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 15, 2016. 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, Poland, 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.

An investment in the shares as described in this prospectus is subject to risks. An investor faces the risk of losing a part or all of his invested capital. Before participating in the ESPP, prospective investors should carefully read the entire prospectus, containing a description of the offer and the risk factors, with special attention to the risk factors (see Part I (Summary), p. 6 to p. 19 and Part II (Risk Factors), p. 20). Their decision should solely be based on the information contained in the 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

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 operates and its country of incorporation**	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.

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 serves 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 30, 2016	**January 31, 2015**	**February 1, 2014**
Core office supplies	25.3%	25.6%	27.5%
Ink and toner	19.9%	20.0%	20.2%
Business technology	13.4%	14.3%	15.2%
Paper	9.2%	9.2%	9.0%
Facilities and breakroom	11.0%	10.0%	8.7%
Computers and mobility	5.5%	6.3%	6.9%
Services	9.5%	8.6%	6.9%
Office furniture and chairs	6.2%	6.0%	5.6%
	100.0%	100.0%	100.0%

B.4a	Recent trends	The Form 10-Q for the quarter ended on April 30, 2016 summarizes the major contributions to the results of the first quarter of 2016, as compared to the first quarter of 2015, as follows: • Staples generated $5.1 billion in sales, a decrease of 3.1%; • North American Stores & Online sales decreased 5.2% and business unit income rate decreased to 2.8% from 3.2%; • North American Commercial sales increased 0.3% and business unit income rate increased to 7.0% from 6.4%; • International Operations sales decreased 5.6%, while business unit loss rate was (2.4)% compared with (2.5)%; • Net income for the first quarter of 2016 was $41 million

		compared with $59 million for the first quarter of 2015; • Net income for the first quarter of 2016 includes after-tax charges of $68 million for restructuring-related costs, merger-related costs, and a net loss related to the sale of the Staples Print Solutions business; • Non-US GAAP net income was $109 million for both the first quarter of 2016 and the first quarter of 2015; and • Earnings per diluted share was $0.06 in the first quarter of 2016 compared to $0.09 in the first quarter of 2015. Non-US GAAP earnings per diluted share was $0.17 in both the first quarter of 2016 and the first quarter of 2015. Furthermore, on May 10, 2016 Staples announced that it was terminating its proposed acquisition of Office Depot, a global supplier of office products, services and solutions for the workplace, and announced a strategic plan aimed at enhancing long-term value, including the following actions: • Staples plans to focus on mid-market business customers with 10 - 200 employees and to pursue acquisitions of business-to-business service providers and companies specializing in categories beyond office supplies to accelerate growth in this area. • Staples plans to explore strategic alternatives for its European operations. • Staples plans to close at least 50 retail stores in North America in 2016. • Staples is initiating a new multi-year cost savings plan which is expected to generate approximately $300 million of annualized pre-tax cost savings by the end of 2018. The plan is primarily focused on reducing product costs, optimizing promotions, increasing the mix of Staples Brand products, and reducing operating expenses.
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 30, 2016, January 31, 2015, February 1, 2014, February 2, 2013 and January 28, 2012

(Dollar Amounts in Millions, Except Store and Per Share Data)

	Fiscal Year Ended				
	January 30, 2016 (1) (52 Weeks)	January 31, 2015 (2) (52 Weeks)	February 1, 2014 (3) (52 Weeks)	February 2, 2013 (4) (53 Weeks)	January 28, 2012 (5) (52 Weeks)
Statement of Income Data:					
Sales	$ 21,059	$ 22,492	$ 23,114	$ 24,381	$ 24,665
Gross profit	5,514	5,801	6,032	6,491	6,690
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interest	$ 379	$ 135	$ 707	$ (161)	$ 987
Amounts attributable to Staples, Inc.					
Income (loss) from continuing operations	$ 379	$ 135	$ 707	$ (161)	$ 988
Loss from discontinued operations	—	—	(87)	(50)	(3)
Net income	$ 379	$ 135	$ 620	$ (211)	$ 985
Basic earnings per common share:					
Continuing operations	$ 0.59	$ 0.21	$ 1.08	$ (0.24)	$ 1.42
Discontinued operations	—	—	(0.13)	(0.07)	—
Net income	$ 0.59	$ 0.21	$ 0.95	$ (0.31)	$ 1.42
Diluted earnings per common share:					
Continuing operations	$ 0.59	$ 0.21	$ 1.07	$ (0.24)	$ 1.40
Discontinued operations	—	—	(0.13)	(0.07)	—
Net income	$ 0.59	$ 0.21	$ 0.94	$ (0.31)	$ 1.40

Dividends declared per common share	$	0.48	$	0.48	$	0.48	$	0.44	$	0.40
Statistical Data:										
Stores open at end of period		1,907		1,983		2,169		2,215		2,295
Balance Sheet Data:										
Working capital (6), (7),(8)	$	1,848	$	1,662	$	1,694	$	1,525	$	1,914
Total assets (6)		10,172		10,308		11,175		12,280		13,430
Long-term debt, net of current maturities (6)		1,018		1,018		1,000		1,002		1,599
Noncontrolling interests		8		8		9		8		7
Total stockholders' equity	$	5,384	$	5,313	$	6,141	$	6,136	$	7,022

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 $151 million of restructuring charges, $147 million of costs related to the Company's proposed acquisition of Office Depot, $50 million of long-lived asset impairment charges, $18 million of costs related to the previously announced PNI data security incident, $5 million for accelerated depreciation, $1 million in inventory write-downs associated with the Company's restructuring initiatives, and a net loss of $5 million related to the sale of businesses and assets.

(2) Income from continuing operations for this period reflects $171 million of restructuring charges, a charge of $470 million for impairment of goodwill and long-lived assets, $9 million of accelerated depreciation, $26 million of inventory write-downs, and a net gain of $27 million related to the sale of businesses.

(3) Income from continuing operations for this period reflects charges of $64 million for restructuring activities aimed at further streamlining the Company's operations and general and administration functions. Loss from discontinued operations for this period reflects an $81 million preliminary loss on disposal related to the sale of the Company's European Printing Systems Division business.

(4) Income from continuing operations for this period reflects pre-tax charges of $811 million for impairment of goodwill and long-lived assets, $207 million for restructuring activities related to a strategic plan announced in September 2012 aimed at accelerating growth, $57 million for a loss on early extinguishment of debt, $26 million related to the termination of the Company's joint venture agreement in India, and $20 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 $21 million tax benefit related to a refund due to Corporate Express N.V. from the Italian government that was previously deemed uncollectible.

(6) Working capital, total assets and long term debt, net of current maturities as of January 31, 2015, as shown above and as reflected on our Consolidated Balance Sheets, reflect the impact of 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, as a result of adopting Accounting Standards Update 2015-03, "Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost. The amounts shown above related to 2011 to 2013 have not been restated since the impact of the adoption of this

pronouncement was not material. (7) Working capital in 2012 excludes the current assets and current liabilities of discontinued operations. (8) As noted in Note A in the Notes to the Consolidated Financial Statements on page C-9 and following of the Company's Annual Report on Form 10-K for fiscal year ended January 30, 2016 (Exhibit II), in 2015 the Company adopted a new accounting pronouncement which stipulates that all deferred tax assets and liabilities are to be presented in the balance sheet as non-current items. As a result, the working capital figures for 2011 to 2014 shown above have been restated to reflect the reclassification of deferred tax assets and liabilities from current to non-current.		
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 securities being offered, including the security identification code**	The shares of Staples, Inc. having a par value of US$ 0.0006 per share (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 646,287,207 shares of common stock, par value $0.0006, outstanding as of May 16, 2016.
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 regulated market**	As noted in Element C.1 above, the Shares are listed on the Nasdaq.
C.7	**Dividend policy**	The Company paid a quarterly dividend of $0.12 per share on April 14, 2016. The Company paid quarterly dividends for fiscal year 2015 of $0.12 per share on April 16, 2015, July 16, 2015, October 15, 2015 and January 14, 2016 resulting in a total dividend payment of $308 million or $0.48 per share. The Company 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 million or $0.48 per share. The Company 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 $313 million or $0.48 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: • 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) and a participant in the Plan therefore potentially faces the risk of losing a part or all of his invested capital. • 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. • Under the Plan, there may be certain restrictions on the withdrawal of shares, which may in turn lead to a certain restriction on the liquidity thereof.

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 April 26, 2016 of US$10.64 and the

		applicable rules regarding the price paid for Shares under the Plan, amount to US$244,188,000. 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, as amended, or (v) is a highly compensated employee within the meaning of Section 414(q) of the U.S. Internal Revenue Code of 1986, as amended 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, as amended. 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.
E.4	**Description of material interest to the offer including**	Not applicable. There are no such interests.

<table>
<tr><td></td><td>conflict of interests</td><td colspan="3"></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 May 16, 2016, i.e., 6,462,872 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 May 16, 2016)</td><td>1.000%</td><td>646,287,207</td></tr>
<tr><td>After issuance of 27,000,000 Shares under the ESPP</td><td>0.961%</td><td>673,287,207</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) and a participant in the Plan therefore potentially faces the risk of losing a part or all of his invested capital.

- 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.

- Under the Plan, there may be certain restrictions on the withdrawal of shares, which may in turn lead to a certain restriction on the liquidity thereof.

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 30, 2016 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on April 30, 2016 (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, as amended, or (v) is a highly compensated employee within the meaning of Section 414(q) of the U.S. Internal Revenue Code of 1986, as amended 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, as amended.

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 period of participation in the plan 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 (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 Purchase 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 her or to an account for his or her 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 or her 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 30, 2016 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on April 30, 2016 (Exhibit V).

B. Information on Maximum Dilution

The Shares under the ESPP are offered to approximately 61,412 eligible employees of the Company as of April 21, 2016. 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 April 26, 2016 was US$ 10.64 (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 April 26, 2016 (i.e., 85% of US$ 10.64 or US$ 9.044), each eligible employee would be entitled to purchase a maximum of 2,349 Shares (i.e., 25,000 divided by 10.64) under the ESPP in one year, assuming no other ESPP limitations are exceeded. Assuming that all of the eligible employees would each purchase 2,349 Shares, the maximum number of Shares offered under the ESPP pursuant to this prospectus amounts to approximately 144,256,788 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 May 16, 2016 (i.e., 6,462,872 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%	646,287,207
After issuance of 27,000,000 Shares under the ESPP	0. 961%	673,287,207

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 30, 2016, January 31, 2015 and February 1, 2014 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 May 16, 2016, Staples had 646,287,207 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 July 31, 2015, as reported by Nasdaq, was approximately US$ 9.4 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" 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 18, 2016, 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, beneficially owning 54,180,373 Shares, representing 8.38% of the Company's common stock;

(ii) FMR, LLC, 245 Summer Street, Boston, MA 02109, beneficially owning 40,744,904 Shares, representing 6.30% of the Company's common stock;

(iii) BlackRock, Inc., 55 East 52nd Street, New York, NY 10055, beneficially owning 38,917,225 Shares, representing 6.02% of the Company's common stock; and

(iv) Pzena Investment Management, LLC, 320 Park Avenue, 8th Floor, New York, NY 10022, beneficially owning 33,304,711 Shares, representing 5.15% of the Company's common stock.

