	$ 371,837	$ 435,125	$ 451,613	$ 488,449
Ratio of earnings to fixed charges	1.96	3.86	1.61	4.25	3.80

Exhibit 21.1

Name of Subsidiary	Jurisdiction of Incorporation
3094494 Nova Scotia Company	Canada
3258402 Nova Scotia Company	Canada
3285091 Nova Scotia Company	Canada
Beijing Staples Commerce & Trade Co., Ltd.	China
Bernard France SAS	France
Buhrmann II B.V.	Netherlands
Buhrmann Ireland Limited	Ireland
Buhrmann ISD Groupe S.A.	France
Buhrmann Paper UK Limited	United Kingdom
CE Direct Pty Ltd	Australia
CEI Pty. Ltd.	Australia
CER New Zealand Limited	New Zealand
Corporate Express B.V.	Netherlands
Corporate Express Canada, Inc.	Canada
Corporate Express Employee Share Plan Co Pty Ltd	Australia
Corporate Express France S.A.S.	France
Corporate Express (Holdings) Ltd.	United Kingdom
Corporate Express Hungaria Kft	Hungary
Corporate Express (Irl) Limited	Ireland
Corporate Express Ltd.	United Kingdom
Corporate Express Luxembourg Holding S.a.r.l.	Luxembourg
Corporate Express (N.I.) Ltd.	United Kingdom
Corporate Express Norway Holdings AS	Norway
Corporate Express Print Management Limited	New Zealand
Corporate Express SRL	Italy
Corporate Express Supply Chain Pty Limited	Australia
Corporate Express Swaps US, Inc.	USA
Corporate Express Sweden Holding AB	Sweden
Corporate Express UK Holding Limited	United Kingdom
Educational Experience Pty Limited	Australia
EMO AS	Norway
Emo Finland Oy	Finland
Fareham Developments (One) Limited	United Kingdom
Fareham Developments (Two) Limited	United Kingdom
Grieg Kalenderforlag	Norway
Hong Kong Staples Brands Limited	Hong Kong
IN Designs Global, Inc.	USA
Jean Paul Guisset -JPG France SAS	France
Jiangsu Staples Office Products Co. Ltd.	China
MondOffice s.r.l.	Italy
OA365 International Company Limited	Cayman Islands

Officenet, B2 Express–Comercio,Servicos e Representacoes Ltda.	Brazil
Oranda AG	Switzerland
PNI Digital Media Europe Ltd.	United Kingdom
PNI Digital Media Ltd.	United Kingdom
PNI Digital Media ULC	Canada
Pressel AG	Switzerland
Pressel Kereskedelmi Kft.	Hungary
Pressel Post B.V.	Netherlands
Pressel Post b.v.b.a.	Belgium
Pressel Sarl	France
Pressel Sp.z.o.o.	Poland
Pressel Systems spol r.o.	Czech Repub
Pressel Versand GmbH	Germany
Pressel Versand International GmbH	Austria
QS Quarterhouse Software, Inc.	USA
Quill Corporation	USA
Quill Lincolnshire, Inc.	USA
Restructure (Vic) Pty. Ltd.	Australia
SchoolKidz.com LLC	USA
SEC UK Delivery Limited	United Kingdom
Shenzhen Staples Commerce & Trade Co., Ltd.* **(*minority interest held)**	*China
SHN C.V.	Netherlands
SOM Hagerstown, Inc.	USA
Staples Acquisition B.V.	Netherlands
Staples Acquisition II B.V.	Netherlands
Staples Acquisition III B.V.	Netherlands
Staples Argentina S.A.	Argentina
Staples (Asia) Investments Limited	Cayman Islands
Staples Australia Bid Company Pty Limited	Australia
Staples Australia Holdings Pty Limited	Australia
Staples Australia Pty Limited	Australia
Staples Austria GmbH	Austria
Staples Belgium BVBA	Belgium
Staples Brand Consulting (Shenzhen) Co., Ltd.	China
Staples Brands International Limited	Hong Kong
Staples Brands Sales, LLC	USA
Staples Brasil Comercio de Materiais de Escritorio Ltda.	Brazil
Staples Canada Holdings, LLC	USA
Staples Canada Holdings III, LLC	USA
Staples Canada, Inc.	Canada
Staples (China) Investment Co., Ltd.	China
Staples CI Holdings Limited	Cayman
Staples Connecticut, Inc.	USA
Staples Contract & Commercial, Inc.	USA

Staples CRS BV	Netherlands
Staples CRS II BV	Netherlands
Staples CRS III BV	Netherlands
Staples Cyprus Holdings Limited	Cyprus
Staples Cyprus Intermediary Holdings Limited	Cyprus
Staples Delivery Limited	United Kingdom
Staples Delivery, SA	Portugal
Staples Denmark ApS	Denmark
Staples (Deutschland) GmbH	Germany
Staples Deutschland GmbH & Co. KG	Germany
Staples Dutch Management BV	Netherlands
Staples Employment Services Limited	United Kingdom
Staples Europe B.V.	Netherlands
Staples Europe Holdings, G.P.	Bermuda
Staples Europe Import B.V.	Netherlands
Staples Finland Oy	Finland
Staples France Holding SAS	France
Staples Future Office Products Private Ltd.* **(*Staples Asia has 15% carried interest—not currently owned by Staples) (considered a Controlled Foreign Corporation)**	*India
Staples Global Markets, Inc.	USA
Staples Group, Inc. (The)	USA
Staples Hong Kong Investments Limited	Hong Kong
Staples International B.V.	Netherlands
Staples International Group Services B.V.	Netherlands
Staples International Limited	United Kingdom
Staples Luxembourg Sarl	Luxembourg
Staples Mail Order UK Limited	United Kingdom
Staples Nederland Holding B.V.	Netherlands
Staples Nederland BV	Netherlands
Staples New Zealand Limited	New Zealand
Staples Norway AS	Norway
Staples Norway Holdings AS	Norway
Staples Norway Holdings II AS	Norway
Staples of Maryland, LLC	USA
Staples Office Equipment (Shanghai) Ltd	China
Staples Participations B.V.	Netherlands
Staples Polska Sp.z.o.o.	Poland
Staples Portugal Equipamento de Escritoria, SA	Portugal
Staples Procurement & Management Services Private Limited	India
Staples Productos de Oficina, SL	Spain
Staples Promotional Products Canada Ltd.	Canada
Staples Promotional Products Europe Ltd	UK
Staples Retail Norway AS	Norway

Staples Security Corporation	USA
Staples (Shanghai) Company Ltd.	China
Staples Shared Service Center (Europe) BVBA	Belgium
Staples Shared Service Center (Europe) II, BVBA	Belgium
Staples Shared Service Center, LLC	USA
Staples Sweden AB	Sweden
Staples Sweden Holdings AB	Sweden
Staples Sweden Holdings II AB	Sweden
Staples Taiwan Corporation Limited	Cayman Islands
Staples the Office Superstore East, Inc.	USA
Staples the Office Superstore, Limited Partnership	USA
Staples the Office Superstore, LLC	USA
Staples Transportation LLC	USA
Staples UK Limited	United Kingdom
Staples UK Retail Limited	United Kingdom
Staples Value, LLC	USA
Staples Verwaltungs GmbH	Germany
Teacher Direct Limited	New Zealand
Union B.V., Exploitatie Maatschappij	Netherlands
WorksMedia Ltd.	United Kingdom

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1) Registration Statements on Form S-3 (Nos. 333-58743, 333-81503, 333-124024, and 333-155855) of Staples, Inc. and
2) Registration Statements on Form S-8 (Nos. 333-36713, 333-36715, 333-39991, 333-39993, 333-64545, 333-73383, 333-87971, 333-68428, 333-68430, 333-68432, 333-116644, 333-128449, 333-153405, 333-159875, 333-167378, 333-178383 and 333-196680) of Staples, Inc.;

of our reports dated March 6, 2015, with respect to the consolidated financial statements and schedule of Staples, Inc. and the effectiveness of internal control over financial reporting of Staples, Inc., included in this Annual Report (Form 10-K) for the year ended January 31, 2015.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 6, 2015

Exhibit 31.1

Principal Executive Officer Certification

I, Ronald L. Sargent, certify that:

1. I have reviewed this Annual Report on Form 10-K of Staples, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2015

/s/ Ronald L. Sargent

Ronald L. Sargent
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Principal Financial Officer Certification

I, Christine T. Komola, certify that:

1. I have reviewed this Annual Report on Form 10-K of Staples, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2015

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Principal Executive Officer Certification

In connection with the Annual Report on Form 10-K of Staples, Inc. (the "Company") for the period ended January 31, 2015 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, Ronald L. Sargent, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 6, 2015

/s/ Ronald L. Sargent

Ronald L. Sargent
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Principal Financial Officer Certification

In connection with the Annual Report on Form 10-K of Staples, Inc. (the "Company") for the period ended January 31, 2015 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, Christine T. Komola, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 6, 2015

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

Staples, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Framingham, Massachusetts
April 13, 2015

Dear Shareholders,

The Annual Meeting of Shareholders of Staples, Inc. will be held at the Umstead Hotel, 100 Woodland Pond Drive, Cary, North Carolina, on June 1, 2015 at 4:00 p.m., local time, to consider and act upon the following matters:

(1) To elect eleven members of the Board of Directors to hold office until the 2016 Annual Meeting of Shareholders or until their respective successors have been elected or appointed.

(2) To approve an amendment to the 2012 Employee Stock Purchase Plan increasing the number of shares of common stock authorized for issuance under the plan from 15,000,000 to 27,000,000 shares.

(3) To approve, on an advisory basis, named executive officer compensation.

(4) To ratify the selection by the Audit Committee of Ernst & Young LLP as Staples' independent registered public accounting firm for the current fiscal year.

(5) To act on two shareholder proposals, if properly presented.

(6) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Shareholders of record at the close of business on April 6, 2015 will be entitled to notice of and to vote at the meeting or any adjournment or postponement thereof.

By order of the Board of Directors

Michael T. Williams

Michael T. Williams

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

For the Annual Meeting of Shareholders on June 1, 2015

This proxy statement and our 2014 Annual Report are available for viewing, printing and downloading at *www.proxyvote.com*.

You may request a copy of the materials relating to our annual meeting, including the proxy statement, form of proxy card for our 2015 Annual Meeting and the 2014 Annual Report, at *www.proxyvote.com*, or by sending an email to our Investor Relations department at *investor@staples.com* or by calling (800) 468-7751.

VOTING ROADMAP

YOUR VOTE IS VERY IMPORTANT

All shareholders are cordially invited to attend the 2015 Annual Meeting in person.

A government-issued photo identification such as a driver's license, state-issued ID card or passport, will be required to attend in person. Please note that if you are a beneficial owner, you will also need to bring a copy of a brokerage statement reflecting your stock ownership in Staples as of the record date to be allowed into the meeting.

Voting Matters

Item	Board Recommendation	Further Information (page)
(1) To elect eleven members of the Board of Directors to hold office until the 2016 Annual Meeting of Shareholders or until their respective successors have been elected or appointed.	**FOR** each director nominee	19
(2) To approve an amendment to the 2012 Employee Stock Purchase Plan increasing the number of shares of common stock authorized for issuance under the plan from 15,000,000 to 27,000,000 shares.	**FOR**	29
(3) To approve, on an advisory basis, named executive officer compensation.	**FOR**	65
(4) To ratify the selection by the Audit Committee of Ernst & Young LLP as Staples' independent registered public accounting firm for the current fiscal year.	**FOR**	66
(5) Shareholder proposal regarding Senior Executive Severance Agreements.	**AGAINST**	68
(6) Shareholder proposal regarding Independent Board Chairman.	**AGAINST**	70

Meeting Information

Date

June 1, 2015

Time

4:00 p.m., local time

Location

Umstead Hotel
100 Woodland Pond Drive,
Cary, North Carolina

Admission

See page 2 for details

How To Vote

Advance Voting Methods

Internet

www.proxyvote.com

Toll-free Telephone

1-800-690-6903

Mail

Follow instructions on your voting form

Our Annual Meeting Website

Staples 2015 Annual Meeting materials are available in one place at **www.staplesannualmeeting.com**. There, you can download electronic copies of our 2014 Annual Report and Proxy Statement, and use the link to vote.

Scan this QR code with your mobile device to access our 2015 Annual Meeting website.

PROXY STATEMENT SUMMARY

This summary highlights certain information that is covered elsewhere in this Proxy Statement. You are encouraged to read our complete Proxy Statement before voting.

DIRECTOR NOMINEE HIGHLIGHTS

Name, Primary Occupation	Age	Independent	Director since	Other Public Company Boards	Staples Committee Assignments: A	N&CG	C	F	E
Basil Anderson *CEO, Anderson Investments*	70	YES	1997	3	○			○	
Drew Faust *President, Harvard University*	67	YES	2012	—		○			
Paul-Henri Ferrand *Vice President, Google, Inc.*	51	YES	2015 nominee	—					
Kunal S. Kamlani *Former President and COO, Prestige Cruise Holdings*	42	YES	2015 nominee	1					
Carol Meyrowitz *CEO, The TJX Companies, Inc.*	61	YES	2007	1			○		
Rowland T. Moriarty *Chairman of the Board, CRA International, Inc.*	68	YES	1986	3		○		⊗	○
Ronald L. Sargent *Chairman and CEO, Staples, Inc.*	59	NO	1999	2					⊗
Robert Sulentic *President and CEO, CBRE, Inc.*	58	YES	2007	1	⊗				○
Raul Vazquez *Director and CEO, Oportun*	43	YES	2013	—			○		
Vijay Vishwanath *Partner, Bain & Company*	55	YES	2007	—		⊗			○
Paul F. Walsh *Operating Partner, Calera Capital*	65	YES	1990	—			⊗	○	

A: Audit **N&CG:** Nominating & Corporate Governance **C:** Compensation **F:** Finance **E:** Executive

○: Member ⊗: Chair

Developing an Effective Board

The Staples Board of Directors (the "Board") has strong governance practices and is dedicated to continuous improvement. We seek to achieve an effective balance of relevant skills, experience, qualifications and personal qualities in Board composition. Our priority is to bring areas of expertise together in the Staples boardroom for the benefit of Staples and the creation of sustainable long-term shareholder value. We seek to ensure that the Board and its committees are high-functioning, including through regular and rigorous Board and committee evaluations.

Relevant Skills

Our Board nominees bring together extensive experience in e-commerce/marketing international operations, M&A / integrations, retail, strategy and other areas. See page 19 for an overview of the Board's experience as a whole, and individual director biographies beginning on page 20, to learn more about our nominees' respective skills and qualifications.

Experience

Our Board nominees have broad leadership experience serving in senior roles in corporations, academia and on public and private boards.

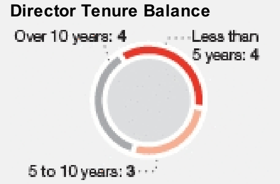
Personal Qualities

Our Board nominees exhibit high integrity, self-awareness, respect, independence of mind, and have the capacity to function effectively in challenging situations.

Diversity

Our Board nominees bring diversity in its broadest sense – not merely diversity of background and culture, but also diversity of age, gender, ethnicity and outlook to offer and understand multiple perspectives.

Director Tenure Balance



Board Independence

BOARD AND CORPORATE GOVERNANCE DEVELOPMENTS

The Staples Board is committed to highly effective corporate governance that is responsive to shareholders, and on seeing to it that the Company delivers on its strategy.

Shareholder Outreach

For many years, Staples has operated a formal shareholder outreach program to listen to investor perspectives on corporate governance, our executive compensation program, sustainability and other matters. Annually, we solicit feedback from institutional investors including asset managers, public and labor union pension funds, and social responsibility investors.

Selected Investor Feedback

"We appreciate Staples' commitment to engaging with CalPERS, their responsiveness to investor priorities. Staples is joining a growing list of companies committed to excellence in corporate governance. We applaud their leadership."

Anne Simpson, Senior Portfolio Manager and Director of Global Governance at CalPERS

"Staples has taken an important step for shareowner rights and I applaud the company for being responsive to investors."

Comptroller Scott M. Stringer, Investment Advisor, Custodian and a Trustee of The NYC Funds

Timeline of Selected Corporate Governance Events

2015	
March >	Management Supported Proxy Access at 3%/3 years – we worked closely with our shareholders to develop a proxy access framework that would be responsive but also protect the interests of all shareholders. We have committed to providing a management-supported proxy access bylaw amendment at the 2016 Annual Meeting of Shareholders.
	Executive Compensation – we replaced the total company sales metric with gross margin dollars for our 2015 annual cash incentive awards to place greater emphasis on driving profitability.
January >	Independent Chair Policy – we adopted a policy to require that we have an independent Chair of the Board, whenever possible. The policy is prospective, and applies when Ronald L. Sargent, our current Chairman and CEO, retires or no longer serves as Chairman of the Board.
2014 >	We engaged in constructive dialogues over the course of the year with shareholders representing more than 40% of our shares, with direct involvement from two of our directors.
2013 >	Restructured our executive compensation program in response to shareholder feedback on compensation and to strengthen alignment with reinvention strategy. ✓Eliminated time-based restricted stock and options ✓Changed long-term program to be delivered entirely in the form of performance shares, with achievement based on 50% return on net asset percentage and 50% on sales growth. The program also included a three-year relative Total Shareholder Return (TSR) modifier ✓Changed annual performance metrics
2012 >	Shareholder right to act by written consent implemented
	Refined compensation program, including changes in benchmarking and reduced dilution from stock plans, in direct response to shareholder feedback
	Enhanced transparency on political contributions and government activities
2009 >	Shareholder right to call special meetings implemented
2008 >	Adopted a majority vote standard for the election of directors with a plurality carve-out for contested elections
	Eliminated supermajority vote requirement for mergers and other matters from company charter
2007 >	Declassified board to establish annual elections going forward
1998 >	Lead Independent Director – Staples is one of the early adopters of the role

Further corporate governance features are highlighted on page 8 of this proxy statement.

CORPORATE RESPONSIBILITY HIGHLIGHTS

Staples is committed to making a positive impact on society, associates and the planet. We're dedicated to bringing awareness to and effecting meaningful change in the areas of Community & Giving, Environment, Ethics and Diversity & Inclusion. For more information, see the Corporate Responsibility section of www.staples.com.

Environment

- Aligning our efforts with global sustainability strategy and 2020 performance goals to benefit the environment, our customers and our business
- Offering customers more than 12,000 eco-responsible products, and providing diverse recycling and other environmental services
- Improving operational environmental footprint by maximizing energy efficiency and renewable energy use, and eliminating waste

Community & Giving

- Enabling associates globally to direct funds to organizations they care about through the 2 Million & Change grant program
- Providing educational support in times of disaster through Staples Emergency Education Fund with Save the Children
- Supporting associate participation in community volunteer activities
- Inspiring customers to donate through cause marketing and disaster relief campaigns

Ethics

- Supporting our culture of high integrity by continually promoting our Code of Ethics and Ethics Program
- Encouraging associates to speak up and raise questions and concerns through our global ethics helpline and other available options

Diversity & Inclusion

- Focusing on building a diverse, high-performing workforce that reflects all segments of our society
- Emphasizing a culture that empowers associates and encourages collaboration, flexibility and fairness
- Leveraging Associate Resource Groups to promote our Employer of Choice strategy, create awareness and increase business value

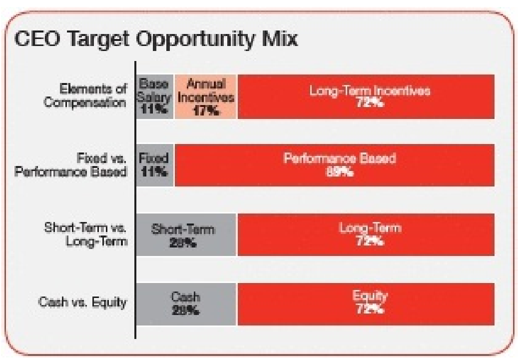
EXECUTIVE COMPENSATION

Staples is engaged in a strategic reinvention designed to position the company to generate long-term sales and earnings growth. The Compensation Committee of the Board sets rigorous financial metrics tied directly to the success of our strategy and the creation of long-term shareholder value.

For more information about the reinvention strategy and 2014 highlights, see "Performance Overview" in the "CD&A" section of this proxy statement.

With changes to our executive compensation program over the last several years, both our long-term and short-term incentive plans now are fully performance based. Going forward, we intend to rely solely on three-year, 100% performance based awards for our long-term equity program. Staples is among only 11% of S&P 500 companies that grant 100% of long-term equity awards in the form of performance shares, according to Equilar.

Our highly performance-based, long-term and equity-focused compensation program is illustrated below with respect to our CEO's target opportunity.



Our Board values the opportunity to engage directly with our shareholders. In 2015, we completed an intensive shareholder engagement and solicited feedback on our executive compensation program. See "Shareholder Feedback, Board Response and 2015 Changes" in the "CD&A" section of this proxy statement for more information.

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STAPLES, INC.
500 Staples Drive
Framingham, Massachusetts 01702

PROXY STATEMENT
For the Annual Meeting of Shareholders on June 1, 2015

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors ("Board") of Staples, Inc. ("we," "us," "Staples" or the "Company") for use at the Annual Meeting of Shareholders ("2015 Annual Meeting" or the "Annual Meeting") to be held on June 1, 2015 beginning at 4:00 p.m., local time, at the Umstead Hotel, 100 Woodland Pond Drive, Cary, North Carolina and at any adjournment or postponement of that meeting. On or about April 20, 2015, we are mailing these proxy materials together with an annual report, consisting of our Annual Report on Form 10-K for the fiscal year ended January 31, 2015 (the "2014 fiscal year") and other information required by the rules of the Securities and Exchange Commission (the "2014 Annual Report").

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CORPORATE GOVERNANCE

HIGHLIGHTS

We are committed to leading corporate governance practices that are in the best interests of our business and all of our shareholders. For example, we have:

- Developed a successful shareholder outreach program.
- Demonstrated a consistent track record of listening and responding thoughtfully to feedback.
- Pro-actively adopted many important governance initiatives, such as majority voting, an enhanced political contributions policy, a compensation recoupment policy and our commitments to ethics, community, the environment and diversity and inclusion.

Shareholder Outreach Program

We have conducted a formal corporate governance outreach program for many years. We solicit feedback from our institutional investors regularly, including from asset managers, public and labor union pension funds and allied organizations and social responsibility investors. We seek to hear perspectives on various governance matters, our executive compensation program, sustainability and other matters. Consistent with prior practice, during the last year, we engaged in constructive dialogues with shareholders representing more than 40% of our shares. This year, two of our directors participated in the outreach program and heard directly from some of our shareholders. We share the feedback we receive with our Nominating and Corporate Governance Committee and Compensation Committee, as well as with the entire Board.

Recent Corporate Governance Enhancements

In response to feedback from our shareholders, our Board made the following corporate governance enhancements over the last year:

Independent Chair Policy – We adopted a policy to require that we have an independent Chair of the Board, whenever possible. The policy is prospective, and begins to apply when Ronald L. Sargent, our current Chairman and CEO, retires or no longer serves as Chairman of the Board. The policy does not apply if the appointment violates any contractual obligation, if no independent member of the Board is available or willing to serve as Chair, or if the appointment would be inconsistent with the Board's fiduciary obligations. In accordance with its fiduciary duties, the Board will periodically make a determination as to the appropriateness of its policies in connection with the recruitment and succession of the Chairman and CEO.

Management Supported Proxy Access at 3%/3 years – We worked closely with our shareholders in developing a proxy access framework that would be responsive but also protect the interests of all shareholders. We have committed to providing a management-supported proxy access bylaw amendment at the 2016 Annual Meeting of Shareholders. Our version of proxy access would:

- Permit shareholders (not to exceed a group of 25) holding at least three percent of our outstanding shares continuously for three years to nominate up to 20 percent of the directors serving if the size of the board is 10 or more directors or 25 percent of the directors if the size of the board is 9 or fewer directors;
- Include various other provisions consistent with, or mirroring, the SEC-adopted proxy access rule, including with regard to disclosure of conflicts of interest or control intent and the eligibility of loaned shares for purposes of satisfying the continuous ownership requirement; and
- Limit nominations by an individual shareholder or group (i) whose formerly-nominated candidate has been serving on the board for less than two consecutive terms or (ii) whose candidate failed to garner a minimum of 15% of the votes within the previous two years.

Executive Compensation – We replaced the total company sales metric with gross margin dollars for our 2015 annual cash incentive awards to place greater emphasis on driving profitability. In addition, our CEO elected to eliminate a tax-gross up provision in his existing severance agreement and elected not to accept his 2.5 percent base salary raise for 2014, which the Board had previously approved. Going forward we intend to rely solely on three-year, 100% performance-based awards for our long-term incentives, a change set previously by the Compensation Committee of our Board. These performance shares include a 3-year TSR modifier on long-term performance, linking pay outcomes more closely to share price performance. For more information about shareholder outreach with respect to compensation matters and our response to the 2014 say-on-pay vote, see the *"CD&A"* section of this proxy statement.

You can learn more about our current corporate governance program and review our Corporate Governance Guidelines ("Guidelines"), committee charters, Corporate Political Contributions and Government Activity Policy Statement, Code of Ethics and other significant policies at http://investor.staples.com/phoenix.zhtml?c=96244&p=irol-govhighlights. The information at such website and the other websites mentioned in this proxy statement is not incorporated by reference herein. We also recognize that corporate governance is not static, and we continue to evaluate our policies and practices to meet ongoing developments in this area. Some highlights of our corporate governance policies and practices are set forth below.

Shareholder Rights	• Annual election of directors • Majority voting in uncontested director elections • No rights plan without shareholder approval • No supermajority voting requirements for mergers and other matters • Shareholders can call special meetings (25% ownership threshold) • Shareholders can act by majority written consent
Board Features	• All independent directors (other than CEO) • Diverse board • Strong Independent Lead Director role • Annual CEO evaluation by independent directors • Robust annual succession planning process
Other Features	• Transparent reporting of political contributions and lobbying and trade association activities • Recognized leader in sustainability matters • Responsible ethical sourcing program with third party audits • Chief Culture Officer

DIRECTOR INDEPENDENCE

Our Board of Directors, in consultation with our Nominating and Corporate Governance Committee, determines which of our directors are independent. Our Guidelines provide that directors are "independent" if they (1) meet the definition of "independent director" under the NASDAQ listing standards and (2) in our Board's judgment, do not have a relationship with Staples that would interfere with the exercise of independent judgment in carrying out their responsibilities. Our Nominating and Corporate Governance Committee periodically reviews the independence standards in our Guidelines and recommends changes as appropriate.

In accordance with our Guidelines, our Board has determined that all of our directors and nominees are independent except Mr. Sargent, who is our CEO. In determining independence, our Board considered all the available relevant facts and circumstances, including the following:

- Neither we nor any subsidiary has employed or otherwise compensated the independent directors other than for service on our Board and its committees during the past three years.
- We have not employed or otherwise compensated any family members (within the meaning of the NASDAQ listing standards) of the independent directors during the past three years.
- None of the independent directors or their family members is a partner of our independent registered public accounting firm or was a partner or employee of such firm who worked on our audit during the past three years.
- None of our executive officers is on the compensation committee of the board of directors of a company that has employed any of the independent directors or their family members during the past three years.
- No family relationships exist between any of our directors or executive officers.
- During the past three years, none of our directors or executive officers has had a material direct or indirect business relationship with us or engaged in a "related party transaction" as described below.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Our written Code of Ethics sets forth the general principle that our directors, executive officers and other associates should avoid any situation that could be perceived as a conflict of interest, regardless of the dollar amount involved. This principle is also reflected in our written Guidelines and the written materials that we use to educate associates about conflicts of interest. For example, under the Guidelines, if an actual or potential conflict of interest develops for any reason, including, without limitation, because of a change in business operations of the Company or because of a director's circumstances, the director should immediately report the matter to our General Counsel, who should then report the matter to the Nominating and Corporate Governance Committee for review and determination. In the event there is a significant conflict, the director should resign or the conflict must be resolved. Additionally, under the Guidelines, any director who wishes to join the board of directors of another company must provide written notice to the chairperson of the Nominating and Corporate Governance Committee. The chair of the Nominating and Corporate Governance Committee, after consultation with our General Counsel, will then respond to the director with a resolution. We also ask each of our executive officers and directors to fill out questionnaires every year to help enable us to identify if a potential conflict of interest exists. Our Code of Ethics, Guidelines and the charters for all the committees of our Board are available at *www.staples.com* in the Corporate Governance section of the Investor Information webpage.

The Nominating and Corporate Governance Committee is responsible for reviewing, approving or ratifying any related party transactions. We define “related party transactions” as transactions with a value of more than $120,000 and in which (i) Staples and any of our directors, director nominees, executive officers, 5% shareholders and their immediate family members are participants, and (ii) such participants have a direct or indirect material interest. In the course of reviewing whether or not the participants should be deemed to have a direct or indirect material interest, the Nominating and Corporate Governance Committee reviews the presence of standard prices, rates, or terms consistent with arms-length dealings with unrelated third parties; the materiality of the transaction to each party; the reasons for entering into the transaction; the potential effect of the transaction on the status of an independent director; and any other factors the Nominating and Corporate Governance Committee deems relevant. If a transaction is deemed to be a related party transaction, the procedures for approval or ratification of such a transaction are the same as for actual or potential conflicts of interests involving directors and are set forth in the Guidelines.

For fiscal year 2014:

- We had no related-party transactions.
- There were no transactions that affected our directors’ independence.
- There were no violations or waivers of our Code of Ethics with respect to our directors or executive officers.

In an effort to provide greater transparency to our shareholders, we provide the following additional information about sales of office supply products or related services, such as copying, branding of promotional products or technology services, to companies or organizations affiliated with our directors and our executive officers. All transactions reported with director-affiliated companies were in the ordinary course of business, without involvement of the director and on arm’s length business terms. Below is a list of companies and institutions with which our independent directors who are being considered for election were affiliated in fiscal year 2014 and for which we received greater than $120,000 for providing our supplies or services.

• Bain & Company	• CRA International, Inc.	• Hormel Foods Corporation
• Becton Dickinson & Company	• Harvard University	• Progreso Financiero (Oportun)
• CBRE Group, Inc.	• Hasbro, Inc.	• Sears Holdings Corporation
• Cottage Health Systems, Inc.	• Joslin Diabetes Center	• TJX Companies, Inc.

The amounts received by us in fiscal year 2014 for the sale of office supplies and related services to these companies range from approximately $150,000 to approximately $18 million and the median amount received from such sales was approximately $457,000. In each case, the amount was immaterial to both Staples and the company purchasing the goods and services. The largest amount of approximately $18 million represents 0.053% of our revenues based on sales for fiscal year ended January 31, 2015 of approximately $23.1 billion. The largest amount includes $15 million of purchases under a global corporate service agreement that benefited and provided for purchases by third parties.

In addition, in 2014 we also paid approximately $730,000 for employee background check services from a privately held company for which one of our directors serves as chairman of the board of directors and approximately $710,000 for fleet services to WEX Inc., a company for which one of our directors also serves as a director. We also paid approximately $13 million for customized delivery boxes to a privately held company for which one of our directors serves as a director, approximately $490,000 to Sears Holdings Corporation for rental payments and approximately $62 million to Google, Inc. for marketing, IT services and products that we purchase for re-sale.

In all instances, whether we provided the products/services or received the services, no director or executive officer had a direct or indirect material interest in the transaction. The Nominating and Corporate Governance Committee determined that none of these transactions were “related party transactions” and that such transactions would not interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

BOARD LEADERSHIP STRUCTURE

Our Board of Directors determines its leadership structure annually based on a recommendation of the Nominating and Corporate Governance Committee. In January 2015, we adopted a policy to require that we have an independent Chair of the Board, whenever possible. The policy is prospective, and begins to apply when Ronald L. Sargent, our current Chairman and CEO, retires or no longer serves as Chairman of the Board. For this year, the Board determined that it was appropriate that Mr. Sargent, our CEO, should remain as Chairman of the Board. Our current Independent Lead Director Robert Nakasone will be retiring at the end of his term at the 2015 Annual Meeting. The Board intends for

Robert E. Sulentic to serve as Independent Lead Director, upon Mr. Nakasone's retirement. The Board believes that its current leadership structure assures the appropriate level of management oversight and independence, and that Mr. Sulentic's appointment as Independent Lead Director will counterbalance any potential concern arising from having our CEO serve as the Board's Chairman.

Our Independent Lead Director has the following responsibilities:

- Authority to call meetings of Independent Directors.
- Presides at all meetings of the Board at which the Chair is not present, including executive sessions of the independent directors.
- Assures that meetings with the independent directors are held in executive sessions, typically after every Board meeting, but in all circumstances at least twice a year.
- Provides leadership to the Board if circumstances arise in which the role of the Chair may be, or may be perceived to be, in conflict with the interests of Staples and its shareholders with regard to a particular matter.
- Facilitates communications and serves as a liaison between independent directors and the Chair.
- Works with the Chair in the preparation of the agenda for each board meeting and pre-approves the schedules, agendas and information provided to the Board for each meeting.
- Coordinates the annual performance review of the CEO.
- Ensures availability for consultation and direct communication, if requested by a major shareholder.
- Authority to retain independent advisors on behalf of the Board.
- Assists the Nominating and Corporate Governance Committee in identifying any individual performance or contribution issues.
- Otherwise consults with the Chair of the Board on matters relating to corporate governance and Board performance.

MEETINGS AND COMMITTEES OF OUR BOARD

Our Board of Directors held a total of nine meetings during our 2014 fiscal year. The number of meetings held by each of the committees of our Board during our 2014 fiscal year is set forth below under the description of each committee. During our 2014 fiscal year, all of the directors attended at least 75% of the aggregate number of Board meetings and meetings of committees on which they served. Our Guidelines provide that directors are encouraged to attend the Annual Meeting, and all of our eleven directors attended last year's annual meeting.

Our Board has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Finance Committee and the Executive Committee. The Chair of each committee, as a matter of regular practice and to the extent possible, reviews committee meeting materials with management in advance of each Board committee meeting. Each of our standing Board committees operates under a written charter adopted by our Board, a copy of which is available at *www.staples.com* in the Corporate Governance section of the Investor Information webpage.

Audit Committee

Robert E. Sulentic*
Chairperson

"The engagement of our Audit Committee is critical to managing the evolving risk profile and regulatory environment in which we operate."

Other Committee Members
Basil L. Anderson
Justin King

Meetings in 2014
3 in person, 8 telephonic

* Audit committee financial expert under the rules of the SEC

Introduction

The Audit Committee meets independently with our independent registered public accounting firm, management and our internal auditors. The members of the Audit Committee are independent directors, as defined by its charter and the rules of the SEC and NASDAQ Stock Market.

Key Objective

The Audit Committee assists our Board in overseeing our accounting and financial reporting processes, the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent registered public accounting firm's qualifications and independence, and the performance of audits by our internal audit team and our independent registered public accounting firm.

Further Areas of Responsibility

✓ Oversees our internal controls, including our disclosure controls and procedures and internal control over financial reporting, on behalf of the Board.

✓ Assists the Board in its oversight of our policies and practices with respect to risk assessment and risk oversight, including discussing with management risk exposures and the steps that have been taken to monitor and control such exposures.

✓ Establishes escalation and oversight procedures for the treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for confidential and anonymous submission by our associates of concerns regarding questionable accounting, internal accounting controls or auditing matters.

✓ Monitors the function of our ethics program, including compliance with our Code of Ethics.

✓ Prepares the Audit Committee Report required under the rules of the SEC.

2014 Highlights

The 2014 Report of the Audit Committee of the Board of Directors is included in the *Ratification of Selection of Independent Registered Public Accounting Firm* section of this proxy statement. In 2014, in connection with its quarterly earnings and internal controls review, the Audit Committee focused on strategic reinvention priorities and the related estimates, charges and guidance. As part of the enterprise risk management ("ERM") process, significant attention was given to the Company's information security profile. The Committee, with the assistance of third party experts, conducted a review of security practices and strategy, and the retail marketing information security environment. The Audit Committee was integrally involved in overseeing the response to the data security incident announced in 2014. The Audit Committee provides oversight to management with respect to network security enhancements and other projects underway by the Global Technology team.

Compensation Committee

Paul F. Walsh
Chairperson

"Our executive compensation policies are designed to be tightly linked to performance and the creation of long-term value for our shareholders. We have a track record of soliciting and responding to investor feedback as evidenced by changes to our compensation program in recent years."

Other Committee Members
Carol Meyrowitz
Raul Vazquez

Meetings in 2014
2 in person, 2 telephonic

Introduction

The members of the Compensation Committee are independent directors, as defined by its charter and the rules of the SEC and NASDAQ Stock Market. For more information about the responsibilities of our Compensation Committee, see the "CD&A" section of this proxy statement.

Key Objective

The Compensation Committee's responsibilities include recommending to the Board our compensation philosophy and policies for senior management and aligning our compensation with business objectives, individual performance and the interests of our shareholders. The Compensation Committee sets the compensation levels of executive officers, including our CEO, establishes and administers our equity and cash incentive plans and authorizes awards under such incentive plans.

Further Areas of Responsibility

✓ Establishes and oversees the administration of our employee stock purchase plans, retirement plans and other employee benefit plans (other than ERISA-governed broad-based benefit plans where administration is otherwise provided in the governing plan document).

✓ Oversees risks associated with the company's compensation policies and practices and evaluates the compensation program to help ensure that it does not encourage excessive risk-taking.

✓ Reviews and makes recommendations with respect to non-management Board compensation.

✓ Administers our clawback policy.

✓ Prepares the Compensation Committee Report required under the rules of the SEC.

2014 Highlights

The 2014 Compensation Committee Report is included in the *Compensation Committee Report* section of this proxy statement. In addition, in 2014, the Compensation Committee conducted its annual pay for performance alignment analysis, peer benchmarking and risk assessment. The Compensation Committee dedicated a significant amount of time to understanding the results of the 2014 say-on-pay shareholder vote and considering feedback received as part of the shareholder outreach program. The compensation program was designed so that there are rigorous financial metrics tying the compensation program directly to the success of our reinvention program and the creation of long-term shareholder value. In 2014, the Compensation Committee also recommended a new stock incentive plan (which was approved by shareholders at the 2014 Annual Meeting) and evaluated retention and recruiting risks at various levels of the organization.

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Nominating and Corporate Governance Committee

Vijay Vishwanath
Chairperson

"Our top priority is to align the skills and experience of our directors and our Board leadership structure to support our strategic reinvention and the best interests of shareholders over the long-term."

Other Committee Members
Drew G. Faust
Rowland T. Moriarty
Robert C. Nakasone

Meetings in 2014
3 in person, 3 telephonic

Introduction

The members of the Nominating and Corporate Governance Committee are independent directors, as defined by its charter and the rules of the NASDAQ Stock Market.

Key Objective

The Nominating and Corporate Governance Committee's responsibilities include providing recommendations to our Board regarding leadership structure, nominees for director, membership on our Board committees, and succession matters for our CEO. An additional function of the Nominating and Corporate Governance Committee is to develop and recommend to our Board our Corporate Governance Guidelines and to assist our Board in complying with them.

Further Areas of Responsibility

✓ Oversees the self-evaluation of our Board and committees to assess whether they are functioning effectively.

✓ Coordinates the formal evaluation of our Chairman, the CEO and other officers deemed appropriate by the Corporate Governance Guidelines.

✓ Reviews and resolves conflict of interest situations and related party transactions.

✓ Oversees our political contributions and recommends to our Board any proposed revisions to our Corporate Political Contributions Policy Statement.

2014 Highlights

The Nominating and Corporate Governance Committee spent significant time in 2014 on director recruitment. With the help of an executive recruiting firm, the Nominating and Corporate Governance Committee met on several occasions to discuss the qualifications, feedback, references and other items regarding potential director candidates. The Nominating and Corporate Governance Committee also focused heavily on investor feedback and developing responsive strategies to benefit all of the shareholders, including adopting the Independent Chair Policy and committing to a proxy access bylaw amendment.