For the fiscal years ended on January 30, 2016, January 31, 2015 and February 1, 2014 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 30, 2016, January 31, 2015 and February 1, 2014 are set forth hereafter.

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

	January 30, 2016	January 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 825	$ 627
Receivables, net	1,899	1,928
Merchandise inventories, net	2,078	2,144
Prepaid expenses and other current assets	310	252
Total current assets	5,112	4,951
Property and equipment:		
Land and buildings	908	948
Leasehold improvements	1,184	1,231
Equipment	2,902	2,825
Furniture and fixtures	967	1,016
Total property and equipment	5,961	6,020
Less: Accumulated depreciation	4,375	4,314
Net property and equipment	1,586	1,706
Intangible assets, net of accumulated amortization	274	335
Goodwill	2,653	2,680
Other assets	547	636
Total assets	$ 10,172	$ 10,308

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,894	$ 1,867
Accrued expenses and other current liabilities	1,353	1,330
Debt maturing within one year	17	92
Total current liabilities	3,264	3,289
Long-term debt, net of current maturities	1,018	1,018
Other long-term obligations	506	688
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 946,964,792 and 645,723,603 shares at January 30, 2016 and 941,561,541 shares and 640,320,352 shares at January 31, 2015, respectively	1	1
Additional paid-in capital	5,010	4,935
Accumulated other comprehensive loss	(1,116)	(1,041)
Retained earnings	6,900	6,829
Less: Treasury stock at cost, 301,241,189 shares at January 30, 2016 and January 31, 2015	(5,419)	(5,419)
Total Staples, Inc. stockholders' equity	5,376	5,305
Noncontrolling interests	8	8
Total stockholders' equity	5,384	5,313
Total liabilities and stockholders' equity	$ 10,172	$ 10,308

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

	Fiscal Year Ended		
	January 30, 2016	**January 31, 2015**	**February 1, 2014**
Sales	$ 21,059	$ 22,492	$ 23,114
Cost of goods sold and occupancy costs	15,545	16,691	17,082
Gross profit	5,514	5,801	6,032
Operating expenses:			
Selling, general and administrative	4,600	4,816	4,735
Impairment of goodwill and long-lived assets	50	470	—
Restructuring charges	151	171	64
Amortization of intangibles	67	62	55
Total operating expenses	4,868	5,518	4,855
(Loss) gain on sale of businesses and assets, net	(5)	27	—
Operating income	641	310	1,177
Other income (expense):			
Interest income	3	3	5
Interest expense	(139)	(49)	(119)
Other income (expense), net	(13)	4	—
Income from continuing operations before income taxes	492	268	1,063
Income tax expense	113	133	356
Income from continuing operations	379	135	707
Discontinued operations:			
Loss from discontinued operations, net of income taxes	—	—	(87)
Net income	$ 379	$ 135	$ 620

Basic Earnings Per Common Share:						
Continuing operations	$	0.59	$	0.21	$	1.08
Discontinued operations		—		—		(0.13)
Net income	$	0.59	$	0.21	$	0.95
Diluted Earnings per Common Share:						
Continuing operations	$	0.59	$	0.21	$	1.07
Discontinued operations		—		—		(0.13)
Net income	$	0.59	$	0.21	$	0.94
Dividends declared per common share	$	0.48	$	0.48	$	0.48

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 30, 2016 (Exhibit II) and on the Company's website (www.staples.com, under the "Corporate Information – Investor Information – FAQ" 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 30, 2016 (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 30, 2016 (Exhibit II) and in the Company's Quarterly Report on Form 10-Q for the first quarter ended on April 30, 2016 (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-12 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 30, 2016 (Exhibit II). Information on the Company's indebtedness is set forth under "NOTE F – Debt and Credit Agreements" on pages C-19 and following of the Notes to Consolidated Financial Statements of the Annual Report on Form 10-K for the fiscal year ended January 30, 2016

(Exhibit II). Information on the stockholders' equity is set forth on pages C-6 and following of the Annual Report on Form 10-K for the fiscal year ended January 30, 2016 (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 30, 2016, Staples had approximately 42,554 full-time and 32,817 part-time associates.

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 serves 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 products that are readily available and easy to find, and courteous, helpful and knowledgeable sales associates to support customers. 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, packaging and shipping supplies and services. 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 1,302 stores in the United States and 305 stores in Canada at the end of fiscal 2015. In an effort to improve store productivity and effectively manage its cost structure, the Company closed 242 stores 2014 and expects to close approximately 50 additional stores in 2016. In 2016 the Company also plans to continue reducing excess capacity in its retail store network through downsizes and relocations. The Company remains committed to improving store productivity and aggressively managing retail store expenses.

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 the Company's markets. The Company has recently 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 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 omni-channel capabilities including in store kiosks and buy online pickup in store. The Company has recently announced a ship from store offering. These new capabilities offer customers a more seamless shopping experience, regardless of whether they physically visit its retail stores or its websites.

The North American Commercial segment consists of the U.S. and Canadian businesses, including Staples Advantage and Quill.com, that sell and deliver products and services directly to businesses. The Company's strategies for North American Commercial focus on expanding its offering in categories beyond office supplies, increasing the Company's share of wallet with existing customers, and acquiring new customers, with a particular focus on small and mid-sized businesses. The Company is also focused on serving its customers by evolving its team-based contract selling model to be more unified and collaborative. The Company is 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 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. The Company 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 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 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 businesses represent a 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 278 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 businesses with a significant concentration of sales in France, Italy and the United Kingdom.

The Company’s strategies for its European Office Products businesses 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, 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 delivery businesses in China, Argentina, Taiwan and Brazil.

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 May 19, 2016)

Name	*Age*
Basil L. Anderson	71
Drew G. Faust	68
Paul-Henri Ferrand	52
Kunal S. Kamlani	43

Carol Meyrowitz	62
Rowland T. Moriarty	69
Ronald L. Sargent	60
Robert Sulentic	59
Raul Vazquez	44
Vijay Vishwanath	56
Paul F. Walsh	66

On June 14, 2016, the Company will hold its annual meeting of shareholders and expects three new directors to be elected to the Board of Directors to replace Messrs. Anderson, Moriarty and Vazquez, who will not stand for reelection. The three new directors who have been nominated for election are Curtis Feeny, age 58, Deborah A. Henretta, age 54, and John F. Lundgren, age 64.

E. Executive Officers (as per May 19, 2016)

Name	*Function*
Ronald L. Sargent	Chairman and Chief Executive Officer
Christine T. Komola	Chief Financial Officer
Joseph G. Doody	Vice Chairman
John Wilson	President, International Operations and Head of Global Transformation
Michael Williams	General Counsel and Secretary
Shira Goodman	President, North America Operations
Mark Conte	Senior Vice President and Corporate Controller

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 – Download our Global 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 30, 2016 (Exhibit II) and in the Company’s Quarterly Report on Form 10-Q for the first quarter ended on April 30, 2016 (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 30, 2016 (Exhibit II) and in the Company’s Quarterly Report on Form 10-Q for the first quarter ended on April 30, 2016 (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 30, 2016 (Exhibit II), in the Company’s Definitive Proxy Statement (Exhibit III) and in 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 30, 2016 (Exhibit II) and in the Company’s Definitive Proxy Statement (Exhibit III).

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 30, 2016, January 31, 2015 and February 1, 2014, 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

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.

EXHIBIT II - ANNUAL REPORT ON FORM 10-K
FOR FISCAL YEAR ENDED JANUARY 30, 2016
FILED BY STAPLES, INC. ON MARCH 4, 2016

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 30, 2016**	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 July 31, 2015, as reported by NASDAQ, was approximately $9.4 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 645,757,022 shares of common stock, par value $0.0006, outstanding as of March 2, 2016.

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 2016 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, and regarding geographic areas, 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 *we help businesses succeed.* This reflects a multi-year effort to evolve our business to become the product and service destination for businesses 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. We will focus on building scale and credibility in categories beyond office supplies, including facilities supplies and breakroom supplies, mail and ship supplies and services; increasing mid-market penetration; improving traffic in stores and online; and improving the productivity and efficiency of our store network. Additionally, we are engaged in an ongoing effort to change the way we work and aggressively reduce costs in areas like supply chain, merchandising, store operations and real estate, marketing, salesforce, business process and IT outsourcing, and customer service.

Acquisition of Office Depot

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 more effectively against a large and diverse set of competitors. On December 7, 2015, the United States Federal Trade Commission filed an administrative complaint charging that the proposed acquisition would violate antitrust laws, and authorized its staff to seek in federal court a temporary restraining order and a preliminary injunction to prevent Staples and Office Depot from consummating the merger. Also on December 7, 2015, the Canadian Competition Bureau filed an application to block the transaction with the Canadian Competition Tribunal. On February 2, 2016, Office Depot and Staples each agreed to waive, until May 16, 2016, its respective rights to terminate the definitive agreement due to a failure to complete the merger by February 4, 2016 or a legal restraint under antitrust laws. The extension allows for the expected completion of the ongoing federal court litigation with the Federal Trade Commission.

On February 10, 2016, we announced that we had received approval from European Union regulatory authorities to acquire Office Depot, on the condition that we divest Office Depot’s European contract business and all of Office Depot’s operations in Sweden. We intend to meet these conditions, and to also divest of Office Depot’s retail, catalog and online operations in Europe. The divestitures are subject to the closing of the acquisition. We have also received regulatory clearances in Australia, New Zealand and China.

On February 16, 2016, Staples and Office Depot announced they had entered into an agreement to sell customer contracts representing more than $550 million of revenue and related assets to Essendant Inc., for a purchase price of approximately $22.5 million. The revenue related to the divested contracts comes primarily from large corporate customers. The divestiture is subject to the closing of the Office Depot acquisition, as well as other customary closing conditions.

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 products that are readily available and easy to find, and courteous, helpful and knowledgeable sales associates to support customers. 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, packaging and shipping supplies and services. 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 1,302 stores in the United States and 305 stores in Canada at the end of fiscal 2015. In an effort to improve store productivity and effectively manage our cost structure, we closed 242 stores in 2014 and 2015 combined, and we expect to close approximately 50 additional stores in 2016. In 2016 we also plan to continue reducing excess capacity in our retail store network through downsizes and relocations. We remain committed to improving store productivity and aggressively managing retail store expenses.

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. We have recently 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 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 omni-channel capabilities including in store kiosks and buy online pickup in store. We have also recently announced a ship from store offering. These new capabilities 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, including Staples Advantage and Quill.com, that sell and deliver products and services directly to businesses. Our strategies for North American Commercial focus on expanding our offering in categories beyond office supplies, increasing our share of wallet with existing customers, and acquiring new customers, with a particular focus on small and mid-sized businesses. We are also focused on serving our customers by evolving our team-based contract selling model to be 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 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. 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 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 278 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.

Merchandising and Marketing

We sell a wide variety of office supplies, business technology products, facilities supplies 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 supplies and breakroom supplies. These positive results have reinforced our strategy and we continue to broaden our offering.

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 2015. 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. 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 9.5% of our sales in 2015. 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 & 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 helps 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 this 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 online retailers such as Amazon.com, 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, 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 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 30, 2016, Staples employed 42,554 full-time and 32,817 part-time associates.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers, their respective ages and positions as of March 4, 2016 and a description of their business experience are set forth below. There are no family relationships among any of our executive officers and directors.

Mark Conte, age 50

Mr. Conte has served as Staples' Senior Vice President and Corporate Controller since June 15, 2015. Prior to joining Staples, Mr. Conte served as Chief Financial Officer of Hanson Building Products Limited, a multinational manufacturer of concrete pipe, pressure pipe and light building products, and also served as its Principal Accounting Officer. Mr. Conte served as Corporate Controller and Chief Accounting Officer of Lehigh Hanson North America - HeidelbergCement Group which had acquired Hanson. Mr. Conte joined Hanson North America - Hanson PLC in July 2000 as the Corporate Controller, and in 2007 he assumed responsibility of the Operations Controller for the Materials business. Prior to joining Hanson, he spent over eleven years in public accounting, including working for Ernst & Young LLP.

Joseph G. Doody, age 63

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.

Shira Goodman, age 54

Ms. Goodman has served as President, North American Operations since January 2016. Previously, she served as President, North American Commercial since February 2014, Executive Vice President of Global Growth since February 2012, Executive Vice President of Human Resources since 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 48

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.

Ronald L. Sargent, age 60

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 62

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 55

Mr. Wilson has served as President, International Operations and Head of Global Transformation since January 2016 and previously 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 entered into a definitive agreement to acquire Office Depot, a global supplier of office products, services and solutions for the workplace. On December 7, 2015, the Federal Trade Commission and Canadian Commissioner of Competition each filed lawsuits against us and Office Depot, seeking to block the proposed merger. On February 2, 2016, each company agreed to waive, until May 16, 2016, its respective rights to terminate the merger agreement due to a failure to complete the merger by February 4, 2016 or a legal restraint under antitrust laws.

Our obligations to complete the merger are subject to the satisfaction or waiver of certain conditions, including without limitation the 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. The failure to satisfy all of the required conditions, including as a result of the antitrust lawsuits, 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 will have incurred substantial expenses and diverted significant management time and resources from our ongoing business. In addition, we 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 May 16, 2016.

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. 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.

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. The European Commission approved the merger on the condition that Staples divest Office Depot's European contract business and all of Office Depot's operations in Sweden. Staples and Office Depot have announced that they will also divest Office Depot's retail, online and catalog operations in Europe in connection with closing the transaction. In addition, Staples and Office Depot have announced an agreement to sell more than $550 million of office products revenue and related assets to Essendant in connection with closing the transaction. We may be subject to additional remedies, such as restrictions on our operations and the divestiture of additional assets, in connection with seeking antitrust clearance for the merger.

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 $2.5 billion term loan (the "Term Loan"). In February 2016, we drew the proceeds of the Term Loan and placed them in escrow with JPMorgan Chase Bank, N.A. The proceeds of the Term Loan will be released from escrow to the Company if certain conditions are satisfied, including consummation of the merger, or repaid to the lenders together with accrued interest and fees if the conditions are not met by September 10, 2016 (subject to extension to November 10, 2016 under certain antitrust-related circumstances). We also extended the commitment period for the ABL Facility. Pursuant to the amended and restated debt commitment letter, the extended commitments will expire on May 10, 2016 unless, prior to 5:00 p.m. on such date, the Federal Trade Commission agrees, or a court of competent jurisdiction determines, that the merger is permitted to proceed in accordance with the merger agreement, in which case the commitments will be extended to September 10, 2016.

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 our 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.

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

The agreements that govern the Term Loan, and that will govern the ABL Facility if we enter into it in connection with the merger, contain (or, in the case of the ABL Facility, are expected to contain) various affirmative and negative covenants that, subject to certain significant exceptions, restrict our ability to, among other things, incur indebtedness or guarantees; incur liens; make investments, loans and acquisitions; consolidate or merge; sell assets, including capital stock of our subsidiaries; pay dividends on capital stock or redeem, repurchase or retire capital stock; change lines of business; amend, prepay, redeem or purchase certain debt; engage in transactions with affiliates; and enter into agreements containing negative pledge clauses or clauses that limit subsidiary dividends and distributions. In addition, these agreements contain (or are expected to contain, as applicable) 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, the terms of the definitive agreements that govern the Term Loan, and that will govern the ABL Facility if we enter into it, 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.

As of February 21, 2015, we estimated that we would issue up to approximately 128 million shares of our common stock in connection with the proposed Office Depot merger, subject to adjustment based on the number of outstanding shares and equity awards of Office Depot at the time the merger is completed. 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.

Risks Related to the Business

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 supplies and breakroom supplies and service offerings, such as our copy and print services. We are also 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 effect 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 2015. We also announced a plan to close at least 225 of our retail stores in North America by the end of 2015, under which we closed 242 stores through the end of 2015 and which we extended to encompass an additional 50 closures in 2016. As a result of these initiatives, we recorded pre-tax charges of $245 million in fiscal 2014 and $170 million in fiscal 2015, and we expect to incur charges of approximately $40 million - $85 million in 2016 related to the additional store closures. Additional charges may be required as a result of implementing our plans or if we adopt new strategies for the future. The success of our plans and strategies 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. 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 our 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 results of operations.

In the past 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 fiscal 2014 related to our Australia and China reporting units. At January 30, 2016, 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. 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. 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 historic core product areas in recent years, for example by expanding their assortment of office products and services, opening new stores near our existing stores, and offering direct delivery of office products, 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.

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, 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, end users of our services, vendors, business partners 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 loss or unauthorized access, acquisition, use or disclosure. For example, computer hackers may penetrate our or our vendors' network security and, if successful, misappropriate such information or interfere with our ability to access 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, interference with our ability to access, 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.

We have investigated, with the assistance of outside experts, a data security incident involving unauthorized access into the computer systems of PNI Digital Media Ltd ("PNI"), a subsidiary we acquired in July 2014. PNI, which is based in Vancouver, British Columbia, provides a software platform that enables retailers to sell personalized products such as photo prints, photo books, calendars, business cards, stationery and other similar products. PNI’s customers include a number of major third party retailers, as well as our affiliates. The investigation determined that an unauthorized party entered PNI’s systems and was able to deploy on some of PNI’s servers supporting its customers, malware designed to capture data that end users input on the photosites.

Some of PNI's affected customers have notified certain of their users of a potential compromise of the users' payment card information and/or other personal information. PNI took prompt steps to contain the incident, including disabling the retailer photosites, or online payment transactions, for a period while the incident was being investigated, and to further enhance the security of its retailer customers' data. To date the Company has incurred incremental expenses of $18 million related to the incident. Additional losses and expenses relating to the incident are probable; however, at this stage, we do not have sufficient information to reasonably estimate such losses and expenses. The types of losses and expenses that may result from the incident include, without limitation: claims by PNI's retailer customers, including indemnification claims for losses and damages incurred by them; claims by end-users of PNI's services, including class action lawsuits that have been filed, and further class action lawsuits that may be filed, in Canada and the United States; investigations and claims by various regulatory authorities in Canada and the United States; the costs of completing our investigation of the incident; remediation costs; and legal fees. We will continue to evaluate information as it becomes known and will record an estimate for losses or expenses at the time or times when it is both probable that any loss has been incurred and the amount of such loss is reasonably estimable. Such losses may be material to our results of operations and financial condition. We maintain network-security insurance coverage, which we expect would help mitigate the financial impact of the incident. The incident has resulted in a loss of business for PNI and may result in further reputational and other harm to us going forward.

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 our 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 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 across all channels value courteous and knowledgeable associates. 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. We have experienced reductions in force in connection with our restructuring activity, which may lead to lower associate morale, gaps in experience and knowledge, and a higher likelihood that remaining associates terminate their employment. 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 30, 2016, our consolidated outstanding debt was $1.0 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. On February 2, 2016, in connection with our pending acquisition of Office Depot, we entered into a term loan agreement for $2.5 billion, the proceeds of which are currently held in escrow pending the closing of the acquisition, and an extension to a financing commitment for a $3 billion asset-based revolving credit facility. Our acquisition-related financing, or other substantial indebtedness we may incur 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 2015 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 and exporting merchandise, 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 uninterrupted availability and 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, including without limitation a denial of service attack, 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 products we sell on an exclusive basis, 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 30, 2016, we operated a total of 1,907 retail stores in 46 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, Australia and Brazil. As of that same date, we also operated 104 distribution and fulfillment centers in 28 states in the United States, 7 provinces in Canada, and in 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 30, 2016:

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		New Jersey	71	**Canada**	
Alabama	12	New Mexico	10	Alberta	39
Arizona	27	New York	115	British Columbia	41
Arkansas	8	North Carolina	46	Manitoba	10
California	179	North Dakota	2	New Brunswick	8
Colorado	17	Ohio	51	Newfoundland	4
Connecticut	33	Oklahoma	17	Nova Scotia	12
Delaware	7	Oregon	20	Northwest Territories	1
District of Columbia	2	Pennsylvania	87	Ontario	112
Florida	77	Rhode Island	8	Prince Edward Island	2
Georgia	29	South Carolina	20	Quebec	64
Idaho	8	South Dakota	1	Saskatchewan	11
Illinois	36	Tennessee	19	Yukon	1
Indiana	20	Texas	49	**Total Canada**	**305**
Iowa	13	Utah	11		
Kansas	5	Vermont	6		
Kentucky	14	Virginia	40	**Finland**	7
Maine	10	Washington	26	**Germany**	58
Maryland	39	West Virginia	5	**The Netherlands**	41
Massachusetts	62	Wisconsin	9	**Norway**	19
Michigan	36	Wyoming	3	**Portugal**	34
Minnesota	5	**Total United States**	**1,302**	**Sweden**	12
Missouri	10			**United Kingdom**	107
Montana	7			**Argentina**	11
Nebraska	4			**Australia**	10
Nevada	6			**Brazil**	1
New Hampshire	20				**1,907**