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Finance Committee

Rowland T. Moriarty
Chairperson

"Our prudent approach to managing our capital structure has enabled us to accelerate our reinvention strategy with the proposed acquisition of Office Depot and put us in a stronger position to create long-term value for our shareholders."

Other Committee Members
Basil L. Anderson
Paul F. Walsh

Meetings in 2014
2 in person, 1 telephonic

Introduction

The members of the Finance Committee are independent directors, as defined by its charter and the rules of the NASDAQ Stock Market.

Key Objective

The Finance Committee's responsibilities include being available, as needed, to evaluate and consult with and advise our management and our Board with respect to capital structure and capital policies, events and actions that could impact capital structure, payment of dividends, share repurchases, borrowing practices, debt or equity financings, credit arrangements, investments, mergers, acquisitions, joint ventures, divestitures and other similar transactions.

Further Areas of Responsibility

✓ Assists in the engagement of investment and financial advisors and consultants in proposed financial transactions.

✓ Reviews and approves entry into swaps, including adopting and reviewing the policy relating to the use of the non-financial end-user exception for the clearance of swap transactions.

2014 Highlights

The Finance Committee was focused in 2014 on our capital structure, dividend policy, hedging policy, share repurchase program and other topics, including oversight of the Office Depot acquisition financing.

Executive Committee

Ronald L. Sargent
Chairperson

"The Executive Committee provides an opportunity to leverage the strength and diversity of our Board for guidance when urgency is needed to act in the best interests of shareholders."

Other Committee Members
Rowland T. Moriarty
Robert C. Nakasone
Robert Sulentic
Vijay Vishwanath

Meetings in 2014
1 telephonic

Introduction

The Executive Committee is authorized to exercise all of the powers of our Board in the management and affairs of Staples, with certain exceptions. A quorum can only be established by the presence of both a majority of the members of the Executive Committee and two non-management members of the Executive Committee.

Key Objective

It is intended that the Executive Committee will take action only when reasonably necessary to expedite our interests between regularly scheduled Board meetings.

2014 Highlights

The Executive Committee met once during the year, with additional directors in attendance to provide guidance on the Office Depot acquisition strategy.

RISK OVERSIGHT BY THE BOARD OF DIRECTORS

Our Board of Directors is ultimately responsible for reviewing and approving our risk management strategy and framework and key risk parameters. In terms of overseeing the broader enterprise risk management ("ERM") program, the Audit Committee, under powers delegated by the Board, is responsible for the approval and establishment of our risk management framework and ensuring that appropriate policies and practices are in place for risk assessment and management, including that all risk areas are being monitored by senior management, reported to the Board or appropriate Board committee by senior management and addressed as needed. At each quarterly Board meeting, the Audit Committee reports to the Board on all of its specific activities.

Our most senior executives are responsible for collaborating with the Audit Committee to provide oversight to the risk management process and prioritize and validate key risks. Management is then responsible for implementing the Board and Board committee approved risk management strategy and for developing policies, controls, processes and procedures to identify and manage risks. In 2014, our Internal Audit team met with leaders from the functional areas of Staples to evaluate risks and to coordinate information sharing and mitigation efforts for all types of risks. The Audit Committee stays apprised of significant actual and potential risks faced by Staples and the effectiveness of its risk assessment and management process in part through detailed presentations at least twice a year from the Vice President of Internal Audit. These presentations include an enterprise wide review of the major financial, operational and legal risks facing the company, steps that have been taken to monitor and control such exposures, as well as the methodologies for identifying and prioritizing financial, operational and legal risks. In addition, the Audit Committee receives detailed presentations from senior executives from Global Technology, Merchandising, Human Resources and other areas to address specific risks and mitigation strategies. In 2014, as part of the ERM process, significant attention was given to the Company's information security profile. In addition, the Audit Committee was integrally involved in overseeing the response to the data security incident announced in 2014. The Audit Committee provides oversight to management with respect to network security enhancements and other projects underway by the Global Technology team.

Independent of the enterprise risk management process, the Audit Committee is made aware of risks as a result of being briefed in person regularly by our Vice President of Internal Audit, as well as an annual briefing and quarterly reports by our Vice President, Ethics & Compliance. The Audit Committee also meets regularly with the General Counsel and at least quarterly, in executive session, alone with the Vice President of Internal Audit. The Audit Committee uses the results of its discussions with our Vice President of Internal Audit to inform its overall view of risk and approve the proposed audit schedule for the internal audit group. Our internal audit group identifies, assesses and assists management in addressing and managing risks by using the Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission (2013), also known as the COSO framework. Our Vice President, Ethics & Compliance also provides quarterly reports to the Audit Committee on compliance and ethics matters. These reports also are provided to the Board.

The Audit Committee administers its risk oversight role through the Board committee structure as well. Each Board committee is responsible for monitoring and reporting on the material risks associated with its respective subject matter areas of responsibility. The Audit Committee oversees risks related to our accounting and financial reporting processes and the integrity of our financial statements, the Finance Committee oversees risks related to capital policies and practices and financial transactions, the Nominating and Corporate Governance Committee oversees risks related to corporate governance, including director independence and related party transactions, and as discussed in the "*CD&A*" section of this proxy statement, the Compensation Committee oversees risks related to our compensation programs, including an annual review and risk assessment of the Company's compensation policies and practices for all associates and a risk assessment in connection with any changes to our compensation program.

In addition, the Board and the Audit Committee receive presentations throughout the year from management regarding specific potential risks and trends as necessary. At each Board meeting, the Chairman and CEO addresses in a directors only session matters of particular importance or concern, including any significant areas of risk requiring Board attention. Annually, our full Board reviews in detail the Company's near- and long-term strategies, including consideration of significant risks facing the Company and their potential impact. We believe that the practices described above facilitate effective Board oversight of our significant risks.

DIVERSITY

Diversity has always been very important to us. We strive to offer an inclusive business environment that offers diversity of people, thought and experience, as well as diverse suppliers. This also holds true for our Board of Directors. This year, our Board formalized its commitment to seek out highly qualified women and individuals from diverse groups to include in the candidate pool of Board nominees, by amending our Guidelines. Additionally, the Board annually reviews the appropriate skills and characteristics of the Board members in light of the current composition of the Board, and diversity is one of the factors used in this assessment. Not only does the Board view diversity of experience, industry, skills and tenure as important, but also of gender and ethnic backgrounds. Since 2007, we have added seven new directors to our Board. These new directors, who include three women, one Hispanic, and one Asian, have strengthened our Board's diversity of skills and perspectives. We exceed the national average in minority representation on our Board. The Board is also provided with an annual report on diversity initiatives and Staples' approach and progress on such initiatives.

DIRECTOR CANDIDATES

The process followed by the Nominating and Corporate Governance Committee to identify and evaluate director candidates includes requests to Board members and others for recommendations, engaging a professional recruiting firm to help identify and recruit potential candidates, meetings from time to time to evaluate biographical information and background material relating to potential candidates and interviews of selected candidates by members of the Nominating and Corporate Governance Committee and our Board.

During 2014, the Nominating and Corporate Governance Committee engaged a third-party professional recruiting firm to search for a director candidate with e-commerce and technology expertise. After interviewing several qualified candidates identified by that recruiting firm, the Nominating and Corporate Governance Committee selected Paul-Henri Ferrand and recommended his candidacy to the Board. The Board nominated Mr. Ferrand as a director candidate for election at our 2015 Annual Meeting.

Shareholders may also recommend an individual to the Nominating and Corporate Governance Committee for consideration as a potential director candidate by submitting the following information: (1) the candidate's name; (2) appropriate biographical information and background materials regarding the candidate; and (3) a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date such recommendation is made. Such information should be submitted to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Staples, Inc., 500 Staples Drive, Framingham, Massachusetts 01702. Assuming that appropriate biographical and background material has been provided on a timely basis, the Nominating and Corporate Governance Committee will evaluate shareholder recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

In addition, Shareholders have the right under our by-laws to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or our Board, by following the relevant procedures summarized in this proxy statement under the caption "Shareholder Proposals."

On March 4, 2015, in accordance with the process set forth in our bylaws, Starboard Value and Opportunity Master Fund Ltd and certain of its affiliates (collectively, "Starboard") submitted a nomination notice in which Starboard nominated four individuals for election to the Board at the 2015 Annual Meeting. The Board engaged in discussions and negotiations with Starboard about the nominations. On April 10, 2015, Staples and Starboard entered into an agreement (the "Starboard Agreement"). Pursuant to the Starboard Agreement, the Board agreed to nominate for election to the Board one individual proposed by Starboard. After an evaluation by the Nominating and Corporate Governance Committee, the Board selected Kunal S. Kamlani as such nominee. Starboard has agreed to vote its shares of Staples common stock in favor of the nominees selected by the Board, including Mr. Kamlani. On April 10, 2015, Justin King determined not to stand for reelection at the 2015 Annual Meeting because of his view that the Board should not have approved the Starboard Agreement.

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COMMUNICATING WITH OUR BOARD

Our Board will give appropriate attention to written communications that are submitted by shareholders, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by the committee charters, the Chairperson of the Board (if an independent director), or the Lead Director (if one is appointed), or otherwise the Chairperson of the Nominating and Corporate Governance Committee, with the advice and assistance of our General Counsel, is primarily responsible for monitoring communications from shareholders and other interested parties and for providing copies or summaries of such communications to the other directors as he or she considers appropriate.

Under procedures approved by our independent directors and subject to the advice and assistance from our General Counsel, communications are forwarded to the Chairperson of the Board (if an independent director), the Lead Director (if one is appointed), or otherwise the Chairperson of the Nominating and Corporate Governance Committee, who monitor communications from shareholders and other interested parties. Copies or summaries of such communications are provided to all directors, if such persons consider it important and appropriate for all directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications. In addition, as provided by our Guidelines, if a meeting is held between a major shareholder (including institutional investors) and a representative of the independent directors, the Independent Lead Director will serve, subject to availability, as such representative of the independent directors.

Shareholders who wish to send communications on any topic to our Board should address such communications to The Board of Directors, c/o Corporate Secretary, Staples, Inc., 500 Staples Drive, Framingham, Massachusetts 01702.

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ELECTION OF DIRECTORS (ITEM 1 ON THE PROXY CARD)

The members of our Board are elected for a term of office to expire at the next annual meeting (subject to the election and qualification of their successors or the earlier of their death, resignation or removal). Eleven directors, constituting our entire Board, are to be elected at the Annual Meeting.

In considering whether to recommend any particular candidate for inclusion in our Board's slate of recommended director nominees, the Nominating and Corporate Governance Committee applies the assessment criteria set forth in our Corporate Governance Guidelines. These criteria include diversity, age and skills such as understanding of the office products market, the retail industry, e-commerce finance, accounting, marketing, technology, risk oversight, international business and other operational and business knowledge needed to oversee a global multi-channel business. The principal qualification of a director is the ability to act effectively on behalf of all of our stockholders.

The Nominating and Corporate Governance Committee does not assign specific weights to particular criteria, and no particular criterion is a prerequisite for any prospective nominee. We believe that the specific skills, qualifications and experience of our directors, considered as a group, should provide a mix of knowledge and abilities that will allow our Board to fulfill its responsibilities.

Director Qualifications, Skills and Experience

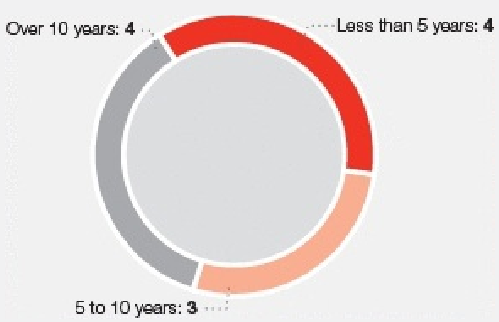
We believe each nominee in the slate presented below, through their own personal accomplishments and dedication to their profession and community, has demonstrated strong intellectual acumen, solid business judgment, strategic vision, integrity and diligence.

The eleven nominees include Mr. Ferrand and Mr. Kamlani, our new nominees, and two directors who joined the Board within the last five years, three nominees who have served on our Board for five to ten years and four nominees who have served on our Board at least 10 years.

Each of the current directors consistently has demonstrated their strong work ethic and dedication to Staples, including coming prepared to meetings, asking insightful questions, challenging management's assumptions, focusing on long term business strategy, analyzing challenges, evaluating solutions and overseeing implementation.

We believe that the composition of the Board, including the varied tenure of our directors, combines institutional knowledge and understanding of our business model, products and services and historical growth strategies with fresh perspectives and exposure to alternative approaches to business process, which promotes lively Board discussion and effective oversight and problem solving.

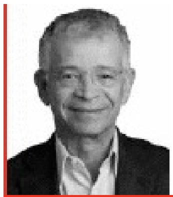
Director Tenure Balance



Many of the nominees are either current or former chief executive officers or chairpersons or vice chairpersons of other large international corporations. As such, they have a deep understanding of, and extensive experience in, many areas that are critical to our operation and success. We have determined that nominees who have served in these roles have extensive experience with financial statement preparation, compensation determinations, compliance, corporate governance, risk oversight, public affairs and legal matters.

Below is biographical information of each of the nominees, highlighting the particular experience, qualifications, attributes or skills of each nominee that supports the conclusion of the Nominating and Corporate Governance Committee that these individuals should serve as directors of Staples.

DIRECTOR BIOGRAPHIES



Basil Anderson

Age: 70
Director Since: 1997

Current Staples Board Committees
- Audit, Finance

Skills and Experience
- Audit, Financial Expertise
- Consumer and Business Sales
- Corporate Governance
- International Operations
- M&A/Integration
- Risk Oversight
- Strategy

Public Company Boards

Current
- Becton, Dickinson and Company
- Hasbro, Inc.
- Moody's Corporation

Prior
- CRA International, Inc. (2004-2011)

Selected Other Positions
- Director, Operation Warm

Education
- M.B.A, Marketing and Management Science, University of Chicago
- M.S., Hydraulic Engineering, University of Illinois
- B.S.E., Israeli Institute of Technology, summa cum laude

Career Highlights

Mr. Anderson has served on the Staples Board since 1997, when he joined as an independent director. In 2001, he was asked to join the management team as our Vice Chairman to assist the then-CEO in the transformation of the company. Mr. Anderson was a key player in the development of a new strategy that led to expansion of the Contract business, the creation of our own brand products and the first company-wide cost reduction efforts. This successful strategy led to a tripling of the stock price before his retirement in 2006. In addition to his executive experience at Staples, Mr. Anderson also acquired experience in strategic, business and financial planning and operations, and international operations in his role as Chief Financial Officer of Campbell Soup Company from 1996 to 2001 and Scott Paper Company from 1993 to 1996. At Campbell Soup Company, Mr. Anderson initiated a strategy that led to the restructuring of the company, including significant cost reductions, disposition of nonstrategic assets, acquisition of strategic businesses and significant share repurchases. Mr. Anderson also led a strategic restructuring of Scott Paper Company and was a key player in the company's merger with Kimberly Clark Corporation. In addition to his extensive executive experience, Mr. Anderson has served as a director on various public company boards in different industries. He has served as Chair or as a member of the Audit, Compensation and Benefits, Governance and MIS Committees of these boards. He was recently elected Lead Independent Director of Hasbro, Inc., effective May 21, 2015.

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Drew Faust

Age: 67
Director Since: 2012

Current Staples Board Committees
- Nominating and Corporate Governance

Skills and Experience
- Corporate Governance
- Leadership and Management
- International Operations
- IT Management and Security
- Risk Oversight
- Strategy

Selected Other Positions
- Director, Harvard Management Company
- Director, Broad Institute
- Director, Ragon Institute

Education
- M. A. and P.H.D., American Civilization, University of Pennsylvania
- B.A., History, Bryn Mawr College, magna cum laude with honors

Career Highlights

Dr. Faust is the 28th President of Harvard University. Leading up to her appointment as President in 2007, Dr. Faust served as the Founding Dean of the Radcliffe Institute for Advanced Study charged with integrating the former Radcliffe College into Harvard University following the merger in 1999. Before Harvard, Dr. Faust served as the Annenberg Professor of History at the University of Pennsylvania, where she was a member of the faculty for 25 years. As President of Harvard, Dr. Faust is responsible for all aspects of Harvard's academic and administrative activities, which include operations and research and teaching activities across the globe, and oversees a $4.4 billion annual operating budget. During her tenure, she restructured the system of university governance, and has expanded financial aid to improve access to Harvard College for students of all economic backgrounds and advocated for increased federal funding for scientific research. Dr. Faust has broadened Harvard's international reach, raised the profile of the arts on campus, enhanced Harvard's focus on climate change and sustainability, launched edX, the online learning partnership with MIT, and promoted collaboration across academic disciplines and administrative units as she guided the university through a period of significant financial challenges. Dr. Faust also serves on the board of Harvard Management Company, which is responsible for investing Harvard's endowment ($36.4 billion in 2014, the largest endowment in higher education in the United States) and related financial assets to produce long term results to support the education and research goals of the university. In her capacity as Harvard President, Dr. Faust also serves as a member of the Broad Institute of Harvard and Massachusetts Institute of Technology (MIT) and the Ragon Institute of Harvard, MIT and Massachusetts General Hospital (MGH).

Paul-Henri Ferrand

Age: 51
Director Since: Nominee

Current Staples Board Committees
- n/a

Skills and Experience
- Consumer and Business Sales
- Ecommerce/Marketing
- International Operations
- IT Management and Security
- Strategy

Education
- École Nationale Supérieure des Télécommunications (ENST)
- Lycée du Parc

Career Highlights

Mr. Ferrand has served as Vice President and Sector Lead, U.S. Services and Distribution Sector, of Google, Inc., a global provider of internet related services and products, since May 2014. In his role as the head of Google's largest customer sector ($4 billion), Mr. Ferrand leads performance-based advertising sales and related analytics, with teams in the following sub-sectors: B2B technology, industrial, social media and information services, local and federal government and education. He also leads targeted teams working on small company performance solutions as well as operations support teams in India. Before joining Google, Mr. Ferrand was President, Dell North America, at Dell, Inc., a global technology company, from August 2012 to March 2014, where he was responsible for leading Dell's business across all of North America, covering all segments (consumer and business). During this time, he restructured the North American unit, returning it to growth and top position in key markets. Mr. Ferrand previously held other positions at Dell, including Global Vice President & GM, Software and Peripherals from September 2011 to August 2012, President Dell Asia-Pacific-Japan from July 2010 to September 2011, Chief Marketing Officer, Dell Consumer, Small and Medium Business from January 2009 to September 2011, and President Dell APACs from March 2004 to December 2008. Before Dell, Mr. Ferrand served in various management positions at Nokia, Alcatel-Lucent and AT&T.

Kunal S. Kamlani

Age: 42
Director Since: Nominee

Current Staples Board Committees
- n/a

Skills & Experience
- Audit, Financial Expertise
- Consumer Sales
- Marketing
- M&A / Integration
- Leadership and Management
- Risk Oversight

Public Company Boards
Current
- Sears Holdings Corp

Education
- M.B.A., Columbia University
- B.A., Economics and Political Science, Colgate University

Career Highlights

Mr. Kamlani served as President and Chief Operating Officer of Prestige Cruise Holdings, the parent company of Oceania Cruises and Regent Seven Seas Cruises, from August 2011 until December 2014. In this role, Mr. Kamlani generated record revenue and EBITDA for three consecutive years and, in 2014, completed the sale of Prestige Cruise Holdings to Norwegian Cruise Lines for approximately $3 billion. Mr. Kamlani had previously served as Chief Financial Officer from August 2009 to March 2010 and was recruited back to the company in 2011. From March 2010 to May 2011, Mr. Kamlani served as head of the multi-billion dollar Global Investment Solutions division of Bank of America/Merrill Lynch where he was responsible for the Wealth Management Platform that Financial Advisors relied upon to develop client solutions. Mr. Kamlani also served as Managing Director and Chief Operating Officer of Citi Smith Barney from 2006 until 2009 where he oversaw the acquisition of Legg Mason's brokerage business and was instrumental in the formation of a joint venture between Citi Smith Barney and Morgan Stanley. Mr. Kamlani served in various other capacities at Citigroup since 2001.

Carol Meyrowitz

Age: 61
Director Since: 2007

Current Staples Board Committees
- Compensation

Skills and Experience
- E-Commerce/Marketing
- Leadership and Management
- Real Estate
- Retail
- Strategy
- Supply Chain and Logistics

Public Company Boards
Current
- The TJX Companies, Inc.
Prior
- Amscan Holdings, Inc. (2005-2012)
- Yankee Candle Corporation (2004-2007)

Selected Other Positions
- Board of Overseers, Joslin Diabetes Center

Education
- B.A., Marketing and Management, Rider University

Career Highlights

Ms. Meyrowitz has served as Chief Executive Officer of The TJX Companies, Inc., a retailer of apparel and home fashions, since 2007 and has been a director of TJX since 2006. Ms. Meyrowitz was President of TJX from October 2005 to January 2011, was President of The Marmaxx Group, the largest division of TJX, from January 2001 to January 2005, and was employed in an advisory role for TJX from January 2005 to October 2005. She also consulted for Berkshire Partners L.L.C., a private equity firm, from June 2005 to October 2005. While serving as CEO of TJX, Ms. Meyrowitz has grown revenue since 2007 by $11.7 billion to $29.1 billion in 2014 and overseen the growth of the company's market capitalization from $16.2 billion in 2010 to $46.6 billion as of March 2015. TJX has delivered excellent returns to shareholders and has one of the highest returns on investment in the retail industry. While Ms. Meyrowitz has served as CEO, TJX has been ranked in the top five percent of Fortune 500 companies for returns on assets and shareholders' equity.

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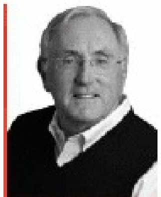


Rowland T. Moriarty

Age: 68
Director Since: 1986

Current Staples Board Committees
- Executive, Finance, Nominating and Corporate Governance

Skills and Experience
- Consumer and Business Sales
- Corporate Governance
- International Operations
- IT Management and Security
- Marketing
- Real Estate

Public Company Boards
Current
- CRA International, Inc.
- WEX, Inc.
- Virtusa Corporation

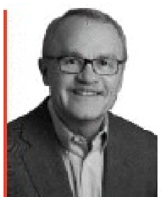
Prior
- Trammel Crow Company (1997-2006)
- Capital American (1991-1997)

Selected Other Positions
- Director, Wharton Graduate School
- Director, Packsize International LLC

Education
- D.B.A., Harvard University
- M.B.A., Wharton School of Business
- B.A., Rutgers University

Career Highlights

Dr. Moriarty has served as Chairman of the Board of CRA International, Inc., a worldwide economic and business consulting firm, since May 2002 and as Vice Chairman since 1992. Previously, he was a Professor of Business Administration at Harvard Business School. Dr. Moriarty has served as a consultant to more than 75 companies worldwide. Dr. Moriarty is a renowned expert and author on the subject of B2B marketing and has authored or co-authored three books on business marketing strategy and industrial buying behavior, and also numerous publications in the Harvard Business Review and other prestigious academic journals. Dr. Moriarty has extensive experience as a director of both public and private companies in a range of industries including commercial real estate, payment systems and software development and IT services. Dr. Moriarty has served as Chair of eight Governance Committees of these boards and also served as a member of the Executive, Finance, Compensation and Legal & Regulatory Committees of these boards. He also previously served as Chairman of the Board and subsequently as Lead Director and Vice Chairman at WEX, Inc.



Ronald L. Sargent

Age: 59
Director Since: 1999

Current Staples Board Committees
- Executive

Skills and Experience
- Audit, Financial Expertise
- Consumer and Business Sales
- Corporate Governance
- Ecommerce/Marketing
- International Operations
- Leadership and Management
- M&A/Integration
- Retail
- Strategy
- Supply Chain/Logistics

Other Public Company Boards
Current
- The Kroger Co.
- Five Below

Prior
- Home Depot (2011-2012)
- Mattel, Inc. (2004-2011)
- Yankee Candle Corporation (1999-2007)

Education
- M.B.A., Harvard Business School
- A.B., Economics, Harvard College

Career Highlights

Mr. Sargent has served as Chief Executive Officer of Staples, Inc. since 2002 and Chairman of the Board of Directors of Staples since 2005. Previously, Mr. Sargent served in various positions at Staples since joining the company in 1989, including President of Staples, Inc. from 1998 to 2006, Chief Operating Officer of Staples.com from 1998 to 2002, President of Staples Contract & Commercial from 1994 to 1997 and various other management positions. While at Staples, Mr. Sargent has also overseen strategic acquisitions and business integrations including Corporate Express, which was acquired for approximately $4.4 billion in 2008. Before Staples, Mr. Sargent spent 10 years with The Kroger Co., where he served in a variety of positions in store operations, human resources, strategy, sales and marketing. Mr. Sargent has been a director of several public company boards and served as Chair or a member of the Audit, Finance, Compensation, Governance & Social Responsibility and Infrastructure Committees of these boards.

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Robert Sulentic

Age: 58
Director Since: 2007

Current Staples Board Committees
- Audit, Executive

Skills and Experience
- Audit, Financial Expertise
- International Operations
- Leadership and Management
- M&A/Integration
- Real Estate
- Risk Oversight
- Strategy

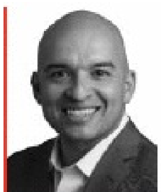
Public Company Boards
Current
- CBRE, Inc.
Prior
- Trammel Crow Company (2002-2006)

Selected Other Positions
- British American Business Council
- Director, Baylor Healthcare System Foundation

Education
- M.B.A., Harvard Business School
- B.S., Computer Science, Iowa State University

Career Highlights

Mr. Sulentic has served as Chief Executive Officer of CBRE, Inc., a global commercial real estate services company, since 2012 and President since 2010. Mr. Sulentic also has been a member of the CBRE Board since 2012. He previously served as President of the Development Services business from 2006 to 2011 and as Chief Financial Officer and Group President, each from 2009 until 2010. In addition, Mr. Sulentic was a member of CBRE's Board and Group President of Development Services, Asia Pacific and Europe, Middle East and Africa from 2006 through 2009. During the period in which Mr. Sulentic has served as CEO and CFO of CBRE, the company completed a significant balance sheet restructuring and cost cutting/operational restructuring, as well as engaged in M&A activity resulting in approximately 25 completed acquisitions. Mr. Sulentic also has overseen a significant upgrade to CBRE's IT and other support systems. Over the six year period during which he served as CFO and CEO, CBRE's stock price increased approximately 11x and the market capitalization of the company grew from $1 billion to $11 billion. CBRE is the only firm in its sector to be included in the Fortune 500, and also has been voted the industry's top brand for 13 consecutive years. Before CBRE, Mr. Sulentic served as President and Chief Executive Officer of Trammell Crow Company from 2000 through 2006, and was also Chairman of the Board from 2002 through 2006. He previously served as its Executive Vice President and Chief Financial Officer from September 1998 to October 2000. During his six years at Trammell Crow, the stock price increased 240%.



Raul Vazquez

Age: 43
Director Since: 2013

Current Staples Board Committees
- Compensation

Skills and Experience
- Consumer and Business Sales
- E-commerce/Marketing
- International Operations
- IT Management and Security
- Leadership and Management
- Retail
- Supply Chain/Logistics

Selected Other Positions
- Director, Progreso Financiero

Education
- M.B.A., Wharton Business School, University of Pennsylvania
- B.S. & M.S., Industrial Engineering, Stanford University

Career Highlights

Mr. Vazquez has served as Chief Executive Officer and a Director of Progreso Financiero, soon to be known as Oportun, a financial services company serving the needs of the growing Hispanic market, since 2012. Previously, Mr. Vazquez served as Executive Vice President of Global E-commerce at Wal-Mart Stores Inc. in 2011 and as Executive Vice President and President of Wal-Mart West at Wal-Mart Stores Inc. from 2010 to 2011. He served as Chief Executive Officer of Walmart.com from 2007 to 2010, where he oversaw all day-to-day operations and focused on providing multi-channel options for customers, and held other positions at Wal-Mart since 2002, including in marketing and operations. Before joining Wal-Mart, Mr. Vazquez worked at startup companies within the e-commerce industry. He also spent several years at a boutique consulting firm that specializes in competitive strategy for Fortune 100 firms, and as an industrial engineer at Baxter Healthcare. Mr. Vazquez has been selected to Fortune's "40 under 40" on two occasions.

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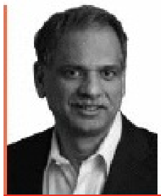


Vijay Vishwanath

Age: 55
Director Since: 2007

Current Staples Board Committees
- Executive, Nominating and Corporate Governance

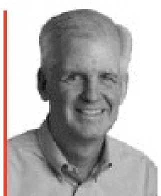
Skills and Experience
- Consumer and Business Sales
- Corporate Governance
- E-commerce/Marketing
- International Operations
- M&A/Integration
- Strategy

Public Company Boards
Prior
- Yankee Candle Corporation (2005-2007)

Education
- M.B.A., Harvard Business School
- B.S., Chemical Engineering, University of Texas, Austin

Career Highlights

Mr. Vishwanath has been a Partner at Bain & Company, a management consulting firm, since 1993 and is a leader in Bain's consumer products practice. Mr. Vishwanath first joined Bain in 1986, after working at Procter & Gamble. In his position at Bain, Mr. Vishwanath has counseled numerous Fortune 500 companies on consumer product and brand strategy, as well as marketing. Additionally, he advises CEOs and management teams of the leading global consumer companies on matters of strategy, organization, mergers and performance improvement, including growth, pricing, market spending and optimization, trade and channel management, and cost reduction across the entire value chain. Mr. Vishwanath has led several post-merger integrations in the consumer space, including two of the largest global deals in the last five years. Mr. Vishwanath also has valuable experience in corporate governance. Mr. Vishwanath has published several articles on a variety of consumer product issues, and has spoken to audiences around the world on the topic of growth and brand strategy.



Paul F. Walsh

Age: 65
Director Since: 1990

Current Staples Board Committees
- Finance, Compensation

Skills and Experience
- Audit, Financial Expertise
- Consumer and Business Sales
- E-commerce/Marketing
- International Operations
- IT Management and Security
- Leadership and Management
- M&A/Integration
- Retail
- Risk Oversight
- Strategy

Public Company Boards
Prior
- eFunds Corporation (2002-2007)
- Incom, Inc. (1995-1998)

Selected Other Positions
- Director, Sterling Backcheck
- Director, Competitor Group Inc.
- Trustee, Thunderbird School of Management (2009-2013)

Education
- M.B.A., Boston University, with honors
- B.S., Engineering, Tufts University

Career Highlights

Mr. Walsh has served as an Operating Partner of, and outside resource to, Calera Capital, a private equity firm, since 2008. Mr. Walsh serves as Chairman of two Calera Capital portfolio companies, Competitor Group Inc., an active lifestyle sports events and media company, and Sterling Backcheck, a technology enabled employment and background screening services company. Mr. Walsh also acts as an outside consultant from time to time on other Calera Capital portfolio company matters. Walsh expects to join Calera Capital as a Senior Managing Director and to become a member of the general partner entity concurrent with the closing of Calera Capital's fifth fund. Before Calera, Mr. Walsh was the Chairman and CEO of eFunds Corporation from 2002 to 2007, a leading provider of risk management, electronic funds transfer services, prepaid card processing, and global outsourcing solutions to more than 10,000 financial services companies in more than 80 countries. eFunds also provides point-of-sale fraud prevention solutions to retailers and electronic benefits processing services to government entities. Mr. Walsh led a dramatic improvement in the company's operating performance and stock price driven by revenue growth initiatives, strategic acquisitions, rationalization of non-core assets and cost reductions. Over the 5 years of Mr. Walsh's leadership, equity value increased from approximately $300 million to $1.85 billion. Additionally, in 2002, Mr. Walsh founded Clareon, which built one of the premiere B2B payment solutions in the U.S., utilizing technology co-developed with the U.S. Treasury. Clareon was later acquired by Fleet/Bank of America.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NOMINEES AS DIRECTORS.

DIRECTOR COMPENSATION

The Compensation Committee is responsible for reviewing and making recommendations to our Board with respect to the compensation paid to our non-employee directors ("Outside Directors"). Our Outside Directors are predominantly compensated through equity awards, reflecting the Compensation Committee's philosophy that director pay should be aligned with the interests of our shareholders.

It is the Compensation Committee's goal to maintain a level of Outside Director compensation at the median of companies both within our peer group as well as similarly-sized companies in our general industry. The Compensation Committee annually reviews an extensive analysis of marketplace practices for Outside Director pay conducted by management and reviewed by the Compensation Committee's independent advisor. Consistent with our equity program for associates, the Outside Director compensation program also reflects a value-based approach to equity grants in which the amount of the awards made to Outside Directors is based on a fixed value rather than a fixed number of shares.

2014 COMPENSATION

Each Outside Director receives an annual equity grant equal to $175,000 in the form of restricted stock units. The annual grants vest after one year. In addition, the following Outside Directors receive additional annual equity grants: (a) the Independent Lead Director receives restricted stock units with a value of $40,000; (b) each chairperson of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee receives restricted stock units with a value of $32,000; and (c) the chairperson of the Finance Committee receives restricted stock units with a value of $16,000. In each case, these additional grants vest on the date of each of the four regularly scheduled quarterly Board meetings that such Independent Lead Director or chairperson holds such position and are paid in shares on the one year anniversary of the award. In addition, each Outside Director receives a quarterly cash payment of $18,750 and is reimbursed for reasonable expenses incurred in attending meetings of our Board. The chairperson of the Audit Committee receives an additional quarterly cash payment of $3,750.

New Outside Directors receive a one-time initial grant of restricted stock units equal to $150,000, which vests after three years. There were no new Outside Directors in 2014.

All Outside Directors are subject to a stock ownership guideline of five times the annual Board cash retainer and have five years after joining the Board to meet such ownership guideline. In 2014, all directors met the guidelines.

During fiscal year 2014, on the second business day following the first regularly scheduled Board meeting, each of our Outside Directors received their annual restricted stock unit grants. The number of shares of restricted stock units to be granted is determined by dividing the fixed value by the closing price of our common stock on the date of grant. Upon a change-in-control of Staples or upon a director leaving our Board after reaching the age of 72, all of such director's restricted stock units would fully vest and be paid out.

2015 CHANGES

In June 2014, the Compensation Committee recommended a change to the Outside Director grant schedule to align the annual vesting period with the annual service period. Beginning in 2015, the grant date for annual equity awards to Outside Director will be made on the second business day following the annual meeting of shareholders at which such directors are elected. If an Outside Director is elected to the Board after the annual grant date, the grant will be made on the second business day following the first regularly scheduled quarterly Board meeting that occurs after his or her election and such grant will be pro-rated based on the number of regularly scheduled meetings occurring on or after election. Equity awards to the Independent Lead Director and committee chairpersons will be granted on the same date as the annual grant date.

The table below sets forth certain information concerning our 2014 fiscal year compensation of our Outside Directors.

DIRECTOR COMPENSATION FOR 2014 FISCAL YEAR

Name*	Fees earned or paid in cash ($)	Stock Awards ($) (1)	Option Awards ($)	All Other Compensation ($) (2)	Total ($)
Basil L. Anderson	75,000	175,003	0	0	250,003
Drew Gilpin Faust	75,000	175,003	0	0	250,003
Justin King (3)	75,000	175,003	0	6,634	256,637
Carol Meyrowitz	75,000	175,003	0	0	250,003
Rowland T. Moriarty	75,000	191,014	0	0	266,014
Robert C. Nakasone (4)	75,000	215,007	0	0	290,007
Elizabeth A. Smith (5)	37,500	175,003	0	0	212,503
Robert E. Sulentic	90,000	207,013	0	0	297,013
Raul Vazquez	75,000	175,003	0	0	250,003
Vijay Vishwanath	75,000	207,013	0	0	282,013
Paul F. Walsh	75,000	207,013	0	0	282,013

* Excludes Mr. Sargent, our CEO, who does not receive compensation for his services as director and whose compensation as a named executive officer is reported in the Summary Compensation Table included in this proxy statement.

(1) The amounts shown in the Stock Awards column represent the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 for awards granted during our 2014 fiscal year, not the actual amounts paid to or realized by our Outside Directors during our 2014 fiscal year. The aggregate fair value of these awards is based on the market price of our common stock on the date of grant. Fractional shares are rounded up to the nearest whole share. Awards made during 2014 represent:

- Annual grant of restricted stock units to each director;
- For Mr. Nakasone, our Independent Lead Director, restricted stock units with a grant date fair value of $40,000;
- For Messrs. Sulentic, Vishwanath and Walsh, chair of our Audit Committee, chair of our Nominating and Corporate Governance Committee and chair of our Compensation Committee, respectively, for fiscal year 2014, restricted stock units with a grant date fair value of $32,000 each; and
- For Mr. Moriarty, chair of our Finance Committee for fiscal year 2014, restricted stock units with a grant date fair value of $16,000.

(2) Amounts listed in the All Other Compensation column consists of payments made to Mr. King in connection with correcting tax filing deficiencies due to Staples' inadvertent failure to withhold U.S. and Massachusetts taxes as required due to Mr. King's status as a foreign citizen in tax years 2007-2011. Reimbursements to Mr. King include (i) interest and penalties imposed by U.S. and Massachusetts tax authorities for late payment, and (ii) taxes owed with respect to the reimbursements. The amounts are pending final resolution with U.S. tax authorities.

(3) On April 10, 2015, Mr. King determined not to stand for reelection to the Board at the 2015 Annual Meeting.

(4) In January 2015, Mr. Nakasone announced his decision to retire at the end of his term at the 2015 Annual Meeting.

(5) Upon Ms. Smith's departure from the Board in June 2014, all of the shares relating to her annual grant of restricted stock units were forfeited.

OUTSTANDING DIRECTOR AWARDS

The table below supplements the Director Compensation table above by providing (1) the number of restricted stock units awarded to our directors during our 2014 fiscal year and (2) the total number of stock options, unvested restricted stock and outstanding restricted stock units held by our directors as of January 31, 2015, the end of our 2014 fiscal year.

Name	Grant Date	Award Type	Number of Shares Awarded in FY 2014	Grant Date Fair Value ($)	Total Options, Unvested Restricted Stock and Outstanding Restricted Stock Units as of 2014 FYE (1)(2)(3)
Basil L. Anderson	3/6/2014	RSU	15,412	175,003	15,412
		OP	0	0	91,367
Drew Gilpin Faust	3/6/2014	RSU	15,412	175,003	15,412
		RS	0	0	11,610
Justin King (4)	3/6/2014	RSU	15,412	175,003	15,412
		OP	0	0	82,367
Carol Meyrowitz	3/6/2014	RSU	15,412	175,003	15,412
		OP	0	0	77,867
Rowland T. Moriarty	3/6/2014	RSU	16,822	191,014	16,822
		OP	0	0	113,867
Robert C. Nakasone (5)	3/6/2014	RSU	18,935	215,007	18,935
		OP	0	0	113,867
Elizabeth Smith (6)	3/6/2014	RSU	15,412	175,003	0
Robert E. Sulentic	3/6/2014	RSU	18,231	207,013	18,231
		OP	0	0	82,367
Raul Vazquez	3/6/2014	RSU	15,412	175,003	25,644
Vijay Vishwanath	3/6/2014	RSU	18,231	207,013	18,231
		OP	0	0	86,867
Paul F. Walsh	3/6/2014	RSU	18,231	207,013	18,231
		OP	0	0	113,867

RS = Restricted stock, RSU = Restricted stock unit, OP = Stock option

(1) Restricted stock unit awards granted in connection with the annual director grant vest in full on the first anniversary of the grant date, provided that the director then serves on our Board. Restricted stock and restricted stock unit awards made upon initial election as a director vests in full on the third anniversary of the grant date. Restricted stock (granted prior to 2013) will fully vest, and restricted stock units will fully vest and pay out, upon retirement or resignation should such director leave our Board after reaching the age of 72. Restricted stock awards granted from 2008 through 2010 may be sold only upon leaving our Board.