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	4
Alaska	1	British Columbia	2
California	5	Manitoba	1
Colorado	1	New Foundland	1
Connecticut	2	Nova Scotia	2
Delaware	1	Ontario	4
Florida	1	Quebec	2
Georgia	2	**Total Canada**	16
Idaho	1		
Illinois	2	**Denmark**	1
Indiana	1	**Finland**	1
Iowa	2	**France**	2
Kansas	2	**Germany**	1
Maryland	2	**Italy**	1
Massachusetts	1	**The Netherlands**	2
Minnesota	2	**Norway**	2
Nebraska	1	**Poland**	1
New Jersey	1	**Portugal**	1
New York	2	**Spain**	1
North Carolina	2	**Sweden**	1
Ohio	2	**United Kingdom**	5
Oregon	3	**China**	3
Pennsylvania	1	**Argentina**	1
Tennessee	1	**Brazil**	1
Texas	6	**Australia**	15
Virginia	1		**104**
Washington	1		
Wisconsin	1		
Total United States	**49**		

Most of the existing facilities are leased by us with initial lease terms expiring between 2016 and 2030. In most instances, we have renewal options at increased rents. Leases for 134 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
52 Weeks Ended January 30, 2016		
First Quarter	$ 19.40	$ 15.72
Second Quarter	16.84	13.74
Third Quarter	14.71	11.61
Fourth Quarter	13.50	8.29
52 Weeks 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

Cash Dividend

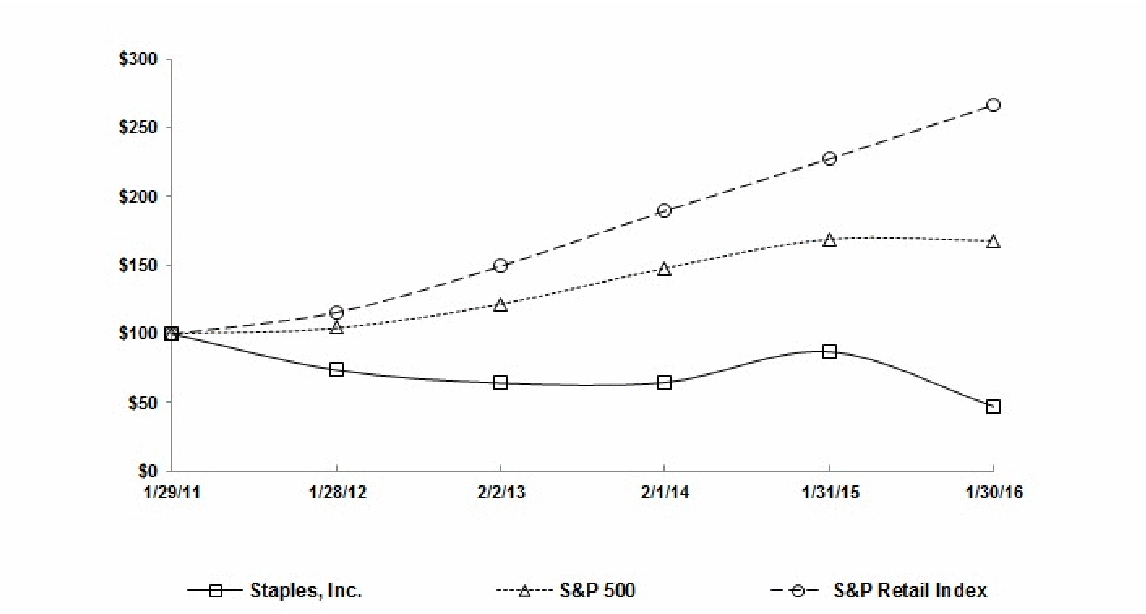
Since 2004, we have returned cash to our stockholders through cash dividends. We paid quarterly dividends for fiscal year 2015 of $0.12 per share on April 16, 2015, July 16, 2015, October 15, 2015 and January 14, 2016 resulting in a total dividend payment of $308 million or $0.48 per share. We paid quarterly 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 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 $313 million or $0.48 per share.

While it is our intention to continue to pay quarterly cash dividends in 2016 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. Our payment of dividends is permitted under our existing public notes and other 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. In connection with our proposed acquisition of Office Depot, the agreements governing the term loan we entered into, and that will govern the asset-based revolving credit facility if we enter into it, contain (or, in the case of the asset-based revolving credit facility, are expected to contain) provisions that restrict us from paying dividends in certain circumstances, and otherwise restrict us from paying dividends in excess of $0.15 per share, per quarter (see Note R - Proposed Acquisition of Office Depot in the Notes to the Consolidated Financial Statements for additional information).

On March 1, 2016, our Board of Directors approved the payment of a cash dividend of $0.12 per share to be paid on April 14, 2016 for stockholders of record on March 25, 2016.

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 2011 through 2015 fiscal years, assuming the investment of $100.00 on January 29, 2011 with dividends being reinvested.



TOTAL RETURN TO STOCKHOLDERS

	29-Jan-11		28-Jan-12		2-Feb-13		1-Feb-14		31-Jan-15		30-Jan-16	
Staples, Inc.	$	100.00	$	73.62	$	64.27	$	64.65	$	86.97	$	47.22
S&P 500 Index	$	100.00	$	104.22	$	121.71	$	147.89	$	168.93	$	167.81
S&P Retail Index	$	100.00	$	115.66	$	149.35	$	189.57	$	227.53	$	266.59

Issuer Purchases of Equity Securities

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 2015. A total of 22,777 shares of our common stock with a weighted average per share price of $12.36 were withheld during the fourth quarter of fiscal 2015 to satisfy minimum statutory withholding obligations in connection with the vesting of restricted stock awards granted pursuant to our equity incentive plans.

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 2, 2016, we had 4,384 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 30, 2016, 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 30, 2016, 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 30, 2016. 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 30, 2016, 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 control over financial reporting as of January 30, 2016 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 30, 2016, 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 30, 2016, 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 30, 2016 and January 31, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended January 30, 2016 of Staples, Inc. and subsidiaries and our report dated March 4, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Boston, Massachusetts
March 4, 2016

(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 30, 2016 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 2016 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 "Election of Directors (Item 2 on the Proxy Card)" 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 and Compensation Discussion and Analysis" including "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 "Equity Compensation Plan Information at 2015 Fiscal Year End" 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 Party 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 30, 2016 and January 31, 2015;
- Consolidated Statements of Income - Fiscal years ended January 30, 2016, January 31, 2015 and February 1, 2014;
- Consolidated Statements of Comprehensive Income - Fiscal years ended January 30, 2016, January 31, 2015 and February 1, 2014;
- Consolidated Statements of Stockholders' Equity - Fiscal years ended January 30, 2016, January 31, 2015 and February 1, 2014;
- Consolidated Statements of Cash Flows - Fiscal years ended January 30, 2016, January 31, 2015 and February 1, 2014; 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 4, 2016.

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 4, 2016
/s/ BASIL L. ANDERSON Basil L. Anderson	Director	March 4, 2016
/s/ DREW G. FAUST Drew G. Faust	Director	March 4, 2016
/s/ PAUL-HENRI FERRAND Paul-Henri Ferrand	Director	March 4, 2016
/s/ KUNAL S. KAMLANI Kunal S. Kamlani	Director	March 4, 2016
/s/ CAROL MEYROWITZ Carol Meyrowitz	Director	March 4, 2016
/s/ ROWLAND T. MORIARTY Rowland T. Moriarty	Director	March 4, 2016
/s/ ROBERT E. SULENTIC Robert E. Sulentic	Director	March 4, 2016
/s/ RAUL VAZQUEZ Raul Vazquez	Director	March 4, 2016
/s/ VIJAY VISHWANATH Vijay Vishwanath	Director	March 4, 2016
/s/ PAUL F. WALSH Paul F. Walsh	Director	March 4, 2016
/s/ CHRISTINE T. KOMOLA Christine T. Komola	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 4, 2016
/s/ MARK CONTE Mark Conte	Senior Vice President and Corporate Controller (Principal Accounting Officer)	March 4, 2016

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

	Fiscal Year Ended				
	January 30, 2016 (1) (52 Weeks)	January 31, 2015 (2) (52 Weeks)	February 1, 2014 (3) (52 Weeks)	February 2, 2013 (4) (53 Weeks)	January 28, 2012 (5) (52 Weeks)
Statement of Income Data:					
Sales	$ 21,059	$ 22,492	$ 23,114	$ 24,381	$ 24,665
Gross profit	5,514	5,801	6,032	6,491	6,690
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interest	$ 379	$ 135	$ 707	$ (161)	$ 987
Amounts attributable to Staples, Inc.					
Income (loss) from continuing operations	$ 379	$ 135	$ 707	$ (161)	$ 988
Loss from discontinued operations	—	—	(87)	(50)	(3)
Net income	$ 379	$ 135	$ 620	$ (211)	$ 985
Basic earnings per common share:					
Continuing operations	$ 0.59	$ 0.21	$ 1.08	$ (0.24)	$ 1.42
Discontinued operations	—	—	(0.13)	(0.07)	—
Net income	$ 0.59	$ 0.21	$ 0.95	$ (0.31)	$ 1.42
Diluted earnings per common share:					
Continuing operations	$ 0.59	$ 0.21	$ 1.07	$ (0.24)	$ 1.40
Discontinued operations	—	—	(0.13)	(0.07)	—
Net income	$ 0.59	$ 0.21	$ 0.94	$ (0.31)	$ 1.40
Dividends declared per common share	$ 0.48	$ 0.48	$ 0.48	$ 0.44	$ 0.40
Statistical Data:					
Stores open at end of period	1,907	1,983	2,169	2,215	2,295
Balance Sheet Data:					
Working capital (6), (7),(8)	$ 1,848	$ 1,662	$ 1,694	$ 1,525	$ 1,914
Total assets (6)	10,172	10,308	11,175	12,280	13,430
Long-term debt, net of current maturities (6)	1,018	1,018	1,000	1,002	1,599
Noncontrolling interests	8	8	9	8	7
Total stockholders’ equity	$ 5,384	$ 5,313	$ 6,141	$ 6,136	$ 7,022

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 $151 million of restructuring charges, $147 million of costs related to our proposed acquisition of Office Depot, $50 million of long-lived asset impairment charges, $18 million of costs related to the previously announced PNI data security incident, $5 million for accelerated depreciation, $1 million in inventory write-downs associated with our restructuring initiatives, and a net loss of $5 million related to the sale of businesses and assets.