(2) Restricted stock units awarded to our Independent Lead Director and each chairperson of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Finance Committee vest ratably on the date of each of the four regularly scheduled quarterly Board meetings that such Lead Director or chairperson held such position and are paid on the one year anniversary of the award.

(3) Stock options awarded during 2008, 2009 and 2010 vested in full on the first anniversary of the grant date, provided that the director served on our Board. Stock option awards made prior to 2008 vested ratably on an annual basis over a four-year vesting period, provided that the director then served on our Board.

(4) On April 10, 2015, Mr. King determined not to stand for reelection to the Board at the 2015 Annual Meeting.

(5) In January 2015, Mr. Nakasone announced his decision to retire at the end of his term at the 2015 Annual Meeting.

(6) Upon Ms. Smith's departure from our Board in June 2014, all of the shares relating to her annual grant of restricted stock units were forfeited.

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◻ APPROVE AN AMENDMENT TO THE 2012 EMPLOYEE STOCK PURCHASE PLAN (ITEM 2 ON THE PROXY CARD)

INTRODUCTION

We are asking our shareholders to approve an amendment to the 2012 Employee Stock Purchase Plan (the "2012 ESPP"), which was adopted, subject to shareholder approval, by the Board on March 3, 2015. If approved, the amendment would authorize a 12,000,000 share increase in the number of shares of common stock available for issuance under the 2012 ESPP from 15,000,000 to 27,000,000 shares. The Board believes that the future success of Staples depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating key personnel. The Compensation Committee recommended, and our Board adopted, the amendment to increase the shares of common stock authorized for issuance under the 2012 ESPP because there may not be enough shares currently available under the 2012 ESPP to satisfy offerings to associates beyond the current offering period. We believe the opportunity for our associates to purchase shares of our common stock through the 2012 ESPP is a recruiting and retention tool, and also increases associate engagement by encouraging associates to "act like an owner."

DESCRIPTION OF THE AMENDED 2012 ESPP

The following is a summary of the material terms of the 2012 ESPP, as amended assuming that shareholders approve this Proposal. This summary is qualified in its entirety by reference to the full text of the 2012 ESPP, included as Appendix A to this proxy statement.

General

The purpose of the 2012 Employee Stock Purchase Plan, as amended, is to provide eligible employees of Staples and of its designated subsidiaries and affiliates with opportunities to purchase shares of our common stock through a series of offerings.

The 2012 ESPP provides eligible employees with opportunities to purchase shares of our common stock during one or more consecutive offering periods, which, unless the plan administrator provides otherwise, will coincide with a purchase period. During each offering period, participants will accrue funds in an account through payroll deductions. On the last trading day of each purchase period, the funds in the account will be applied to the purchase of our common stock, up to the maximum number of shares for which the option was granted, currently at a 15% discount from the fair market value of our common stock on the last trading day of the purchase period.

The 2012 ESPP has two components in order to give us increased flexibility in the granting of stock purchase rights to U.S. and to non-U.S. employees. Specifically, the 2012 ESPP authorizes the grant of options that are intended to qualify for favorable U.S. federal tax treatment (the "423 Component") under Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"). To facilitate participation for employees located outside of the U.S. in light of non-U.S. law and other considerations, the 2012 ESPP also provides for the grant of options that are not intended to be tax-qualified under Code Section 423 (the "Non-423 Component"). The plan administrator will designate offerings made under the Non-423 Component and, except as otherwise noted below, the 423 Component and the Non-423 Component generally will be operated and administered in the same way.

Authorized Shares

The maximum aggregate number of shares of our common stock that may be issued under the amended 2012 ESPP is 27,000,000, all of which may be issued under the 423 Component or the non-423 Component, and any such shares issued upon exercise may consist of authorized and unissued shares or of treasury shares. In order to prevent dilution or enlargement of the benefits or potential benefits intended to be made under the 2012 ESPP, the plan administrator will make equitable adjustments to the number of shares approved for the 2012 ESPP (as well as to the per share purchase price and number of shares subject to outstanding options) upon changes in our corporate structure that affect our common stock, including a dividend or other distribution (in common stock or cash or other property) recapitalization, stock split, reverse stock split, reorganization, merger consolidation, split-up, spin-off or combination or repurchase or exchange of common stock or other securities of Staples.

Administration

The 2012 ESPP is administered by the Board, the Compensation Committee or, to the extent permitted by applicable laws, the Committee on Employee Benefit Plans as constituted pursuant to the terms of the Company's 401(k) Plan. The Board has determined that the Compensation Committee shall have the authority to adopt, amend or terminate the 2012 ESPP. The Board also determined that amendments with an estimated annual budget impact of $5 million or less may be approved by the Executive Vice President, Human Resources.

Unless otherwise determined by the Board, the plan administrator will have the exclusive authority to construe, interpret and apply the terms of the 2012 ESPP, designate and change offering and purchase periods, designate subsidiaries and affiliates for purposes of participation in the 2012 ESPP, determine eligibility, adjudicate all disputed claims filed under the 2012 ESPP, change the frequency and number of changes that may be made to the amount withheld during an offering or purchase period, permit excess payroll withholding to adjust for delays or mistakes in the processing of subscription agreements, establish reasonable waiting and adjustment periods and accounting and crediting procedures to ensure that amounts applied toward the purchase of common stock for each participant properly correspond to their contribution amounts and establish other limitations or procedures that the plan administrator determines are advisable and consistent with the 2012 ESPP.

Further, the plan administrator may adopt rules, procedures and sub-plans relating to the operation and administration of the 2012 ESPP to facilitate participation in the 2012 ESPP by employees who are foreign nationals or employed outside the United States. To the extent any sub-plan is inconsistent with the requirements of Code Section 423, it will be considered part of the Non-423 Component. The provisions of the 2012 ESPP govern any sub-plan unless superseded by the terms of such sub-plan.

Eligibility

Generally, individuals who are employees of Staples, including directors of Staples who are also employees, as well as employees of any of our designated subsidiaries or affiliates, on the first day of the applicable offering period are eligible to participate in the 2012 ESPP, subject to the following limitations:

- participation in the 423 Component is subject to the eligibility requirements of Code Section 423;
- participation in the Non-423 Component may be limited by the plan administrator's determination that an otherwise eligible employee's participation is not advisable or practicable;
- employees who are citizens or residents of a non-U.S. jurisdiction may be excluded from participation in the 2012 ESPP or an offering if such employees' participation would violate the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the 2012 ESPP or offering to violate Code Section 423; and
- the plan administrator may impose additional eligibility requirements prior to the enrollment date of an offering to the extent permitted under Code Section 423 or other applicable law.

In addition, no employee may be granted an option under the 2012 ESPP if, immediately after the grant, the employee would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total voting power or value of all classes of stock of Staples or any of its subsidiaries. Further, no employee may be granted an option under the 2012 ESPP which would give the employee the right to purchase our common stock under any of the stock purchase plans of Staples and its subsidiaries at a rate that exceeds $25,000 in fair market value of such common stock (determined at the time the option is granted) for each calendar year in which the option is outstanding at any time.

If a participant ceases to be eligible to participate in the 2012 ESPP during an offering period, he or she will be deemed to have withdrawn from the 2012 ESPP and the contributions credited to such participant's account but not yet used to purchase our common stock will be returned to such participant.

Participation in the 2012 ESPP

Participation in the 2012 ESPP is voluntary. An eligible employee may participate in the 2012 ESPP by submitting to the designated human resources representative a properly completed subscription agreement, or by completing an electronic enrollment procedure, on or before the date determined by the plan administrator for the applicable offering period. A participant's enrollment will authorize a regular payroll deduction from the compensation he or she receives during the offering period, and deductions and purchases will continue at the same rate for future offerings under the 2012 ESPP unless the participant changes his or her enrollment or withdraws from the 2012 ESPP in the manner and within the time prescribed by the plan administrator from time to time.

Staples may use all payroll deductions received during an offering period for any corporate purpose and will not segregate any such funds unless required under applicable law. No interest accrues on the contributions paid by the participant under the 2012 ESPP unless required by applicable law.

As of April 3, 2015, Staples had approximately 78,844 employees (including those employed by its designated subsidiaries and affiliates) eligible to participate in the 2012 ESPP.

Withdrawal

A participant may at any time prior to the deadline and in accordance with the procedures as may be established by the plan administrator permanently withdraw all (but not less than all) the contributions credited to the participant's account, resulting in the withdrawal from the offering. If a participant withdraws, he or she is not permitted to participate again during the remainder of the applicable offering. Participants who withdraw may participate in subsequent offerings in accordance with the normal enrollment procedures established by the plan administrator.

Offering Periods

The 2012 ESPP will be implemented by consecutive offering periods commencing on the first trading day on or after January 1 and July 1 of each year, and ending, respectively, on the last trading day on or before June 30 and December 31 of each year. Each offering period will consist of one six-month purchase period that will run simultaneously with the offering period. However, the plan administrator may, in its discretion, change the dates, duration and other terms of an offering period if such change is announced prior to the beginning of the first offering period affected. No offering period may be longer than 24 months. Payroll deductions will be made during the offering period and held for the purchase of our common stock at the end of the purchase period.

Payroll Deductions; Purchase Price

Staples will make payroll deductions from enrolled participants' compensation during the offering period in an amount of up to 10% of an individual's compensation for the offering period. Once the employee has properly enrolled, he or she will be deemed to have been granted an option on the applicable offering commencement date to purchase up to the number of shares of common stock determined by dividing the participant's payroll deductions accumulated during the purchase period by the applicable purchase price. Under the terms of the 2012 ESPP, the purchase price is an amount equal to 85% of the fair market value (as determined in accordance with the provisions of the 2012 ESPP) per share of our common stock on the last trading day of such period. However, the plan administrator has the authority to determine a different purchase price in its sole discretion. In no event will a participant be permitted to purchase during a purchase period more than (1) the number of shares determined by dividing (A) $12,500 by (B) the fair market value (as determined in accordance with the provisions of the 2012 ESPP) of common stock on the first trading day of the applicable offering period, or (2) such other number of shares as determined by the plan administrator prior to the first day of the applicable offering period. If a purchase period is for any period other than six months, the $12,500 amount will be adjusted proportionately to reflect the length of the purchase period.

Dividends on Shares Purchased Under the 2012 ESPP

Unless the plan administrator determines otherwise, shares that participants receive under the 2012 ESPP and hold in an account with the financial institution designated by Staples must participate in the Staples dividend reinvestment program (the "DRIP"). Participants in the DRIP will receive shares of our common stock instead of cash if any cash dividend is paid on shares of our common stock.

Transferability

Neither payroll deductions credited to a participant's account nor any rights to exercise an option or to receive shares of common stock under the 2012 ESPP may be assigned, transferred, pledged or otherwise disposed of in any way by the participant other than by will or the laws of descent and distribution.

Dissolution or Liquidation

In the event of a proposed dissolution or liquidation, any offering period in progress will be shortened and will terminate, at the latest, immediately prior to the consummation of such dissolution or liquidation, unless the plan administrator provides otherwise.

Change in Control

In the event of a change in control of Staples (as defined in the 2012 ESPP), the 2012 ESPP provides for the successor corporation either to assume all outstanding options or substitute equivalent options for such outstanding options. If the successor corporation refuses to assume or substitute for any outstanding options, the plan administrator will either cancel such outstanding options prior to the effective date of the change in control and refund all contributions to the participants or shorten the offering period with respect to such options to end on a date prior to the change in control. In addition, if Staples merges into another corporation and the holders of capital stock of Staples immediately prior to the merger continue to hold at least 75% by voting power of the capital stock of the surviving corporation, then the holders of outstanding options will be entitled to receive on the next exercise date securities or property that holders of common stock were entitled to receive in connection with the merger with respect to each share of common stock.

Amendment or Termination

The plan administrator may at any time amend, suspend or terminate the 2012 ESPP in any respect, unless the amendment requires shareholder approval pursuant to Code Section 423, other applicable laws or stock exchange rules. If the plan administrator determines that the operation of the 2012 ESPP results in unfavorable accounting consequences, the plan administrator may amend the terms of the 2012 ESPP and any outstanding offerings without obtaining shareholder approval or the participants' consent. Similarly, the plan administrator may amend an outstanding option or grant a replacement option for an outstanding option under the 2012 ESPP to achieve the tax consequences for Staples or the participants that were expected when the option was granted or to take advantage of or comply with changes or clarifications to applicable laws. If the 2012 ESPP is terminated, the plan administrator may (1) terminate all outstanding offering periods either immediately or upon completion of the purchase of shares of common stock on the next exercise date, which may be sooner than originally scheduled, or (2) allow the offering periods to expire in accordance with their terms.

2012 ESPP BENEFITS

Each employee's participation in the 2012 ESPP, as amended, is purely voluntary. Future benefits under the 2012 ESPP are not currently determinable, as they will depend on the actual purchase price of our shares of common stock in future offering periods, the fair market value of our common stock on various future dates, the amount of contributions eligible employees elect to make under the 2012 ESPP and similar factors. Our named executive officers will be subject to the same purchase limitations as all other participants.

Federal Income Tax Consequences

The following generally summarizes the United States federal income tax consequences that will arise with respect to participation in the 2012 ESPP and with respect to the sale of common stock acquired under the 2012 ESPP, but it is not a detailed or complete description of all U.S. federal tax laws or regulations that may apply, and does not address any local, state or foreign laws. ***Therefore, no one should rely on this summary for individual tax compliance, planning or decisions. Participants in the 2012 ESPP should consult their own professional tax advisors concerning tax aspects of rights under the 2012 ESPP. Nothing in this proxy statement is written or intended to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The discussion below concerning tax deductions that may become available to us under U.S. federal tax law is not intended to imply that we will necessarily obtain a tax benefit or asset from those deductions. Taxation of equity-based payments in other countries is complex, does not generally correspond to U.S. federal tax laws, and is not covered by the summary below. This summary assumes an option price that is equal to 85% of the closing price of our common stock on the last trading day of the purchase period.*** *This summary also assumes that the 423 Component complies with Code Section 423 and is based on the tax laws in effect as of the date of this proxy statement. Changes to these laws could alter the tax consequences described below.*

As described above, the 2012 ESPP has a 423 Component and a Non-423 Component. The tax consequences for a U.S. taxpayer will depend on whether he or she participates in the 423 Component or the Non-423 Component.

Tax Consequences to Participants in the 423 Component

Rights to purchase shares granted under the 423 Component are intended to qualify for favorable federal income tax treatment associated with rights granted under an employee stock purchase plan which qualifies under the provisions of Section 423(b) of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the 2012 ESPP are sold or otherwise disposed of. Accordingly, a participant will not have income upon enrolling in the 2012 ESPP or upon purchasing stock at the end of a purchase period.

A participant may have both compensation income and a capital gain or loss upon the sale of common stock that was acquired under the 2012 ESPP. The amount of each type of gain or loss will depend on when the participant sells the common stock.

If the participant sells the common stock more than two years after the commencement of the offering period during which the common stock was purchased and more than one year after the date that the participant purchased the stock at a profit (if the sales proceeds exceed the purchase price), then the participant will have compensation income equal to the lesser of:

- 15% of the value of the common stock on the first day of the offering period; or
- the participant's profit.

Any amount in excess of the amount that the participant recognized as compensation income will be long-term capital gain. If the participant sells the common stock at a loss (if sales proceeds are less than the purchase price) after satisfying these waiting periods, then the loss will be a long-term capital loss.

If the participant sells the common stock prior to satisfying these waiting periods, then he or she will have engaged in a "disqualifying disposition." Upon a disqualifying disposition, the participant will have compensation income equal to the value of the stock on the day he or she purchased the stock less the purchase price. The participant also will have a capital gain or loss equal to the difference between the sales proceeds and the value of the common stock on the day he or she purchased the common stock. This capital gain or loss will be long-term if the participant has held the stock for more than one year and otherwise will be short-term.

Any compensation income that a participant receives upon sale of the common stock that he or she purchased under the 2012 ESPP will not be subject to withholding for income, medicare and social security taxes, as applicable. Staples is required to report as ordinary income on a participant's annual Form W-2 any compensation income that he or she receives from selling common stock purchased under the 2012 ESPP. However, Staples may not always be in a position to ascertain the amount of a participant's ordinary income. As a result, it is the participants' responsibility to report this income on their individual income tax return.

Tax Consequences to Participants in the Non-423 Component

A participant will not have income when he or she enrolls in the 2012 ESPP. A participant will have compensation income equal to the value of the common stock on the day he or she purchased the common stock less the purchase price.

When a participant sells the common stock he or she purchased under the 2012 ESPP, he or she also will have a capital gain or loss equal to the difference between the sales proceeds and the value of the common stock on the day he or she purchased it. This capital gain or loss will be long-term if the participant held the common stock for more than one year and otherwise will be short-term.

Any compensation income that a participant receives upon sale of the common stock that he or she purchased under the 2012 ESPP is subject to withholding for income, medicare and social security taxes, as applicable. In addition, the compensation income is required to be reported as ordinary income to the participant on his or her annual wage statement, and the participant is responsible for ensuring that this income is reported on his or her individual income tax return.

Tax Consequences to Participants in both the 423 and Non-423 Components

The amount that a participant elects to have deducted from his or her base pay for the purchase of common stock under the 2012 ESPP constitutes compensation income and is subject to withholding for income, medicare and social security taxes, as applicable.

Distributions on our common stock will be treated as dividends to the extent paid from our current earnings and profits. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of a participant's investment up to his or her tax basis in the common stock. Any excess will be treated as capital gain which will be long-term capital gain if the participant held the common stock for more than one year and otherwise will be treated as short-term.

If a participant is required to participate in the Staples DRIP, he or she will receive dividends in the form of our common stock rather than in cash, however, the participant will be taxed in the same manner as if he or she had received cash.

Tax Consequences to Staples

There will be no tax consequences to Staples except that we will be entitled to a deduction when a participant has compensation income upon a disqualifying disposition for purchases made under the 423 Component and upon purchases made under the Non-423 Component. Any such deduction will be subject to the limitations of Code Section 162(m).

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE AMENDMENT TO THE 2012 EMPLOYEE STOCK PURCHASE PLAN.

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EXECUTIVE COMPENSATION AND COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ("CD&A") describes the principles that guide our compensation program, its design, the process used to evaluate performance in the context of executive pay decisions, and performance goals and results for each named executive officer.

Our Named Executive Officers ("NEOs") for fiscal year 2014 were:

NEO	Title in 2014	Years in Position At End of 2014	Years at Staples At End of 2014
Ronald L. Sargent	Chairman & CEO	13 [1]	26
Christine T. Komola	Executive Vice President and CFO	3 [2]	18
Joseph G. Doody	Vice Chairman	1 [3]	16
Demos Parneros	President North American Stores & Online ("NAS&O")	13 [4]	27
John Wilson	President Staples Europe	2	2 [5]

1 Chief Executive Officer since 2002 and Chairman since 2005

2 Chief Financial Officer since 2012 and Executive Vice President since 2013

3 Vice Chairman since 2014, President North American Commercial from 2013-2014 and President North American Delivery since 2002

4 President NAS&O since 2013 and President U.S. Stores since 2002

5 President Staples Europe since 2012 and Chief Financial Officer and EVP Finance Strategy from 1992-1996.

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I EXECUTIVE SUMMARY

Guiding Principle of Our Compensation Program

The Staples Compensation Committee (the "Committee") believes that executive compensation should be tightly linked to performance and the creation of long-term value for our shareholders.

Based on this principle, as well as consultation with shareholders, 100% of our near-term and long-term incentive programs now are tied to objective, quantifiable, and rigorous performance metrics. With the transition of our senior executive incentive compensation program to 100% performance shares now complete, we believe our program going forward is simple and consistent with best practices in compensation design.

Business Overview

Staples provides products and services that serve the needs of business customers of all sizes and consumers through a highly complex, multi-channel business in 25 countries.

We operate three business segments. The North American Stores & Online segment offers easy-to-shop stores and websites. Our North American Commercial segment consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses, including Staples Advantage and Quill.com. Finally, our International Operations segment consists of businesses in 23 countries in Europe, Australia, South America and Asia.

North American Stores & Online	North American Commercial	International Operations
46% of 2014 Sales	**37%** of 2014 Sales	**17%** of 2014 Sales
• 1,679 stores in North America • One of the largest e-Commerce players in North America	• Business-to-business distribution channel: Staples Advantage and Quill.com	• Contract, retail, and catalog operations in 23 countries outside the US and Canada • 74% Europe, 19% Australia, 7% High Growth Markets

Performance Overview

FY14 Performance Highlights

The needs of our customers are rapidly changing. Over the past several years, demand for office supplies, computers, business machines and technology accessories has been under pressure. The company is engaged in a strategic reinvention program focused on building scale and credibility in categories beyond office supplies, accelerating growth in Contract and staples.com, enhancing our copy and print offering, optimizing our retail store network, building a stronger connection between our online and retail businesses, stabilizing Europe, and aggressively reducing expenses to fund investments in key growth initiatives.

These reinvention priorities are designed to position the company to generate long-term sales and earnings growth. The Committee sets rigorous financial metrics tied directly to the success of our reinvention program and the creation of long-term shareholder value in a highly competitive industry.

During 2014 the company made progress against many of our key reinvention goals:

- Achieved more than $200 million of growth in categories beyond office supplies in North America
- Added more than 100 category specialists which supported double-digit sales growth in our $3.4 billion beyond office supply business in North American Contract
- Invested heavily in e-commerce capabilities, talent, and business customer acquisition in staples.com, which drove 8% local currency sales growth
- Over the past two years expanded our assortment on staples.com from 100,000 products to well over 1,000,000 products
- In copy and print, achieved high single-digit same store sales growth and double-digit sales growth online in copy and print
- Acquired PNI Digital Media, a copy and print software company that dramatically enhances our offering of personalized products
- Closed 169 stores in North America and downsized and relocated 23 stores to our highly productive 12,000 square foot format
- Increased the coordination between our retail stores and staples.com with the launch of Buy Online, Pickup in Store, and enhancements to our in-store staples.com kiosks
- Stabilized Europe sales and earnings and took aggressive actions to reduce costs, streamline the organization, and improve the customer experience
- Eliminated more than $250 million of global expenses
- Returned approximately $500 million to shareholders through cash dividends and share repurchases
- In 2015, announced our plans to acquire Office Depot, which we believe will create significant value for our shareholders and customers and better position us to accelerate our reinvention and more effectively compete against a wide set of competitors in office supplies and a range of categories beyond office supplies

Total shareholder return (TSR) improved in fiscal 2014, largely driven by our success with the reinvention strategy and influenced by market speculation about industry consolidation.

Total Shareholder Return	Staples	S&P Retail Index
1-year	+35%	+20%
3-year	+18%	+98%

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Shareholder Outreach & Response to 2014 Say-on-Pay Vote

Staples has undertaken a comprehensive shareholder outreach program for a number of years. Our Board values the opportunity to engage directly with our shareholders to hear their thoughts, since it allows the Board to better represent their interests.

In 2014, our Say-on-Pay proposal received support from 46% of our shareholders. We considered these results seriously, particularly after the strong level of support a year earlier. Following the 2014 annual meeting, the Committee asked management to intensify our outreach program to make sure we fully understood shareholder concerns that led to the results in order to address them promptly and effectively.

We completed two rounds of engagement with institutional investors since the 2014 annual meeting, with constructive dialogue with stockholders representing more than 40% of shares. A summary of their perspectives is listed below.

Shareholder Feedback, Board Response and 2015 Changes

- **General Compensation Structure:** In 2013, we completely overhauled our compensation structure and adopted a program that is 100% performance based for both long-term and short-term incentive plans. This change reflected our belief that executive compensation should drive long-term value creation for shareholders. Staples is among only 11% of S&P 500 companies that grant 100% of long-term equity awards in the form of performance shares, according to Equilar. While this emphasis on performance shares was well received by our leading investors, some shareholders expressed concerns about the size of the pay opportunity for our CEO. However, as discussed in more detail in this CD&A, Mr. Sargent's total target compensation is below the median of our peer group. Additionally, approximately 89% of Mr. Sargent's total target compensation is performance-based.

- **Reinvention Award:**A number of shareholders expressed concern with the reinvention award - a special one-time cash award we provided in 2013 to approximately 5,000 of our 83,000 employees, including our executives – after no bonuses were paid from the annual incentive plan for the second year in a row.

  Though we slightly missed our EPS threshold in 2013, we were increasingly concerned with retention, and therefore, granted all of our bonus-eligible employees a one-time cash award of 16% of their target bonus to recognize their hard work and level of effort, as well as the progress made towards our sales goal, which was above the threshold performance in a difficult sales environment. Many associates had also assumed additional responsibilities in connection with the reinvention.

  After our engagement with shareholders we understand that a number of them do not believe NEOs should have received the cash award. While the Committee was concerned with retention at all levels, including for NEOs, **Committee members heard the message on discretionary awards to NEOs clearly. We did not provide such an award to any NEOs this year and have no plan to do so in the future.**

- **Concern with 'Overlapping' Cash Awards:** Some shareholders expressed concerns with the fact that two of our legacy long-term cash awards – the 2012-2014 grant, (which was granted prior to the 2013 overhaul of our compensation program) and the 2013-2014 grant – overlapped with the new equity awards granted under our new program design, the 2013-2015 performance share awards.

  We understand that shareholders prefer a simplified, transparent structure that avoids multiple opportunities to compensate executives for the same results. The legacy cash award programs ended in 2014. Going forward, we intend to rely solely on three-year, 100% performance based awards for our long-term equity program.

- **Length of Performance Periods:** Several shareholders also expressed concerns with the Board's decision to set performance goals annually within our three-year performance awards, rather than set a single target three years in advance.

  The needs of our customers are rapidly changing and the short-term impacts of these secular changes on our business are difficult to predict. Accordingly, there is a lot of variability in goals set 3-years out – they could end up unrealistically high, in which case they would lose their ability to incentivize and retain executives, or unrealistically low, which would provide payouts for performance the Board we would not find sufficiently rigorous. We made the decision that at this point, during our reinvention, to respond to rapid market evolution, three-year goals would be counter-productive from the standpoint of the company and shareholder value.

  That said, we understand that some shareholders have expressed a preference for longer-term metrics. Our performance shares include a 3-year performance modifier of +/-25% based on relative TSR over the period, and we may consider additional metrics with longer horizons in the future when we have greater visibility into the company's expected performance.

- **Change in Performance Metrics:** Some shareholders felt that too much emphasis was placed on sales metrics within the incentive plans and suggested more focus on profit drivers.

  In response to that feedback, we have replaced the Total Sales metric in the 2015 Annual Cash Incentive Plan with Gross Margin Dollars to place greater emphasis on driving profitability.

Additional Program Changes in Response to Shareholder Feedback

- **CEO Salary:** Our CEO elected not to accept a 2.5% base salary increase that had been granted in early 2014.

- **Elimination of Tax-Gross Up:** In January 2015, our CEO agreed to amend his existing severance agreement to remove a legacy tax-gross-up provision that could have potentially triggered in the event of a change in control.

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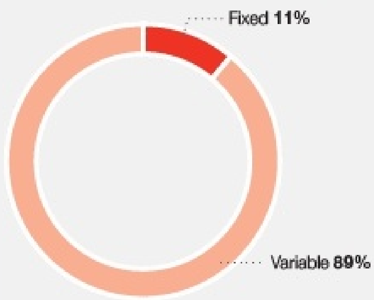
Plan Design & Components of Executive Compensation

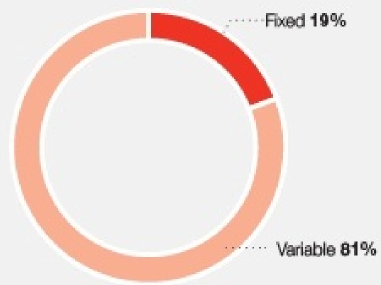
Following the overhaul of our compensation program that began in 2013 and continued in 2014, our program today is substantially simplified and highly performance-based.

The principal elements of our executive compensation program now comprise just three basic elements: (1) base salary, (2) annual performance-based cash incentive, and (3) long-term stock incentives composed of 100% performance shares.

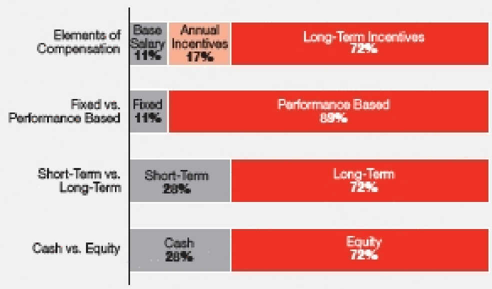
CEO



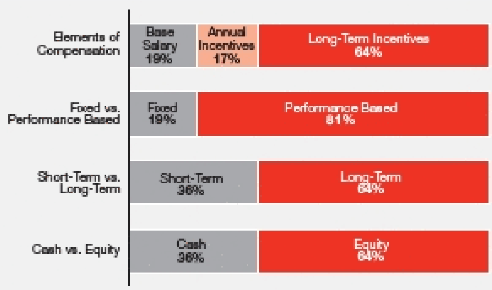
Other NEOs



CEO Target Opportunity Mix



NEO Average (excluding CEO) Target Opportunity Mix



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Component	Fixed or Variable	2014 Benchmark/Metrics
Base Salary	Fixed	Median of peers
Annual Cash Award	100% Performance-based	• 50% Earnings Per Share • 25% Total Sales **(Gross Margin Dollars in 2015)*** • 25% Beyond Office Supplies Sales Growth
Performance Share Award	100% Performance Based	• 50% Return on Net Asset (RONA) % • 50% Sales Growth % • +/- 25% based on 3-year Relative Total Shareholder Return (TSR)
Benefits	Fixed	Broad-based plans and limited executive perquisites

* Gross Margin Dollars is calculated as sales, net of direct product costs (including the impact of vendor rebates or other promotional monies), reserves for returns and allowances, and charges/credits for obsolescence, shrink, and other margin additives.

Both our annual cash award and our performance share awards are 100% tied to objective and rigorous financial goals. Our adherence to 100% performance awards for both our annual and long-term programs causes a substantial percentage of executive compensation to be variable and at-risk, which enhances the plan design and aligns executive compensation with long-term shareholder value.

At Risk Compensation

Impact of Legacy Programs on the Summary Compensation Table

In 2013 we overhauled our compensation program in direct response to shareholder feedback. The compensation changes have led to a substantially simplified executive compensation structure that is highly performance based.

When these changes were implemented in March 2013, the Committee also granted a one-time 2013-2014 performance-based long-term cash award to certain officers of the company, including the NEOs (other than Mr. Wilson). This award was made in recognition of the fact that the three-year cumulative RONA goal under the outstanding 2012-2014 long term cash award no longer represented the company's priorities due to the strategic reinvention plan. The 2013-2014 long-term cash award incorporated Sales Growth % and RONA% goals that were more reflective of the current strategy.

Award	Description
2012 - 2014 Long-Term Cash Award	Included a cumulative 3-year RONA target that spans the entire 3-year period. There was no payout earned for this award.
2013 - 2014 Long-Term Cash Award	A grant provided in March 2013 reflecting reinvention strategies, which split the incentive program between RONA% and Sales Growth % targets.

These awards ended in 2014, and we do not intend to grant new long-term cash awards this year, since they have been replaced by 3-year performance shares.

Though these are legacy awards, our Summary Compensation Table will be impacted by this transition. When we switched from the cash and time-vesting equity mix to 100% performance vesting equity in 2013, we were required to recognize the fair value of the 3-year performance share award, at target, up front at the grant date. Long-term cash awards, however, are only disclosed in the year they are earned and only to the extent earned. Likewise, the Summary Compensation Table includes value for cash earned for 2014 under the legacy 2013-2014 Long-Term Cash Award.

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2014 Compensation Results

Sales and earnings results for 2014 were slightly above 97% of target goal with both RONA and sales beyond office supplies exceeding target. Specific results and the corresponding amount of compensation rewarded for each is provided below. This table provides information only where there was a 2014 payout opportunity. No three-year performance shares under our long-term program, implemented for 2013, were yet eligible for payout. For more information about achievement under outstanding performance share awards, see the *"Setting Performance Goals"* section of this CD&A.

	Annual Cash Award			Legacy Long-term Cash Awards		
					2013-2014 (RONA % and Sales Growth %)	
	EPS*	**Total Sales***	**Beyond Office Supplies Sales Growth***	**2012-2014 (Cumulative RONA)**	**Sales Growth%***	**RONA%***
Actual Results	$0.981	$22.67 billion	$210 million	Below Threshold	(0.6)%	8.95%
Target Goal	$1.01	$23.338 billion	$200 million	—	2.29%	8.90%
Weighting	50%	25%	25%	—	50%	50%
Achievement %	87.34%	70.97%	103.28%	0	70.97%	103.55%
	Amount Awarded Actual @ 87.23% of Target Award			**Amount Awarded** 2014 results @ 87.26% of Target Award		
Ronald L. Sargent		$1,634,526		0	$956,951	
Christine T. Komola		$425,045		0	$70,302	
Joseph G. Doody		$502,803		0	$252,385	
Demos Parneros		$514,069		0	$252,385	
John Wilson		$495,292		0	n/a	

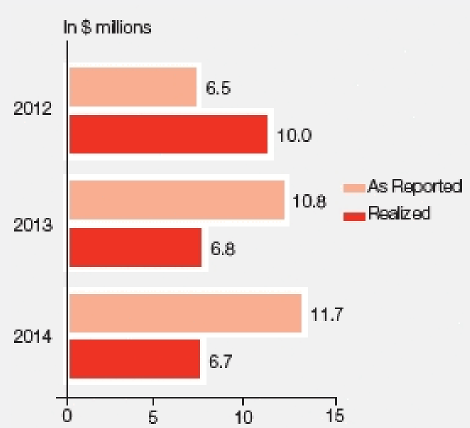
* Additional information about the calculation of goals is set forth in the applicable "*2014 Compensation Program*" section below.

Threshold and maximum payout levels for each target are described on pages 43-45 of this proxy statement.

Realized Pay and Alignment with Performance

As the following chart indicates, Mr. Sargent's realized compensation over the last three years is aligned with performance and reflects the fact that our reinvention strategy continues to gain traction

CEO Compensation: As Reported vs. Realized



For 2012, 88% of Realized Compensation was attributable to exercise of expiring 2002 stock options and vesting of restricted stock granted in prior years

Realized Compensation has been flat since implementation of performance shares in 2013 and equals 60% of reported pay over the two year period

No Annual Cash Incentive was earned in 2012 or 2013

	Total Shareholder Return		
	1 year	**3 year**	**5 year**
Staples	+35%	+18%	-16%
S&P 500	+14%	+62%	+106%
S&P Retail	+20%	+98%	+197%

1 As Reported Pay includes Base Salary, Actual Annual and Long-Term Cash Incentives earned and the grant date fair value of Long-Term Equity Awards as reported in the Summary Compensation Table for the applicable year.

2 Realized Compensation includes Base Salary and Actual Annual and Long-Term Cash incentives earned as reported in the Summary Compensation Table, plus the value of Stock Options exercised or Stock Awards vested for the applicable year.

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Sound Compensation Governance and Practices

Long-Term Alignment	✓ Stock ownership guidelines (5x for CEO, 3x to 4x for other NEOs) ✓ No employment agreements for NEOs ✓ Double trigger change in control provisions in severance agreements ✓ 3-year performance periods tied to TSR
Transparency	✓ Rigorous, objective financial metrics on annual and long-term awards ✓ No excise tax gross-ups in executive severance agreements ✓ Minimal, reasonable perquisites
Compensation Risk Oversight	✓ Robust clawback policy ✓ Policy prohibiting hedging ✓ Predetermined stock grant dates ✓ Independent compensation consultant hired by the Committee performs no other services for the Company

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II 2014 COMPENSATION PROGRAM

Overview

The Committee's compensation decisions in 2014 were intended to drive the highest level of executive team engagement to lead the organization through its strategic reinvention, and to attract and retain world class executive talent. In the course of its review, the Committee considered the complexity of the business, historical regression analysis of relevant performance metrics, input on current market practices from the Committee's independent compensation consultant and management, the highly competitive environment for talent and prior years' Say-on-Pay votes.

The Committee's objective was to create a stronger link between pay and performance and to simplify our executive compensation program. To continue to motivate our executives to execute on the key priorities of the strategic plan, the Committee reaffirmed its commitment to pay for performance and the compensation philosophy established in 2013.

Objective	2014 Action
Support our growth strategy	• Annual cash incentive plan performance metrics: ○ 50% Earnings Per Share (EPS) ○ 50% Sales ■ 25% Total Sales ■ 25% Beyond Office Supplies Sales Growth • For purposes of calculating beyond office supplies, "office supplies" is defined as paper, ink, toner and core office products (writing, folders, paperclips, etc.)
Emphasize long term stockholder value creation	• Long-term awards are 100% in the form of performance shares • Performance share metrics: ○ 50% Return on Net Asset percentage (RONA%) ○ 50% Sales Growth % • Three year performance period, with goals set annually for each year • Award earned may be increased or decreased by 25% based on the company's cumulative total shareholder return (TSR) over three year performance period relative to the S&P 500

- Staples' compensation philosophy is to target market median for base salary, annual cash incentive and long-term incentive opportunities.
- Both annual and long-term incentives for our NEOs are 100% performance based, with base salary as the only guaranteed element of total pay.
- For our CEO, 89% of total target pay is performance based.

Setting Performance Goals

We set our goals for our incentive programs within the first 90 days of the fiscal year. Target performance goals generally are based on our fiscal year operating plan and outlook for the upcoming year. Our 2014 goals for Earnings per Share,

Total Sales and Beyond Office Supplies Sales Growth, which would have resulted in 100% payout if achieved, were $1.01 per share, $23.3 billion, and $200 million, respectively.

The table below highlights our history of setting challenging performance goals.

	Payout/Achievement			
Performance Award	2011	2012	2013	2014
Annual Cash Incentive Awards	Average 78% achievement of target 2009-2011	No achievement	No achievement	87% achievement of target
2011-2013 Long-Term Cash Awards (1 year goals over 3 year performance period)	41.38% achievement	No achievement	14.34% achievement Payout of 18.57% of target in March 2014	–
2012-2014 Long-Term Cash Awards (3 year goal)	–	–	–	No payout
2013-2014 Long-Term Cash Awards	–	–	49.74% achievement	87.26% achievement Payout of 68.5% of target in March 2015
2013-2015 Performance Share Awards (1 year goals over 3 year performance period)	–	–	49.74% achievement	87.26% achievement
2014-2016 Performance Share Awards (1 year goals over 3 year performance period)	–	–	–	87.26% achievement

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Pay Elements

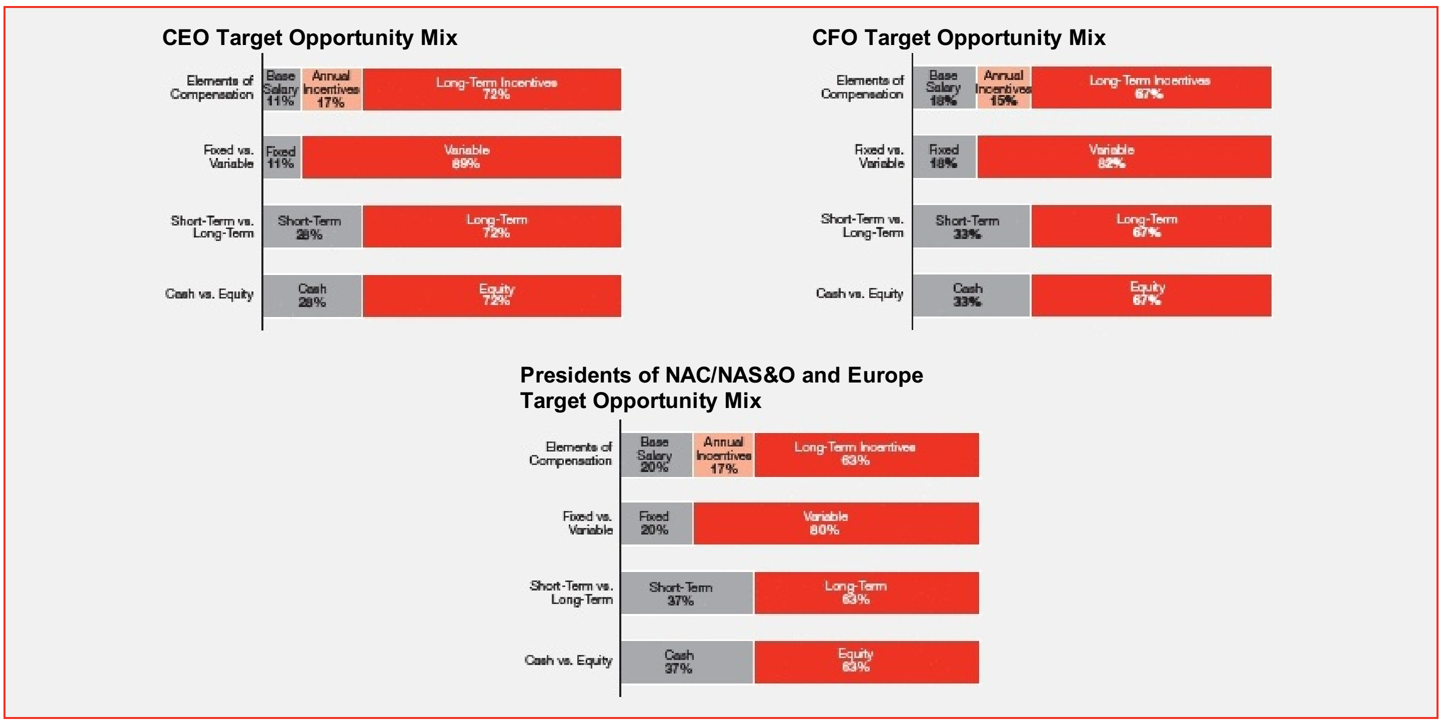
The table below summarizes the core elements of our 2014 compensation program for our NEOs.

	Base Salary	+ Annual Cash Incentive Awards	+ Performance Shares
Principal Contributions to Compensation Objectives	Attracts, retains and rewards talented executives with annual salary that reflects the executive's performance, skill set and value in the marketplace	• Focuses executives on annual financial and operating results • Links compensation to strategic plan • Enables total cash compensation to remain competitive within the marketplace for executive talent	• Rewards achievement of long term business objectives and stockholder value creation • Propels engagement in long term strategic vision, with upside for superior performance • Retains successful and tenured management team
Performance Metrics		EPS, Total Sales and Beyond Office Supplies Sales Growth	RONA%, Sales Growth %

CEO/NEO Target Pay Mix

We believe that a significant portion of the compensation opportunities of our CEO and other NEOs should be performance based and drive long-term value creation for our shareholders.

The charts below show that between 80-90% of total compensation for our NEOs is performance based, and a substantial majority (63-72%) is long-term.



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Base Salary

Base salaries are reviewed and established annually, upon promotion, or following a change in job responsibilities, based on market data, internal pay equity and each executive's level of responsibility, experience, expertise and performance.

In March 2014, the Committee approved:

- A 2% and 5% increase for the Vice Chairman (Mr. Doody) and President NAS&O (Mr. Parneros), respectively. Prior to these increases, the base salaries of Mr. Doody and Mr. Parneros were at the 25th percentile of our peer group. The salary for the President Europe (Mr. Wilson) did not increase since no merit increases were awarded in Europe other than those legally required in each country.

- A 15% promotion increase for the Chief Financial Officer (Ms. Komola) and a change in grade level recognizing her second full year in the role and overall pay position relative to the market. Ms. Komola's salary remains below the median of the peer group.

  The Committee recommended and the Board approved a 2.5% salary increase for the Chief Executive Officer. Mr. Sargent subsequently declined this salary increase and his 2014 salary remained the same as the prior year.

Annual Cash Incentive Plan Awards

The NEOs are eligible to earn cash awards under the Amended and Restated Executive Officer Incentive Plan (EOIP) based on Company performance.

Funding

Staples funds an annual incentive plan pool based on performance against pre-established financial targets and certain qualitative criteria described below. Funding is expressed as a percentage of target. The better our performance in relation to targets, the higher the percentage of incentive pool funding; the weaker our performance, the lower the percentage of incentive pool funding. When performance for the year equates to target, the incentive pool is funded at 100% of target.

Financial Performance Metrics

The Committee selected three performance metrics for the 2014 annual cash incentive awards: EPS (50%), Total Sales (25%) and Beyond Office Supplies Sales Growth (25%). The Committee set threshold requirements for payment of awards, and a maximum payout of 200% of target payout. The Committee, working with its independent compensation consultant, employed statistical modeling and judgment to assess the degree of difficulty of hitting various levels of performance to ensure the goals were robust yet attainable in the context of our business environment and progress to date on the reinvention strategy.

1) **Earnings per Share (EPS)** - Earnings per share is calculated based on figures reported in our financial statements, adjusted to remove certain non-recurring or non-cash charges. EPS is a funding mechanism for our annual cash incentive program and minimum performance must be attained for any payment to be earned. EPS generally is deemed to be a measure of financial success and its maximization is a prime ingredient in communicating operational health. The target goal was $1.01 per share, in line with the Company's 2014 financial budget.

2) **Total Company Sales** - Total Sales is calculated based on figures reported in our financial statements, adjusted for the impact of foreign exchange rates and unplanned store closures. Inclusion of a sales measure motivates and directs associates to drive a central measure of organization growth. The target goal was $23,338 million, in line with the Company's financial budget.

3) **Beyond Office Supplies Sales Growth (BO$$)** - Beyond Office Supplies Sales Growth is calculated as sales in categories other than traditional office supplies as compared to fiscal 2013 Beyond Office Supplies Sales Growth and encourages our strategy of expanding our product assortment, accelerating growth online and generally growing sales beyond our core categories. The target goal was $200 million which was an increase of 250% over 2013 results.

2014 Annual Cash Incentive Plan - Goals & Metrics

	EPS	Sales (millions)	BO$$ (millions)
Threshold	$0.86	$21,611	$61
Target	$1.01	$23,338	$200
Maximum	$1.21	$24,715	$500
Actual Result	$0.981	$22,670	$210

Each performance objective was assigned an associated threshold achievement level below which no portion of the bonus attributable to that measurement was to be paid. Additionally, target and maximum levels are set with increased payouts for better than expected performance. No portion of any bonus is payable in the event the company fails to achieve the threshold EPS.

Annual Cash Incentive Awards – NEOs

Target awards for the annual cash incentive are granted as a percentage of base salary. For 2014, the target awards for Mr. Sargent, and Messrs. Doody, Parneros and Wilson were 150%, and 85% of base salary, respectively. In March 2014, Ms. Komola's target percentage was increased from 60% to 85% in connection with her grade level change, individual performance and to bring her total target cash more in line with market practice for the CFO role.

Long Term Incentive Plan Awards

Performance Share Awards

Long-term incentive awards for our NEOs are delivered solely in performance shares, which for 2014 were authorized under our Amended and Restated 2004 Stock Incentive Plan. These long-term awards are subject to a three year performance period, with goals set annually for each year of the performance period. The Committee believes that setting annual goals are more appropriate milestones in measuring progress against our reinvention strategy in light of the high level of uncertainty in our industry during this dynamic period, but that overall performance should be measured over a three-year period. In addition, any award that is earned based on performance will be increased or decreased by 25% based on the company's three-year TSR relative to the returns generated by the S&P 500 companies. As of January 31, 2015, two years into the 2013-2015 grant, our total shareholder return over the first two years of the performance period is at the 56th percentile of the S&P 500.

The Committee selected RONA% (50%) and Sales Growth % (50%) as the 2014 performance metrics because these metrics are linked to the execution of our reinvention strategy and are indicators of stockholder value enhancement. The Committee, working with its independent compensation consultant, employed statistical modeling and set threshold performance levels required for payout, and maximum targets that if fully achieved would result in payouts at 200% of target. The method of calculation and the fiscal 2014 target goals were as follows:

2014 Performance Share Plan - Goals & Metrics

	RONA %	Sales Growth %
Threshold	7.92%	-5.20%
Target	8.90%	2.29%
Maximum	10.22%	8.25%
Actual Result	8.95%	-0.61%

- RONA% - Return on net assets is calculated as net operating profit after taxes (operating profit, add rent expense) as a percentage of net assets (total assets, add interest bearing debt, add net capitalized rent, add implied goodwill). The target goal of 8.9% was set in line with the Company's financial budget.
- Sales Growth % - Sales Growth is based on the sales figures reported in our financial statements of 2014 as compared to 2013, which included a 53rd week. The target goal was 2.29%.

The tables below set forth, for each NEO, the level of goal achievement for fiscal 2014, along with the target award for the three-year performance periods 2013-2015 and 2014-2016.

	3 Year Performance Period Achievement (2013 - 2015)				
Named Executive Officer	2013 (RONA% and Sales Growth%)	2014 (RONA% and Sales Growth%)	2015 (RONA% and Sales Growth%)	Target Award ($)	Target Award (Shares)
Ronald L. Sargent	49.7%	87.3%	*	$8,225,000	624,526
Christine T. Komola	49.7%	87.3%	*	$1,549,800	117,677
Joseph G. Doody	49.7%	87.3%	*	$2,169,100	164,701
Demos Parneros	49.7%	87.3%	*	$2,169,100	164,701
John Wilson	49.7%	87.3%	*	$1,518,475	115,299

* Achievement against 2015 goals will be determined by the Committee in March 2016

As of January 31 2015, two years into the 2013-2015 grant, our total shareholder return over the first two years of the performance period is at the 56th percentile of the S&P 500.

	3 Year Performance Period Achievement (2014 - 2016)				
Named Executive Officer	2014 (RONA% and Sales Growth%)	2015 (RONA% and Sales Growth%)	2016 (RONA% and Sales Growth%)	Target Award ($)	Target Award (Shares)
Ronald L. Sargent	87.3%	*	*	$8,225,000	613,806
Christine T. Komola	87.3%	*	*	$2,169,100	161,874
Joseph G. Doody	87.3%	*	*	$2,169,100	161,874
Demos Parneros	87.3%	*	*	$2,169,100	161,874
John Wilson	87.3%	*	*	$2,169,100	161,874

* Achievement against 2015 and 2016 goals will be determined by the Committee in March 2016 and March 2017, respectively.

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Legacy Long-Term Cash Award – In March 2013, the Committee granted a one-time 2013-2014 performance-based long-term cash award to certain officers of the company, including the NEOs (other than Mr. Wilson). The one time award was in recognition of the belief that the three-year cumulative RONA goal under the outstanding 2012-2014 long term cash award was highly unlikely to be achieved as it no longer represented the company's priorities due to the strategic reinvention plan. The 2013-2014 long term cash award was contingent on achieving Sales Growth % and RONA% goals that were more reflective of the current strategy. One half of the target award was the target amount for each of the two fiscal years within the performance cycle and goals were established annually. In March 2015, at the end of the two-year period, the Committee certified the results based on performance in each of the two fiscal years, and cash awards were paid in accordance with goal achievement. The approved performance metrics, weightings and goals for the 2013-2014 award were the same as the goals (RONA% and Sales Growth %) approved for the 2013-2015 performance shares. The chart below shows the goals results for both 2013 and 2014 and the resulting payments that equated to a 68.5% payout under the plan. Going forward into 2015, the only long-term incentive vehicle for executive officers are the performance shares.

	2 Year Performance Period Achievement (2013 - 2014)			
Named Executive Officer	**2013 (RONA% and Sales Growth%)**	**2014 (RONA% and Sales Growth%)**	**Target Award**	**Actual Payout**
Ronald L. Sargent	49.7%	87.3%	$2,193,333	$1,502,433
Christine T. Komola	49.7%	87.3%	$161,133	$110,376
Joseph G. Doody	49.7%	87.3%	$578,467	$396,250
Demos Parneros	49.7%	87.3%	$578,467	$396,250

Executive Benefits & Perquisites

Retirement & Other Benefits

We do not have a pension plan in which our NEOs participate. However, our NEOs are eligible to participate in defined contribution retirement income plans. These plans include a standard 401(k) qualified plan and a Supplemental Executive Retirement Plan ("SERP"). Both plans are fully funded by the NEOs and supported by Staples through limited matching contributions. Our NEOs are eligible to participate in our 401(k) qualified plan on the same basis as our other salaried associates; however, their contributions are limited to 2% of eligible compensation. Due to the limitations on our officers' ability to contribute to our 401(k) plan, we maintain the SERP, which is a non-qualified deferred compensation plan intended to provide comparable benefits above the applicable limits of our 401(k) qualified plan. Under the SERP, officers of Staples may defer a total of up to 100% of their base salary, bonus, and long term cash incentive awards and receive matching contributions up to a maximum of 4% of base salary and bonus.

Additionally, the NEOs are eligible to participate in standard health and welfare programs on the same basis as our other salaried associates. These programs include medical, dental, vision, disability, and supplemental life insurance. We also have an Executive Benefits Program consisting of life insurance, long term care insurance, supplemental long term disability, a survivor benefit plan, and an executive physical and registry program. This program was implemented to enhance our retirement and benefit offerings for senior management consistent with competitive practices and to further support our efforts to attract and retain top talent. All senior officers of Staples, including the NEOs, are eligible to participate in this program. For each plan or policy described above that requires payment of periodic premiums or other contributions, we generally pay such premiums or other contributions for the benefit of each NEO. For more information about retirement and other benefits, see the *"All Other Compensation"* table following the *"Summary Compensation Table"* in this proxy statement.

Expatriate Benefits

For more information about expatriate benefits, see the *"All Other Compensation"* table following the *"Summary Compensation Table"* in this proxy statement. Mr. Wilson received certain ex-pat benefits in connection with his assignment to the Netherlands in his role as President Staples Europe.

Executive Perquisites

Our executive compensation program is relatively free of perquisites. The Committee has adopted a policy prohibiting gross up payments to cover taxes triggered by a change in control in any future compensation, severance, or employment-related agreement.

Aircraft Policy. Under our aircraft policy, our CEO is permitted to use our leased aircraft for personal use so long as the incremental cost to Staples is treated as compensation income to our CEO. Subject to prior approval by our CEO and similar compensation treatment, other NEOs may also use our leased aircraft for personal use. There was no personal use of our leased aircraft during our 2014 fiscal year.

Tax Services Reimbursement Program. We reimburse each NEO, other than our CEO, up to $5,000 each year for tax, estate, or financial planning services or advice from a pre-approved list of service providers that must not include our independent registered public accounting firm. Our CEO is reimbursed up to $50,000 each year for these services. The reimbursements are not grossed up for taxes.

Policy against reimbursement of excise tax on change in control payments. We maintain a policy that prohibits Staples from entering into any compensation, severance, or employment-related agreement that provides for a gross up payment to cover taxes triggered by a change in control, including taxes payable under Sections 280G and 4999 of the U.S. Internal Revenue Code.

In January 2015, Mr. Sargent voluntarily gave up the Company's long standing contractual obligation to reimburse him for any excise tax due under Sections 280G and 4999 of the U.S. Internal Revenue Code incurred in connection with a termination without cause or resignation for good reason following a change in control of Staples, which had been entered into in 2006. Mr. Sargent was the only executive with this benefit.

III PLAN DESIGN & COMPENSATION PROCESS

Pay Philosophy

It is the company's philosophy that:

- *Pay should be performance-based, so that excellent results yield relatively high pay and poor results yield relatively low pay.*
- *Salaries and incentives should be referenced to median peer group practices, but when making decisions about compensation levels, the Committee relies upon its judgment and not on rigid guidelines or formulas.*

The Committee's Process

The Committee has established a number of processes to help ensure that our executive compensation program meets its objectives and is consistent with the pay philosophy described above.

Independent Compensation Consultant

Our Committee charter authorizes the Committee to engage independent legal and other advisors and consultants as it deems necessary or appropriate to carry out its responsibilities and prohibits the Committee's compensation consultants from serving as Staples' regular advisors and consultants. In our 2014 fiscal year, the Committee continued to use Exequity LLP as an independent advisor to advise on and assist the Committee with executive compensation matters. Under the terms of its written agreement, Exequity is responsible for, among other matters:

- Reviewing total compensation strategy and pay levels for executives.
- Performing competitive analyses of outside board member and CEO compensation.
- Examining all aspects of executive compensation programs to assess whether they support the business strategy.
- Preparing for and attending selected Committee and Board meetings.
- Supporting the Committee in staying current on the latest legal, regulatory and other industry considerations affecting executive compensation and benefit programs.
- Providing general advice to the Committee with respect to all compensation decisions pertaining to the CEO and all compensation recommendations submitted by management.

During our 2014 fiscal year, the independent consultant advised, and frequently made recommendations to, the Committee on compensation matters for all officers and directors; advised on, performed competitive analyses and made recommendations on all matters pertaining to compensation of our CEO; and met with the Committee in executive session without the presence of management.

Consistent with the terms of the written agreement and the Committee charter, Exequity has, with the knowledge and consent of the Committee, provided input to management on matters to be presented by management to the Committee. Exequity has not performed services for Staples that were unrelated to Committee matters. During 2014, with the Committee's approval, Exequity assisted management by performing Section 280G calculations and providing compensation data related to executive and non-executive positions. Most of the data reviewed by the Committee is generated by management and reviewed and advised upon by the compensation consultant. The principal consultant from Exequity attended each of the four Committee meetings during our 2014 fiscal year. Exequity was paid $79,047 for all services rendered during 2014. In March 2014, the Committee performed a conflict of interest assessment with respect to Exequity and no conflict of interest was identified.

Benchmarking

In March 2014, the Committee set compensation for the NEOs based on its December 2013 review of 2010-2012 compensation, its assessment of our 2013 performance, stockholder feedback and results of 2013 Say-on-Pay advisory vote, and general consideration of the totality of the data, advice, and information provided by management and Exequity.

In December 2014, the Committee evaluated the competitiveness of our NEOs' compensation relative to marketplace norms and practices by analyzing current proxy statement data from our peer group. During the course of this analysis, the Committee focused on whether Staples' pay practices were aligned with performance. In addition, the Committee considered input from the Company's shareholder outreach process during the preceding fall. This analysis was intended to inform the Committee as to whether any changes to the executive compensation program were needed.

The Committee evaluated the competitiveness of base salary, total cash compensation (base salary plus annual cash bonus) and total direct compensation levels being extended to our CFO, President NAS&O, President NAC, and President Europe. The Committee's review extended to pay in 2013 and also over the three year period 2011-2013. The Committee then analyzed its findings with respect to pay competitiveness in relation to the Company's performance measured by one year and three year TSR, EPS, revenue growth, and ROIC relative to peer company results.

The principal consultant from Exequity met with the Committee in executive session, without the presence of management, to review CEO compensation. The Committee examined an assessment of our CEO's total target compensation relative to peer group standards, pay mix relative to peers, pay relationships between CEOs and other NEOs and actual compensation realized relative to shareholder return, each over one and three years.

Peer Group

The Committee reviews our peer group extensively every three years. The most recent comprehensive review of our peer group was performed in September 2012. The peer group analysis was conducted by the Committee's independent consultant. The current peer group was analyzed using a proprietary model to compare the "fit" of each of the peer group companies to Staples' profile based on industry, company size, market valuation, and performance. The composition of our peer group goes beyond just retailers and business to business competitors. The Committee compared the fit of the peer group companies to the fit of fifteen other potential peer organizations that closely matched Staple's profile. Based on a quantitative and qualitative assessment, the Committee determined not to make any changes to the existing peer group. The companies in our peer group are set forth below.

Amazon.com, Inc*	Kohl's Corporation	Starbucks Corp.
Best Buy Co., Inc.	Limited Brands, Inc.	Sysco Corporation
Costco Wholesale Corporation	Lowe's Companies, Inc.	Target Corporation
FedEx Corporation	Macy's, Inc.	The TJX Companies, Inc.
Gap Inc.	Office Depot, Inc.	Walgreen Co.
Home Depot, Inc.	Safeway Inc.	Xerox Corporation
J.C. Penney Company, Inc.*		

* The Committee excluded from consideration in its benchmarking analysis data pertaining to CEOs at Amazon.com Inc. and J.C. Penney Company, Inc. Amazon.com, Inc.'s information is excluded because of the irregular character of the compensation paid to its CEO, Jeffrey Bezos, who owns 19% of the company. J.C. Penney Company, Inc.'s information is excluded because of its pattern of irregular compensation due to CEO turnover.

The Committee intends to conduct a comprehensive review of our peer group in June 2015 in light of the changing dynamics of the marketplace and our business and based on shareholder feedback received during our 2014 outreach discussions.

Compensation Findings, Analysis & Conclusions

This section describes the Committees' decision process, analysis and rationale relating to compensation for our CEO and other named executive officers.

CEO Compensation

Total CEO compensation for 2014 as reported in our Summary Compensation Table was $12,391,537, including the grant date fair value of the performance shares (66% of total 2014 compensation), which are earned over the fiscal 2014-2016 period and paid only if the performance goals are achieved. In addition, total CEO compensation includes the amounts earned in 2014 under the 2013-2014 long term cash plan.

We are required under Summary Compensation Table rules to report grant date value for performance shares, and amounts actually earned for cash awards, so the change in long-term incentive compensation design makes year over year comparisons within the Summary Compensation Table more difficult.

In December 2014, the Committee reflected on the company's performance in relation to Mr. Sargent's earned compensation. The Committee examined Staple's total shareholder return, earnings per share growth, return on invested capital and revenue growth, and compared them to the results generated by our peer companies. When the Committee performed its review in December 2014, complete fiscal year pay and performance data for the peer group was available only through 2013, so the Committee limited its analysis to the years 2011-2013.

Percentile vs. Peer Group – Three Year

CEO	Position	Base Salary	Target Cash	Total Target Compensation
Ronald L. Sargent	Chairman & CEO	34^{th}	35^{th}	45^{th}

Realized Total Compensation — In considering the appropriateness of our CEO's pay, the Committee examined realized total direct compensation, or "TDC," over the performance period and not the total compensation reported in our Summary Compensation Table. Realized TDC includes base salary, annual bonus earned, cash long-term incentives earned, gain realized on the exercise of Stock Options, and the value of Stock Awards that vested during the applicable measurement period. Our executive compensation program is designed to promote long-term sustained performance, and the Committee believes that realized TDC is a better reflection of the appropriateness of individual earnings than is the total reported in the Summary Compensation Table because realized TDC incorporates changes in equity award value (reflecting increases and decreases in share price) over the performance cycle, and, therefore, takes into account value commensurate with investor returns.

Realized total compensation over the 2011-2013 period was well below the peer group median. In fact, for each element of compensation, realized pay was the lowest among the peer group companies and aligned with our performance over the three year period.

Target Compensation — The Committee observed that our CEO's average target compensation was below the median (45^{th} percentile) of the peer group as indicated in the chart above. Over the 2011-2013 period, target cash compensation was reflective of overall performance with total shareholder return, earnings per share and revenues in approximately the lower quartile and return on invested capital in the top quartile over the three year period.

- Mr. Sargent's average target compensation over the most recent 3-year period rested within a competitive range (+/-15%) of the peer group medians

Other NEO Compensation

The Committee also examined the relationship between pay and performance insofar as it related to the NEOs other than the CEO. In the absence of realized TDC information across the peer community, the Committee considered the relationship between performance generated and each incumbent's target compensation. The tables below display how our CFO and business unit Presidents' base salary, target cash compensation, and total target compensation compared to total shareholder return, EPS growth, revenue growth, and return on invested capital in 2013.

Percentile vs. Peer Group – One Year

NEO	Position	Base Salary	Target Cash	Total Target Compensation
Christine T. Komola [1]	CFO and EVP	5th	9th	4th
Joseph G. Doody	President NAC	25th	27th	33rd
Demos Parneros	President NAS&O	25th	27th	33rd
John Wilson	President Europe	25th	27th	33rd

1 Based on compensation changes in 2014, Ms. Komola's total compensation now approximates 40^{th} percentile of the peer group.

Performance Metric Percentile vs. Peer Group

Total Shareholder Return	7th
Revenue Growth	15th
EPS Growth	24th
Return on Invested Capital	52nd

Analysis & Conclusions

The Committee reviewed the compensation levels of our NEOs in December 2014 and determined that overall compensation was appropriate in view of the Company's relative and absolute performance and the significant changes we had made to our compensation program in the prior year. The Committee's determination reflected its assessment of the three-year realized TDC for the CEO and 2013 compensation for the other NEOs all of which were significantly below median.

The Committee concluded that, on balance, our three-year performance and corresponding compensation for the period were aligned and were below the median of the peer group for the CEO. The one year target total compensation for all the other NEOs was well below the median of the peer group. Accordingly, the Committee decided that no further action was required at this time.

IV OTHER MATTERS

Termination Scenarios

The Committee regularly reviews all compensation components for our NEOs, including salary, bonus, current vested and unvested long term incentive compensation, the current value of owned shares, and cost to us of all perquisites and benefits. In addition, the Committee periodically examines similar information for other senior executives. The Committee also reviews the projected payout obligations under potential retirement, termination, severance, and change-in-control scenarios to fully understand the financial impact of each of these scenarios to Staples and to the executives.

Documentation detailing the above components and scenarios with their respective dollar amounts was prepared by management for each of our NEOs and reviewed by the Committee in March 2014. This information was prepared based on compensation data as of the end of fiscal year 2013 and assumed that the various scenarios occurred at the end of fiscal year 2013. Similar termination scenario information with respect to our 2014 fiscal year is presented under the heading "Potential Payments upon Termination or Change-in-Control." Based on this review, the Committee found the total compensation for each of our NEOs under these various scenarios to be reasonable. Many factors were considered, including, but not limited to, the contributions of the executive to Staples, the financial performance of Staples, the marketplace, the particular contemplated scenario and the guidance provided by the independent compensation consultant.

Input from Management

Certain officers within our Human Resources department regularly attend Committee meetings to provide information and recommendations regarding our executive compensation program, including the Executive Vice President of Human Resources and Vice President of Compensation and Benefits. Among other things, these officers present our CEO's recommendations regarding any change in the base salary, bonus, equity compensation, goals related to performance-based cash or equity compensation and other benefits of other senior executives. These officers also compile other relevant data at the request of the Committee. The CEO's recommendations are based in part on the results of annual performance reviews of the other executives. The Committee is not bound by such recommendations but generally takes them into consideration before making final determinations about the compensation of such executives other than our CEO. The CEO, at the discretion of the Committee, may be invited to attend all or part of any Committee meeting to discuss compensation matters pertaining to the other executives, and in fiscal 2014, he attended all four Committee meetings. When discussing compensation matters pertaining to our CEO, the Committee generally meets in executive sessions with its independent compensation consultant without any member of management present.

Administration of Incentive Plan

The Board and the Committee, through delegated powers, have broad discretion in administering the cash and stock incentive plans. This discretion includes the authority to grant awards, determine target awards, and select performance objectives and goals, along with the ability to adopt, amend and repeal such administrative rules, guidelines and practices as deemed advisable. In addition, the Committee has broad discretion to modify awards and determine goal attainment and the payment of awards under each plan. The Committee may determine to what extent, if any, specific items are to be counted in the relevant financial measures for any particular business and whether special one-time or extraordinary gains and/or losses and/or extraordinary events should or should not be included or considered in the calculation of goals. The Committee can decrease but not increase incentive awards for NEOs.

The Board has delegated authority to the Chairman and CEO to grant stock options and restricted stock units and, in his capacity as Chairman, restricted stock to non-executive employees out of an annual pool of 600,000 shares. The annual pool is designed to be used between quarterly Committee meetings to facilitate making new hire and retention grants and to reward special accomplishments and achievements of associates. Awards from the annual pool are granted on the earlier of the first business day of the month that follows appropriate approval or two business days after the Committee's ratification of the award. Awards from this pool cannot be granted to executive officers.

Risk Assessment

In December 2014, the Committee conducted its annual risk assessment of our executive officer compensation programs. The evaluation included an analysis of the appropriateness of our peer group, compensation mix, performance metrics, performance goals and payout curves, payment timing and adjustments, equity incentives, stock ownership guidelines/trading policies, performance appraisal process and leadership/culture. In addition, the Committee reviewed the major compensation plans with regard to risk mitigators attributable to each of the programs. The risk mitigators included the balanced mix of cash and equity incentives, the mix and quality of the performance metrics, the stock ownership guidelines and an aggressive recoupment policy. The Committee also considered and reviewed the input from participants in the Company's corporate governance outreach program. Based on its evaluation and recognizing that all compensation programs are inherently risk laden, the Committee determined that the level of risk within our compensation programs was appropriate and did not encourage excessive risk taking by our executives. Accordingly, the Committee concluded that our compensation programs are not reasonably likely to have a material adverse effect on the Company.

Stock Ownership Guidelines

Within five years of becoming an officer of the Company, our senior executives must attain minimum ownership of Staples common stock equal in value to no less than a defined multiple of their salary. The applicable multiples for Company officers are:

- **CEO**: 5x Salary
- **CFO**: 4x Salary
- **Presidents**: 3x Salary
- **Other Executive Officers**: 1 - 2x Salary

As of January 31, 2015, all executives had achieved the ownership guidelines except Ms. Komola, who became our CFO in February 2012 and an Executive Vice President in March 2013 and is therefore still within the phase-in period.

Recoupment Policy

Our annual cash bonus plans, long term incentive plans and agreements and severance arrangements provide for forfeiture and recovery of undeserved cash, equity and severance compensation from any associate that engages in certain particularly harmful or unethical behaviors such as intentional deceitful acts resulting in improper personal benefit or injury to the company, fraud or willful misconduct that significantly contributes to a material financial restatement, violation of the Code of Ethics and breach of key associate agreements.

Hedging and Pledging Company Securities

Hedging. Our Insider Trading Policy prohibits, among many other actions, our associates and directors from entering into derivative transactions such as puts, calls, or hedges with our stock.

Pledging. Our Insider Trading Policy prohibits the use of Staples' securities as collateral in margin accounts. However, in limited circumstances, pledging of Staples' securities for bona fide loans which may require such securities as collateral may be allowed, provided such pledge is cleared with the General Counsel. In the past five years, the General Counsel has not cleared, or been asked to clear, any pledge of Staples' securities.

Tax and Accounting Implications

Under Section 162(m) of the U.S. Internal Revenue Code, certain executive compensation in excess of $1 million paid to our CEO and to our three most highly compensated officers (other than the CEO and CFO) whose compensation is required to be disclosed to our stockholders under the Securities Exchange Act of 1934, is not deductible for federal income tax purposes unless the executive compensation is awarded under a performance-based plan approved by stockholders. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has not adopted a policy that all compensation must be deductible. The Committee reviews the impact of Section 162(m) and intends, to the extent practicable, to preserve deductibility under the Internal Revenue Code of compensation paid to our executive officers when consistent with our goal of utilizing compensation programs that attract and retain key executives and align with stockholder interests.

All annual cash incentive awards (except the Reinvention Cash Award paid in 2013), long term cash awards, stock options and performance shares awarded to our NEOs are paid pursuant to plans approved by our stockholders and are potentially deductible by us. Time-based restricted stock does not qualify for the performance-based exception to Section 162(m), but the Committee in prior years has determined that the retention benefit derived from such awards outweighed any potential tax benefit to us. However, we are no longer granting time-based awards to our named executive officers.

The compensation that we pay to our NEOs is expensed in our financial statements as required by U.S. generally accepted accounting principles. As one of many factors, the Committee considers the financial statement impact in determining the amount of, and allocation among the elements of, compensation. Stock-based compensation is accounted for as required under FASB ASC Topic 718.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on this review and discussion, recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee

Paul F. Walsh, Chair
Carol Meyrowitz
Raul Vazquez

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EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table sets forth certain information concerning the compensation of our CEO, CFO and the three other most highly compensated executive officers, who we refer to collectively as the "NEOs."

	Year	Salary ($)	Bonus ($)	Stock Awards ($) (2)(3)	Option Awards ($) (2)(4)	Non-Equity Incentive Plan Compensation ($) (5)	All Other Compensation ($) (6)	Total ($)
Ronald L. Sargent	2014	1,249,208		8,225,000		2,591,478	325,851	12,391,537 (1)
Chairman & Chief	2013	1,249,208	299,810	8,225,007		667,415	326,440	10,767,880 (1)
Executive Officer	2012	1,203,386		2,467,504	2,467,502		336,212	6,474,604
Christine T. Komola	2014	584,063		2,169,112		495,347	59,142	3,307,664
Chief Financial Officer	2013	518,214	49,257	1,549,806		61,648	53,641	2,232,566
	2012	430,000		181,208	181,203		58,224	850,635
Joseph G. Doody	2014	678,020		2,169,112		755,188	115,799	3,718,119
Vice Chairman	2013	653,351	88,856	2,169,112		176,469	141,483	3,229,271
	2012	606,708		650,705	650,702		122,515	2,030,630
Demos Parneros	2014	693,050		2,169,112		766,454	86,186	3,714,802
President North America	2013	653,351	88,856	2,169,112		176,469	98,498	3,186,286
Stores & Online	2012	606,708		650,705	650,702		129,674	2,037,789
John Wilson	2014	668,000		2,169,112		495,292	326,725	3,659,129
President Staples Europe	2013	653,351	414,160	1,518,488			76,756	2,662,755

(1) The increase in total compensation for our CEO in 2014 from 2013 is primarily due to the payment in 2014 of an annual cash incentive award earned under the Amended and Restated Executive Officer Incentive Plan. No annual cash incentive award was earned in 2013. The increase in total compensation for our CEO in 2013 and 2014 as compared to 2012 is primarily related to a change in the form of incentive awards granted to our NEOs. Beginning in 2013, we changed our long term incentive awards for our executives to 100% performance shares from a mix of stock options, restricted stock and long-term cash awards. The total target compensation opportunity for our CEO did not materially change for 2014, 2013 and 2012, but the awards are reported differently in the Summary Compensation Table. For more information, see the "*CD&A*" section of the proxy statement.

(2) The amounts shown in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, not the actual amounts paid to or realized by the NEOs during our 2014, 2013 and 2012 fiscal years. An explanation of the vesting of restricted stock, restricted stock unit and option awards, as well as the methodology for payouts under performance share awards, is discussed in the footnotes to the "*Grants of Plan-Based Awards for 2014 Fiscal Year*" and "*Outstanding Equity Awards at 2014 Fiscal Year End*" tables below.

(3) The amounts shown in the Stock Awards column in 2014 represent the grant date fair value of the 2014-2016 performance share awards granted under the 2014 Stock Incentive Plan. The fair value of these awards is based on the closing price of our common stock ($13.40) on March 5, 2014 (grant date) and is calculated at the target share payout for all three years of the performance period. For information about the threshold and maximum payout amounts under these awards, see "*Grants of Plan-Based Awards for 2014 Fiscal Year*" table below.

For our three-year performance share awards, one-third of the three-year target award is applied as a target amount for each of the fiscal years within the performance period. Actual shares earned are based on achievement of goals established for each year. In addition, any award that is earned based on performance will be increased or decreased by 25% based on Staples' three-year TSR relative to the returns generated by the S&P 500 over the same period. See "*CD&A*" for information about 2014 goal achievement.

(4) The fair value of each stock option award, which were granted in 2012, is estimated as of the date of grant using a binomial valuation model. Additional information regarding the assumptions used to estimate the fair value of all stock option awards is included in Note K in the Notes to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for our 2014 fiscal year.

(5) The Non-Equity Incentive Plan Compensation column in 2014 represents (a) amounts earned under the annual cash incentive award and (b) amounts earned under a legacy long term cash award granted in 2013 pursuant to our Amended and Restated Long Term Cash Plan. No annual cash incentive award was earned in 2013. NEOs no longer receive long term cash awards.

The table below provides additional information about the amounts earned in 2014 under our non-equity incentive plans:

NEO	Annual Incentive Plan ($)	Legacy Long Term Cash Award ($)
Ronald L. Sargent	$1,634,526	$956,951
Christine T. Komola	$425,045	$70,302
Joseph G. Doody	$502,803	$252,385
Demos Parneros	$514,069	$252,385
John Wilson	$495,292	–

(6) The All Other Compensation column represents the following amounts, as applicable for each NEO:

- Contributions made on a matching basis pursuant to the terms of our 401(k) plan and SERP.
- Dividend equivalents paid on shares of restricted stock granted prior to January 2009.
- Premiums paid under our executive life insurance and long-term disability plans, reimbursement of taxes owed with respect to such premiums, and premiums paid under our long-term care plan. In fiscal year 2014, annual premiums paid under our executive life insurance plan for Mr. Sargent, Ms. Komola, Mr. Doody and Mr. Parneros were $100,000, $19,304, $50,000 and $30,000, respectively. There was no annual premium paid for Mr. Wilson in 2014. Mr. Wilson's' life insurance coverage is in the form of Death Benefit Only, providing for Staples to pay his beneficiary upon his death. In fiscal year 2014, annual premiums paid under our long-term disability plans for Messrs. Sargent and Parneros were $16,836 and $3,570, respectively.
- Tax preparation services.
- Executive physical and registry program.
- Cash payments described in the "*All Other Compensation*" table below.

All Other Compensation

The table below sets forth the dollar amounts that we paid for each applicable item listed above.

		401(k) ($)	SERP ($)	Dividend Equivalents ($)	Executive Life Insurance ($)	Long-Term Disability ($)	Long-Term Care ($)	Tax Services ($) (1)	Physical ($)	Cash Payments ($) (1)
	2014	2,600	50,625		189,215	31,856	1,555	50,000		
Ronald L. Sargent	2013	2,550	49,741		189,394	33,200	1,555	50,000		
	2012	2,500	76,715	5,037	171,527	28,878	1,555	50,000		
	2014	2,600	23,100		28,620		1,022	1,050	2,750	
Christine T. Komola	2013	2,550	20,367		28,677		1,022	1,025		
	2012	2,500	18,760		28,264		1,022	1,326	2,650	3,702
	2014	2,600	27,076		79,327		1,796	5,000		
Joseph G. Doody	2013	2,550	25,903		103,484		1,796	5,000	2,750	
	2012	2,500	35,837	1,526	73,206		1,796	5,000	2,650	
	2014	2,600	27,611		44,477	5,292	1,206	5,000		
Demos Parneros	2013	2,550	25,903		56,818	7,021	1,206	5,000		
	2012	2,500	34,879		51,458	6,157	1,206	5,000		28,474
John Wilson	2014		26,720				5,064	18,200		276,741
	2013						3,094			73,662

(1) The "Tax Services" and "Cash Payments" columns for 2014 includes payments made to or on behalf of Mr. Wilson as a direct result of his expatriate assignment from the U.S. to the Netherlands. The total shown for tax services is the actual cost of Mr. Wilson's tax preparation services. The total shown for the cash payments includes cost of secondary housing while on assignment, a cost of living differential allowance, school fees, automobile and home leave costs. Amounts increased in 2014 over 2013 due to the move of Mr. Wilson's family to the Netherlands.

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Grants of Plan-Based Awards for 2014 Fiscal Year

The following table sets forth summary information regarding grants of plan-based awards made to the NEOs for our 2014 fiscal year.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards (1)			
Name	**Grant Date**	**Committee Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**Grant Date Fair Value of Stock (1)**
Ronald L. Sargent	(2)		234,227	1,873,812	3,747,624				
	3/5/2014	3/3/2014				153,452	613,806	1,227,612	$8,225,000
Christine T. Komola	(2)		60,909	487,269	974,538				
	3/5/2014	3/3/2014				40,469	161,874	323,748	$2,169,112
John Wilson	(2)		70,975	567,800	1,135,600				
	3/5/2014	3/3/2014				40,469	161,874	323,748	$2,169,112
Joseph G. Doody	(2)		72,051	576,411	1,152,821				
	3/5/2014	3/3/2014				40,469	161,874	323,748	$2,169,112
Demos Parneros	(2)		73,666	589,326	1,178,653				
	3/5/2014	3/3/2014				40,469	161,874	323,748	$2,169,112

(1) On March 3, 2014, the Compensation Committee established the threshold, target and maximum payout levels for the 2014-2016 performance share awards granted pursuant to our 2014 Stock Incentive Plan. Amounts earned under performance share awards may be increased or decreased by 25% based on Staples' three-year TSR relative to the returns generated by the S&P 500 over the same period.