(2) Income from continuing operations for this period reflects $171 million of restructuring charges, a charge of $470 million for impairment of goodwill and long-lived assets, $9 million of accelerated depreciation, $26 million of inventory write-downs, and a net gain of $27 million related to the sale of businesses.
(3) Income from continuing operations for this period reflects charges of $64 million for restructuring activities aimed at further streamlining the Company's operations and general and administration functions. Loss from discontinued operations for this period reflects an $81 million preliminary loss on disposal related to the sale of the Company's European Printing Systems Division business ("PSD").
(4) Income from continuing operations for this period reflects pre-tax charges of $811 million for impairment of goodwill and long-lived assets, $207 million for restructuring activities related to a strategic plan announced in September 2012 aimed at accelerating growth, $57 million for a loss on early extinguishment of debt, $26 million related to the termination of the Company's joint venture agreement in India, and $20 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 $21 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) Working capital, total assets and long term debt, net of current maturities as of January 31, 2015, as shown above and as reflected on our Consolidated Balance Sheets, reflect the impact of 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, as a result of adopting Accounting Standards Update 2015-03, "Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost. The amounts shown above related to 2011 to 2013 have not been restated since the impact of the adoption of this pronouncement was not material.
(7) Working capital in 2012 excludes the current assets and current liabilities of discontinued operations.
(8) As noted in Note A in the Notes to the Consolidated Financial Statements, in 2015 we adopted a new accounting pronouncement which stipulates that all deferred tax assets and liabilities are to be presented in the balance sheet as non-current items. As a result, the working capital figures for 2011 to 2014 shown above have been restated to reflect the reclassification of deferred tax assets and liabilities from current to non-current.

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 2015 ("2015") consisted of the 52 weeks ended January 30, 2016, fiscal year 2014 ("2014") consisted of the 52 weeks ended January 31, 2015 and fiscal year 2013 ("2013") consisted of the 52 weeks ended February 1, 2014.

Results of Operations

Major contributors to our 2015 results, as compared to the results for 2014, are reviewed in detail in the Consolidated Performance and Segment Performance discussions and are summarized below:

- We generated $21.1 billion in sales, a decrease of 6.4%;
- North American Stores & Online sales decreased 8.7% and business unit income rate was flat at 4.5%;
- North American Commercial sales increased 1.1% and business unit income rate increased to 7.2% from 6.9%;
- International Operations sales decreased 16.3%, driven by the negative impact of foreign exchange rates, while business unit loss rate increased to 1.3% from 0.6%;
- Net income for 2015 was $379 million compared with $135 million in 2014;
- Net Income for 2015 includes after-tax charges of $199 million for restructuring-related costs, long-lived asset impairment charges, merger-related costs, costs associated with the previously announced PNI data security incident, and a net loss on the sale of businesses and assets,
- Non-GAAP net income was $578 million in 2015 compared with $623 million in 2014; and
- Earnings per diluted share from continuing operations was $0.59 in 2015 compared to $0.21 in 2014. Non-GAAP earnings per diluted share from continuing operations was $0.89 in 2015 compared with $0.96 in 2014.

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

Outlook

For the first quarter of 2016, we expect sales to decrease versus the first quarter of 2015. 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 2016, which excludes the impact of costs associated with our proposed acquisition of Office Depot and charges associated with the planned closure of North American retail stores. Our guidance reflects the unfavorable impact of the stronger U.S. dollar on sales and earnings. For the full year 2016, we expect to generate approximately $600 million of free cash flow excluding the impact of payments associated with financing for the 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. We have extended this plan and expect to close approximately 50 additional stores during 2016. 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. The cost savings plan was substantially complete as of the end of 2015, and we do not expect to incur material costs in the future related to this plan. In 2015 and 2014 we incurred charges related to these plans of $170 million and $245 million, respectively. See Note B - Restructuring Charges in the Notes to the Consolidated Financial Statements for additional information.

Proposed Acquisition of Office Depot

On February 4, 2015, we announced that Staples had signed a definitive agreement to acquire 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. We expect to generate at least $1 billion of annualized cost synergies by the third full fiscal year post-closing, and estimate that we would incur one-time costs of approximately $1 billion to achieve the synergy target.

On December 7, 2015, the U.S. Federal Trade Commission ("FTC") and Canadian Commissioner of Competition each filed lawsuits against us and Office Depot, seeking to block the proposed merger and prevent the acquisition from closing. We intend to vigorously defend against the lawsuits, and a decision in the U.S. federal court case is expected by May 10, 2016. On February 2, 2016, both we and Office Depot agreed to waive, until May 16, 2016, our rights to terminate the definitive agreement due to a failure to complete the merger by February 4, 2016 or a legal restraint under antitrust laws. We would be required to pay Office Depot a termination fee of $250 million under certain circumstances, including if the definitive agreement is terminated as a result of the antitrust closing conditions not being satisfied on or before May 16, 2016.

See Note R - Proposed Acquisition of Office Depot in the Notes to the Consolidated Financial Statements for additional information related to the proposed merger, including information related to sources of financing we have secured.

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 and, in the case of our guidance, payments associated with financing for our proposed acquisition of Office Depot). 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 planned acquisition of Office Depot and the closure of North American retail stores, and the potential related impact on cash flow, cannot be reasonably estimated.

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

	52 Weeks Ended January 30, 2016							
	GAAP	Inventory write-downs related to restructuring activities	Restructuring charges	Impairment of long-lived assets & accelerated depreciation	Loss on sale of businesses and assets, net	Merger-related costs	PNI data security incident costs	Non-GAAP
Gross profit	$ 5,514	$ 1	$ —	$ —	$ —	$ —	$ —	$ 5,515
Gross profit rate	26.2%							26.2%
Operating income	641	1	151	55	5	53	18	924
Interest and other expense, net	149					94		55
Income before income taxes	492							869
Income tax expense	113							113
Adjustments	—							178
Adjusted income tax expense	113							291
Net income	$ 379							$ 578
Effective tax rate	23.0%							33.5%
Diluted earnings per common share	$ 0.59							$ 0.89

	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	$ 26	$ —	$ —	$ —	$ —	$ 5,827
Gross profit rate	25.8%						25.9%
Operating income	310	26	171	9	470	(27)	958
Interest and other expense, net	42						42
Income from continuing operations before income taxes	268						916
Income taxes	133						133
Adjustments	—						160
Adjusted income taxes	133						293
Income from continuing operations	$ 135						$ 623
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	$ 64	$ 1,241
Interest and other expense, net	(114)	—	(114)
Income from continuing operations before income taxes	1,063	64	1,127
Income tax expense	356	10	366
Income from continuing operations	$ 707	$ 54	$ 761
Effective tax rate	33.5%		32.5%
Diluted earnings per common share from continuing operations	$ 1.07		$ 1.16

Consolidated Performance

2015 Compared with 2014

Sales: Sales for 2015 were $21.1 billion, a decrease of 6.4% from 2014. The sales decline was primarily driven by a 4% unfavorable impact from changes in foreign exchange rates and approximately a 2% negative impact associated with store closures. Comparable sales in North America Stores & Online declined 3% while sales in North American Commercial increased 1%

(increase of 2% in local currency). Declines in computers and mobility, business machines and technology accessories, and ink and toner were partly offset by growth in facilities supplies, copy and print, breakroom supplies and furniture.

Gross Profit: Gross profit as a percentage of sales was 26.2% for 2015 compared to 25.8% for 2014. The increase was primarily driven by improved product margin rates in North American Stores & Online. The increase also reflects the impact of $26 million of inventory write-downs in 2014 related to the rationalization of our SKU assortment and the closure of North American retail stores, which compares with a $1 million write-down in 2015. The favorable impact of these factors was partially offset by the impact of increased logistics expenses for North America Stores & Online.

Selling, General and Administrative Expenses: Selling, general and administrative expenses in 2015 decreased by $216 million or 4.5% from 2014. The decrease was driven by the favorable impact from changes in foreign exchange rates as well as a reduction in compensation, largely due to headcount reductions associated with stores closures as well as reduced incentive compensation.

Selling, general and administrative expenses in 2015 includes $53 million in legal and professional services costs associated with our planned acquisition of Office Depot and $18 million of costs associated with the previously announced PNI data security incident (see Note I - Commitments and Contingencies in the Notes to the Consolidated Financial Statements for additional information). Selling, general and administrative expenses also reflects accelerated depreciation of $5 million in 2015 and $9 million in 2014 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 were 21.8% in 2015 compared to 21.4% for 2014.

Impairment of Goodwill and Long-Lived Assets: See Note C - Goodwill and Long-Lived Assets in the Notes to the Consolidated Financial Statements for information related to the impairment charges in 2015 and 2014.

Restructuring Charges: See Note B - Restructuring Charges in the Notes to the Consolidated Financial Statements for information related to the restructuring charges in 2015 and 2014.

(Loss) Gain on Sale of Businesses and Assets, net: See Note D - Sale of Businesses and Assets in the Notes to the Consolidated Financial Statements for information related to gains and losses related to the sale of businesses and other assets in 2015 and 2014.

Interest Expense: Interest expense increased to $139 million for 2015 from $49 million for 2014. The increase was driven by $94 million of fees related to term loan financing for our planned acquisition of Office Depot. See Note R - Proposed Acquisition of Office Depot in the Notes to the Consolidated Financial Statements for additional information.

Other Income (Expense), Net: Other income (expense), net was an expense of $13 million for 2015 compared to income of $4 million for 2014. The expense in 2015 reflects investment losses associated with our supplemental executive retirement plan, while 2014 reflects investment income. The expense in 2015 also reflects the impact of foreign exchange losses.

Income Taxes: Our effective tax rate was 23.0% in 2015 compared to 49.8% for 2014. The tax rate for 2015 reflects the impact of:

- A $60 million reduction in our liability for unrecognized tax benefits primarily due to the expiration of statutes of limitations; and
- Restructuring-related charges and costs related to our planned acquisition of Office Depot, as shown in the table in the Non-GAAP Measures section above. The majority of these charges and costs were incurred in the U.S., a jurisdiction in which the tax rate is higher than our overall effective tax rate.