The grant date fair value of these awards is based on the closing price of our common stock ($13.40) on March 5, 2014 (grant date). The table below provides additional information about the value of the awards based on threshold and maximum payout levels for all three years of the performance period, excluding any increase or decrease based on TSR performance:

NEO	**2014-2016 Threshold ($)**	**2014-2016 Target ($)**	**2014-2016 Max ($)**
Ronald L. Sargent	$2,506,257	$8,225,000	$16,450,001
Christine T. Komola	$542,285	$2,169,112	$4,338,223
Joseph G. Doody	$542,285	$2,169,112	$4,338,223
Demos Parneros	$542,285	$2,169,112	$4,338,223
John Wilson	$542,285	$2,169,112	$4,338,223

For our three-year performance share awards, one-third of the three-year target award is applied as a target amount for each of the fiscal years within the performance period. Actual shares earned are based on achievement of goals established for each year. See "*CD&A*" for information about 2014 goal achievement.

(2) On April 14, 2014, the Compensation Committee established the performance objectives for the 2014 annual cash incentive awards under the Amended and Restated Executive Officer Incentive Plan, as well as the threshold, target and maximum payment levels. See "*CD&A*" for information about 2014 goal achievement.

Vesting Provisions of Plan-Based Awards

2014 Compensation Program:

Annual Cash Incentive Plan Awards. Payments of annual cash incentive plan awards under the Executive Officer Incentive Plan are determined based on achievement of performance goals and continued service to Staples. In addition, the following provisions apply:

- *Retirement*. If a NEO terminates his employment before the end of a performance period and if the NEO has satisfied the "Rule of 65" requirements (attainment of age 55 plus years of service to Staples is equal to or greater than 65), then the NEO is eligible for a prorated award based on the number of days the NEO was employed during the plan year. A prorated award will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the plan year.

- *Death*. Upon a NEO's death before the end of the plan year, annual cash incentive plan awards will be paid out at 100% of the target award, regardless of the amount that would have been earned based upon achievement of the performance goals.

- *Disability*. If a NEO's employment is terminated due to disability before the end of the plan year, then the NEO is eligible for a prorated award based on the number of days the NEO was employed during the plan year. Prorated awards will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the plan year.

- *Termination of Employment*. Other than as described above, all annual cash incentive plan awards are forfeited upon termination of employment.

Performance Shares. Performance share awards are earned based on achievement of performance objectives for each year of the performance period, but do not fully vest until the three-year performance period is completed. In addition, the following provisions apply:

- *Termination of Employment by Staples, Retirement or Resignation*. If a NEO is terminated other than for "cause" (as defined in the award agreement) or the NEO retires or resigns and the age and years of service requirements of our Rule of 65 have been satisfied, then the NEO may be eligible to receive (i) shares earned for completed fiscal years within the performance period and, for partial fiscal years during which the named executive officer was employed by Staples, a pro rata portion based on the days employed by Staples, as adjusted by (ii) the TSR multiplier. Prorated awards will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts will be made at the end of the applicable performance period.

- *Termination for "Cause" by Staples*. All performance shares are forfeited if a NEO is terminated for cause.

- *Death or Disability*. In the event of a NEO's death or disability, performance shares will vest and be paid out at the end of the performance period, to the extent the performance objectives are met, as if the NEO were employed on such date.

- *Change-in-Control*. If, in connection with a change-in-control, (a) the NEO does not accept employment with the surviving corporation upon the change-in-control or (b) within one year following the change-in-control, the NEO's employment is terminated without cause (or the NEO resigns for good reason), the NEO is entitled to receive the greater of the target number of shares or the shares earned based on achievement of the performance objectives and TSR multiplier.

Legacy Compensation Programs:

Long Term Cash Awards. Payments of long term cash awards under the Amended and Restated Long Term Cash Incentive Plan are determined based on achievement of performance goals and continued service to Staples. In addition, the following provisions apply:

- *Retirement or Resignation*. If a NEO terminates his employment before the end of a performance period and if the NEO has satisfied the Rule of 65 requirements, then the NEO is eligible for a prorated award based on the number of days employed during the performance cycle. For long term cash awards granted prior to fiscal 2013, a NEO that terminates employment before the end of the performance cycle that has not met the requirements of the Rule of 65 is eligible for a prorated long term cash award based on completed years in the performance cycle. Prorated awards will only be paid out if the Committee certifies achievement of the objectives and the payouts at the end of the applicable performance period.

- *Termination of Employment by Staples*. If a NEO is terminated by Staples other than for "cause" (as defined in the Amended and Restated Long Term Cash Incentive Plan), the NEO is eligible for a prorated award based on the number of days employed during the performance cycle. Prorated awards will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the performance cycle.

- *Termination for "Cause" by Staples*. All long term cash awards are forfeited if a NEO is terminated for cause.

- *Death*. Upon a NEO's death before the end of a performance period, long term cash awards will be paid out at 100% of the target award, regardless of the amount that would have been earned based upon achievement of the performance goals.

- *Disability*. If a NEO's employment is terminated due to disability before the end of any performance period, then the NEO is eligible for a prorated award based on the number of days employed during the performance cycle. Prorated awards will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the performance period.

- *Change-in-Control*. A change-in-control would entitle a NEO at the end of the performance cycle to a long term cash award payment equal to the greater of 100% of the target award or the amount earned based on actual achievement of the performance objectives if (1) the NEO does not accept employment by the surviving corporation upon the change-in-control or (2) within one year following the change-in-control, the NEO's employment is terminated without cause (or the NEO resigns for good reason).

Restricted Stock and Option Awards. Under certain circumstances, the time-based vesting or payout of restricted stock and stock options, which were granted to NEOs prior to 2013, may be accelerated or the awards may be forfeited as described below.

- *Retirement or Resignation*. If a NEO retires or resigns and (i) the age of 65 has been attained, then all stock options and restricted stock awards vest or (ii) the age and years of service requirements of our Rule of 65 have been satisfied, then all stock option awards vest in full.

- *Termination of Employment by Staples*. All unvested restricted stock and stock options are forfeited if a NEO is terminated by Staples, regardless of whether such termination was for cause.

- *Death or Disability*. All restricted stock and stock options vest in full upon a NEO's death or disability.

- *Change-in-Control*. Under our standard form of non-qualified stock option agreement, a change-in-control would result in a partial vesting acceleration of outstanding options and a termination without cause (or resignation for good reason) within one year after a change-in-control would result in acceleration of vesting of all remaining options. Under our standard form of restricted stock award agreement, a change-in-control would result in acceleration of vesting of all outstanding restricted shares if (1) the change-in-control results in a NEO not being offered employment by the surviving corporation under certain conditions or (2) within one year following the change-in-control, the NEO's employment is terminated without cause (or the officer resigns for good reason).

2010 Special Performance and Retention Awards. The number of shares eligible to vest under our 2010 Special Performance and Retention Awards was determined in March 2013 based on achievement of performance objectives over the fiscal year 2010-2012 performance period. 33% of such shares vested in March 2013, 33% vested in March 2014 and 34% vested in March 2015 based on continued service to Staples.

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Outstanding Equity Awards at 2014 Fiscal Year End

The following table sets forth summary information regarding the outstanding equity awards held by each of the NEOs as of the end of our 2014 fiscal year.

		Option Awards				Stock Awards			
Name	Grant Date/ Performance Share Period	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price ($)	Option Expiration Date (2)	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested ($) (4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
Ronald L. Sargent	2/2/2014-1/31/2015 (6)							613,806	$10,465,392
	2/3/2013-2/1/2014 (7)							624,526	$10,648,168
	7/2/2012	412,034	412,034	13.03	7/2/2022	94,686	$1,614,396		
	7/1/2011	647,259	215,753	15.93	7/1/2021				
	7/1/2010	645,583		19.27	7/1/2020				
	1/31/2010 - 2/2/2013 (8)					47,297	$806,414		
	7/1/2009	649,424		20.12	7/1/2019				
	7/1/2008	603,932		24.30	7/1/2018				
	7/2/2007	557,653		24.42	7/2/2017				
	7/3/2006	431,250		24.50	7/3/2016				
	6/30/2005	525,000		21.29	6/30/2015				
Christine T. Komola	2/2/2014-1/31/2015 (6)							161,874	$2,759,952
	2/3/2013-2/1/2014 (7)							117,677	$2,006,393
	7/2/2012	30,258	30,258	13.03	7/2/2022	6,954	$118,566		
	7/1/2011	29,554	9,852	15.93	7/1/2021				
	7/1/2010	29,478		19.27	7/1/2020				
	7/1/2009	29,653		20.12	7/1/2019				
	7/1/2008	18,736		24.30	7/1/2018				
	7/2/2007	17,300		24.42	7/2/2017				
	7/3/2006	14,075		24.50	7/3/2016				
	6/30/2005	18,000		21.29	6/30/2015				
John Wilson	2/2/2014-1/31/2015 (6)							161,874	$2,759,952
	2/3/2013-2/1/2014 (7)							115,299	$1,965,848
	12/5/2012					50,431	$859,849		
	10/1/2012	213,406	213,406	11.61	10/1/2022				
Joseph G. Doody	2/2/2014-1/31/2015 (6)							161,874	$2,759,952
	2/3/2013-2/1/2014 (7)							164,701	$2,808,152
	7/2/2012	108,657	108,657	13.03	7/2/2022	24,970	$425,739		
	7/1/2011	173,061	57,688	15.93	7/1/2021				
	7/1/2010	172,614		19.27	7/1/2020				
	1/31/2010 - 2/2/2013 (8)					10,090	$172,035		
	7/1/2009	173,642		20.12	7/1/2019				
	7/1/2008	161,478		24.30	7/1/2018				
	7/2/2007	149,104		24.42	7/2/2017				
	7/3/2006	14,843		24.50	7/3/2016				
	7/3/2006	115,325		24.50	7/3/2016				
	6/30/2005	75,000		21.29	6/30/2015				

Name	Grant Date/ Performance Share Period	Option Awards: Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards: Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Awards: Option Exercise Price ($)	Option Awards: Option Expiration Date (2)	Stock Awards: Number of Shares or Units of Stock That Have Not Vested (#) (3)	Stock Awards: Market Value of Shares or Units of Stock That Have Not Vested ($) (4)	Stock Awards: Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (5)	Stock Awards: Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
Demos Parneros	2/2/2014-1/31/2015 (6)							161,874	$2,759,952
	2/3/2013-2/1/2014 (7)							164,701	$2,808,152
	7/2/2012	108,657	108,657	13.03	7/2/2022	24,970	$425,739		
	7/1/2011	173,061	57,688	15.93	7/1/2021				
	7/1/2010	172,614		19.27	7/1/2020				
	1/31/2010 - 2/2/2013 (8)					10,090	$172,035		
	7/1/2009	173,642		20.12	7/1/2019				
	7/1/2008	161,478		24.30	7/1/2018				
	7/2/2007	149,104		24.42	7/2/2017				
	7/3/2006	14,843		24.50	7/3/2016				
	7/3/2006	115,325		24.50	7/3/2016				
	6/30/2005	75,000		21.29	6/30/2015				

(1) Stock options vest 25% per year after the date of grant. The exercisability of the options is accelerated in the circumstances described under the caption "*Accelerated Vesting of Awards*" following the "*Grants of Plan-Based Awards for 2014 Fiscal Year*" table above.

(2) The expiration date for stock options is typically the tenth anniversary of the date of grant.

(3) Unless otherwise indicated, restricted stock vests 50% on the second anniversary of the date of grant and 50% on the third anniversary of the date of grant. The vesting of restricted stock awards is accelerated in the circumstances described under the caption "*Accelerated Vesting of Awards*" following the "*Grants of Plan-Based Awards for 2014 Fiscal Year*" table above.

(4) Based on the fair market value of our common stock on January 31, 2015 ($17.05 per share).

(5) The shares in the Equity Incentive Plan Awards column represent performance share awards based on target share payout.

(6) Performance share awards vest based on achievement of performance objectives over the performance period covering fiscal years 2014 through 2016. For our three-year performance share awards, one-third of the three-year target award is applied as a target amount for each of the fiscal years within the performance period. Actual shares earned are based on achievement of goals established for each year. In addition, any award that is earned based on performance will be increased or decreased by 25% based on Staples' three-year TSR relative to the returns generated by the S&P 500 over the same period. See the "*CD&A*" section of our proxy statement for information about 2014 goal achievement.

(7) Performance shares awards vest based on achievement of performance objectives over the performance period covering fiscal years 2013 through 2015. For our three-year performance share awards, one-third of the target award is applied as a target amount for each of the fiscal years within the performance period. Actual shares earned are based on achievement of goals established for each year. In addition, any award that is earned based on performance will be increased or decreased by 25% based on Staples' three-year TSR relative to the returns generated by the S&P 500 over the same period. See the "*CD&A*" section of this proxy statement for information about 2014 and 2013 goal achievement.

(8) Performance shares were paid out in March 2013 based on achievement of the performance objectives for fiscal years 2010 through 2012. Awarded shares vested 33% immediately, an additional 33% vested in March 2014 and the remaining 34% vested in March 2015.

Option Exercises and Stock Vested During 2014 Fiscal Year

The following table summarizes the option exercises and vesting of stock awards for each of the NEOs during our 2014 fiscal year:

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized Upon Exercise ($)	Number of Shares Acquired Upon Vesting (#)	Value Realized on Vesting ($) (1)
Ronald L. Sargent	0	0	213,323	2,466,460
Christine T. Komola	0	0	10,124	111,813
John Wilson	0	0	50,431	725,198
Joseph G. Doody	0	0	53,189	610,974
Demos Parneros	0	0	53,189	610,974

(1) Represents the fair market value of the stock award on the date of vesting.

Non-Qualified Deferred Compensation for 2014 Fiscal Year

The following table sets forth summary information with respect to each of the NEOs regarding contributions to our Supplemental Executive Retirement Plan ("SERP") for our 2014 fiscal year:

	Executive Contributions in Last FY ($)	Company Contributions in Last FY ($)*	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)*
Ronald L. Sargent	224,857	50,625	469,267	0	6,559,305
Christine T. Komola	35,044	23,100	72,305	0	921,146
John Wilson	26,943	26,720	545	0	56,245
Joseph G. Doody	339,010	27,076	389,488	0	7,019,511
Demos Parneros	34,652	27,611	126,739	0	1,395,599

* Company contribution amounts in 2014 are included in the All Other Compensation column of the Summary Compensation Table included in this proxy statement. In addition, amounts reported in the aggregate balance that were previously included in the Summary Compensation Table in prior years can be found in the All Other Compensation Table included in this proxy statement.

Our SERP is a non-qualified deferred compensation plan which is generally intended to provide comparable benefits above the applicable limits of our 401(k) qualified plan. Our SERP provides participants with a range of well diversified investment options similar to our 401(k) plan. Eligible executives, including the named executive officers, may contribute up to 100% of their base salary and annual cash bonus and will receive matching contributions in cash equal to 100% of each dollar saved, up to a maximum of 4% of base salary and bonus. The matching contributions generally vest 20% per year during the first five years of service based on hours worked during a calendar year. After five years of service, participants are generally fully vested in all matching contributions. All of our named executive officers, other than Mr. Wilson, are fully vested in their SERP balances. Benefits generally are paid to the participant in accordance with a predefined distribution schedule based on the requirements of Section 409A under the Internal Revenue Code. Executives may also contribute a portion of their Long Term Cash Incentive Plan payments; however, they will not receive matching contributions from us.

Potential Payments Upon Termination or Change-in-Control

The tables below show the estimated incremental value transfer to each current named executive officer under various scenarios relating to a termination of employment. The tables below and the discussion that follows assume that such termination occurred on January 31, 2015. The actual amounts that would be paid to any named executive officer can only be determined at the time of an actual termination of employment and would vary from those listed below. The estimated amounts listed below are in addition to any retirement, welfare and other benefits that are available to associates generally.

Fiscal 2014 Termination Scenarios

	Retirement or Resignation	Termination for Cause	Termination Without Cause	Resignation for Good Reason	Termination Following Change-in-Control	Change-in-Control Only	Death or Disability
Ronald L. Sargent *							
Cash Severance Payment	$0	$0	$3,787,974	$3,787,974	$5,681,960	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$1,898,020	$0	$4,318,830	$1,898,020	$17,525,675	$474,505	$14,845,159
Continuation of Benefits	$14,550	$14,550	$404,654	$404,654	$608,065	$0	$1,195,838
Life Insurance Payout	$0	$0	$0	$0	$0	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$8,213,400 (1)
Excise and 409A Tax (Gross-up) (2)	$0	$0	$0	$0	$0	$0	$0
Total	**$1,912,570**	**$14,550**	**$8,511,458**	**$6,090,648**	**$23,815,700**	**$474,505**	**$24,254,397**
Christine T. Komola *							
Cash Severance Payment	$0	$0	$761,851	$761,851	$1,142,776	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$3,298,525	$33,168	$2,760,008
Continuation of Benefits	$0	$0	$28,620	$28,620	$42,930	$0	$0
Life Insurance Payout	$0	$0	$0	$0	$0	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$2,747,063 (1)
Total	**$0**	**$0**	**$790,471**	**$790,471**	**$4,484,231**	**$33,168**	**$5,507,071**
Joseph G. Doody *							
Cash Severance Payment	$0	$0	$878,580	$878,580	$1,317,869	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$501,412	$0	$673,446	$501,412	$4,582,091	$125,353	$3,875,215
Continuation of Benefits	$9,142	$9,142	$89,189	$89,189	$134,055	$0	$0
Life Insurance Payout	$0	$0	$0	$0	$0	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,100,188 (1)
Total	**$510,554**	**$9,142**	**$1,641,215**	**$1,469,180**	**$6,034,015**	**$125,353**	**$6,975,403**
Demos Parneros *							
Cash Severance Payment	$0	$0	$902,375	$902,375	$1,353,563	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$172,035	$0	$4,582,091	$125,353	$3,875,215
Continuation of Benefits	$0	$0	$56,997	$56,997	$85,841	$0	$0
Life Insurance Payout	$0	$0	$0	$0	$0	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,191,370 (1)
Total	**$0**	**$0**	**$1,131,407**	**$959,372**	**$6,021,494**	**$125,353**	**$7,066,585**

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	Retirement or Resignation	Termination for Cause	Termination Without Cause	Resignation for Good Reason	Termination Following Change-in-Control	Change-in-Control Only	Death or Disability
John Wilson*							
Cash Severance Payment	$0	$0	$1,015,076	$1,015,076	$1,522,614	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$5,046,044	$290,232	$4,516,028
Continuation of Benefits	$0	$0	$20,009	$20,009	$30,565	$0	$0
Life Insurance Payout	$0	$0	$0	$0	$0	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,039,400 (1)
Total	**$0**	**$0**	**$1,035,085**	**$1,035,085**	**$6,599,223**	**$290,232**	**$7,555,428**

(1) Includes one year payout at target under the Amended and Restated Executive Officer Incentive Plan in addition to any Survivor Death Benefit Payout.

(2) In January 2015, our CEO agreed to amend his existing severance agreement to remove a legacy tax gross-up provision that could have potentially triggered in the event of a change in control.

* Payouts subject to 409A regulations.

See below for additional explanation of the terms of these payments and our assumptions calculating them. In addition, please see the "*CD&A*" section of this proxy statement.

Retirement or Resignation

The "Retirement or Resignation" column includes:

- *Value of Accelerated Vesting of Incentive Compensation*. For Messrs. Sargent and Doody, who have met the age and service requirement under our Rule of 65 (as described under the caption "*Accelerated Vesting of Awards*" following the "*Grants of Plan Based Awards for 2014 Fiscal Year*" table earlier in this proxy statement), amounts represent the intrinsic value of all unvested stock options as of fiscal year end.

- *Continuation of Benefits.* The continuation of benefits for Messrs. Sargent and Doody represents the provision of long-term care coverage beginning at age 65 under a group long-term care insurance plan.

Termination for Cause

The "Termination for Cause" column includes:

- *Continuation of Benefits.* The continuation of benefits for Messrs. Sargent and Doody represents the provision of long-term care coverage beginning at age 65 under a group long-term care insurance plan.

Termination without Cause or Resignation for Good Reason

In addition to our equity and cash incentive award agreements that provide for the acceleration of vesting upon a termination without cause, we have entered into severance benefits agreements with each of the NEOs that provide compensation following a termination without cause or resignation for good reason. The circumstances constituting cause or good reason are specifically described in the severance benefits agreements for the named executive officers, which are listed as exhibits to our most recent Annual Report on Form 10-K and our cash and equity incentive plans, if applicable. In general, under the severance benefit agreements and our incentive plans:

- a termination will be for cause if the NEO has willfully failed to perform his or her duties, breached any confidentiality or non-compete agreement with us, or engaged in misconduct that harms us; and

- the NEO will have good reason to resign if we significantly diminish his or her authority or responsibilities, reduce his or her salary or eligibility for bonus and other benefits, or require that he or she relocate their office more than 50 miles following a change-in-control of Staples.

The "Termination without Cause" and "Resignation for Good Reason" columns include:

- *Cash Severance Payments.* For Mr. Sargent, the amount represents the continuation of salary and bonus for 24 months and for Ms. Komola and Messrs. Doody, Parneros and Wilson, amounts represent the continuation of salary and bonus for 12 months.

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- *Value of Accelerated Vesting of Incentive Compensation.* For Mr. Sargent, pursuant to his severance benefit agreement, the amount includes the actual value of all unvested stock options and restricted stock as of fiscal year end. For Mr. Doody, who has met the age and service requirement under our Rule of 65, the amount includes the intrinsic value of all unvested stock options as of fiscal year end. For all named executive officers other than Mr. Wilson and Ms. Komola, amounts in the Termination without Cause column also include the actual value of all unvested 2010 Special Performance and Retention Shares.

- *Continuation of Benefits.* The continuation of benefits represents health and dental insurance coverage for the severance period, as well as executive life insurance. For Messrs. Sargent and Doody, amounts also include the provision of long-term care coverage beginning at age 65 under a group long-term care insurance plan. The amounts listed are estimates based on the current policies in place after applying a reasonable benefit cost trend.

Termination Following Change-in-Control

Under our severance benefits agreements with the NEOs, if we terminate the NEO's employment without cause or the NEO resigns for good reason within two years following a change-in-control of Staples, the NEO would receive payments in addition to those triggered by a termination without cause or resignation for good reason. The circumstances constituting a change-in-control of Staples are specifically described in the severance benefits agreements for the NEOs, which are listed as exhibits to our most recent Annual Report on Form 10-K. In general, a change-in-control will occur:

- if another person becomes the owner of 30% or more of the combined voting power of our stock,

- there is a change in a majority of the members of the then-incumbent Board, or

- our shareholders approve a merger with another entity in which our shareholders fail to own more than 75% of the combined voting power of the surviving entity.

The "Termination Following Change-in-Control" column includes:

- *Cash Severance Payments.* For Mr. Sargent, amounts represent the continuation of salary and bonus for 36 months and for Ms. Komola and Messrs. Doody, Parneros and Wilson, amounts represent the continuation of salary and bonus for 18 months.

- *Value of Accelerated Vesting of Incentive Compensation.* For all NEOs, amounts represent the target value of the 2014-2016 performance share award and the 2013-2015 performance share awards. For all NEOs, other than Mr. Wilson, amounts also include the intrinsic value of all unvested stock options, restricted stock and, other than Ms. Komola, 2010 Special Performance and Retention Share Awards, each as of fiscal year end.

- *Continuation of Benefits.* The continuation of benefits represents health and dental insurance coverage for the severance period, as well as executive life insurance. For Messrs. Sargent and Doody, amounts also include the provision of long-term care coverage beginning at age 65 under a group long-term care insurance plan. The amounts listed are estimates based on the current policies in place after applying a reasonable benefit cost trend.

Change-in-Control Only

The "Change-in-Control Only" column includes:

- *Value of Accelerated Vesting of Incentive Compensation.* For all NEOs other than Mr. Wilson, amounts represent 25% of the intrinsic value of all unvested stock options as of fiscal year end.

Death or Disability

The "Death or Disability" column includes:

- *Value of Accelerated Vesting of Incentive Compensation.* For all NEOs, amounts represent the target value of the 2014-2016 performance share awards and 2013-2015 performance share awards, minus amounts earned for completed plan years. In addition, for all NEOs, other than Mr. Wilson, amounts include the intrinsic value of all unvested stock options, the actual value of all restricted stock and, other than Ms. Komola, 2010 Special Performance and Retention Share Awards, each as of fiscal year end.

- *Survivor Death Benefit Payout.* For all NEOs, amounts represent payouts of 100% of base salary for the first year and 50% of base salary for the second and third years, made monthly over a period of three years. Not included in the table above are the death benefit payouts from insurance policies for which the NEOS pay the premiums. Payouts under these policies would be $2,044,080, $2,104,200, and $1,811,250 for Messrs. Doody and Parneros and Ms. Komola, respectively. Mr. Sargent's life insurance coverage is in the form of a second-to-die policy providing for payments either upon the latter of his death or his wife's death. For purposes of the table above, we have assumed that payments under this policy (which would amount to approximately $12,690,000) are not triggered.

- *Continuation of Benefits.* For Mr. Sargent, amount represents the costs of continuation of executive life insurance premiums needed to support the $12,690,000 death benefit.

If the termination is due to the NEO's disability, he or she would be entitled to receive a distribution from our SERP, generally in accordance with the plan provisions and any predefined distribution schedule based on the requirements of Section 409A of the Internal Revenue Code. The NEO would also be entitled to receive disability payments from our disability carriers, if the named executive officer has enrolled in such policy. Disability coverage is generally designed to replace 60% of the NEO's compensation up to $600,000 for each of the named executive officers who participated in the group disability plan on July 1, 2005. The disability benefit payouts from disability insurance policies for which the named executive officer pays the premiums are not included in the table above. In addition, executive life insurance premiums will be continued to age 65 as necessary to support the life insurance coverage in place at the time of disability.

Agreements Affecting Payments

We provide for forfeiture and recovery of undeserved cash, equity and severance compensation from any associate that engages in misconduct. We also view recoupment as a risk management and asset recovery tool for dealing with particularly harmful or unethical behaviors such as intentional deceitful acts resulting in improper personal benefit or injury to the company, fraud or willful misconduct that significantly contributes to a material financial restatement, violation of the Code of Ethics and breach of key associate agreements. For instance, each of the named executive officers has executed a Proprietary and Confidential Information Agreement that covers the two year period subsequent to termination of his employment. Violation of any of the terms of these agreements entitles us to recover any severance payments and value received in connection with any equity awards.

EQUITY COMPENSATION PLAN INFORMATION AT 2014 FISCAL YEAR END

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a) (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) (2)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c) (3)
Equity compensation plans approved by security holders	42,363,966	$20.37	11,455,511
Equity compensation plans not approved by security holders	0	0	0
Total	42,363,966	$20.37	11,455,511

(1) Includes the maximum number of shares issuable under performance share awards (including the potential 25% increase as a result of relative TSR performance), as described in the "*CD&A*" section of this proxy statement, and restricted stock units, in each case outstanding as of fiscal year end.

(2) Weighted-average exercise price calculation excludes outstanding performance share awards and restricted stock units, which do not have an exercise price.

(3) Includes 8,005,484 shares available for issuance under our 2014 Stock Incentive Plan as well as 3,450,027 shares available for issuance under our 2012 ESPP. Does not include shares that may become available for issuance, as provided in the 2014 Stock Incentive Plan, through the expiration, termination, surrendering, cancellation, forfeiture or settlement of awards granted under our 2014 Stock Incentive Plan or our Amended and Restated 2004 Stock Incentive Plan. Also does not include shares that may become issuable under the proposed Amendment to the 2012 ESPP described in this proxy statement.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During our 2014 fiscal year, Ms. Meyrowitz, Mr. Vazquez and Mr. Walsh served on the Compensation Committee and were independent directors during such service. None of our executive officers has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served on our Compensation Committee or our Board of Directors.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on our review of copies of reports filed during fiscal year 2014 by the directors, executive officers and beneficial owners of more than 10% of our common stock required to file such reports pursuant to Section 16(a) of the Securities Exchange Act of 1934, and a review of written certifications provided by them to the Company, we believe that all of our directors and executive officers complied with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934.

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APPROVAL, ON AN ADVISORY BASIS, OF NAMED EXECUTIVE OFFICER COMPENSATION (ITEM 3 ON THE PROXY CARD)

Our Board recognizes that it is appropriate to seek on an annual basis the views of shareholders on Staples' executive compensation program. Our shareholders are being asked to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this proxy statement.

The primary objective of our compensation program is to align executive pay with long term shareholder value creation. The "*Executive Compensation*" section of this proxy statement, including the "*CD&A*", describes in detail our executive compensation programs and the decisions made by the Compensation Committee with respect to the 2014 fiscal year ended January 31, 2015.

In accordance with Section 14A of the Exchange Act, our Board is asking shareholders to approve, on an advisory basis, Staples' named executive officer compensation by approving the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement is hereby APPROVED."

As an advisory vote, this proposal is not binding upon Staples. The Compensation Committee considers the results of the voting in making future compensation decisions for our named executive officers.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF OUR NAMED EXECUTIVE OFFICER COMPENSATION.

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (ITEM 4 ON THE PROXY CARD)

The Audit Committee is directly responsible for appointing, compensating, overseeing, evaluating and, when necessary, terminating our independent registered public accounting firm, and our independent registered public accounting firm reports directly to the Audit Committee. The Audit Committee of our Board has appointed the firm of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year. Ernst & Young LLP has served as our independent auditor since our inception. The Audit Committee evaluates the performance of our independent auditors, including the senior audit engagement team, each year and determines whether to reengage the current independent auditors or consider other audit firms. The members of the Audit Committee and the Board believe that the continued retention of Ernst &Young LLP to serve as our independent auditor is in the best interests of our shareholders.

Although shareholder approval of the Audit Committee's selection of Ernst & Young LLP is not required by law, our Board believes that it is advisable to give shareholders an opportunity to ratify this selection. If this proposal is not approved at the Annual Meeting, the Audit Committee may reconsider its selection.

Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and will also be available to respond to appropriate questions from shareholders.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE CURRENT FISCAL YEAR.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of the Board of Directors is composed of three members and acts under a written charter, as amended and restated on December 3, 2013, a copy of which is available in the Corporate Governance section of our Investor Information webpage at *www.staples.com.* The members of the Audit Committee are independent Directors, as defined by its charter and the rules of the Rule 10A-3 of the Securities Exchange Act of 1934 and the applicable rules of the NASDAQ Global Select Market.

The Audit Committee provides independent, objective oversight of Staples' financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the preparation, presentation and integrity of Staples' consolidated financial statements and for maintaining an adequate system of disclosure controls and procedures and maintaining effective internal control over financial reporting for that purpose. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited consolidated financial statements, and related schedules, for the 2014 fiscal year, which review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the consolidated financial statements.

The Audit Committee discussed with Staples' internal auditors and independent registered public accounting firm the overall scope and plans for their respective audits. The Audit Committee met with the internal auditors and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of Staples' internal controls, and the overall quality of Staples' financial reporting.

The Audit Committee reviewed and discussed with Ernst & Young LLP, Staples' independent registered public accounting firm, which is responsible for expressing an opinion on the conformity of those audited consolidated financial statements and related schedules with US generally accepted accounting principles, its judgments as to the quality, not just the acceptability, of Staples' accounting principles and such other matters as are required to be discussed with the Audit Committee by the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), including PCAOB Auditing Standard No. 16 (Communications with Audit Committees), the rules of the Securities and Exchange Commission, and other applicable regulations. The Audit Committee also received the written disclosures and the letter from the independent registered public accounting firm required by PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*. The Audit Committee discussed with the independent registered public accounting firm the independent registered public accounting firm's independence from management and Staples and considered the compatibility of non-audit related services provided to Staples by the independent registered public accounting firm with the independent registered public accounting firm's independence.

The Audit Committee also reviewed and discussed together with management and the independent registered public accounting firm Staples' audited consolidated financial statements for the year ended January 31, 2015, and the results of management's assessment of the effectiveness of the Staples' internal control over financial reporting and the independent auditor's audit of internal control over financial reporting.

Based on the reviews and discussions referred to above, the Audit Committee recommended to Staples' Board, and the Board approved, that Staples' audited consolidated financial statements and related schedules be included in Staples' Annual Report on Form 10-K for the year ended January 31, 2015 for filing with the Securities and Exchange Commission.

Audit Committee:

Robert Sulentic, Chair
Basil L. Anderson
Justin King

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S FEES

Audit Fees

Ernst & Young LLP billed us an aggregate of approximately $8.7 million and $8.2 million in fiscal years 2014 and 2013, respectively, for professional services rendered in connection with our annual audit, the audit of our internal control over financial reporting, the review of our interim financial statements included in our Form 10-Q, statutory filings, registration statements, accounting consultation and compliance with regulatory requirements.

Audit-Related Fees

Ernst & Young LLP billed us an aggregate of approximately $316,000 and $322,000 in fiscal years 2014 and 2013, respectively, for services primarily related to employee benefit plan audits, due diligence and other reports required to satisfy regulatory requirements.

Tax Fees

Ernst & Young LLP billed us an aggregate of approximately $2.0 million and $1.9 million in fiscal years 2014 and 2013, respectively, for services related to tax compliance, tax planning and tax advice. For fiscal years 2014 and 2013, approximately $300,000 and $150,000, respectively, of these fees was related to tax compliance.

All Other Fees

We did not receive any other services from Ernst & Young LLP; therefore, they did not bill us in fiscal years 2014 and 2013 for other services.

Pre-Approval Policy and Procedures

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. These policies provide that we will not engage our independent registered public accounting firm to render audit or non-audit services (other than de minimus non-audit services as defined by the Sarbanes-Oxley Act) unless the service is specifically approved in advance by the Audit Committee. All services provided to us by Ernst & Young LLP in each of fiscal years 2014 and 2013 were approved in accordance with these policies.

SHAREHOLDER PROPOSALS

We have been advised that the following non-binding shareholder proposals will be presented at the 2015 Annual Meeting. The proposals will be voted on if the respective proponent, or a qualified representative, is present at the 2015 Annual Meeting and submits the proposal for a vote. Our respective statements in opposition follow each shareholder proposal.

FOR THE REASONS SET FORTH BELOW IN OUR BOARD'S STATEMENTS IN OPPOSITION, OUR BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THE SHAREHOLDER PROPOSALS.

The text of the shareholder proposals and supporting statements appear below as received by us, and we assume no responsibility for their content or accuracy.

SHAREHOLDER PROPOSAL REGARDING SENIOR EXECUTIVE SEVERANCE AGREEMENTS (ITEM 5 ON THE PROXY CARD)

The following stockholder proposal was submitted by the New York State Common Retirement Fund, 59 Maiden Lane – 30th Floor, New York, NY 10038, beneficial owner of 1,711,690 shares of our common stock (as of December 11, 2014) and the Board of Trustees of the International Brotherhood of Electrical Workers Pension Benefit Fund, 900 Seventh Street, NW, Washington D.C. 20001, beneficial owner of 9,744 shares of our common stock (as of December 17, 2014).

RESOLVED: that the shareholders of Staples, Inc. ("the Company'') urge the Board of Directors to seek shareholder approval of future severance agreements with senior executives that provide benefits in an amount exceeding 2.99 times the sum of the executives' base salary plus bonus.

"Future severance agreements" include employment agreements containing severance provisions, special retirement provisions and agreements renewing, modifying or extending such agreements.

"Benefits" include lump-sum cash payments (including payments in lieu of medical and other benefits); the payment of any "gross-up" tax liability; the estimated present value of special retirement provisions; any stock or option awards that are awarded under any severance agreement; any prior stock or option awards as to which the executive's access is accelerated under the severance agreement; fringe benefits; and consulting fees (including reimbursable expenses) to be paid to the executive.

Supporting Statement

We believe that requiring shareholder ratification of "golden parachute" severance packages with a total cost exceeding 2.99 times an executive's base salary plus target annual incentive will provide valuable feedback, encourage restraint, and strengthen the hand of the Board's compensation committee.

According to the 2014 Proxy (page 56), the potential payout to CEO Ronald L. Sargent under termination and a change in control as of Feb. 1, 2014 was approximately $23 million, more than *seventeen* times the average of his base salary plus bonus in the past three years.

Similarly, under the same termination and change in control scenario, four additional named executive officers could have received an estimated total of $20 million.

Although the cash severance payment to the CEO in connection with a termination and change in control is a continuation of salary for 36 months, the proxy reveals that total payments are much higher when accelerated vesting of equity and other perquisites are included.

We believe that the Company's policy on shareholder ratification of executive severance should include the full cost of termination payments.

Please VOTE FOR this proposal.

Board's Statement in Opposition

The Board unanimously recommends that you vote **AGAINST** this proposal for the following reasons:

- Our current approach to severance benefits is reasonable, appropriate and consistent with market practice, and is critical to our ability to attract and retain senior executives.
- Implementing the proposal could result in a need to change our executive compensation program to deemphasize the use of equity awards.
- Implementing the proposal is impractical, could disrupt operations, and could reduce stockholder value.

Our current approach to severance benefits is reasonable, appropriate and consistent with market practice, and is critical to our ability to attract and retain senior executives. Our ability to act quickly in recruiting executives, including negotiation of severance benefits agreements, is critical to recruiting and retaining highly qualified executives. We do not enter into employment agreements with our senior executives, but instead provide limited severance benefits. Other than the agreement with our current CEO, which was entered into in 2006, our severance benefits agreements do not provide for acceleration of equity. The award agreements governing performance shares, which are the only form of equity currently granted to our executives, provide for full acceleration only under a “double trigger” arrangement. This arrangement provides for payment only in the event of a change in control followed by the termination of the senior executive’s employment within two years after a change in control. Moreover, we have a policy prohibiting gross up payments to cover taxes triggered by a change in control in compensation, severance or employment related agreements.

The Board believes that competitive severance, provided contractually, is an important and entirely appropriate element of an executive compensation program. These arrangements allow the senior executives to remain focused on protecting shareholders’ interests in the event of a potential change in control, and not be distracted by concerns about their job security. The decision of whether or not to offer severance benefits is one that is made in the context of the competitive marketplace for executive talent. The Compensation Committee, which is comprised entirely of independent directors, recognizes its responsibility and obligation to recommend and implement executive compensation packages that are in the long-term interests of Staples’ stockholders.

Implementing the proposal could result in a need to change our executive compensation program to deemphasize the use of equity awards. Our executive compensation program is comprised of three elements: (1) base salary, (2) an annual performance-based cash incentive and (3) a long-term stock incentive comprised of 100% performance shares. This compensation structure enables us to attract and retain top talent and is also essential to aligning pay with long-term performance. In light of the fundamental role equity plays in our compensation structure – with approximately 72% of our CEO’s compensation in the form of equity as described elsewhere in this proxy statement – it is appropriate that certain termination scenarios result in the acceleration of equity awards.

We believe our equity compensation structure properly incentivizes our senior executives to achieve performance goals and to deliver stockholder value. The Compensation Committee believes that our severance benefits agreements are in line with agreements at companies with which we are competitive in the marketplace. Implementing the proposed change could, as a practical matter, require the Compensation Committee to either re-design the executive compensation program to significantly reduce the role of equity-based pay or provide for different terms. Such changes could place us in a competitively disadvantaged position in attracting and retaining highly qualified executives because it is common for large public companies to provide for accelerated vesting of equity upon a change in control.

Consistent with our overall pay-for-performance philosophy and desire to ensure that our executives’ interests align with those of stockholders, the Compensation Committee believes it is important to operate an executive compensation program under which performance-based pay constitutes the substantial majority of an executive’s annual compensation. We believe that implementation of the proposal could undermine this fundamental goal of our program.

Implementing the proposal is impractical, could disrupt operations, and could reduce stockholder value. Adopting the proposal could require us to incur significant expense in calling special stockholders’ meetings each time there is a need for future severance benefits agreements. Furthermore, adopting the proposal could delay, possibly for a significant amount of time, the finalization of such agreements until after approval at a regularly scheduled annual meeting. This is an impractical mechanism that will likely hinder our ability to attract and retain talented executives.

The Board believes that it is in the stockholders’ best interest to have the responsibility for the entire compensation process vested in the Compensation Committee’s independent directors rather than inhibited and diminished by the potential hurdles associated with this proposal. Our Compensation Committee engages an independent compensation consultant and also has conducted extensive engagement with numerous stockholders on compensation practices. Our historical practice of not having employment agreements with our officers and providing limited severance benefits demonstrates the Board’s commitment to protecting stockholder value by attracting and retaining skilled executives without providing excessive severance packages. In light of our historical practices, the Board believes that adoption of the proposal is unnecessary and unwarranted, and is not in the best interest of stockholders.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.

SHAREHOLDER PROPOSAL REGARDING INDEPENDENT BOARD CHAIRMAN (ITEM 6 ON THE PROXY CARD)

The following stockholder proposal was submitted by John Chevedden, 2215 Nelson Ave., No. 205 Redondo Beach, California 90278, beneficial owner of no fewer than 300 shares of our common stock (as of December 31, 2014).

Resolved: The shareholders request the Board of Directors to adopt as policy, and amend the bylaws as necessary, to require the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next CEO transition, implemented so it did not violate any existing agreement. If the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chair.

When our CEO is our board chairman, this arrangement can hinder our board's ability to monitor our CEO's performance. Many companies already have an independent Chairman. An independent Chairman is the prevailing practice in the United Kingdom and many international markets. This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix.

This topic is particularly important for Staples because we had long-tenured directors on our board, which is supposed to serve a checks and balances role in regard to our Chairman/CEO Ronald Sargent. Long-tenure of 10 to 15-years detracts from the independent oversight role of a director. The worst example of this is our Lead Director, Robert Nakasone, with 28-years long tenure.

Staples had 4 directors who each had 17 to 28-years long-tenure. Plus Paul Walsh (24-years tenure) chaired our executive pay committee. Basil Anderson (17-years) was an inside-related director who was on our audit committee. Rowland Moriarty (28-years) and Robert Nakasone (28-years) controlled 50% of the votes on our Nomination committee. Plus Basil Anderson and Rowland Moriarty were both potentially over-extended with director duties at 4 public companies each.

Ronald Sargent was given $10 million in 2013 Total Summary Pay. There was a 46% shareholder vote against Staples executive pay in 2014. GMI Ratings, an independent investment research firm, said Staples had not disclosed specific, quantifiable performance objectives for our CEO. Unvested equity awards partially or fully accelerate upon CEO termination. Staples pays long-term incentives to executives without requiring the company to perform above the median of its peer group. Our CEO's annual incentive pay did not rise or fall in line with annual financial performance.

Please vote to protect shareholder value:

Independent Board Chairman - Proposal 6

Board's Statement in Opposition

The Board unanimously recommends that you vote **AGAINST** this proposal because:

- The Board has already adopted a policy implementing the proposal.
- The Board sought feedback and considered the views of our stockholders in responding to the proposal.
- Our approach strikes the right balance to transition to a new Board leadership structure.

The Board has already adopted a policy implementing the proposal. On January 13, 2015, our Board adopted a policy to require the Chairman of the Board, whenever possible, to be an independent director. The policy is prospective, and begins to apply when Mr. Sargent retires or otherwise no longer serves as Chairman of the Board. The policy does not apply:

- If the appointment violates any contractual obligation;
- If no independent director is available or willing to serve as Chairman;
- If the appointment would be inconsistent with the Board's fiduciary obligations.

In accordance with its fiduciary duties, the Board will periodically make a determination as to the appropriateness of its policies in connection with the recruitment and succession of the Chairman and Chief Executive Officer.

The full text of our policy is found in Section 19 of our Corporate Governance Guidelines, which is available in the Corporate Governance section of the Investor Relations page on our website, www.staples.com. The Board believes that we adopted a policy that favorably acts upon this proposal.

The Board sought feedback and considered the views of our stockholders in responding to the proposal. After a similar proposal received approximately 51% support in the 2014 Annual Meeting, the Board carefully reviewed the question of Board leadership, among other steps seeking feedback from major stockholders in the fall of 2014 through our annual corporate governance outreach program. We spoke with stockholders representing 40% of our shares and nearly all of these stockholders told us that they viewed a policy similar to the one we adopted as being responsive. Our Board reviewed the feedback of the outreach program in December 2014 and the following month implemented our independent chair policy.

Our approach strikes the right balance to transition to a new Board leadership structure. In adopting the new independent chair policy, the Board and some of our stockholders were concerned about the unintended consequences or disruptions that may occur if the Chairman and CEO roles were split and an independent chair was appointed now. Prospective implementation of the independent chair policy provides for a succession period for our Board leadership structure and allows us have a single, clear focus for command to successfully execute against our multi-year reinvention plans and the acquisition of Office Depot.

Moreover, at this time the Board has an Independent Lead Director role with robust responsibilities. We announced in January 2015 the retirement of current Independent Lead Director Robert Nakasone from the Board at the 2015 annual meeting, and that Robert Sulentic will be the Board's new Independent Lead Director. Our Independent Lead Director provides important oversight and leadership. The duties of the Lead Director, among many others, include the following:

- Presiding at all meetings at which the Chairman is not present, including executive sessions of the independent directors;
- Serving as a liaison between the Chairman and the independent directors;
- Approving agendas, schedules and information before they are sent to the Board;
- Having the authority to call meetings of the independent directors; and
- Ensuring availability for consultation and direct communication, if requested by a major stockholder.

The Board does not believe that any further action is necessary or appropriate and, therefore, unanimously recommends that you vote **AGAINST** this proposal.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth the beneficial ownership of our common stock held as of April 6, 2015 by (1) each person who is known by us to beneficially own more than 5% of the outstanding shares of our common stock, (2) each current director and nominee of the Staples Board for director; (3) each of the named executive officers listed in the Summary Compensation Table included in this proxy statement; and (4) by all current directors and executive officers as a group:

Name of beneficial owner	Shares directly or indirectly owned (1)	Shares acquirable within 60 days (2)	Total shares beneficially owned (3)	Percentage of common stock beneficially owned (4)
5% Shareholders				
Vanguard Group [5] 100 Vanguard Blvd Malvern, PA 19355	49,004,910	—	49,004,910	7.65%
BlackRock, Inc. [6] 40 East 52nd Street New York, NY100222	37,800,765	—	37,800,765	5.90%
FMR, LLC [7] 245 Summer Street Boston, MA 02109	34,127,551	—	34,127,551	5.33%
Directors, Nominees for Director and Named Executive Officers				
Basil L. Anderson [8]	216,105	91,367	307,472	*
Joseph G. Doody	344,440	1,143,724	1,488,164	*
Drew G. Faust	48,047	—	48,047	*
Paul-Henri Ferand	—	—	—	—
Kunal S. Kamlani	350	—	—	*
Justin King	51,160	82,367	133,527	*
Christine T. Komola [9]	104,804	187,054	291,858	*
Carol Meyrowitz	71,130	77,867	148,997	*
Rowland T. Moriarty [10]	284,703	109,367	394,070	*
Robert C. Nakasone [11]	325,124	109,367	434,491	*
Demos Parneros [12]	442,025	1,143,724	1,585,749	*
Ronald L. Sargent [13]	2,110,257	4,472,135	6,582,392	1.02%
Robert E. Sulentic [14]	115,293	82,367	197,660	*
Raul Vazquez	21,418	—	21,418	*
Vijay Vishwanath	77,541	86,867	164,408	*
Paul F. Walsh [15]	206,488	109,367	315,855	*
John Wilson	74,547	213,406	287,953	
All current directors and executive officers as a group (19 persons)	**4,493,082**	**7,908,979**	**12,402,061**	**1.91%**

* Less than 1%

(1) Each person listed has sole investment and/or voting power with respect to the shares indicated, except as otherwise noted.

(2) Reflects shares issuable upon the exercise of stock options exercisable on April 6, 2015 or within 60 days thereafter, including options with an exercise price in excess of the stock price on that date.

(3) Reflects shares (i) directly or indirectly owned and (ii) shares acquirable within 60 days after April 6, 2015. The inclusion herein of any shares as beneficially owned does not constitute an admission of beneficial ownership.

(4) Number of shares deemed outstanding includes 640,641,660 shares of our common stock outstanding as of April 6, 2015 and any options for shares that are exercisable by such beneficial owner on April 6, 2015 or within 60 days thereafter.

(5) Reflects shares beneficially owned as of December 31, 2014, as set forth in a Schedule 13G filed on February 11, 2015. Of these shares, Vanguard Group reported to have sole dispositive power with respect to 47,956,656 shares and sole voting power with respect to 1,097,990 shares.

(6) Reflects shares beneficially owned as of December 31, 2014, as set forth in a Schedule 13G filed on February 9, 2015. Of these shares, BlackRock, Inc. reported to have sole dispositive power with respect to 37,800,765 shares and sole voting power with respect to 31,654,140 shares.

(7) Reflects shares beneficially owned as of December 31, 2014, as set forth in a Schedule 13G filed on February 13, 2015. Of these shares, FMR, LLC reported to have sole dispositive power with respect to 34,127,551 shares and sole voting power with respect to 1,137,316 shares.

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(8) Includes 12,624 shares owned by Mr. Anderson's wife, 102,412 shares owned by the Basil Anderson Revocable Trust and 92,255 shares owned by the Basil L. Anderson GRAT 2014.

(9) Includes 14,208 shares owned by the John A. Komola Trust and 83,822 shares owned by the Christine T. Komola Trust.

(10) Includes 100,000 shares owned by Movex, LLC, which is owned by two Moriarty family trusts.

(11) Includes 176,020 shares owned by the Robert C. Nakasone Trust and 98,814 shares owned by Nakasone Capital LLC.

(12) Includes 399,143 shares owned by the Demos Parneros Revocable Trust and 2,717 shares that may be distributed from a 401(k) plan account.

(13) Includes 52,077 shares owned by Sargent Family LLC, 1,279,768 shares owned by the Ronald L. Sargent Revocable Trust, 19,313 shares owned by the Jill Sargent Irrevocable Trust, 619,174 shares owned by Sargent Partners LLC and 42,269 shares owned by Ronald L. Sargent 2011 Grantor Retained Annuity Trust. Also includes 2,969 shares that may be distributed from a 401(k) plan account.

(14) Includes 302 shares held by Mr. Sulentic's daughter.

(15) Includes 247 shares held by Paul F. Walsh, IRA and 206,241 shares held by the Walsh Family Trust.

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INFORMATION ABOUT THE ANNUAL MEETING, VOTING AND OTHER SHAREHOLDERS MATTERS

How does the Board recommend that I vote and what is the requirement to approve each matter?

Matter	Board Recommendation	Voting Approval Standard*	Effect of Abstention	Effect of Broker Non-Vote
Election of Eleven Directors	FOR each director nominee	Plurality**	Not applicable	No effect
Amendment to the 2012 Employee Stock Purchase Plan	FOR	Majority of votes cast	No effect	No effect
Approval (on an advisory basis) of Named Executive Officer Compensation	FOR	Majority of votes cast***	No effect	No effect
Ratification of Ernst & Young LLP	FOR	Majority of votes cast***	No effect	Not applicable
Shareholder proposal regarding Senior Executive severance agreements	AGAINST	Majority of votes cast***	No effect	No effect
Shareholder proposal regarding Independent Board Chairman	AGAINST	Majority of votes cast***	No effect	No effect

* A quorum must be present at the meeting in order for the matters to be acted upon.

** Under our by-laws, directors are elected by a plurality of votes cast if a stockholder has nominated a candidate for election as a director and has not withdrawn the nomination on or before the tenth business day before the Company first mails its notice of meeting to its stockholders. Because Starboard withdrew its nomination less than ten business days before the mailing date of this proxy statement, the election of directors at the Annual Meeting will be by a plurality vote. This means that the eleven candidates receiving the largest number of "FOR" votes will be elected as directors. Stockholders may withhold votes from any of the nominees.

*** This vote is non-binding.

What is a proxy and proxy statement?

A proxy is your legal designation of another person to vote the shares you own. The person you designate is called a proxy or proxy holder. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. A proxy statement is the document that contains the information the Securities and Exchange Commission (SEC) rules require us to provide when we ask you to sign a proxy designating individuals to vote on your behalf.

Who is entitled to vote?

Shareholders of record at the close of business on the record date, April 6, 2015, are entitled to receive notice of the Annual Meeting and to vote their shares of our common stock at the meeting, or any postponement or adjournment of the meeting. Holders of shares of our common stock are entitled to one vote per share and individual votes will be kept confidential, except as appropriate to meet legal requirements.

Who can attend the meeting?

All shareholders as of the record date, or their duly appointed proxies, may attend the meeting. A government-issued photo identification such as a driver's license, state-issued ID card or passport, will be required. Please note that if you are a beneficial owner, you will also need to bring a copy of a brokerage statement reflecting your stock ownership in Staples as of the record date to be allowed into the meeting. You may obtain directions to the location of our Annual Meeting by writing, emailing or calling our Investor Relations department at 500 Staples Drive, Framingham, Massachusetts 01702, email: *investor@staples. com*, or telephone: (800) 468-7751.

What is the difference between a "shareholder of record" and a "beneficial owner"?

These terms describe the manner in which your shares are held. If your shares are registered directly in your name through Computer Shareholder Services, our transfer agent, you are a "shareholder of record" or registered shareholder. If your shares are held in "street name" through a bank, broker, nominee or other shareholder of record, you are considered the "beneficial owner" of those shares.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of a majority of the shares of our common stock outstanding on the record date will constitute a quorum, permitting business to be conducted at the meeting. As of the record date, 640,641,660 shares of our common stock were outstanding and entitled to vote. Proxies that are received and marked as abstentions or left blank will be included in the calculation of the number of shares considered to be represented at the meeting for quorum purposes.

How do I vote?

If you received a paper copy of these proxy materials, included with such copy is a proxy card or a voting instruction card from your bank, broker or other nominee for the Annual Meeting. If you received a notice of Internet availability of proxy materials, the notice will contain instructions on how to access and review the proxy materials online and how to obtain a paper or electronic copy of the materials, which will include the proxy statement, the 2014 Annual Report and a proxy card or voting instruction card, as well as instructions on how to vote.

You may vote using any of the following methods:

If you are a registered shareholder, you may vote in person at the meeting or by proxy. If you decide to vote by proxy, you may do so over the Internet, by telephone or by mail.

- *Over the Internet*. After reading the proxy materials, you may use a computer to access the website www.proxyvote.com. You will be prompted to enter your control number from your proxy card. This number will identify you as a shareholder of record. Follow the instructions that will be given to you to record your vote.
- *By telephone*. After reading the proxy materials, you may call (800) 690-6903 using a touch-tone telephone. You will be prompted to enter your control number from your proxy card. This number will identify you as a shareholder of record. Follow the instructions that will be given to you to record your vote.
- *By mail*. If you received a paper copy of the proxy card by mail, after reading the proxy materials, you may sign, date and mark your proxy card and return it in the prepaid and addressed envelope provided.

If you are a beneficial owner and you own shares that are held in “street name” by a bank, broker or other nominee, you will need to contact your bank, broker or other nominee to determine whether you will be able to submit a proxy over the Internet or by telephone.

If you are a registered shareholder as of the record date and attend the meeting, you may personally deliver your completed proxy card or vote in person at the meeting. If you complete, sign and return your proxy card, it will be voted as you direct.

If you are a beneficial owner, your bank, broker or other nominee, as the record holder of your shares, is required to vote our shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares. If you hold your shares in street name, you must request a legal proxy from your bank, broker or nominee if you would like to vote in person at the Annual Meeting.

What is a Broker Non-Vote?

A broker is entitled to vote shares held for a shareholder on “discretionary” matters without instructions from the shareholder of those shares. However, if a shareholder does not provide timely instructions, the broker does not have the authority to vote on any “non-discretionary” proposals at the Annual Meeting and a “broker non-vote” would occur.

The only matter at the 2015 Annual Meeting that is “discretionary” is the ratification of our independent registered public accounting firm. The other matters are “non-discretionary.”

Please instruct your broker how to vote your shares using the voting instruction form provided by your broker or following any instructions provided by your broker for voting your shares over the Internet or telephonically, if available.

What if I sign and return my proxy or instruction form but do not provide voting instructions?

If no choice is specified on a signed proxy card, the persons named as proxies will vote in accordance with the recommendations of the Board.

Can I change or revoke my proxy after I return my proxy card?

Yes. Any proxy may be changed or revoked by a shareholder at any time before it is exercised at the Annual Meeting by:

- Submitting a properly signed proxy card with a later date that is received at or prior to the Annual Meeting;
- Submitting a vote at a later time via the Internet or telephone;
- Attending the Annual Meeting and voting in person; or
- Delivering to our Corporate Secretary a written notice of revocation, provided such statement is received at or prior to the Annual Meeting.

If you are a beneficial owner and hold shares in street name, you may submit new voting instructions or revoke your voting instructions by contacting your bank, broker or other nominee. You may also change your vote or revoke your voting instructions in person at the Annual Meeting if you obtain a legal proxy from the record holder (bank, broker or other nominee) giving you the right to vote the shares.

Are there other matters to be voted on at the meeting?

As of the date of this proxy statement, our Board does not know of any other matters which may come before the meeting, other than the matters described in this proxy statement and the deadline under our bylaws for submission of matters by shareholders has passed. Should any other matter requiring a vote of our shareholders arise and be properly presented at the Annual Meeting, the proxy for the Annual Meeting confers upon the persons named in the proxy and designated to vote the shares discretionary authority to vote, or otherwise act, with respect to any such matter in accordance with their best judgment.

Our Board encourages shareholders to attend the Annual Meeting. Whether or not you plan to attend, you are urged to submit your proxy. Prompt response will greatly facilitate arrangements for the meeting and your cooperation is appreciated. Shareholders who attend the Annual Meeting may vote their stock personally even though they have sent in their proxies. If you are a beneficial owner, you must request a legal proxy from your bank, broker or nominee if you would like to vote in person at the Annual Meeting.

Solicitation

All costs associated with preparing, assembling, printing, mailing, and distributing these proxy materials will be borne by Staples. Staples will also bear the cost of soliciting proxies on behalf of our Board. Staples will provide copies of these proxy materials to banks, brokerage houses, fiduciaries, and custodians holding in their names shares of our common stock beneficially owned by others so that they may forward these proxy materials to the beneficial owners. Staples has retained the services of D.F. King & Co., Inc., a professional proxy solicitation firm, to aid in the solicitation of proxies. Staples expects that it will pay D.F. King its customary fees, estimated not to exceed approximately $13,000 in the aggregate, plus reasonable out-of-pocket expenses incurred in the process of soliciting proxies. In addition, Staples may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owner.

Solicitations may also be made by personal interview, mail, telephone, facsimile, email, Twitter, other electronic channels of communication, in particular LinkedIn, Staples' investor relations website, Staples' Annual Meeting website, located at https://staplesannualmeeting.com, other Staples-hosted websites and blogs, or otherwise by directors, officers, and other employees of Staples, but Staples will not additionally compensate its directors, officers, or other employees for these services.

Shareholder Proposals

Other than the shareholder proposals set forth in this proxy statement, we did not receive any other shareholder proposals or nominations for director candidates that must be presented at our 2015 Annual Meeting. The proposals were received prior to December 24, 2014, the deadline for shareholders who wished to present proposals and wanted such proposals to be included in the proxy materials. In accordance with our by-laws, in order for a shareholder to present a proposal or nominate a director candidate for election at our 2015 Annual Meeting but not have such proposal included in the proxy materials, the shareholder must have provided us with advance written notice by March 4, 2015. If a shareholder gives us notice of a proposal or nomination after the March 4, 2015 deadline, the shareholder will not be permitted to present the proposal or nomination to the shareholders for a vote at the 2015 Annual Meeting.

Shareholders who intend to present proposals at our 2016 Annual Meeting and want us to include such proposals in our proxy materials relating to that meeting should contact our Corporate Secretary. Such proposals must be received at our principal corporate offices at 500 Staples Drive, Framingham, Massachusetts 01702 not later than December 22, 2015 and must be in compliance with applicable laws and Rule 14a-8 under the Securities Exchange Act of 1934 (the "Exchange Act") in order to be considered for possible inclusion in the proxy statement and form of proxy for our 2016 Annual Meeting.

If a shareholder wishes to present a proposal or nominate a director candidate for election at our 2016 Annual Meeting and the proposal or nomination is not intended to be included in our proxy statement for such meeting, the shareholder must give us advance notice and provide the information required by our by-laws, including but not limited to, information regarding the identity of the shareholder or beneficial owner, their holdings in Staples securities, agreements or compensation relating to such nomination or matter, and any derivatives or other arrangements to mitigate risk or change voting power. If a shareholder gives notice of such a proposal or nomination after the applicable deadline, the shareholder will not be permitted to present the proposal or nomination to the shareholders for a vote at the meeting. For our 2016 Annual Meeting, our Corporate Secretary generally must receive such a notice at 500 Staples Drive, Framingham, Massachusetts 01702 not later than 90 days and no earlier than 120 days prior to the first anniversary of our 2015 Annual Meeting. However, if the date of our 2016 Annual Meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the shareholder must be received no earlier than 120 days prior to the 2016 Annual Meeting and not later than the later of (i) the 90th day prior to the 2016 Annual Meeting and (ii) the tenth day following the day on which public announcement of the date of the 2016 Annual Meeting is made or notice for the 2016 Annual Meeting was mailed, whichever occurs first.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements, annual reports and notices of Internet availability of proxy materials. This means that only one copy of our proxy statement, annual report or notice of Internet availability of proxy materials may be sent to multiple shareholders in a household, which helps us reduce our printing costs and postage fees and helps the environment by conserving natural resources. However, we will promptly deliver a separate copy of these documents to you if you write, email or call our Investor Relations department at 500 Staples Drive, Framingham, Massachusetts 01702, email: *investor@staples.com*, or telephone: (800) 468-7751. If you want to receive separate copies of the proxy statement, annual report or notice of Internet availability of proxy materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address, email or phone number.

Electronic Delivery of Shareholder Communications

If you received a hard copy of your Annual Meeting materials by mail, we encourage you to conserve natural resources, as well as help us reduce our printing and mailing costs, by **signing up to receive or access your shareholder communications via e-mail**. To sign up for electronic delivery or access, visit *www.proxyvote.com*. Your electronic delivery or access enrollment will be effective until you cancel it, which you may do at any time by following the procedures described at the website listed above. If you have questions about electronic delivery or access, please write, email or call our Investor Relations department at 500 Staples Drive, Framingham, Massachusetts 01702, email: *investor@staples.com*, or telephone: (800) 468-7751.

Securities and Exchange Commission Filings

We file annual, quarterly and current reports, as well as other information with the Securities and Exchange Commission ("SEC"). You may read and copy any document that we file with the SEC at its Internet website at www.sec.gov or at its Public Reference Room at 100 F Street, N.E., Washington, DC 20549. If you would like to receive a copy of our Annual Report on Form 10-K for our 2014 fiscal year, or any of the exhibits listed therein, please write, email or call our Investor Relations department at 500 Staples Drive, Framingham, Massachusetts 01702, email: *investor@staples.com*, or telephone: (800) 468-7751, and we will provide you with the Annual Report or any requested exhibits without charge.

Forward-Looking Statements

Certain information contained in this proxy statement constitutes forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. Any statements contained in this proxy statement that are not statements of historical fact should be considered forward-looking statements. You can identify forward-looking statements by the use of the words "believes", "expects", "anticipates", "plans", "may", "will", "would", "intends", "estimates", and other similar expressions, whether in the negative or affirmative, although not all forward-looking statements include such words. Forward-looking statements are based on a series of expectations, assumptions, estimates and projections which involve substantial uncertainty and risk, including the review of our assessments by our outside auditor and changes in management's assumptions and projections. Actual results may differ materially from those indicated by such forward-looking statements as a result of risks and uncertainties, including those factors discussed or referenced in our most recent annual report on Form 10-K filed with the SEC, under the heading "Risk Factors," a copy of which accompanies this proxy statement.

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APPENDIX A

STAPLES, INC.
2012 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose.

(a) The purpose of the Plan is to provide employees of the Company and its Designated Subsidiaries and Designated Affiliates with an opportunity to purchase Common Stock through accumulated Contributions.

(b) This Plan includes two components: a Code Section 423 Component (the "423 Component") and a non-Code Section 423 Component (the "Non-423 Component"). It is the intention of the Company to have the 423 Component qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the 423 Component, accordingly, shall be construed so as to extend and limit participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes the grant of options under the Non-423 Component, which does not qualify as an "employee stock purchase plan" under Section 423 of the Code; such options granted under the Non-423 Component shall be granted pursuant to rules, procedures or sub-plans adopted by the Administrator designed to achieve tax, securities laws or other objectives for Eligible Employees and the Company. Except as otherwise provided herein, the Non-423 Component will operate and be administered in the same manner as the 423 Component. Offerings intended to be made under the Non-423 Component will be designated as such by the Administrator at or prior to the time of such Offering.

(c) If a Participant transfers employment from the Company or any Designated Subsidiary participating in the 423 Component to a Designated Affiliate participating in the Non-423 Component, he or she shall immediately cease to participate in the 423 Component; however, any Contributions made for the Purchase Period in which such transfer occurs shall be transferred to the Non-423 Component, and such Participant shall immediately join the then current Offering under the Non-423 Component upon the same terms and conditions in effect for his or her participation in the Plan, except for such modifications as may be required by applicable law or otherwise applicable for Participants in such Designated Affiliates. A Participant who transfers employment from a Designated Affiliate participating in the Non-423 Component to the Company or any Designated Subsidiary participating in the 423 Component shall remain a Participant in the Non-423 Component until the earlier of (i) the end of the current Offering Period under the Non-423 Component, or (ii) the Enrollment Date of the first Offering Period in which he or she participates following such transfer. Notwithstanding the foregoing, the Administrator may establish different rules to govern transfers of employment between companies participating in the 423 Component and the Non-423 Component, consistent with the applicable requirements of Section 423 of the Code.

2. Definitions.

(a) "Administrator" means the Board or the Committee designated by the Board to administer the Plan pursuant to Section 14.

(b) "Affiliate" means (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company or (ii) any entity in which the Company has a significant equity interest, in either case as determined by the Administrator, whether now or hereafter existing (which, for avoidance of doubt, shall include any Subsidiary).

(c) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(d) "Board" means the Board of Directors of the Company.

(e) "Change in Control" means the occurrence of any of the following events:

(i) any "person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportion as their ownership of the Company's stock), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities (other than pursuant to a merger or consolidation described in clause (1) or (2) of subsection (iii) below);

(ii) individuals who, as of the date hereof, constitute the Board (as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A under the Exchange Act) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board;

(iii) the Company's stockholders approve a merger or consolidation of the Company with any other corporation, and such merger or consolidation is consummated, other than (1) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than seventy-five percent (75%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or (2) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as defined above) acquires more than thirty percent (30%) of the combined voting power of the Company's then outstanding securities; or

(iv) the Company's stockholders approve an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, and such sale or disposition is consummated.

For the avoidance of doubt, a transaction will not constitute a Change in Control if its sole purpose is either to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means the Compensation Committee of the Board, or to the extent permitted by Applicable Laws, the Committee on Employee Benefit Plans as constituted pursuant to the terms of the Company's 401(k) Plan, in each case unless otherwise determined by the Board.

(h) "Common Stock" means the common stock of the Company.

(i) "Company" means Staples, Inc, a Delaware corporation, or any successor thereto.

(j) "Compensation" means an Eligible Employee's regular base straight time gross earnings (including payments for piece work in the case of employees of the American Identity division), commissions, sales rewards and other sales-related payments, exclusive of any other form of compensation including payments for incentive compensation, bonuses, overtime, shift premium, 13th/14th month payments or similar concepts under local law or any other similar compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis for each Offering, establish a different definition of Compensation for a subsequent Offering Period. Further, the Administrator shall have discretion to determine the application of this definition to Participants outside the United States.

(k) "Contributions" means the payroll deductions, any other additional payments that the Administrator may permit to be made by a Participant and any alternative forms of contributions permitted under Section 6(f) to fund the exercise of options granted pursuant to the Plan.

(l) "Designated Affiliate" means any Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Non-423 Component.

(m) "Designated Subsidiary" means any Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the 423 Component.

(n) "Director" means a member of the Board.

(o) "Eligible Employee" means a person treated as an employee of the Company or a Designated Subsidiary or Designated Affiliate for purposes of Section 423 of the Code. For purposes of the Plan, the employment relationship will be treated as continuing intact where a Participant transfers employment between the Company, Designated Subsidiaries and/or Designated Affiliates and while an individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws. Where a period of leave of absence exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2 for options granted under the 423 Component) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act. Under the 423 Component, each exclusion shall be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii). A Participant shall be deemed to have ceased to be an Eligible Employee either upon an actual termination of employment or upon the corporation employing the Participant during an Offering Period ceasing to be an Affiliate of the Company, or if the Participant transfers to an Affiliate that is not a Designated Subsidiary or Designated Affiliate.

(p) "Employer" means the Designated Subsidiary or Designated Affiliate that is the employer of the applicable Eligible Employee in accordance with the definition in subsection 2(o) above.

(q) "Enrollment Date" means the first Trading Day of each Offering Period.

(r) "Exchange Act" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(s) "Exercise Date" means the last Trading Day of each Purchase Period.

(t) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market of the NASDAQ Stock Market or the New York Stock Exchange, its Fair Market Value will be the closing sales price for such stock as quoted on such exchange or system on the date of determination (or if no sales were reported on that date, on the last Trading Day such sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value will be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

(u) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(v) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. Unless otherwise specified by the Administrator, each Offering to the Eligible Employees of the Company, a Designated Subsidiary or a Designated Affiliate shall be deemed a separate Offering (the terms of which Offering under the Non-423 Component need not be identical), even if the dates and other terms of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each separate Offering under the Section 423 Component need not be identical, provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(w) "Offering Periods" means the periods established in accordance with Section 4 during which an option granted pursuant to the Plan may be exercised on one or more Exercise Dates. The duration and timing of Offering Periods may be changed pursuant to Sections 4 and 21.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) "Participant" means an Eligible Employee that participates in the Plan.

(z) "Plan" means this Staples, Inc. 2012 Employee Stock Purchase Plan, including both the 423 and Non-423 Components, as amended from time to time.

(aa) "Purchase Period" means a period of time within an Offering Period, as may be specified by the Administrator in accordance with Section 4, generally beginning on the Enrollment Date and ending on an Exercise Date. An Offering Period may consist of one or more Purchase Periods.

(bb) "Purchase Price" means an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Exercise Date; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code or any successor rule or provision or any other applicable law, regulation or stock exchange rule) or pursuant to Section 21.

(cc) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(dd) "Trading Day" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading.

(ee) "U.S. Treasury Regulations" means Treasury regulations issued by the Department of Treasury under the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

(a) General. Unless otherwise provided in this Section 3 and subject to the requirements of Section 5, any Eligible Employee on a given Enrollment Date shall be eligible to participate in the Plan.

(b) Non-U.S. Employees. Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens within the meaning of Section 7701(b)(1)(A) of the Code) may be excluded from participation in the Plan or an Offering if the participation of such Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. Further, in the case of the Non-423 Component, Eligible Employees may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employees is not advisable or practicable.

(c) Limitations. Notwithstanding any provisions of the Plan to the contrary, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars ($25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. The Plan will be implemented by consecutive Offering Periods with a new Offering Period commencing on the first Trading Day on or after January 1 and July 1 of each year, and terminating, respectively, on the last Trading Day on or before June 30 and December 31 of each year, or on such other dates as the Administrator will determine. Unless and until the Administrator determines otherwise in its discretion, each Offering Period shall consist of one six (6) month Purchase Period, which shall run simultaneously with the Offering Period. The Administrator will have the authority to establish additional or alternative sequential or overlapping Offering Periods, a different duration for one or more Offerings or Offering Periods or different commencement or ending dates for such Offering Periods with respect to future offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter, provided, however, that no Offering Period may have a duration exceeding twenty-seven (27) months. In addition, to the extent that the Administrator establishes overlapping Offering Periods with more than one Purchase Period in each Offering Period, the Administrator will have the discretion to structure an Offering Period so that if the Fair Market Value of the shares of Common Stock on the first Trading Day of a new Purchase Period within that Offering Period is less than or equal to the Fair Market Value of the shares of Common Stock on the Enrollment Date, then (i) that Offering Period will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering Period will be automatically enrolled in a new Offering Period beginning on the first Trading Day of such new Purchase Period.

5. Participation. An Eligible Employee may participate in the Plan by (i) submitting to the Company's designated Human Resources representative, on or before a date determined by the Administrator prior to an applicable Enrollment Date, a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator, and in either case completing any other forms and following any procedures for enrollment in the Plan as may be established by the Administrator from time to time.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have payroll deductions made on each pay day or other Contributions (to the extent permitted by the Administrator) made during the Offering Period in an amount not exceeding ten percent (10%) of the Compensation which he or she receives on each pay day during the Offering Period, or such different maximum percentage as may be determined by the Administrator prior to any Offering Period; should a pay day occur on an Exercise Date, a Participant shall have the payroll deductions made on such day applied to his or her account under the current Purchase Period, unless otherwise provided by the Administrator. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Offering Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) Payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day of the Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and payroll deductions will be made in whole percentages only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. If permitted by the Administrator, as determined in its sole discretion, for an Offering Period, a Participant may increase or decrease the rate of his or her Contributions during the Offering Period or Purchase Period by (i) properly completing and submitting to the Company's designated Human Resources representative, on or before a date determined by the Administrator prior to an applicable Exercise Date, a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods (unless terminated as provided in Section 10). The Administrator may, in its sole discretion, limit the nature and/or number of Contribution rate changes that may be made by Participants during any Offering Period or Purchase Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in payroll deduction rate made pursuant to this Section 6(d) will be effective as soon as administratively practicable after the date on which the change is made by the Participant. Notwithstanding the foregoing, unless and until otherwise determined by the Administrator, a Participant shall not be permitted to increase or decrease his or her rate of Contributions during an Offering Period, with the exception that a Participant may withdraw from the Plan and receive a refund of Contributions in accordance with Section 10.

(e) Notwithstanding the foregoing provisions of this Section 6, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(c)(ii), a Participant's Contributions may be decreased to zero percent (0%) at any time during an Offering Period. Subject to Section 423(b)(8) of the Code and Section 3(c)(ii) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Offering Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Eligible Employees to participate in the Plan via cash, check or other means instead of payroll deductions if payroll deductions are not permitted under applicable local law and, for any Offering under the 423 Component, the Administrator determines that cash contributions are permissible under Section 423 of the Code.

7. Grant of Option. On the Enrollment Date of each Offering Period, each Participant in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Participant's Contributions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will a Participant be permitted to purchase during each Purchase Period more than that number of whole shares of Stock determined by dividing Twelve Thousand Five Hundred Dollars ($12,500) by the Fair Market Value of a share of Common Stock on the Enrollment Date of such Offering Period and further provided that, if the Purchase Period is any period other than six (6) months, then the foregoing limit shall be adjusted proportionately to reflect the length of the Purchase Period. The Administrator may, in its discretion and prior to the Enrollment Date of any Offering Period, (i) change the maximum number of shares of Common Stock that may be purchased by a Participant in such Offering Period or on any Exercise Date within an Offering Period, including the method for determining such maximum, or (ii) specify a maximum aggregate number of shares of Common Stock that may be purchased by all Participants in an Offering Period or on any Exercise Date within an Offering Period. Further, the Board may limit the number or value of the shares of Common Stock made available for purchase in a qualified period (*e.g.*, twelve (12) month period) by Participants in specified countries or working for specified Employers, if necessary to avoid securities law filings, achieve tax objectives or to meet other Company compliance objectives in particular locations outside the United States, provided that any such limitation is imposed under the Non-423 Component or, with respect to any Offering under the 423 Component, is imposed on an equal basis to all Participants under such Offering or as otherwise permitted in accordance with Section 423 of the Code and the U.S. Treasury Regulations thereunder. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10, his or her option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. Unless otherwise determined by the Administrator prior to the Enrollment Date of any Offering Period, fractional shares calculated up to five (5) decimal places will be purchased. In the event that the Administrator determines not to allow the purchase of fractional shares, any Contributions accumulated in a Participant's account which are not sufficient to purchase a full share may be retained in the Participant's account for the subsequent Offering Period or Purchase Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 21. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

(c) Tax Withholding. At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs), including, for the avoidance of doubt, any liability to pay an employer tax or social insurance contribution which has been shifted from the Company or any Employer to the Participant as a matter of law or contract. At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time, and/or may establish procedures to permit tracking of dispositions of shares.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's designated Human Resources representative a written notice of withdrawal in the form determined by the Administrator for such purpose, or (ii) following an electronic or other withdrawal procedure determined by the Administrator. Further, unless otherwise determined by the Administrator, any Participant who elects to decrease the rate of his or her Contributions to zero percent (0%) during an Offering Period shall be deemed to withdraw from participation in the Plan. The Administrator may impose, from time to time, a requirement that the applicable notice of withdrawal from the Plan be on file with the Company for a reasonable period prior to the effectiveness of the Participant's withdrawal. All of the Participant's Contributions credited to his or her account will be paid to such Participant promptly after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Eligible Employee Status. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated.

12. Interest. No interest will accrue on the Contributions of a Participant in the Plan, except as may be required by applicable law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall apply to all Participants in the relevant Offering except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f), or with respect to any Offering under the Non-423 Component, the payment of interest shall apply as determined by the Administrator.

13. Stock.

(a) Basic Limitation. Subject to adjustment upon changes in capitalization of the Company as provided in Section 20 hereof, a maximum of Fifteen Million (15,000,000) shares of Common Stock will be made available for sale under the Plan. All or any portion of such maximum number of shares may be issued under the Section 423 Component.

(b) Rights as an Unsecured Creditor. Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of or broker selected by the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Source of Shares. Any shares of Common Stock issued upon exercise may consist, in whole or in part, of authorized and unissued shares or of treasury shares.

14. Administration. The Plan will be administered by the Board or the Committee. Unless otherwise determined by the Board, in connection with the administration of the Plan, any two of the Chief Executive Officer, President, Chief Financial Officer, Treasurer, Secretary or Executive Vice President—Human Resources of the Company, acting jointly, by and behalf of the Company, shall have the authority (a) to negotiate, fix and vary the terms of, and to execute and deliver, contracts, agreements, assignments,

concessions, licenses, options and all other similar instruments, (b) to engage any agents or contractors, including banks, stock brokers and attorneys, (c) to amend the Plan, and (d) to otherwise do all acts and things necessary or suitable in connection with the exercise of any of the aforementioned powers; provided, that no such authorization shall extend to any amendment of the Plan that increases the number of shares of Common Stock available for purchase under the Plan or otherwise requires stockholder approval under applicable tax or stock exchange rules. Notwithstanding the foregoing, the Board or the Compensation Committee of the Board shall administer the Plan to the extent necessary to comply with Applicable Laws.