Excluding the impact of these items, our effective tax rate in 2015 was 33.5%.

Our tax rate for 2014 reflects the following:

- Non-deductible goodwill impairment charges of $410 million;
- A $69 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 million of incremental tax expense stemming from taxable income generated in the U.S. as a result of the repatriation of $127 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 $4 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%.

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 2015 and 2014 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 2015 and 2014.

2014 Compared with 2013

Sales: Sales for 2014 were $22.5 billion, a decrease of 2.7% from 2013. The decrease reflects a 4% decline in comparable store sales in North America, a $310 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 supplies 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 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 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 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, reflecting the negative impact of lower sales.

Restructuring Charges: See Note B - Restructuring Charges in the Notes to the Consolidated Financial Statements for information relating to restructuring charges recorded in 2014 and 2013.

Amortization of Intangibles: Amortization of intangibles was $62 million for 2014 compared to $55 million for 2013 due to the acquisition of two businesses in 2014 and bringing on the related Intangibles.

Interest Expense: Interest expense decreased to $49 million for 2014 from $119 million for 2013. The decrease in interest expense was primarily the result of the repayment of the remaining $867 million principal balance of our 9.75% notes upon their maturity in January 2014.

Other Income (Expense), Net: Other income (expense), net was $4 million for 2014 compared to an insignificant amount for 2013. The $4 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. See the Consolidated Performance - 2015 Compared with 2014 section above for a discussion related to certain items that impacted our tax rate in 2014. 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 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.

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. Loss from discontinued operations, net of tax, was $87 million during 2013 through the date of disposal, which included a preliminary loss on disposal of $81 million that was subject to a working capital adjustment to the purchase price. The amount of the working capital adjustment is in dispute between the parties in the transaction. See Note I - Commitments and Contingencies in the Notes to the Consolidated Financial Statements for an update on the status of the dispute.

Segment Performance

As noted in Note P - Segment Reporting in the Notes to the Consolidated Financial Statements, we have three reportable segments: North American Stores & Online, North American Commercial and International Operations. See additional geographic information and a reconciliation of total business unit income to income before income taxes in Note P in the Notes to the Consolidated Financial Statements.

The following tables provide a summary of our sales and business unit income by reportable segment:

Sales:	(Amounts in millions) 2015	2014	2013	2015 Increase (Decrease) From Prior Year	2014 Increase (Decrease) From Prior Year
North American Stores & Online	$ 9,538	$ 10,449	$ 11,103	(8.7)%	(5.9)%
North American Commercial	8,361	8,270	8,042	1.1 %	2.8 %
International Operations	3,160	3,773	3,969	(16.3)%	(4.9)%
Total segment sales	$ 21,059	$ 22,492	$ 23,114	(6.4)%	(2.7)%

Business Unit Income:	(Amounts in millions) 2015	2014	2013	2015 % of Sales	2014 % of Sales	2013 % of Sales
North American Stores & Online	$ 429	$ 473	$ 733	4.5 %	4.5 %	6.6 %
North American Commercial	599	571	604	7.2 %	6.9 %	7.5 %
International Operations	(41)	(21)	(15)	(1.3)%	(0.6)%	(0.4)%
Business unit income	$ 987	$ 1,023	$ 1,322	4.7 %	4.5 %	5.7 %

Store Activity		Stores Open at Beginning of Period	Stores Opened	Stores Closed	Stores Open at End of Period
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
2015	North American Stores & Online	1,679	1	73	1,607
2015	International Operations	304	4	8	300
2015	Total	1,983	5	81	1,907

North American Stores & Online

2015 Compared with 2014

Sales decreased by $911 million or 8.7% for 2015 compared to 2014. The decrease was driven by approximately a 3% unfavorable impact from store closures, a 3% negative impact from changes in foreign exchange rates and a 4% decline in comparable store sales resulting from a lower average order size and lower customer traffic. Comparable sales, which include comparable store sales and growth in Staples.com as defined further below, declined 3%. Declines in computers and mobility, and business machines and technology accessories were partially offset by increased sales of copy and print, and facilities supplies.

Business unit income as a percentage of sales was 4.5% for both 2015 and 2014. A favorable impact from increased product margin rates, reduced labor and rent expense in retail stores primarily as a result of store closures and lower incentive compensation expense was offset by the negative impact of lower sales on fixed expenses.

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 $159 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 declined 2%. Declines in business machines and technology accessories, computers, and ink and toner were partially offset by growth in facilities supplies 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.

North American Commercial

2015 Compared with 2014

Sales increased by $91 million or 1.1% for 2015 compared to 2014 (2.0% increase in local currency). The increase was primarily due to increased sales of facilities supplies, breakroom supplies, and furniture, partially offset by decreased sales of ink and toner and a decline in paper sales.

Business unit income as a percentage of sales was 7.2% in 2015 compared to 6.9% for 2014. The increase was primarily driven by increased gross margin rates, reduced incentive compensation expense and lower marketing expense in Quill, partially offset by continued investments in sales force to drive growth in categories beyond office supplies.

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 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.

International Operations

2015 Compared with 2014

Sales decreased by $613 million or 16.3% for 2015 compared to 2014. The decrease was primarily driven by a $544 million negative impact from foreign exchange rates. The remaining decrease was due to an 8% decline in comparable store sales in Europe, mainly driven by a decline in customer traffic, as well as declines in our European delivery businesses. These declines were partially offset by strong growth in China.

Business unit loss as a percentage of sales was 1.3% for 2015 compared to 0.6% for 2014. This increased loss was primarily driven by the impact of lower sales on fixed expenses in Europe and lower product margin rates in our European contract business, partially offset by improved profitability in Australia and China.

2014 Compared with 2013

Sales decreased 4.9% for 2014 compared to 2013. This decrease was primarily driven by a $116 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.

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.

When developing estimates for reserves required for inventory at stores that are closing, the key factors considered by management 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 require 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 making significant changes to the merchandise assortment. Therefore, 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 - Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements.

For the annual test in 2015, we performed an optional qualitative assessment for our North American reporting units (combined goodwill of $1.9 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 quantitative impairment test for these reporting units.

For our international reporting units (combined goodwill of $728 million at the time of the impairment test), we proceeded directly to the quantitative 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 six to fifteen years, depending on the maturity of the underlying business. 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 2015 impairment test, given that it incorporated high-level estimates of the fair values of the reporting units for which we relied on the optional qualitative screen.

Based on the results of our testing in 2015, we determined that no impairment charges were required. See Note C - Goodwill and Long-Lived Assets in the Notes to the Consolidated Financial Statements for information related to the impairment charges recorded in 2014.

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.

As of January 30, 2016, our Europe Online, China, and Australia reporting units continue to be at an increased risk for future impairment charges. These reporting units have associated goodwill balances as of that date of $266 million, $76 million, and $49 million, respectively. Our Europe Online reporting unit has experienced ongoing challenges transitioning from its legacy catalog business model to an online model. In 2014 we recorded goodwill impairment charges related to our China and Australia reporting units of $280 million and $116 million, respectively. While our China and Australia reporting units experienced improved sales and profitability in 2015, the valuations for these reporting units are predicated on continued improvement in the future.

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 and projections. 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 2015 we recorded total impairment charges of $50 million. Of this amount, $22 million relates to fixed assets, primarily at certain North American and European retail stores (locations not yet identified for closure) that we determined were not recoverable from future cash flows, primarily due to declining sales. The charges also include $6 million primarily 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, and $22 million related to certain software assets in our North American Stores & Online segment which were disposed of in 2015 and for which we concluded the fair value was not material.

For retail store impairment testing, 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 or other assets 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 Accounting Standards Codification ("ASC") Topic 820 *Fair Value Measurement* ("ASC Topic 820"). We considered the expected net cash flows to be generated by the use of the assets over the remaining useful life of the primary asset, 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 30, 2016 of a change in discount rate and other assumptions is included in Note L - Pension and Other Post-Retirement Benefit Plans in 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, the expiration of statutes of limitations, 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

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

2015 Compared to 2014

Cash provided by operations was $978 million for 2015 compared to $1.0 billion for 2014, a decrease of $65 million. The decrease was driven by lower net income adjusted for non-cash expenses, partly offset by favorable changes in operating assets and liabilities.

Cash used in investing activities was $374 million for 2015 compared to $375 million for 2014, a decrease of $1 million. Capital spending increased by $20 million year-over-year, primarily due to investments in our online businesses and investments aimed at improving the productivity of existing stores. In 2015, we spent a net $22 million to acquire three small businesses, which compares with $78 million spent in 2014 for the acquisition of two small businesses. In 2015 and 2014 we received net proceeds of $29 million and $64 million, respectively, related to the sale of businesses and other assets.

Cash used in financing activities was $378 million for 2015 compared to $493 million for 2014, a decrease of $115 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 2015, whereas in 2014 we spent $189 million to repurchase 15.3 million shares. We paid quarterly cash dividends of $0.12 per share in both 2015 and 2014 for an aggregate payment of $308 million in 2015 compared with $307 million in 2014.

2014 Compared to 2013

Cash provided by operations was $1.0 billion for 2014 compared to $1.1 billion for 2013. The $65 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 million for 2014 compared to $479 million for 2013, a decrease of $104 million. The decline was primarily driven by the fact that in 2014 we sold three small business units for $59 million in net cash, whereas in 2013 our disposal of PSD and the termination of our joint venture in India yielded a combined $47 million net cash outflow.

Cash used in financing activities was $493 million for 2014 compared to $1.4 billion for 2013, a decrease of $949 million. The decline was primarily attributable to the repayment of the $867 million remaining principal balance of our 9.75% notes upon their maturity in January 2014, and a $132 million reduction in cash used to repurchase shares compared with fiscal 2013.

Contractual Obligations and Commercial Commitments

A summary, as of January 30, 2016, of our contractual obligations and balances available under credit agreements is presented below (amounts in millions):

Contractual Obligations and Commercial Commitments (1)(2)(6)	Available Credit	Total Outstanding Obligations	Payments Due By Period Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
January 2018 Notes (5)	$ —	$ 500	$ —	$ 500	$ —	$ —
January 2023 Notes (5)	—	500	—	—	—	500
May 2018 Revolving Credit Facility	1,000	—	—	—	—	—
Other lines of credit	88	2	2	—	—	—
Other notes and capital leases	—	39	15	21	3	—
Total (5)	$ 1,088	$ 1,041	$ 17	$ 521	$ 3	$ 500
Interest payments	—	$ 181	$ 36	$ 57	$ 44	$ 44
Commitment fees (7)	—	$ 92	$ 92	$ —	$ —	$ —
Operating leases (3)	—	$ 2,662	$ 685	$ 987	$ 547	$ 443
Purchase obligations (4)	—	$ 614	$ 460	$ 105	$ 47	$ 2

(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 28% to 31% 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 30, 2016.
(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 30, 2016, Staples had open standby letters of credit totaling $99 million.
(7) Represents fees incurred during 2015 related to commitments for term loan financing for our proposed acquisition of Office Depot. See Note R - Proposed Acquisition of Office Depot in the Notes to the Consolidated Financial Statements for additional information.

There were no instances of default during 2015 under any of our debt agreements.

Off-Balance Sheet Financing Arrangements

We do not have any off-balance sheet financing arrangements as of January 30, 2016, nor did we utilize any during 2015.

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 30, 2016, we had $1.9 billion in total cash and funds available through credit agreements, which consisted of $1.1 billion of available credit and $825 million of cash and cash equivalents.

Of the $825 million in cash and cash equivalents, approximately $339 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.

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 2015. See Note F - Debt and Credit Agreements in the Notes to the Consolidated Financial Statements for additional information related to our credit facility and commercial paper program.

We also have various other lines of credit under which we may currently borrow a maximum of $88 million. At January 30, 2016, we had outstanding borrowings and letters of credit of $2 million, leaving $86 million of available credit at that date. During 2015 and 2014 we entered into new capital lease obligations of $12 million and $40 million, respectively. In 2015 we also assumed equipment financing obligations of $4 million in conjunction with our acquisition of a small business in Europe.

In connection with our proposed acquisition of Office Depot, during 2015 we obtained commitments for a 5-year $3 billion asset-based revolving credit facility and a 6-year $2.75 billion term loan. On February 2, 2016, we entered into an agreement under which the commitments for the asset-based revolving credit facility were extended until May 10, 2016 (which may be further extended until September 10, 2016 if the FTC agrees, or a court of competent jurisdiction determines, that the merger is permitted to proceed). The asset-based revolving credit facility will replace the Company's existing $1.0 billion revolving credit facility if the acquisition is completed, and the existing credit facility will remain in place if the transaction is not completed. Also on February 2, 2016, we entered into a definitive term loan agreement with certain lenders under which we borrowed $2.5 billion, the proceeds for which were placed into an escrow account. If we successfully complete the acquisition of Office Depot, the proceeds will be released to Staples and used to help fund the acquisition. Otherwise, the proceeds would be repaid to the lenders together with accrued interest and fees. See Note R - Proposed Acquisition of Office Depot in the Notes to the Consolidated Financial Statements for additional information related to these sources of financing.

Taking into consideration the amount of cash expected to be required for our planned acquisition of Office Depot as well as the acquisition financing discussed above, 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 planned acquisition of Office Depot, we have temporarily suspended our share repurchase program to focus on building up cash reserves ahead of the acquisition. While we did not repurchase any shares in 2015, over the long-term we expect to continue buying back stock. The remaining repurchase authorization under our current repurchase plan, which has no expiration date, is $373 million.

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 quarterly dividends of $0.12 per share during 2015, 2014 and 2013. While it is our intention to continue to pay quarterly cash dividends for 2016 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.

Excluding any impact from our proposed acquisition of Office Depot, we expect a moderate decrease in capital spending in 2016 compared with 2015, as we focus spending on strategic priorities. 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.

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 30, 2016, we did not have any material variable rate debt obligations. As discussed in Note R - Proposed Acquisition of Office Depot in the Notes to the Consolidated Financial Statements, on February 2, 2016 we borrowed $2.5 billion under a variable rate term loan agreement in connection with our planned acquisition of Office Depot, with the proceeds deposited into escrow accounts pending the closing of the acquisition. See Note R for additional information related to this loan.

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 30, 2016 and January 31, 2015.

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 Norwegian Krone, 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 26% and 29% of consolidated revenues in 2015 and 2014, 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 2015 and 2014, we recorded consolidated foreign currency translation losses of approximately $132 million and $403 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 2015 we recorded foreign currency transaction net losses of $4 million, which are recorded in Other income (expense), net in our consolidated statement of income. In 2014, our foreign currency transaction net gain was de minimis.

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 in the Notes to the Consolidated Financial Statements). As of January 30, 2016 and January 31, 2015, 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 30, 2016 and January 31, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended January 30, 2016. 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 30, 2016 and January 31, 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 30, 2016, 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, present 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 30, 2016, 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 4, 2016 expressed an unqualified opinion thereon.

As discussed in Note A to the consolidated financial statements, in 2015 the Company changed the manner in which it accounts for the classification of deferred taxes in the consolidated balance sheets due to the adoption of ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*.

/s/ Ernst & Young LLP
Boston, Massachusetts
March 4, 2016

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

	January 30, 2016	January 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 825	$ 627
Receivables, net	1,899	1,928
Merchandise inventories, net	2,078	2,144
Prepaid expenses and other current assets	310	252
Total current assets	5,112	4,951
Property and equipment:		
Land and buildings	908	948
Leasehold improvements	1,184	1,231
Equipment	2,902	2,825
Furniture and fixtures	967	1,016
Total property and equipment	5,961	6,020
Less: Accumulated depreciation	4,375	4,314
Net property and equipment	1,586	1,706
Intangible assets, net of accumulated amortization	274	335
Goodwill	2,653	2,680
Other assets	547	636
Total assets	$ 10,172	$ 10,308
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,894	$ 1,867
Accrued expenses and other current liabilities	1,353	1,330
Debt maturing within one year	17	92
Total current liabilities	3,264	3,289
Long-term debt, net of current maturities	1,018	1,018
Other long-term obligations	506	688
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 946,964,792 and 645,723,603 shares at January 30, 2016 and 941,561,541 shares and 640,320,352 shares at January 31, 2015, respectively	1	1
Additional paid-in capital	5,010	4,935
Accumulated other comprehensive loss	(1,116)	(1,041)
Retained earnings	6,900	6,829
Less: Treasury stock at cost, 301,241,189 shares at January 30, 2016 and January 31, 2015	(5,419)	(5,419)
Total Staples, Inc. stockholders' equity	5,376	5,305
Noncontrolling interests	8	8
Total stockholders' equity	5,384	5,313
Total liabilities and stockholders' equity	$ 10,172	$ 10,308

See notes to consolidated financial statements.

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

	Fiscal Year Ended		
	January 30, 2016	**January 31, 2015**	**February 1, 2014**
Sales	$ 21,059	$ 22,492	$ 23,114
Cost of goods sold and occupancy costs	15,545	16,691	17,082
Gross profit	5,514	5,801	6,032
Operating expenses:			
Selling, general and administrative	4,600	4,816	4,735
Impairment of goodwill and long-lived assets	50	470	—
Restructuring charges	151	171	64
Amortization of intangibles	67	62	55
Total operating expenses	4,868	5,518	4,855
(Loss) gain on sale of businesses and assets, net	(5)	27	—
Operating income	641	310	1,177
Other income (expense):			
Interest income	3	3	5
Interest expense	(139)	(49)	(119)
Other income (expense), net	(13)	4	—
Income from continuing operations before income taxes	492	268	1,063
Income tax expense	113	133	356
Income from continuing operations	379	135	707
Discontinued operations:			
Loss from discontinued operations, net of income taxes	—	—	(87)
Net income	$ 379	$ 135	$ 620
Basic Earnings Per Common Share:			
Continuing operations	$ 0.59	$ 0.21	$ 1.08
Discontinued operations	—	—	(0.13)
Net income	$ 0.59	$ 0.21	$ 0.95
Diluted Earnings per Common Share:			
Continuing operations	$ 0.59	$ 0.21	$ 1.07
Discontinued operations	—	—	(0.13)
Net income	$ 0.59	$ 0.21	$ 0.94
Dividends declared per common share	$ 0.48	$ 0.48	$ 0.48

See notes to consolidated financial statements.

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

	Fiscal Year Ended		
	January 30, 2016	January 31, 2015	February 1, 2014
Consolidated net income	$ 379	$ 135	$ 620
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(132)	(403)	(127)
Disposal of foreign business, net	—	(1)	8
Deferred pension and other post-retirement benefit costs, net	57	(130)	1
Other comprehensive loss, net of tax	(75)	(534)	(118)
Consolidated comprehensive income (loss)	$ 304	$ (399)	$ 502

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

	Equity Attributed to Staples, Inc.							
	Outstanding Common Stock	**Common Stock**	**Additional Paid-In Capital**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Treasury Stock**	**Non- controlling Interests**	**Total Stockholders Equity**
Balances at February 2, 2013	669	$ 1	$ 4,711	$ (389)	$ 6,694	$ (4,889)	$ 8	$ 6,136
Issuance of common stock for stock options exercised	3	—	38	—	—	—	—	38
Net tax expense related to shortfall on exercise of stock options	—	—	(6)	—	—	—	—	(6)
Stock-based compensation	—	—	81	—	—	—	—	81
Sale of common stock under employee stock purchase plan	4	—	43	—	—	—	—	43
Net income for the year	—	—	—	—	620	—	—	620
Common stock dividend	—	—	—	—	(313)	—	—	(313)
Other comprehensive loss	—	—	—	(118)	—	—	—	(118)
Repurchase of common stock	(23)	—	—	—	—	(340)	—	(340)
Balances at February 1, 2014	$ 653	$ 1	$ 4,866	$ (507)	$ 7,001	$ (5,229)	$ 8	$ 6,141

	Outstanding Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Non- controlling Interests	Total Stockholders Equity
		Equity Attributed to Staples, Inc.						
Issuance of common stock for stock options exercised	1	$ —	$ 11	$ —	$ —	$ —	$ —	$ 11
Net tax expense related to shortfall on exercise of stock options	—	—	(27)	—	—	—	—	(27)
Stock-based compensation	—	—	64	—	—	—	—	64
Sale of common stock under employee stock purchase plan	3	—	38	—	—	—	—	38
Net income for the year	—	—	—	—	135	—	—	135
Common stock dividend	—	—	—	—	(307)	—	—	(307)
Other comprehensive loss	—	—	—	(534)	—	—	—	(534)
Repurchase of common stock	(17)	—	(18)	—	—	(190)	—	(208)
Other	—	—	1	—	—	—	—	1
Balances at January 31, 2015	640	$ 1	$ 4,935	$ (1,041)	$ 6,829	$ (5,419)	$ 8	$ 5,313
Issuance of common stock for stock options exercised	1	—	7	—	—	—	—	7
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	3	—	—	—	—	—	—	—
Net tax expense related to shortfall on exercise of stock options	—	—	(6)	—	—	—	—	(6)
Stock-based compensation	—	—	63	—	—	—	—	63
Sale of common stock under employee stock purchase plan	3	—	34	—	—	—	—	34
Net income for the year	—	—	—	—	379	—	—	379
Common stock dividend	—	—	—	—	(308)	—	—	(308)
Other comprehensive loss	—	—	—	(75)	—	—	—	(75)
Repurchase of common stock	(1)	—	(24)	—	—	—	—	(24)
Other	—	—	1	—	—	—	—	1
Balances at January 30, 2016	646	$ 1	$ 5,010	$ (1,116)	$ 6,900	$ (5,419)	$ 8	$ 5,384

See notes to consolidated financial statements.