Unless otherwise determined by the Board (within the constraints of Applicable Laws), the Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to determine which entities shall be Designated Subsidiaries or Designated Affiliates, to determine eligibility, to adjudicate all disputed claims filed under the Plan (including making factual determinations), to change the Offering Periods and Purchase Periods, limit the frequency and/or number of changes in the amount withheld during an Offering Period or Purchase Period, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed subscription agreements, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan, including adopting amendments to the Plan and/or outstanding options as permitted by Section 21 below.

Further, the Administrator, or its delegee to the extent permitted by Applicable Laws, may adopt such rules, procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the United States, the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. To the extent inconsistent with the requirements of Section 423, any such sub-plan shall be considered part of the Non-423 Component, and rights granted thereunder shall not be required by the terms of the Plan to comply with Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, establishment of the exchange ratio applicable to Contributions withheld in a currency other than U.S. dollars, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision and determination made by the Administrator will be final and binding upon all parties.

15. Death of Participant. In the event of the death of a Participant, any shares of Common Stock and cash, if any, from the Participant's account under the Plan will be delivered to the executor, administrator or personal representative of the estate of the Participant, or such other individual as may be prescribed by applicable law.

16. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings in which applicable local law requires that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/ or deposited with an independent third party for Participants in non-U.S. jurisdictions. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

18. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

19. No Right to Employment. Participation in the Plan by a Participant shall not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

20. Adjustments, Dissolution, Liquidation or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Section 7.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Change in Control. In the event of a Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, then, in the sole discretion of the Administrator, either (i) all outstanding options will be cancelled by the Administrator as of a date prior to the effective date of the Change in Control and all Contributions shall be refunded to the Participants; or (ii) the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof. Notwithstanding the foregoing, if the Company shall at any time merge or consolidate with another corporation and the holders of the capital stock of the Company immediately prior to such merger or consolidation continue to hold at least seventy-five percent (75%) by voting power of the capital stock of the surviving corporation, the holder of each option then outstanding will thereafter be entitled to receive at the next Exercise Date upon the exercise of such option for each share of Common Stock as to which such option shall be exercised the securities or property which a holder of such shares of Common Stock was entitled to upon and at the time of such merger or consolidation, and the Administrator shall take such steps in connection with such merger or consolidation as the Administrator shall deem necessary to assure that the provisions of Section 20(a) shall thereafter be applicable, as nearly as reasonably may be, in relation to the said securities or property as to which such holder of such option might thereafter be entitled to receive thereunder.

21. Amendment or Termination.

(a) The Administrator, in its sole discretion (except as provided in Section 14), may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 20). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under local laws, as further set forth in Section 12 hereof) as soon as administratively practicable. In addition, an amendment to the Plan must be approved by the stockholders of the Company within twelve (12) months of the adoption of such amendment if such amendment would authorize the sale of more shares than are then authorized for issuance under the Plan or would change the definition of the corporations that may be designated by the Administrator as participating companies under the Plan.

(b) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Purchase Period or Offering Period including a Purchase Period or Offering Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period by setting a New Exercise Date, including an Offering Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

(c) The Administrator may amend an outstanding option or grant a replacement option for a option previously granted under the Plan if, in the Administrator's discretion, it determines that (i) the tax consequences of such option to the Company or the Participant differ from those consequences that were expected to occur on the date the option was granted, (ii) clarifications or interpretations of, or changes to, tax law or regulations permit options to be granted that have more favorable tax consequences than initially anticipated, or (iii) such amendment is necessary or advisable to comply with applicable local laws.

22. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

23. Notification Of Disposition Of Shares. As a condition of participation in the Plan, the Company requires Participants in an Offering under the 423 Component to give the Company prompt notice of any disposition of shares of Common Stock acquired by exercise of an option. The Company may further require that until such time as a Participant in an Offering under the 423 Component disposes of shares acquired upon exercise of an option, the Participant shall hold all such shares in the Participant's name (or, if elected by the Participant, in the name of the Participant and his or her spouse but not in the name of any nominee) until the later of two years after the date of grant of such option or one year after the date of exercise of such option. The Company may direct that the certificates evidencing shares acquired by exercise of an option refer to such requirement to give prompt notice of disposition.

24. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance. The inability or impracticability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares under the Plan, or the approval of any securities exchange or market system upon which the Common Stock may then be listed, if any, deemed by the Company's legal counsel to be necessary to the issuance and sale of any shares under the Plan in compliance with the requirements of such securities exchange or market system, shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority or approval shall not have been obtained. As a condition to the exercise of an option, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation, and to make any representation or warranty with respect thereto as may be requested by the Company.

25. Code Section 409A. The Plan is exempt from the application of Code Section 409A and any ambiguities herein will be interpreted to so be exempt from Code Section 409A. The Non-423 Component is intended to be exempt from the application of Section 409A of the Code under the short-term deferral exception and any ambiguities shall be construed and interpreted in accordance with such intent. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Code Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Code Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Code Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Code Section 409A. Notwithstanding the foregoing, the Company shall have no liability to a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Code Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto.

26. Tax-Qualification. Although the Company may endeavor to (i) qualify an option for favorable tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment (*e.g.*, under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan, including Section 25. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants under the Plan.

27. Term of Plan. Subject to Section 28 of the Plan, the Plan will become effective upon its adoption by the Board. It will continue in effect until terminated under Section 21.

28. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

29. Governing Law. The Plan shall be governed by, and construed in accordance with, the laws of the State of Massachusetts (except its choice-of-law provisions). Unless otherwise determined by the Administrator in its discretion, Participants are deemed to submit to the exclusive jurisdiction and venue of the competent federal or state courts of the State of Massachusetts to resolve any and all issues that may arise out of or relate to the Plan or the subscription agreement.

30. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

31. Dividends on Shares Purchased under the Plan. Unless otherwise determined by the Administrator, each Participant agrees, for so long as shares of Common Stock purchased by the Participant at any time under the Plan (the "Purchased Shares")

are held by the individual in an account with a bank, transfer agent, or other financial institution designated by the Company to hold the Purchased Shares (the "Financial Institution"), to (a) participate in the Staples, Inc. dividend reinvestment program maintained by the Financial Institution (the "DRIP") such that the individual shall receive, in lieu of any cash dividend paid or payable by the Company with respect to the individual's Purchased Shares that are held in an account with the Financial Institution (the "Captive Shares"), shares of Common Stock (including any fractional shares) pursuant to the terms of the DRIP, and (b) allow the Company to take all reasonably necessary and appropriate actions to ensure that the amount of any cash dividend paid or payable by the Company with respect to the employee's Captive Shares is paid in the form of Common Stock instead of cash.

32. Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan.

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STAPLES MAKE more HAPPEN

ATTN: INVESTOR RELATIONS
500 STAPLES DRIVE
FRAMINGHAM, MA 01702

ELECTRONIC DELIVERY OF FUTURE STOCKHOLDER COMMUNICATIONS
If you would like to reduce the costs incurred by Staples, Inc. in mailing proxy materials and help the environment by allowing us to print fewer paper copies, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery or access, please follow the instructions below to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Staples, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

Your Internet or telephone vote is valid under Delaware law and authorizes the named proxies to vote the shares in the same manner as if you marked, signed and returned your proxy card.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M91191-P64182 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

STAPLES, INC.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL DIRECTOR NOMINEES LISTED BELOW IN ITEM 1 AND "FOR" ITEMS 2, 3 AND 4.

1. Election of eleven directors to serve for a one-year term expiring at the 2016 Annual Meeting of Stockholders

Nominees:	**For**	**Withhold**
1a. Basil L. Anderson	☐	☐
1b. Drew G. Faust	☐	☐
1c. Paul-Henri Ferrand	☐	☐
1d. Kunal S. Kamlani	☐	☐
1e. Carol Meyrowitz	☐	☐
1f. Rowland T. Moriarty	☐	☐
1g. Ronald L. Sargent	☐	☐
1h. Robert E. Sulentic	☐	☐
1i. Raul Vazquez	☐	☐
1j. Vijay Vishwanath	☐	☐
1k. Paul F. Walsh	☐	☐

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

	Yes	**No**
Please indicate if you plan to attend this meeting.	☐	☐

	For	**Against**	**Abstain**
2. Approval of an amendment to the 2012 Employee Stock Purchase Plan.	☐	☐	☐
3. Approval, on an advisory basis, of named executive officer compensation.	☐	☐	☐
4. Ratification of the selection by the Audit Committee of Ernst & Young LLP as Staples' independent registered public accounting firm for the current fiscal year.	☐	☐	☐

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE "AGAINST" ITEMS 5 AND 6.

	For	**Against**	**Abstain**
5. Non-binding stockholder proposal regarding senior executive severance agreements.	☐	☐	☐
6. Non-binding stockholder proposal regarding Independent Board Chairman.	☐	☐	☐

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Stockholder(s). **If no direction is made, this proxy will be voted (A) "FOR" all director nominees listed above in item 1, (B) in accordance with the recommendations of the Board of Directors on the other matters referred to above, and (C) in the discretion of the proxies upon such other matters as may properly come before the annual meeting.**

(**NOTE:** Please sign exactly as your name(s) appear(s) hereon. All holders must sign. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. If a corporation, please sign in full corporate name by authorized officer. If a partnership, please sign in partnership name by authorized person.)

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice, Proxy Statement and Annual Report (Including the Form 10-K) are available at www.proxyvote.com.

M91192-P64182

STAPLES, INC.
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF STOCKHOLDERS
JUNE 1, 2015

The stockholder(s), revoking all prior proxies, hereby appoint(s) Ronald L. Sargent, Christine T. Komola and Michael T. Williams, and each of them individually, as proxies, each with the power to appoint his or her substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of Staples, Inc. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held at 4:00 p.m., local time, on June 1, 2015, at the Umstead Hotel, 100 Woodland Pond Drive, Cary, North Carolina 27513, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE STOCKHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED (A) "FOR" THE ELECTION OF ALL DIRECTOR NOMINEES LISTED ON THE REVERSE SIDE FOR ITEM 1, (B) IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS ON THE MATTERS REFERRED TO ON THE REVERSE SIDE, AND (C) IN THE DISCRETION OF THE PROXIES UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Address Changes/Comments: ______________________________

____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☐ Definitive Proxy Statement
☒ Definitive Additional Materials
☐ Soliciting Material under §240.14a-1

Staples, Inc.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.
☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.
☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

2015 Corporate Governance Highlights

May 2015

STAPLES
MAKE more HAPPEN

Overview

- We are reinventing Staples to accelerate long-term sales and earnings growth
- The Compensation Committee has set a highly performance-based, long-term, equity-focused executive compensation program with metrics tied directly to the success of our reinvention strategy and the creation of long-term shareholder value
- Our Board highly values dialogue with shareholders, and over the past year engaged with shareholders owning over 40% of shares outstanding on our compensation and governance practices which led to significant changes
- We pledged to seek approval for proxy access rights next year at a 3%/3-year threshold
- We strengthened the Lead Independent Director role as well as adopted a new policy to require, whenever possible, that we have an independent chair of the Board once our current Chairman no longer serves in this role
- We have a rigorous Board succession process, and 2 of 10 outside members of our Board up for election at this meeting are new

Staples' Board has been responsive to shareholders and is committed to implementing best in class governance practices

Reinventing Staples to Accelerate Long-Term Sales and Earnings Growth

We have a robust strategic plan to embrace the changing needs of our customers and reinvent our company

STAPLES Every product your business needs to succeed.

Onward to online and boldly to BO$$

Leading B2B player	Leading Commercial player	World's broadest B2B assortment	Turbocharge print

Reshape and improve our businesses

Optimize our retail footprint	Fund the future	Evolve our supply chain	Fix and grow international

Build enablers of our execution

Talent & culture	Evolve brand	Price perception	Technology	Big data and analytics

Reinvention Highlights

- Announced plans to acquire Office Depot which we believe will allow us to more effectively compete against a wide set of competitors
- Acquired PNI Digital Media to increase personalized product offerings
- Growing Copy & Print across all channels
- Stabilized sales and earnings in International
- Offering over 1 million products on Staples.com
- Coordinated retail and online offering through omnichannel initiatives
- Closed 169 stores in North America in 2014, on track to close 60 stores in 2015
- On track for $500 million of cost reductions in 2014 & 2015 combined

Accelerating Our Reinvention with the Acquisition of Office Depot

Transaction Overview

- Announced the acquisition of Office Depot on February 4 in a cash and stock transaction
- Subject to customary closing conditions, antitrust regulatory approval, and Office Depot shareholder approval
- Expected to close by the end of calendar year 2015

Acquisition Rationale

- ✓ Combined company better positioned to serve the changing needs of customers and compete against a large and diverse set of competitors
- ✓ Strategic combination expected to deliver more than $1 billion of net synergies after investments to provide increased value to Staples' customers
- ✓ Cost savings and operational efficiencies to dramatically accelerate Staples' strategy of driving growth in delivery businesses and categories beyond office supplies
- ✓ Provides ability to optimize retail footprint
- ✓ Generates significant value for shareholders; accretive to EPS in first year post-closing[1]

"This is a transformational acquisition which enables Staples to provide more value to customers, and more effectively compete in a rapidly evolving competitive environment" – Ron Sargent, CEO

[1] *Excluding integration and restructuring costs and purchase accounting adjustments*

2014 Executive Compensation Plan Design

100%* of our short-term <u>and</u> long-term plans are tied to rigorous, objective *performance goals

Performance Metrics & Goals

Short-Term Plan
100% Performance-Based

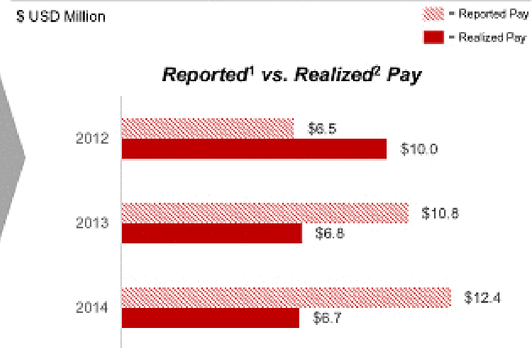
- EPS
- Sales Beyond Office Supply Growth
- Total Company Sales

Changing metric to Gross Margin Dollars in 2015 and forward plans

Long-Term Plan
100% Performance-Based

- Sales Growth %
- Return on Net Assets %

CEO Pay Strongly Tied to Performance



Staples is among the 11% of S&P 500 companies that tie 100% of LTI compensation to achievement of performance goals[3]

[1] Source: Staples' DEF14A filed April 13, 2015 and DEFA14A filed May 6, 2015. Includes Base Salary, Actual Annual and Long-Term Cash Incentives earned and the grant date fair value of Long-Term Equity Awards as reported in the Summary Compensation Table for the applicable year.
[2] Source: Staples' DEF14A filed April 13, 2015 and DEFA14A filed May 6, 2015. Includes Base Salary and Actual Annual and Long-Term Cash incentives earned as reported in the Summary Compensation Table, plus the value of Stock Options exercised or Stock Awards vested for the applicable year.
[3] Source: Equilar Inc.

Changes to Executive Compensation Program

We have engaged with holders of more than 40% of shares to maintain an open dialogue and to better understand their concerns

- Over the past year, the Board has received important shareholder feedback on our compensation program and practices through direct dialogue with shareholders
  - Shareholders provided feedback on CEO compensation practices. In response to shareholder input, the CEO has elected to:
    - **Eliminate a legacy tax gross-up provision** in his existing severance agreement
    - **Not accept a 2.5% base salary increase for 2014** that had been approved by the Board early in 2014
  - Some shareholders felt that too much emphasis was placed on sales metrics within the incentive plans and suggested more focus on profit drivers. In response, the Board **replaced the Total Sales metric in the 2015 Annual Cash Incentive Plan with Gross Margin Dollars** to place greater emphasis on driving profitability
- The Board is committed to an ongoing review of Staples' executive compensation program and disclosure enhancements to ensure it aligns with evolving best practices

We ask for your SUPPORT this year on our advisory vote on compensation and welcome any questions about our compensation practices

Sound Compensation Governance Practices

We are committed to effective governance of our compensation program and have implemented best practices

Long-Term Alignment	✓ Stock ownership guidelines – (5x for CEO, 3x to 4x for other NEOs) ✓ No employment agreements for NEOs ✓ Double trigger change in control provisions in severance agreements ✓ 3-year performance periods tied to TSR
Transparency	✓ Rigorous, objective financial metrics on annual and long-term awards ✓ No excise tax gross-ups in executive severance agreements ✓ Minimal, reasonable perquisites
Compensation Risk Oversight	✓ Robust clawback policy ✓ Policy prohibiting hedging ✓ Predetermined stock grant dates ✓ Independent compensation consultant hired by the Committee performs no other services for the Company

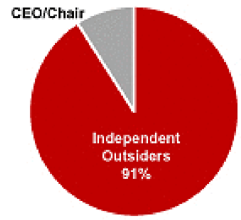
STAPLES

Highly Engaged and Independent Board

Governance Best Practices

- ✓ Annual election of directors
- ✓ Majority voting in uncontested elections
- ✓ Robust Independent Lead Director position
- ✓ Plan to appoint independent Chair once our current Chairman no longer serves in this role
- ✓ Commitment to 3%/3-year proxy access management proposal at 2016 Annual Meeting
- ✓ Majority vote provisions for bylaw/charter amendments and M&A
- ✓ Shareholder right to call special meeting
- ✓ Shareholder action by written consent
- ✓ No stockholder rights plan
- ✓ Transparent disclosures of political contributions
- ✓ Robust annual shareholder outreach program

Highly Independent, Diverse Board[1]



Since 2007, we have added or announced nine new directors, including six that enhanced our diversity profile

Balanced Blend of Perspectives[1]

[1] Board tenure data reflects Jan. 14, 2015 announcement of Robert Nakasone's retirement and nomination of Paul-Henri Ferrand for election at the 2015 Annual Meeting as well as April 10, 2015 announcement that Justin King has decided not to stand for re-election at 2015 Annual Meeting and nominating Kunal Kamlani for election. Elizabeth Smith served on the board from 2008 – 2014.

STAPLES

Recent Board Leadership Developments

Our Board is committed to transparency in corporate governance and to strong communication with shareholders

In response to feedback from shareholders during the company's ongoing investor outreach program, the Board of Directors announced the following changes:

1. Will appoint Robert Sulentic as Lead Independent Director upon retirement of Lead Independent Director Robert Nakasone at the 2015 Annual Meeting

2. Approval of an Independent Chair policy and a plan to appoint an Independent Chair once our current Chairman no longer serves in this role

3. Nomination of Paul-Henri Ferrand, VP of US Sales & Operations at Google, for election to the Board at the 2015 Annual Meeting

4. Nomination of Kunal Kamlani, former President and COO of Prestige Cruise Holdings, for election to the Board at the 2015 Annual Meeting

   - Mr. Kamlani was nominated pursuant to an agreement with Starboard Value. He met with the Staples' Nominating and Corporate Governance Committee, which recommended that the full Board nominate him for election. In connection with the agreement, Starboard has agreed to support all of Staples' director nominees at the upcoming 2015 Annual Meeting.

Our Board Added Two Director Nominees in 2015

- The Board seeks to achieve an effective balance of relevant skills, experience, qualifications and personal qualities in Board composition
- Our priority is to bring areas of expertise together in the Staples boardroom for the benefit of Staples and the creation of sustainable long-term shareholder value
- We seek to ensure that the Board and its committees are high-functioning, including regular and rigorous Board and committee evaluations

Paul-Henri Ferrand

Skills & Experience:
- Consumer and Business Sales
- Ecommerce and Marketing
- Strategy
- International Operations
- IT Management and Security

Career Highlights:
- Serves as Vice President and Sector Lead, U.S. Services and Distribution Sector, of Google, Inc.
  - Leads performance-based advertising sales and related analytics
  - Leads targeted teams working on small company performance solutions
- Former President, Dell North America where he led Dell's business across all of North America
  - Restructured the North American unit, returning it to growth and top position in key markets

Kunal Kamlani

Skills & Experience:
- Audit, Financial Expertise
- Consumer Sales
- Marketing
- M&A / Integration
- Leadership and Management
- Risk Oversight

Career Highlights:
- Served as President and COO of Prestige Cruise Holdings, the parent company of Oceania Cruises and Regent Seven Seas Cruises
  - Generated record revenue and EBITDA for three consecutive years and, in 2014, completed the sale of Prestige Cruise Holdings to Norwegian Cruise Lines for approximately $3 billion.
  - Previously served as CFO
- Former head of the multi-billion dollar Global Investment Solutions division of Bank of America/Merrill Lynch

STAPLES MAKE MORE HAPPEN

Robert Sulentic to be Appointed as Independent Lead Director

- Board of Directors determines its leadership structure annually based on a recommendation of the Nominating and Corporate Governance Committee
- In January 2015, we adopted a policy to require that we have an independent Chair of the Board, whenever possible
  - The policy is prospective, and begins to apply when our current Chairman and CEO retires or no longer serves as Chairman of the Board
- Current Lead Independent Director Robert Nakasone will be retiring at the 2015 Annual Meeting and the Board intends for Robert E. Sulentic to serve as Independent Lead Director

Independent Lead Director Responsibilities

- Authority to call meetings of Independent Directors
- Presides at all meetings of the Board at which the Chair is not present, including executive sessions of the independent directors
- Assures that meetings with the independent directors are held in executive sessions, typically after every Board meeting, but in all circumstances at least twice a year
- Provides leadership to the Board if circumstances arise in which the role of the Chair may be, or may be perceived to be, in conflict with the interests of Staples and its shareholders with regard to a particular matter
- Facilitates communications and serves as a liaison between independent directors and the Chair
- Coordinates the annual performance review of the CEO
- Works with the Chair in the preparation of the agenda for each board meeting and pre-approves the schedules, agendas and information provided to the Board for each meeting
- Ensures availability for consultation and direct communication, if requested by a major shareholder
- Authority to retain independent advisors on behalf of the Board
- Assists the Nominating and Corporate Governance Committee in identifying any individual performance or contribution issues
- Otherwise consults with the Chair of the Board on matters relating to corporate governance and Board performance

Board Has Proactively Adopted a Policy Requiring an Independent Chair

Current approach strikes the right balance to transition to a new Board leadership structure while being responsive to shareholders

- At 2014 Annual Meeting, a shareholder proposal for separate Independent Chairman and CEO positions received 51% support, the Board sought feedback and considered the views of our stockholders in responding to the proposal
  - Shareholders were largely supportive of separating the Chairman and CEO positions, but expressed concerns around unintended consequences or disruptions that may occur if the Chairman and CEO roles were split and an independent chair was appointed now while the company is in a transition period
- On January 13, 2015, the Board adopted a policy to require the Chairman of the Board, whenever possible, to be an independent director. The policy is prospective, and begins to apply when Mr. Sargent retires or otherwise no longer serves as Chairman of the Board
- Prospective implementation of the independent chair policy provides for a succession period for our Board leadership structure and allows us have a single, clear focus for command to successfully execute against our multi-year reinvention plans and the acquisition of Office Depot

The Board urges shareholders to vote AGAINST the shareholder proposal as it is not in the best interest of the company

Track Record of Shareholder Responsiveness

2015	▪ **Management Supported Proxy Access at 3%/3 years** – We have committed to providing a management-supported proxy access bylaw amendment at the 2016 Annual Meeting of Shareholders. ▪ **Executive Compensation** – Replaced the total company sales metric with gross margin dollars for our 2015 annual cash incentive awards to place greater emphasis on driving profitability. ▪ **Independent Chair Policy** – Adopted a policy to require that we have an independent Chair of the Board, whenever possible. The policy is prospective, and will apply when Ronald L. Sargent, our current Chairman and CEO, retires or no longer serves as Chairman of the Board.
2014	▪ **We engaged in constructive dialogues over the course of the year with shareholders representing more than 40% of our shares, with direct involvement from two of our directors.**
2013	▪ **Restructured our executive compensation program** in response to shareholder feedback on compensation and to strengthen alignment with reinvention strategy. ✓ Eliminated time-based restricted stock and options ✓ Changed long-term program to be delivered entirely in the form of performance shares, with achievement based on 50% return on net asset percentage and 50% on sales growth percentage. The program also included a three-year relative Total Shareholder Return (TSR) modifier ✓ Changed annual performance metrics
2012	▪ Shareholder right to act by **written consent implemented** ▪ Refined compensation program, including changes in benchmarking and reduced dilution from stock plans, in direct response to shareholder feedback ▪ Enhanced transparency on political contributions and government activities
2009	▪ Shareholder right to call **special meetings implemented**
2008	▪ Adopted a **majority vote standard** for the election of directors with a plurality carve-out for contested elections ▪ **Eliminated supermajority vote requirement** for mergers and other matters from company charter
2007	▪ **Declassified board** to establish annual elections going forward
1998	▪ **Independent Lead Director** – Staples was one of the early adopters of the role

Forward-Looking Statements Safe Harbor

Certain remarks that we may make about management's future expectations, plans and prospects constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including those discussed or referenced under the heading "Risk Factors" and elsewhere in our most recent annual and quarterly reports on file with the SEC.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
[ ] Definitive Proxy Statement
[X] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

Staples, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
[X] No fee required.
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

*** Exercise Your *Right* to Vote ***

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on June 1, 2015.

STAPLES, INC.

ATTN: INVESTOR RELATIONS
500 STAPLES DRIVE
FRAMINGHAM, MA 01702

M91201-P64182

Meeting Information	
Meeting Type:	Annual Meeting
For holders as of:	April 6, 2015
Date: June 1, 2015	**Time:** 4:00 PM, local time
Location:	Umstead Hotel 100 Woodland Pond Drive Cary, North Carolina 27513

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at *www.proxyvote.com* or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

— Before You Vote —

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:
NOTICE PROXY STATEMENT ANNUAL REPORT (INCLUDING THE FORM 10-K)
How to View Online:
Have the information that is printed in the box marked by the arrow ➔ XXXX XXXX XXXX XXXX (located on the following page) and visit: *www.proxyvote.com.*
How to Request and Receive a PAPER or E-MAIL Copy:
If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) *BY INTERNET*: www.proxyvote.com
2) *BY TELEPHONE*: 1-800-579-1639
3) *BY E-MAIL**: sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow ➔ XXXX XXXX XXXX XXXX (located on the following page) in the subject line.
Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before May 18, 2015 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

M91202-P64182

Vote In Person: Many stockholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.
Vote By Internet: To vote now by Internet, go to *www.proxyvote.com.* Have the information that is printed in the box marked by the arrow ➔ XXXX XXXX XXXX XXXX (located on the following page) available and follow the instructions.
Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

Voting Items

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ALL DIRECTOR NOMINEES LISTED BELOW IN ITEM 1 AND "FOR" ITEMS 2, 3 AND 4.

1. Election of eleven directors to serve for a one-year term expiring at the 2016 Annual Meeting of Stockholders

   Nominees:

   1a. Basil L. Anderson

   1b. Drew G. Faust

   1c. Paul-Henri Ferrand

   1d. Kunal S. Kamlani

   1e. Carol Meyrowitz

   1f. Rowland T. Moriarty

   1g. Ronald L. Sargent

   1h. Robert E. Sulentic

   1i. Raul Vazquez

   1j. Vijay Vishwanath

   1k. Paul F. Walsh

2. Approval of an amendment to the 2012 Employee Stock Purchase Plan.

3. Approval, on an advisory basis, of named executive officer compensation.

4. Ratification of the selection by the Audit Committee of Ernst & Young LLP as Staples' independent registered public accounting firm for the current fiscal year.

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE "AGAINST" ITEMS 5 AND 6.

5. Non-binding stockholder proposal regarding senior executive severance agreements.

6. Non-binding stockholder proposal regarding Independent Board Chairman.

M91203-P64182

M91204-P54182

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement
☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
☐ Definitive Proxy Statement
☒ Definitive Additional Materials
☐ Soliciting Material under §240.14a-1

Staples, Inc.
(Name of Registrant as Specified In Its Charter)
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(5) Total fee paid:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

STAPLES, INC.

Supplement to
Proxy Statement Relating to 2015 Annual Meeting of Stockholders

This proxy statement supplement, dated May 6, 2015, supplements the definitive proxy statement (the "Proxy Statement") of Staples, Inc. (the "Company") filed with the Securities and Exchange Commission on April 13, 2015 relating to the 2015 Annual Meeting of Shareholders to be held at the Umstead Hotel, 100 Woodland Pond Drive, Cary, North Carolina on June 1, 2015 at 4:00 pm local time.

The purpose of this supplement is to correct two inadvertent errors:

- **The bar graph on page 39 of the Proxy Statement stated that the CEO's 2014 as reported and realizable pay was $11.7 million and $6.7 million, respectively. However, the CEO's 2014 as reported pay was $12.4 million, as disclosed in the Summary Compensation Table. The 2014 realizable pay in the bar graph is correct.**

- **The definition of Sales Growth % on page 44 of the Proxy Statement erroneously stated that the Company's 2013 financial statements included a 53rd week.**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

☒ **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended: May 2, 2015
or

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____________ to _____________

Commission File Number: 0-17586

STAPLES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-2896127**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Five Hundred Staples Drive, Framingham, MA 01702
(Address of principal executive offices and zip code)

508-253-5000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

The registrant had 640,653,554 shares of common stock outstanding as of May 18, 2015.

STAPLES, INC. AND SUBSIDIARIES
FORM 10-Q
May 2, 2015
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

STAPLES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Dollar Amounts in Millions, Except Share Data)
(Unaudited)

	May 2, 2015	January 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 795	$ 627
Receivables, net	1,865	1,928
Merchandise inventories, net	2,211	2,144
Deferred income tax assets	220	224
Prepaid expenses and other current assets	290	252
Total current assets	5,381	5,175
Property and equipment:		
Land and buildings	945	948
Leasehold improvements	1,218	1,231
Equipment	2,817	2,825
Furniture and fixtures	1,014	1,016
Total property and equipment	5,994	6,020
Less: Accumulated depreciation	4,350	4,314
Net property and equipment	1,644	1,706
Intangible assets, net of accumulated amortization	326	335
Goodwill	2,681	2,680
Other assets	406	412
Total assets	$ 10,438	$ 10,308
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,030	$ 1,867
Accrued expenses and other current liabilities	1,268	1,332
Debt maturing within one year	93	92
Total current liabilities	3,391	3,291
Long-term debt, net of current maturities	1,020	1,018
Other long-term obligations	691	686
Stockholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized; no shares issued	—	—
Common stock, $.0006 par value, 2,100,000,000 shares authorized; issued and outstanding 941,903,232 and 640,662,043 shares at May 2, 2015 and 941,561,541 shares and 640,320,352 shares at January 31, 2015, respectively	1	1
Additional paid-in capital	4,953	4,935
Accumulated other comprehensive loss	(1,018)	(1,041)
Retained earnings	6,811	6,829
Less: Treasury stock at cost, 301,241,189 shares at May 2, 2015 and 301,241,189 shares at January 31, 2015	(5,419)	(5,419)
Total Staples, Inc. stockholders' equity	5,328	5,305
Noncontrolling interests	8	8
Total stockholders' equity	5,336	5,313
Total liabilities and stockholders' equity	$ 10,438	$ 10,308

See notes to condensed consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(Dollar Amounts in Millions, Except Per Share Data)(Unaudited)

	13 Weeks Ended	
	May 2, 2015	May 3, 2014
Sales	$ 5,262	$ 5,654
Cost of goods sold and occupancy costs	3,915	4,244
Gross profit	1,347	1,410
Operating expenses:		
Selling, general and administrative	1,172	1,223
Impairment of long-lived assets	22	22
Restructuring charges	41	13
Amortization of intangibles	17	15
Total operating expenses	1,252	1,273
Gain on sale of businesses and assets, net	3	22
Operating income	98	159
Other income (expense):		
Interest income	1	1
Interest expense	(16)	(12)
Other income (expense), net	1	1
Income before income taxes	84	148
Income tax expense	25	52
Net income	$ 59	$ 96
Earnings Per Share:		
Basic Earnings Per Common Share	$ 0.09	$ 0.15
Diluted Earnings Per Common Share	$ 0.09	$ 0.15
Dividends declared per common share	$ 0.12	$ 0.12
Comprehensive income	$ 82	$ 168

See notes to condensed consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Dollar Amounts in Millions)
(Unaudited)

	13 Weeks Ended	
	May 2, 2015	May 3, 2014
Operating Activities:		
Net income	$ 59	$ 96
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	101	102
Amortization of intangibles	17	15
Gain on sale of businesses and assets, net	(3)	(22)
Impairment of long-lived assets	22	22
Inventory write-downs related to restructuring activities	—	11
Stock-based compensation	16	21
Deferred income tax benefit	—	(7)
Other	3	4
Changes in assets and liabilities:		
Decrease in receivables	69	12
Increase in merchandise inventories	(53)	—
Increase in prepaid expenses and other assets	(34)	(22)
Increase in accounts payable	155	76
(Decrease) increase in accrued expenses and other liabilities	(67)	29
Increase in other long-term obligations	15	22
Net cash provided by operating activities	300	359
Investing Activities:		
Acquisition of property and equipment	(60)	(48)
Proceeds from the sale of property and equipment	6	—
Sale of businesses, net	—	50
Acquisition of businesses, net of cash acquired	(9)	—
Net cash (used in) provided by investing activities	(63)	2
Financing Activities:		
Proceeds from issuance of commercial paper, net of repayments	—	75
Proceeds from the exercise of stock options	3	—
Proceeds from borrowings	1	7
Payments on borrowings, including payment of deferred financing fees	(5)	(8)
Cash dividends paid	(76)	(77)
Repurchase of common stock	(1)	(70)
Net cash used in financing activities	(78)	(73)
Effect of exchange rate changes on cash and cash equivalents	9	4
Net increase in cash and cash equivalents	168	292
Cash and cash equivalents at beginning of period	627	493
Cash and cash equivalents at end of period	795	785
Add: Cash and cash equivalents attributed to disposal group held for sale at February 1, 2014	—	8
Cash and cash equivalents at the end of the period	$ 795	$ 793

See notes to condensed consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (unaudited)

Note A — Basis of Presentation

The accompanying interim unaudited condensed consolidated financial statements include the accounts of Staples, Inc. and its subsidiaries ("Staples" or "the Company"). All intercompany accounts and transactions have been eliminated in consolidation. These financial statements are for the period covering the 13 weeks ended May 2, 2015 (also referred to as the "first quarter of 2015") and the period covering the 13 weeks ended May 3, 2014 (also referred to as the "first quarter of 2014").

These financial statements have been prepared based upon Securities and Exchange Commission ("SEC") rules that permit reduced disclosure for interim periods. In the opinion of management, these financial statements reflect all normal recurring adjustments considered necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. For a more complete discussion of significant accounting policies and certain other information, these financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2015 ("Annual Report").

Beginning with the first quarter of 2015, the Company will present dollar amounts included in its financial statements and related notes rounded to the nearest million rather than thousand. Certain numbers may not sum due to rounding.

The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full fiscal year. Our business is somewhat seasonal, with sales and profitability historically higher during the second half of our fiscal year due to the back-to-school, holiday and January back-to-business seasons.

Note B — Recent Accounting Pronouncements

In May 2014, a pronouncement was issued that creates common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The new guidance supersedes most preexisting revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard was originally scheduled to be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. In April 2015, the Financial Accounting Standards Board proposed an update to this rule which would defer its effective date for one year. The proposed update stipulates the new standard would be effective for annual reporting periods beginning after December 15, 2017, and interim periods therein, with an option to adopt the standard on the originally scheduled effective date. Assuming the proposed update becomes finalized, Staples intends to adopt the new guidance in the first quarter of fiscal 2018. The new standard is to be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. The Company is currently evaluating the impact of the new pronouncement on the Company's financial statements.

In April 2015, a pronouncement was issued that allows employers with fiscal year ends that do not coincide with a calendar month end to make an accounting policy election to measure defined benefit plan assets and obligations as of the end of the month closest to their fiscal year end. This update is effective for interim and annual reporting periods beginning after December 15, 2015, and early adoption is permitted. The Company adopted this standard beginning in the first quarter of 2015, and does not expect the impact on its financial statements to be material.

In April 2015, a pronouncement was issued that requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted and retrospective application is required. The Company adopted this standard in the first quarter of fiscal 2015. The condensed consolidated balance sheet as of January 31, 2015 included in these interim financial statements reflects a restatement to reclassify unamortized debt issuance costs of $1 million from Prepaid and other current assets and $4 million from Other assets to Long-term debt, net of current maturities. For debt issuance costs paid to secure revolving credit facilities, under its policy the Company will continue to present such costs as assets on the balance sheet.

Note C — Restructuring Charges

2014 Restructuring Plan

In 2014 the Company announced a plan to close at least 225 retail stores in North America by the end of fiscal year 2015 (the “Store Closure Plan”). In 2014, the Company approved the closure of 197 specific retail stores, of which 169 and 28 closed during 2014 and the first quarter of 2015, respectively. In the first quarter of 2015 the Company approved the closure of an additional 21 specific stores, none of which closed during the quarter.

In addition, in 2014 the Company initiated a cost savings plan to generate annualized pre-tax savings of approximately $500 million by the end of fiscal 2015. The Company plans to reinvest some of the savings in its strategic initiatives. In the first quarter of 2015, the Company incurred severance obligations related to the restructuring of certain customer care operations and other functional areas.

The actions to be taken related to the $500 million cost savings plan, together with the actions to be taken related to the Store Closure Plan, are herein referred to as the "2014 Plan". The Company expects to substantially complete the actions required under the 2014 Plan by the end of 2015.

During the first quarter of 2015, the Company recorded pre-tax charges of $48 million related to the 2014 Plan. The table below provides a summary of the charges recorded in the first quarter of 2015 for each major type of cost, as well as the Company's current estimates of the amount of charges expected to be incurred during the remainder of 2015 in connection with the 2014 Plan. The table also summarizes the costs incurred and expected to be incurred by reportable segment (in millions).

	2014 Plan		
	Actual costs incurred	Estimated Costs to be incurred	
	First quarter of 2015	Second quarter of 2015	Second half of 2015
Employee related costs	$ 8	$5 - $10 million	$5 - $10 million
Lease obligations	31	$10 - $25 million	$20 - $75 million
Other associated costs	4	Up to $5 million	$5 - $15 million
Total restructuring charges	43	$15 - $40 million	$30 - 100 million
Impairment of long-lived assets and accelerated depreciation	5	Up to $5 million	Up to $5 million
Inventory write downs	—	Up to $5 million	Up to $5 million
Total charges	$ 48	$15 - $50 million	$30 - 110 million
North American Stores & Online	$ 38	$10 - $20 million	$10 - $40 million
North American Commercial	5	$5 - $20 million	$10 - $40 million
International Operations	5	Up to $10 million	$10 - $30 million
Total charges	$ 48	$15 - $50 million	$30 - $110 million

The Company's estimates of future charges could change as the Company's plans evolve and become finalized.

The Company recorded $5 million related to accelerated depreciation and impairment of long-lived assets in the first quarter of 2015. Accelerated depreciation of $4 million primarily relates to the planned closure of facilities supporting the Company's North American Delivery operations. See Note D - Impairment of Long-Lived Assets for information related to the $1 million of fixed asset impairment charges recorded during the first quarter of 2015.

The table below shows the restructuring charges recorded during the first quarter of 2015 and the related liability balances as of May 2, 2015 for each major type of cost associated with the 2014 Plan (in millions):

	2014 Plan			
	Employee-Related	Contractual Obligations	Other	Total
Accrued restructuring balance as of January 31, 2015	$ 31	$ 83	$ 2	$ 116
Charges	8	31	4	43
Cash payments	(7)	(15)	(4)	(26)
Accrued restructuring balance as of May 2, 2015	$ 32	$ 99	$ 2	$ 133

For the restructuring liabilities associated with the 2014 Plan, $74 million of contractual obligations costs are included within Other long-term obligations and the remaining balances are included within Accrued expenses and other current liabilities in the Company's condensed consolidated balance sheet as of May 2, 2015. The Company expects that payments related to employee related liabilities associated with the 2014 Plan will be substantially completed by the first quarter of fiscal 2016. The Company anticipates that payments related to facility lease obligations will be completed by the end of fiscal year 2025.

The $43 million of restructuring charges related to the 2014 Plan are presented within Restructuring charges in the Company's condensed consolidated statement of comprehensive income. The table below shows how the $43 million of restructuring charges would have been allocated if the Company had recorded the expenses within the functional departments of the restructured activities (in thousands):

	13 Weeks Ended
	May 2, 2015
Cost of goods sold and occupancy costs	$ 31
Selling, general and administrative	12
Total	$ 43

During the first quarter of 2014, the Company recorded a total of $11 million of restructuring charges related to the 2014 Plan, including $8 million of severance charges primarily related to store closures and $3 million of other associated costs. Of these amounts, approximately $9 million related to North American Stores & Online and $2 million related to North American Commercial.

In the first quarter of 2014 the Company also recognized $22 million of fixed asset impairment charges (see Note D -Impairment of Long-Lived Assets) and $11 million of inventory write-downs related to the 2014 Plan. The inventory write-downs primarily related to the rationalization of certain SKU's pursuant to the Company's efforts to improve efficiencies in its delivery fulfillment operations, as well as the retail store closures. The inventory write-downs were included in Cost of goods sold and occupancy costs in the condensed consolidated statement of comprehensive income.

2013 Restructuring Plan

In 2013 the Company initiated a restructuring plan to streamline its operations and general and administrative functions (the "2013 Plan”). Pursuant to the 2013 Plan, certain distributed general and administrative functions are being centralized and certain operational resources are being consolidated. As a result of this plan, the Company recorded pre-tax restructuring charges of $78 million in 2013, including $75 million for employee severance costs and $3 million for other associated costs. Of these amounts, $63 million related to the Company's International Operations segment and $16 million related to the Company’s corporate headquarters and North American operations. The Company expects to substantially complete the actions required under the 2013 Plan by the first quarter of fiscal 2016.

During the first quarter of 2015, the Company recorded an adjustment to reduce the employee-related liability associated with the 2013 Plan by $2 million. The adjustment stems from changes in estimates regarding the number of headcount reductions under this plan. The Company does not expect to incur material costs in future periods related to the 2013 Plan.

The table below shows a reconciliation of the beginning and ending liability balances related to the 2013 Plan (in millions):

	2013 Plan
	Employee-Related Costs
Accrued restructuring balance as of January 31, 2015	$ 36
Cash payments	(5)
Adjustments	(2)
Accrued restructuring balance as of May 2, 2015	$ 29

For the restructuring liabilities associated with the 2013 Plan, all of the balances are included within Accrued expenses and other current liabilities in the Company's condensed consolidated balance sheet as of May 2, 2015. The Company expects that the payments related to the employee related liabilities will be substantially completed by the end of the first quarter of fiscal 2016.

Note D — Impairment of Long-Lived Assets

Based on a strategic review the Company performed in the first quarter of 2015, the Company made a decision to dispose of certain information technology assets, incurring an impairment charge of $22 million. The assets were comprised of software for which the Company concluded the fair value was not material.

In connection with the Company's Store Closure Plan (see Note C - Restructuring Charges), in the first quarter of 2015 the Company identified 21 retail stores for closure, and as a result recorded long-lived asset impairment charges of $1 million. These charges relate to the Company's North American Stores & Online segment.

In the first quarter of 2014, the Company approved the closure of 112 retail stores pursuant to the Store Closure Plan. As a result, in the first quarter of 2014 the Company recorded long-lived asset impairment charges of $22 million, primarily relating to leasehold improvements, fixtures, equipment and other fixed assets at the store locations. The charges related to the Company's North American Stores & Online segment.

The charges related to store closures in the first quarters of 2014 and 2015 were based on measurements of the fair value of the impaired assets derived using the income approach, specifically the discounted cash flow method, which incorporated Level 3 inputs as defined in Accounting Standards Codification ("ASC") Topic 820, “Fair Value Measurements and Disclosures.” The Company considered the expected net cash flows to be generated by the use of the assets through the store closure dates, as well as the expected cash proceeds from the disposition of the assets, if any. The Company determined that the fair value of the impaired assets was not material.

Note E — Sale of businesses and assets

During the first quarter of 2015, the Company sold certain property and equipment, recognizing a net gain of $3 million. The net gain was primarily driven by the sale of a distribution facility in Europe.

During the first quarter of 2014, the Company completed the sale of its Smilemakers, Inc. business unit, recognizing a gain of $23 million. Smilemakers, Inc. was a component of the Company's North American Commercial segment. Also during the first quarter of 2014, the Company completed the sale of a small business in Europe, recognizing a $2 million loss on disposal.

Note F — Fair Value Measurements

ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement), then the lowest priority to unobservable inputs (Level 3 measurement).

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

The fair values of cash and cash equivalents, receivables, accounts payable, accrued expenses, other current liabilities and short-term debt approximate their carrying values because of their short-term nature. The carrying value of the Company's capital lease obligations approximates the fair value.

The following table shows the difference between the financial statement carrying value and fair value of the Company's debt obligations as of May 2, 2015 and January 31, 2015 (in millions). The fair values of these notes were determined based on quoted market prices and are classified as Level 1 measurements.

	May 2, 2015		January 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
January 2018 Notes	$ 497	$ 506	$ 497	$ 507
January 2023 Notes	496	492	496	511

The Company has investments in money market funds that are measured and recorded in the financial statements at fair value on a recurring basis. The fair values are based on quotes received from third-party banks and are classified as Level 1 measurements. As of May 2, 2015 and January 31, 2015, the fair value of these investments, which are classified in Cash and cash equivalents in the condensed consolidated balance sheet, were $3 million and $14 million, respectively. There were no other material assets or liabilities measured at fair value.

Note G — Debt and Credit Agreements

On February 4, 2015, Staples announced that it had signed a definitive agreement to acquire Office Depot, a global supplier of office products, services and solutions for the workplace. In connection with the proposed acquisition, the Company had also announced that it obtained financing commitments from Bank of America Merrill Lynch and Barclays Bank for a 5-year $3 billion asset-based revolving credit facility and a 6-year $2.75 billion term loan. The Company completed the syndications of the term loan and credit facility in April and May of 2015, respectively. The Company will close on the asset-based revolving credit facility and term loan upon completion of the acquisition. The asset-based revolving credit facility will replace the Company's existing $1 billion revolving credit facility. The existing credit facility will remain in place in the event that the transaction is not completed.

Amounts outstanding under the asset-based revolving credit facility will bear interest equal to the one month London Interbank Offered Rate (LIBOR) plus 1.75% for the first three months, and then ranging from LIBOR plus 1.25% to 1.75% thereafter depending on the amount of available borrowing capacity and the amount of outstanding borrowings and letters of credit. The Company will also pay fees ranging from 0.25% to 0.375% on the undrawn portion of the credit facility. The term loan will bear interest equal to the one year LIBOR (with a floor of 0.75%) plus 2.75%. The agreements that govern the term loan and the credit facility contain various affirmative and negative covenants, including some that will require Staples to maintain certain financial ratios in certain circumstances. In addition, the terms of the agreements will restrict Staples from paying dividends in certain circumstances and otherwise limit dividends to $0.15 per share per quarter, subject to certain exceptions.

With respect to the term loan, the Company will incur certain commitment fees during 2015 in advance of closing on the loan. The Company's results for the first quarter of 2015 include $4 million of accrued commitment fees related to the term loan, which have been classified as interest expense. The Company expects to incur fees of approximately $25-30 million per quarter during the commitment period until the term loan agreement is either finalized or terminated. The commitment period expires on November 4, 2015, which may be extended until February 4, 2016 under certain conditions. Any such fees will be payable upon closing or termination.

Note H — Pension and Other Post-Retirement Benefit Plans

The Company sponsors pension plans that cover certain employees in Europe and the U.S. The benefits due to U.S. plan participants are frozen. A number of the defined benefit plans outside the U.S. are funded with plan assets that have been segregated in trusts. Contributions are made to these trusts, as necessary, to meet legal and other requirements.

In August 2010, the Company began sponsoring an unfunded post-retirement life insurance benefit plan, which provides benefits to eligible U.S. executives based on earnings, years of service and age at termination of employment.

The total net cost recognized for the first quarter of 2015 associated with the pension and other post-retirement benefit plans is based on actuarial estimates of such costs. The pension plan totals primarily relate to international pension plans. The following table presents a summary of the total net periodic cost recorded in the condensed consolidated statement of comprehensive income for the first quarter of 2015 and 2014 related to the plans (in millions):

	13 Weeks Ended May 2, 2015	
	Pension Plans	Other Post-Retirement Benefit Plan
Service cost	$ 4	$ —
Interest cost	7	1
Expected return on plan assets	(15)	—
Amortization of unrecognized losses and prior service costs	4	—
Total cost	$ —	$ 1

	13 Weeks Ended May 3, 2014	
	Pension Plans	Other Post-Retirement Benefit Plan
Service cost	$ 3	$ —
Interest cost	10	1
Expected return on plan assets	(17)	—
Amortization of unrecognized losses and prior service costs	4	1
Total cost	$ —	$ 2

Note I — Stockholders' Equity

Accumulated Other Comprehensive Loss

The following table details the changes in accumulated other comprehensive loss ("AOCL") for the first quarter of 2015 (in millions):

	Foreign Currency Translation Adjustment	Deferred Benefit Costs	Accumulated Other Comprehensive Loss
Balance at January 31, 2015	$ (660)	$ (381)	$ (1,041)
Foreign currency translation adjustment	20	—	20
Reclassification adjustments:			
Amortization of deferred benefit costs (net of taxes of $1)	—	3	3
Balance at May 2, 2015	$ (640)	$ (378)	$ (1,018)

There were no material amounts reclassified from accumulated other comprehensive loss into net income during the first quarter of 2015 and 2014.

Other Items

The changes in the amounts of stockholders' equity attributable to noncontrolling interests during the first quarter of 2015 and 2014 related solely to foreign currency translation adjustments.

During the first quarter of 2015, the Company issued 403,201 shares upon the exercise of stock options and vesting of restricted stock units.

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

Note J — Computation of Earnings per Common Share

The computation of basic and diluted earnings per share for the first quarter of 2015 and 2014 is as follows (in millions, except per share data):

	13 Weeks Ended	
	May 2, 2015	May 3, 2014
Net income	$ 59	$ 96
Denominator:		
Weighted-average common shares outstanding	639	643
Effect of dilutive securities:		
Employee stock options and restricted shares (including performance-based awards)	6	6
Weighted-average common shares outstanding assuming dilution	645	649
Basic Earnings Per Common Share	$ 0.09	$ 0.15
Diluted Earnings Per Common Share	$ 0.09	$ 0.15

For the first quarter of 2015 and 2014, approximately 23 million and 33 million equity instruments, respectively, were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

Note K — Segment Reporting

Staples has three reportable segments: North American Stores & Online, North American Commercial and International Operations. North American Stores and Online sells products and services to customers in the United States and Canada. North American Commercial consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses and includes Staples Advantage and Quill.com. The International Operations segment consists of businesses that sell and deliver products and services directly to consumers and businesses in 23 countries in Europe, Australia, South America and Asia.

Staples' North American Stores & Online and North American Commercial segments are managed separately because the way they sell and market products is different and the classes of customers they service are different. The International Operations are considered a separate reportable segment because of the significant differences in the operating environment from the North American operations.

Staples evaluates performance and allocates resources based on profit or loss from operations before goodwill and long-lived asset impairment charges, restructuring charges, accelerated depreciation and amortization and inventory write-downs associated with exit or disposal activities, merger-related costs, stock-based compensation, interest and other expense, and non-recurring items ("business unit income"). Intersegment sales and transfers are recorded at Staples' cost; therefore, there is no intercompany profit or loss recognized on these transactions.

The following is a summary of sales and business unit income by reportable segment and a reconciliation of business unit income to income before income taxes for the first quarter of 2015 and 2014 (in millions):

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

	13 Weeks Ended	
	May 2, 2015	May 3, 2014
	Sales	
North American Stores & Online	$ 2,372	$ 2,634
North American Commercial	2,108	2,056
International Operations	782	964
Total segment sales	$ 5,262	$ 5,654
	Business Unit Income (Loss)	
North American Stores & Online	$ 75	$ 93
North American Commercial	134	136
International Operations	(20)	(25)
Business unit income	189	203
Stock-based compensation	(16)	(21)
Impairment of long-lived assets	(22)	(22)
Restructuring charges	(41)	(13)
Inventory write-downs related to restructuring activities	—	(11)
Accelerated depreciation related to restructuring activities	(4)	—
Gain on sale of businesses and assets, net	3	22
Interest and other expense, net	(14)	(11)
Merger-related costs	(11)	—
Income before income taxes	$ 84	$ 148

Note L — Commitments and Contingencies

In December 2014, the Company announced that the investigation into its previously announced data security incident had determined that malware deployed by criminals to some point of sale systems at 115 of the Company's more than 1,400 U.S. retail stores may have allowed access to transaction data at those affected stores. As a result, cardholder names, payment card numbers, expiration dates, and card verification codes for approximately 1.16 million payment cards may have been affected. Upon detection, the Company immediately took action to eradicate the malware and commenced an investigation into the incident, working closely with payment card companies and law enforcement and with the assistance of outside data security experts. The Company also has taken steps to further enhance the security of its point of sale systems, including the use of new encryption tools. The Company continues to evaluate cybersecurity policies and practices to mitigate the risk of future incidents. Expenses incurred to date related to this incident have not been material. It is reasonably possible that the Company may incur additional expenses or losses in connection with the incident; however, at this time the Company is unable to reasonably estimate any such additional expenses or losses. In addition, the Company maintains network-security insurance coverage, which it expects would help mitigate any material financial impact.

In 2013 the Company completed the sale of its European Printing Systems Division ("PSD"), recognizing a preliminary loss on disposal of $81 million that is subject to the impact of a working capital adjustment to the purchase price. The amount of the working capital adjustment continues to be in dispute between the parties to the transaction and, on April 22, 2015, the purchaser commenced litigation. The purchaser claims that the amount of the adjustment is approximately €60 million. On April 22, 2015, the Company made a payment to the purchaser of approximately €4 million and the purchaser withdrew its claim for advance payment of the portion of the purchase price adjustment amount that is not in dispute. The Company continues to vigorously defend against the remainder of the purchaser's claim. If the purchaser prevails, it could result in an adjustment, which may be material, to the loss we recorded for the transaction.

STAPLES, INC. AND SUBSIDIARIES
Management's Discussion and Analysis
of Financial Condition and Results of Operations

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

This Quarterly Report on Form 10-Q and, in particular, this management's discussion and analysis contain or incorporate a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Any statements contained in or incorporated by reference into this report that are not statements of historical fact should be considered forward-looking statements. You can identify these forward-looking statements by use of the words like "believes", "expects", "anticipates", "plans", "may", "will", "would", "intends", "estimates" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on a series of expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions and should be read in conjunction with our condensed consolidated financial statements and notes to condensed consolidated financial statements included in this report. Staples, Inc. and its subsidiaries ("we", "our" or "us") cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in the forward-looking statements made. There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, without limitation, those set forth under the heading "Risk Factors" of this Quarterly Report on Form 10-Q as well as risks that emerge from time to time that are not possible to predict. We disclaim any obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

Results of Operations

Major contributors to our first quarter of 2015 results, as compared to the results for the first quarter of 2014, are reviewed in detail in the Consolidated Performance and Segment Performance discussions and are summarized below:

- We generated $5.3 billion in sales, a decrease of 6.9%;
- North American Stores & Online sales decreased 10.0%, driven by the impact of store closures, a 5% decline in comparable store sales, and foreign exchange rates, while business unit income rate decreased to 3.2% from 3.5%;
- North American Commercial sales increased 2.5% and business unit income rate decreased to 6.4% from 6.6%;
- International Operations sales decreased 18.9%, driven by the negative impact of foreign exchange rates, while business unit loss rate was (2.5)% compared to (2.6)%;
- Net income for the first quarter of 2015 was $59 million compared with $96 million for the first quarter of 2014;
- Net income for the first quarter of 2015 includes a net after-tax charge of $50 million related to the impact of restructuring costs, long-lived asset impairment charges, accelerated depreciation and gains on the sale of business assets, as well as costs associated with our planned acquisition of Office Depot;
- Non-GAAP net income was $109 million for the first quarter of 2015 compared with $115 million in the first quarter of 2014; and
- Earnings per diluted share was $0.09 in the first quarter of 2015 compared to $0.15 in the first quarter of 2014. Non-GAAP earnings per diluted share was $0.17 for the first quarter of 2015 compared with $0.18 for the first quarter of 2014.

See the non-GAAP reconciliations in the "Non-GAAP Measures" section further below.

Outlook

For the second quarter of 2015, we expect sales to decrease versus the second quarter of 2014. We expect to achieve fully diluted non-GAAP earnings per share in the range of $0.11 to $0.13 for the second quarter of 2015. Our guidance excludes any potential impact on earnings per share related to restructuring and other related activities (see below) as well as costs related to our planned acquisition of Office Depot. For the full year 2015, the company expects to generate more than $600 million of free cash flow.

Update on Proposed Acquisition of Office Depot

See Note G - Debt and Credit Agreements in the Notes to the Condensed Consolidated Financial Statements for an update on the financing commitments related to our proposed acquisition of Office Depot.

2014 Restructuring Plan

In 2014, we announced our plan to close at least 225 retail stores in North America by the end of fiscal year 2015. In addition, as part of our continuing efforts to transform our business, we announced a cost savings plan to generate annualized pre-tax savings of approximately $500 million by the end of fiscal 2015. In the first quarter of 2015 we incurred $48 million of charges related to this plan, and we expect to incur additional charges in the range of $45 - $160 million in the remainder of 2015, including $15 - $50 million in the second quarter of 2015. See Note C - Restructuring Charges in the Notes to the Condensed Consolidated Financial Statements for additional information related to this plan.

Non-GAAP Measures

In our analysis of the results of operations and in our outlook, we have referred to certain non-GAAP financial measures for gross profit rate, net income, earnings per share, effective tax rate, and free cash flow (which we define as net cash provided by operating activities less capital expenditures). The presentation of these results should be considered in addition to, and should not be considered superior to, or as a substitute for, the presentation of results determined in accordance with GAAP. We believe that these non-GAAP financial measures help management and investors to understand and analyze our performance by providing meaningful information that facilitates the comparability of underlying business results from period to period. We use these non-GAAP financial measures to evaluate the operating results of our business against prior year results and our operating plan, and to forecast and analyze future periods. We recognize there are limitations associated with the use of non-GAAP financial measures as they may reduce comparability with other companies that use different methods to calculate similar non-GAAP measures. We generally compensate for these limitations by considering GAAP as well as non-GAAP results. In addition, management provides a reconciliation to the most comparable GAAP financial measure. With respect to our earnings per share and free cash flow guidance, we have not provided guidance on a GAAP basis given that our current estimates for charges to be incurred related to our restructuring initiatives and the planned acquisition of Office Depot, and the potential related impact on cash flow, represent broad ranges which are based on our preliminary analysis and are subject to change as our plans become finalized.

For the non-GAAP measures related to results of operations, reconciliations to the most directly comparable GAAP measures are shown below for the first quarter of 2015 and first quarter of 2014 (amounts in millions, except per share data):

	13 Weeks Ended May 2, 2015						
	GAAP	Restructuring charges	Accelerated depreciation	Impairment of long-lived assets	Gain on sale of assets, net	Merger-related costs	Non-GAAP
Operating income	$ 98	41	4	22	(3)	11	$ 173
Interest and other expense, net	14					(4)	10
Income before income taxes	84						163
Income tax expense	25						25
Adjustments	—						29
Adjusted income tax expense	25						54
Net income	$ 59						$ 109
Effective tax rate	30.1%						33.5%
Diluted earnings per common share	$ 0.09						$ 0.17

	13 Weeks Ended May 3, 2014					
	GAAP	Inventory write-downs	Restructuring charges	Impairment of long lived assets	Gain on sale of businesses, net	Non-GAAP
Sales	$ 5,654					$ 5,654
Gross profit	1,410	11	—	—	—	1,421
Gross profit rate	24.9%					25.1%
Operating income	159	11	13	22	(22)	183
Interest and other expense, net	11					11
Income before income taxes	148					172
Income tax expense	52					52
Adjustments	—					6
Adjusted income tax expense	52					58
Net income	$ 96					$ 115
Effective tax rate	35.1%					33.5%
Diluted earnings per common share	$ 0.15					$ 0.18

Consolidated Performance

First Quarter of 2015 Compared to the First Quarter of 2014

Sales: Sales for the first quarter of 2015 were $5.26 billion, a $392 million or 6.9% decrease from the first quarter of 2014. The sales decline was primarily driven by a 4% unfavorable impact from changes in foreign exchange rates and a 2% negative impact associated with store closures in North America. The remaining decrease resulted from a 3% decline in North America comparable sales, which includes comparable store sales and growth in Staples.com, partly offset by a 2.5% sales increase in North American Commercial (increase of 3.2% in local currency). Declines in computers and mobility, business machines and technology accessories were partly offset by growth in facilities and breakroom supplies.

Gross Profit: Gross profit as a percentage of sales was 25.6% for the first quarter of 2015 compared to 24.9% for the first quarter of 2014, an increase of 65 basis points. This increase was primarily driven by improved product margin rate in our North American Stores & Online and International segments, as well as reduced rent expense resulting from store closures, partially offset by increased delivery expenses as a percentage of sales, due to growth in our delivery businesses. There were no inventory write-downs related to the rationalization of our SKU assortment or North American retail store closures in the first quarter of 2015, compared with $11 million of write-downs in the first quarter of 2014.

Selling, General and Administrative Expenses: Selling, general and administrative expenses decreased by $51 million or 4.2% from the first quarter of 2014 to the first quarter of 2015. The decrease was driven by a favorable impact from changes in foreign exchange rates, lower labor costs due to headcount reductions and store closures and, to a lesser extent, lower marketing expense. These decreases were partly offset by costs related to the acquisition of Office Depot and legal settlements. As a percentage of sales, selling, general and administrative expenses were 22.3% in the first quarter of 2015 compared with 21.6% in the first quarter of 2014.

Impairment on Long-Lived Assets: See Note D - Impairment of Long-Lived Assets in the Notes to the Condensed Consolidated Financial Statements for a description of the facts and circumstances related to the impairment charges recognized in the first quarters of 2015 and 2014.

Restructuring Charges: See Note C - Restructuring Charges in the Notes to the Condensed Consolidated Financial Statements for a description of the facts and circumstances related to the restructuring charges recognized in the first quarters of 2015 and 2014.

Gain on Sale of Businesses and Assets, net: In the first quarter of 2015, we recognized a $3 million gain on the sale of property and equipment, primarily driven by the sale of a distribution center in Europe. In the first quarter of 2014, we completed the sale of our Smilemakers, Inc. business unit resulting in a gain of $23 million, and the sale of another small business unit which resulted in a $2 million loss.

Interest Expense: Interest expense increased to $16 million for the first quarter of 2015 from $12 million for the first quarter of 2014. The increase was driven by $4 million of accrued commitment fees related to the 6-year $2.75 billion term loan we plan to execute when and if we complete our proposed acquisition of Office Depot.

Income Taxes: Our effective tax rate was 30.1% in the first quarter of 2015 compared with 35.1% in the first quarter of 2014. Our tax rate for the first quarter of 2014 reflected $11.2 million of incremental tax expense related to the repatriation of cash from a foreign subsidiary. Excluding the impact of this repatriation as well as the charges and gains shown in the tables included above in the Non-GAAP measures section items, our effective tax rate was 33.5% in both the first quarter of 2015 and the first quarter of 2014.

Our effective tax rate in any year is impacted by the geographic mix of earnings. Additionally, certain foreign operations are subject to both U.S. and foreign income tax regulations, and as a result, income before tax by location and the components of income tax expense by taxing jurisdiction are not directly related. The difference between the federal statutory tax rate and our effective tax rate is driven primarily by the foreign rate differential in our entities in Canada, Hong Kong and the Netherlands.

Segment Performance

As noted in Note K - Segment Reporting in the Notes to the Condensed Consolidated Financial Statements, we have three reportable segments: North American Stores & Online, North American Commercial and International Operations. See a reconciliation of total business unit income to income before income taxes in Note K - Segment Reporting.

First Quarter of 2015 Compared to the First Quarter of 2014

The following tables provide a summary of our sales and business unit income by reportable segment for the first quarter of 2015 and 2014:

	(Amounts in millions) 13 Weeks Ended		May 2, 2015	May 3, 2014
	May 2, 2015	May 3, 2014	(Decrease)Increase From Prior Year	(Decrease) Increase From Prior Year
Sales:				
North American Stores & Online	$ 2,372	$ 2,634	(10.0)%	(4.9)%
North American Commercial	2,108	2,056	2.5 %	0.7 %
International Operations	782	964	(18.9)%	(3.9)%
Total segment sales	$ 5,262	$ 5,654	(6.9)%	(2.8)%

	(Amounts in millions) 13 Weeks Ended		May 2, 2015	May 3, 2014
	May 2, 2015	May 3, 2014	% of Sales	% of Sales
Business Unit Income (Loss):				
North American Stores & Online	$ 75	$ 93	3.2 %	3.5 %
North American Commercial	134	136	6.4 %	6.6 %
International Operations	(20)	(25)	(2.5)%	(2.6)%
Business unit income	$ 189	$ 203	3.6 %	3.6 %

North American Stores & Online: Sales decreased by $262 million or 10.0% for the first quarter of 2015. This decrease was driven by an approximate 4% negative impact from store closures, a 5% decline in comparable store sales resulting from lower average order size and lower customer traffic, and a $60 million negative impact from changes in foreign exchange rates. Lower sales in retail were partially offset by a 1% increase in Staples.com (3% in local currency) driven by improved customer conversion. Comparable sales, which include comparable store sales and growth in Staples.com, declined 3%. Declines in computers, mobility, business machines and technology accessories, were partially offset by increased sales of copy and print services and facilities and breakroom supplies.

Business unit income as a percentage of sales decreased to 3.2% for the first quarter of 2015 from 3.5% for the first quarter of 2014. The decrease was driven by increased delivery expense as a percentage of sales and deleverage of fixed costs on lower sales. These factors were partially offset by increased gross margin rates due to favorable sales mix, as well as labor and rent savings as a result of store closures.

North American Commercial: Sales increased by $52 million or 2.5% for the first quarter of 2015. The increase was primarily due to increased sales of facilities and breakroom supplies and furniture and print solutions. This was partially offset by decreased sales of ink and toner, paper and a $15 million unfavorable impact from foreign exchange rates.

Business unit income as a percentage of sales decreased to 6.4% for the first quarter of 2015 from 6.6% for the first quarter of 2014. The decline was primarily driven by investments in sales force to drive growth in categories beyond office supplies, partially offset by reduced marketing expense in Quill.com.

International Operations: Sales decreased by $182 million or 18.9% for the first quarter of 2015. The decrease was primarily driven by a $161 million unfavorable impact from foreign exchange rates and a 7% decline in comparable store sales in Europe, which primarily reflects a decrease in customer traffic.

Business unit loss as a percentage of sales was 2.5% for the first quarter of 2015 compared to 2.6% for the first quarter of 2014. The improvement was driven by higher product margins in Europe and Australia, partially offset by increased costs in local currency in Europe as we transition to a more centralized pan-European business model.

Critical Accounting Policies and Significant Estimates

Our condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. Preparation of these statements requires management to make significant judgments and estimates. Some of our accounting policies require estimates which may have a significant impact on amounts reported in these financial statements. A summary of our critical accounting policies and significant estimates may be found in our Annual Report on Form 10-K for our fiscal year ended January 31, 2015 ("Annual Report"). There have been no material changes to our critical accounting policies as disclosed in that report.

Liquidity and Capital Resources

Cash Flows

Cash provided by operations was $300 million for the first quarter of 2015 compared to $359 million for the first quarter of 2014, a decrease of $59 million. The decrease reflects unfavorable changes in operating assets and liabilities and lower net income.

Cash used in investing activities was $63 million for the first quarter of 2015 compared to $2 million of net cash provided by investing activities for the first quarter of 2014. In the first quarter of 2014 we received proceeds of $50 million related to the sale of our Smilemakers, Inc. business and another small business unit. We did not have any similar dispositions in the first quarter of 2015. Capital spending increased by $12 million year-over-year primarily due to timing of expenditures.

Cash used in financing activities was $78 million for first quarter of 2015 compared to $73 million for first quarter of 2014, an increase of $5 million. As a result of cash planning related to our proposed acquisition of Office Depot, we did not repurchase any shares under our share repurchase plan in the first quarter of 2015, whereas in the first quarter of 2014 we spent $70 million to repurchase 5.7 million shares. In the first quarter of 2014 we had $75 million of net borrowings under our commercial paper program, versus no such borrowings in the current year quarter.

Sources of Liquidity

To cover seasonal fluctuations in cash flows and to support our various initiatives, we utilize cash generated from operations and borrowings available under various credit facilities and a commercial paper program. At May 2, 2015, we had approximately $1.9 billion in total cash and funds available through credit agreements, which consisted of $1.1 billion of available credit and $795 million of cash and cash equivalents.

Our $1.1 billion of available credit includes $1.0 billion of maximum borrowing capacity available under our revolving credit facility with Bank of America and other lending institutions. We also have a commercial paper program that allows us to issue up to $1.0 billion of unsecured commercial paper notes from time to time, and for which our $1.0 billion revolving credit facility serves as a back-up. We did not borrow under our credit facility or commercial paper program during the first quarter of 2015. See our Annual Report for more information on our existing credit facility and commercial paper program.

In connection with our proposed acquisition of Office Depot, we have completed the syndication of a 5-year $3 billion asset-based revolving credit facility and a 6-year $2.75 billion term loan. We will close on the asset-based revolving credit facility and term loan upon completion of the acquisition. The asset-based revolving credit facility will replace our existing $1 billion revolving credit facility. Our existing credit facility will remain in place in the event that the transaction is not completed. See Note G in the Notes to the Condensed Consolidated Financial Statements for more information related to the asset-based revolving credit facility and term loan.

We also have various other lines of credit under which we may currently borrow a maximum of $143 million. At May 2, 2015, we had outstanding borrowings and letters of credit of $78 million, leaving $65 million of available credit at that date.

Of the $795 million in cash and cash equivalents, approximately $373 million is held at entities located in jurisdictions outside the United States, and for which there could be tax consequences if such amounts were moved out of these jurisdictions or repatriated to the United States. We currently intend to use most of the cash and cash equivalents held outside of the United States to finance the obligations and current operations of our foreign businesses. The determination of the amount of the unrecognized deferred tax liability related to the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation.

During the first quarter of 2015, we entered into $3 million of new capital lease obligations and assumed equipment financing obligations of $4 million in conjunction with our acquisition of a small business in Europe.

A summary, as of May 2, 2015, of balances available under our credit agreements and debt outstanding is presented below (in millions):

	May 2, 2015	
	Available Credit	Debt Outstanding
January 2018 Notes	$ —	$ 497
January 2023 Notes	—	496
Revolving credit facility	1,000	—
Other lines of credit	65	78
Capital lease obligations and other notes payable	—	42
Total	$ 1,065	$ 1,113

As of May 2, 2015, there has not been a material change to the amounts and timing of maturity of contractual obligations disclosed in our Annual Report, except with respect to the financing commitments for the planned 6-year $2.75 billion term loan as noted in Note G Debt and Credit Agreements in the Notes to the Condensed Consolidated Financial Statements for a description. We do not have any off-balance sheet financing arrangements as of May 2, 2015, nor did we utilize any during the first quarter of 2015.

Taking into consideration the amount of cash expected to be required for our planned acquisition of Office Depot as well as the financing commitments for which we have completed the syndications, we expect that our cash generated from operations, together with our current cash, funds available under our existing credit agreements and other alternative sources of financing, will be sufficient to fund our planned capital expenditures, obligations associated with our restructuring and transformation initiatives, and other operating cash needs for at least the next twelve months.

Uses of Capital

As a result of our proposed acquisition of Office Depot, we have temporarily suspended our share repurchase program to focus on building up cash reserves ahead of the acquisition. Under the repurchase plan approved by our Board of Directors in 2011 (the "2011 Repurchase Plan"), we are authorized to repurchase up to $1.5 billion of common stock in both open market and privately negotiated transactions. The 2011 Repurchase Plan has no expiration date and may be suspended or discontinued at any time. As of May 2, 2015, we have spent a total of $1.1 billion to repurchase 83.4 million shares under the 2011 Repurchase Plan, and the remaining repurchase authorization is $373 million. While we did not repurchase any shares in the first quarter of 2015 and do not plan to resume share repurchases in 2015, over the long-term we expect to continue buying back stock.

We may use capital to engage in strategic acquisitions such as the proposed acquisition of Office Depot. We consider many types of acquisitions for their strategic and other benefits.

We are committed to maintaining our current quarterly dividend of $0.12 per share. We paid a dividend of $0.12 per share during the first quarter of 2015, and we expect the total value of quarterly cash dividend payments for fiscal 2015 to be $0.48 per share. While it is our intention to continue to pay quarterly cash dividends for 2015 and beyond, any decision to pay future cash dividends will be made by our Board of Directors and will depend upon our earnings, financial condition and other factors.

We expect a modest increase in capital spending in 2015 compared with 2014, driven by investments in our online businesses and other strategic initiatives, as well as investments aimed at improving the productivity of existing stores. We expect the source of funds for our capital expenditures to come primarily from operating cash flows.

Inflation and Seasonality

While neither inflation nor deflation has had, nor do we expect them to have, a material impact upon our consolidated operating results, we may see price increases in certain categories from time to time. Our business is somewhat seasonal, with sales and profitability historically higher during the second half of our fiscal year due to the back-to-school, holiday and January back-to-business seasons.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

At May 2, 2015, there had not been a material change in the interest rate and foreign exchange risk information disclosed in the "Quantitative and Qualitative Disclosures about Market Risks" subsection of Management's Discussion and Analysis of Financial Condition and Results of Operations on page B-16 of our 2014 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, evaluated, as of May 2, 2015, the effectiveness of the Company's disclosure controls and procedures, which were designed to be effective at the reasonable assurance level. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the Company's disclosure controls and procedures as of May 2, 2015, management, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at that date.

Changes in Internal Control over Financial Reporting

No change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended May 2, 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

STAPLES, INC. AND SUBSIDIARIES

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation arising from the operation of our business that is considered routine and incidental to our business. We do not believe the results of such litigation will have a material adverse effect on our business, results of operations or financial condition.

Item 1A. Risk Factors

The risks described below, as well as those risks described in Part 1, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended January 31, 2015, should be carefully considered. If any of these risks actually occur, the trading price of our common stock could decline materially and our business, financial condition, results of operations and cash flows could be materially adversely affected.

Risks Related to the Acquisition of Office Depot

We will incur significant indebtedness in connection with the merger, which could reduce our flexibility to operate our business and increase our interest expense.

In connection with the planned acquisition, we have obtained financing commitments from Bank of America, N.A. and Merrill, Lynch, Pierce, Fenner & Smith Incorporated ("Bank of America Merrill Lynch") and Barclays Bank PLC ("Barclays") and other banks and investors for a 5-year $3 billion asset-based revolving credit facility (the “ABL Facility”) and for a 6-year $2.75 billion term loan (the “Term Loan”). We completed the syndications of the term loan and credit facility in April and May of 2015, respectively. This indebtedness could have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing interest expense. We will also incur various costs and expenses associated with our indebtedness. The amount of cash required to pay interest on our increased indebtedness levels following completion of the merger, and thus the demands on our cash resources, will be greater than the amount of cash flows required to service our indebtedness prior to the transaction. The increased levels of indebtedness following completion of the merger could also reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes and may create competitive disadvantages relative to other companies with lower debt levels. If we do not achieve the expected benefits and cost savings from the merger, or if the financial performance of the combined company does not meet current expectations, then our ability to service our indebtedness may be adversely impacted.

In addition, our credit ratings affect the cost and availability of future borrowings and, accordingly, our cost of capital. Our ratings reflect each rating organization’s opinion of our financial strength, operating performance and ability to meet our debt obligations. In connection with the debt financing, we have sought ratings of its indebtedness from certain nationally recognized statistical rating organizations. On April 6, 2015, Standard & Poor’s Rating Services announced that it had assigned Staples a BBB rating on the term facility with a recovery rating of 1, and that it expects to lower Staples’ corporate credit rating from BBB- to BB+ with a stable outlook upon closing of the merger. On April 14, 2015, Moody’s Investor Service announced that it had assigned a Baa2 rating to the term facility, and noted that all ratings of Staples remain on review for downgrade. There can be no assurance that we will receive or maintain a particular credit rating.

Moreover, we may be required to raise substantial additional financing to fund working capital, capital expenditures, acquisitions or other general corporate requirements. Our ability to arrange additional financing or refinancing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. There can be no assurance that we will be able to obtain additional financing or refinancing on terms acceptable to us or at all.

Several lawsuits have been filed against us and Office Depot and its directors challenging the proposed merger, and an adverse ruling in such lawsuits may prevent the proposed merger from becoming effective or from becoming effective within the expected timeframe.

We, Office Depot and its directors, and Starboard Value LP, among others, are named as defendants in several putative class action lawsuits brought by purported Office Depot stockholders challenging the proposed merger, seeking, among other things, to enjoin consummation of the proposed merger. One of the conditions to the completion of the proposed merger is that no injunction by any court or other tribunal of competent jurisdiction will be in effect that prohibits or makes illegal the consummation of the proposed merger. As such, if any of the plaintiffs are successful in obtaining an injunction prohibiting the consummation of the proposed merger, then such injunction may prevent the proposed merger from becoming effective or from becoming effective within the expected timeframe.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As a result of our proposed acquisition of Office Depot, we have temporarily suspended our share repurchase program to focus on building up cash reserves ahead of the acquisition. Therefore, we did not repurchase any of our common stock under our share repurchase program during the first quarter of fiscal 2015. A total of 40,566 shares of our common stock were withheld during the first quarter of 2015 to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards granted pursuant to our equity incentive plans.

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits

The exhibits listed on the Exhibit Index immediately preceding such exhibits, which is incorporated herein by reference, are filed or furnished as part of this Quarterly Report on Form 10-Q.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STAPLES, INC.

Date: May 20, 2015	By:	/s/ Christine T. Komola
		Christine T. Komola
		Executive Vice President and Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Description
10.1	Agreement, dated April 10, 2015, by and among Staples, Inc. and the entities and natural persons listed on Exhibit A to the Agreement, including Starboard Value and Opportunity Master Fund Ltd. Filed as Exhibit 10.1 to the Company's Form 8-K on April 10, 2015.
31.1+	Principal Executive Officer – Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Principal Financial Officer – Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Principal Executive Officer – Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2++	Principal Financial Officer – Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Calculation Linkbase Document.
101.DEF+	XBRL Taxonomy Definition Linkbase Document.
101.LAB+	XBRL Taxonomy Label Linkbase Document.
101.PRE+	XBRL Taxonomy Presentation Linkbase Document.

+ Filed herewith.

++ Furnished herewith.

Attached as Exhibits 101 to this report are the following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended May 2, 2015 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows and (iv) related notes to these financial statements tagged in detail.

Exhibit 31.1

Principal Executive Officer Certification

I, Ronald L. Sargent, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Staples, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2015

/s/ Ronald L. Sargent

Ronald L. Sargent
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Principal Financial Officer Certification

I, Christine T. Komola, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Staples, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 20, 2015

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Principal Executive Officer Certification

In connection with the Quarterly Report on Form 10-Q of Staples, Inc. (the "Company") for the period ended May 2, 2015 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, Ronald L. Sargent, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 20, 2015

/s/ Ronald L. Sargent

Ronald L. Sargent
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Principal Financial Officer Certification

In connection with the Quarterly Report on Form 10-Q of Staples, Inc. (the "Company") for the period ended May 2, 2015 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, Christine T. Komola, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 20, 2015

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)