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

	Fiscal Year Ended		
	January 30, 2016	January 31, 2015	February 1, 2014
Operating Activities:			
Net income	$ 379	$ 135	$ 620
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	388	405	403
Amortization of intangibles	67	62	55
Loss (gain) on sale of businesses and assets, net	5	(27)	81
Impairment of goodwill and long-lived assets	50	470	—
Inventory write-downs related to restructuring activities	1	26	—
Stock-based compensation	63	64	81
Excess tax benefits from stock-based compensation arrangements	(5)	(1)	(2)
Deferred income tax expense (benefit)	28	(49)	105
Other	11	12	(5)
Changes in assets and liabilities:			
Increase in receivables	(19)	(184)	(54)
Decrease (increase) in merchandise inventories	18	62	(81)
(Increase) decrease in prepaid expenses and other assets	(41)	138	(39)
Increase (decrease) in accounts payable	63	(59)	108
Increase (decrease) in accrued expenses and other liabilities	110	(24)	(90)
(Decrease) increase in other long-term obligations	(140)	13	(74)
Net cash provided by operating activities	978	1,043	1,108
Investing Activities:			
Acquisition of property and equipment	(381)	(361)	(371)
Cash paid for termination of joint venture	—	—	(34)
Proceeds from the sale of property and equipment	27	5	13
Sale of businesses, net	2	59	(13)
Acquisition of businesses, net of cash acquired	(22)	(78)	(75)
Net cash used in investing activities	(374)	(375)	(479)
Financing Activities:			
Proceeds from the exercise of stock options and sale of stock under employee stock purchase plans	41	49	81
Proceeds from borrowings	7	23	38
Payments on borrowings, including payment of deferred financing fees and capital lease obligations	(99)	(50)	(910)
Cash dividends paid	(308)	(307)	(313)
Excess tax benefits from stock-based compensation arrangements	5	1	2
Repurchase of common stock	(24)	(208)	(340)
Net cash used in financing activities	(378)	(493)	(1,442)
Effect of exchange rate changes on cash and cash equivalents	(28)	(48)	(20)
Net increase (decrease) in cash and cash equivalents	198	127	(833)
Cash and cash equivalents at beginning of period	627	492	1,334
Cash and cash equivalents at end of period	825	619	501
Less: Change in cash and cash equivalents attributed to discontinued operations	—	—	(1)
Add: Cash and cash equivalents attributed to disposal group held for sale at February 1, 2014	—	8	(8)
Cash and cash equivalents at the end of the period	$ 825	$ 627	$ 492

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 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.

Beginning in 2015, the Company presents 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 Company's former European Printing Systems Division business ("PSD") is presented as a discontinued operation in the consolidated statement of income in 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 2015 ("2015") consisted of the 52 weeks ended January 30, 2016, fiscal year 2014 ("2014") consisted of the 52 weeks ended January 31, 2015 and fiscal year 2013 ("2013") consisted of the 52 weeks ended February 1, 2014.

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. Cash equivalents also include amounts due from third-party financial institutions for credit and debit card transactions. These receivables are typically settled in less than 3 days.

Receivables: Receivables include trade receivables financed under regular commercial credit terms and other non-trade receivables. Gross trade receivables were $1.4 billion at January 30, 2016 and $1.5 billion at January 31, 2015. 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 30, 2016 and January 31, 2015 was $32 million and $38 million, respectively.

Other non-trade receivables were $491 million at January 30, 2016 and $508 million at January 31, 2015 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 its 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 30, 2016 and January 31, 2015 were $8 million and $11 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 $9 million and $10 million at January 30, 2016 and January 31, 2015, respectively. The cost of communicating an advertisement is expensed when the communication occurs. Total advertising and marketing expense was $478 million, $496 million and $499 million for 2015, 2014 and 2013, 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 were $4 million and $7 million for 2015 and 2013, respectively. Foreign currency transaction gains for 2014 were de minimis. 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. All deferred income tax assets and liabilities are classified as non-current in the consolidated balance sheets.

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.

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 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with an option to adopt the standard one year earlier. 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 its financial statements.

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, the Company presents such costs as assets on the balance sheet and amortizes them ratably over the term of the credit agreement, regardless of whether any borrowings are outstanding.

In September 2015, a pronouncement was issued that eliminates the requirement to restate prior period financial statements for measurement period adjustments following a business combination. The guidance requires that the cumulative impact of a measurement period adjustment be recognized in the reporting period in which the adjustment is identified. The portion of the adjustment which relates to a prior period should either be presented separately on the face of the income statement or disclosed in the notes. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. The guidance is to be applied prospectively to adjustments to provisional amounts that occur after the effective date. The Company adopted this standard in the third quarter of 2015. The Company did not have any material measurement period adjustments in 2015.

In November 2015, a pronouncement was issued that stipulates all deferred tax assets and liabilities are to be classified and presented in the balance sheet as non-current items. The guidance is effective for interim and annual periods beginning after December 15, 2016 with early adoption permitted, and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The Company elected to adopt this guidance effective January 30, 2016, and has applied the guidance retrospectively. The Company restated its consolidated balance sheet as of January 31, 2015 to reflect the reclassification of $224 million of deferred tax assets and $2 million of deferred tax liabilities from current to non-current.

In February 2016, a pronouncement was issued that creates new accounting and reporting guidelines for leasing arrangements. The new guidance requires organizations that lease assets to recognize assets and liabilities on the balance sheet related to the rights and obligations created by those leases, regardless of whether they are classified as finance or operating leases. Consistent with current guidance, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a finance or operating lease. The guidance also requires new disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, with early application permitted. The new standard is to be applied using a modified retrospective approach. The Company is currently evaluating the impact of the new pronouncement on its financial statements.

Note B — 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”). Pursuant to this plan the Company closed 169 stores in 2014 and 73 stores during 2015. The Store Closure Plan has been extended and the Company expects to close approximately 50 additional stores during 2016. In connection with these closures, in 2016 the Company expects to incur charges of approximately $30 million to $60 million for contractual lease obligations, up to $5 million for impairment and accelerated depreciation of store assets, less than $5 million for severance and $10 million to $15 million in other associated costs. These estimates could change as the Company's plans evolve and become finalized. These charges relate to the Company's North American Stores & Online segment. The Company does not expect material costs to be incurred after 2016 related to the Store Closure Plan.

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. During 2015, the Company incurred liabilities for severance and contractual obligations related to the restructuring of certain administrative and operational functions across the Company. The Company does not expect to incur material costs in future periods related to this cost savings plan.

The actions taken related to the $500 million cost savings plan, together with the actions taken related to the Store Closure Plan, are herein referred to as the "2014 Plan".

As a result of actions taken under the 2014 Plan, the Company recorded pre-tax charges of $170 million in 2015 and $245 million in 2014. The table below provides a summary of the charges recorded during 2015 and 2014 for each major type of cost associated with the 2014 Plan. The table also summarizes the costs incurred by reportable segment (in millions).

	Charges incurred	
	2015	2014
Employee related costs	$ 83	$ 45
Contractual obligations	63	109
Other associated costs	12	17
Total restructuring charges	158	171
Impairment of long-lived assets and accelerated depreciation	11	46
Inventory write-downs	1	26
Total pre-tax charges	$ 170	$ 245
		—
North American Stores & Online	$ 79	$ 178
North American Commercial	29	50
International Operations	62	17
Total pre-tax charges	$ 170	$ 245

In connection with the 2014 Plan, the Company recorded fixed asset impairment charges of $6 million and $37 million during 2015 and 2014, respectively, primarily related to the Store Closure Plan. See Note C - Goodwill and Long-Lived Assets for additional information. Also related to the 2014 Plan, the Company recorded accelerated depreciation of $5 million and $9 million in 2015 and 2014, respectively, primarily in connection with the closure of facilities supporting the Company's North American delivery operations.

In addition, the Company recorded inventory write-downs of $1 million and $26 million in 2015 and 2014, respectively, related to the rationalization of 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 consolidated statements of income.

The table below shows a reconciliation of the beginning and ending liability balances 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 February 1, 2014	$ —	$ —	$ —	$ —
Charges	45	109	17	171
Cash payments	(13)	(24)	(15)	(52)
Foreign currency translations	(1)	(2)	—	(3)
Accrued restructuring balance as of January 31, 2015	$ 31	$ 83	$ 2	$ 116
Charges	83	63	12	158
Cash payments	(40)	(62)	(13)	(115)
Foreign currency translations	—	(1)	—	(1)
Accrued restructuring balance as of January 30, 2016	$ 74	$ 83	$ 1	$ 158

In addition to the contractual obligations shown in the tables above, the Company also had related liabilities of $8 million and $4 million recorded on the consolidated balance sheet as of January 30, 2016 and January 31, 2015, respectively, which primarily represent amounts previously accrued to reflect rent expense on a straight-line basis for leased properties which the Company has now ceased using.

For the restructuring liabilities associated with the 2014 Plan, $53 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 30, 2016. The Company expects that payments related to employee related liabilities associated with the 2014 Plan will be substantially completed by the end of fiscal year 2016. The Company anticipates that payments related to facility lease obligations will be completed by the end of fiscal year 2025.

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 restructuring charges would have been allocated if the Company had recorded the expenses within the functional departments of the restructured activities (in millions):

	Fiscal Year Ended	
	January 30, 2016	**January 31, 2015**
Cost of goods sold and occupancy costs	$ 70	$ 123
Selling, general and administrative	88	48
Total	$ 158	$ 171

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 $15 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 half of fiscal 2016.

During 2015 the Company recorded an adjustment to reduce the restructuring liability associated with the 2013 Plan by $8 million. The adjustment primarily stems from certain changes made to the scope of the plan in 2015, as well as changes in estimates related to certain benefits. 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 associated with the 2013 Plan (in millions):

	2013 Plan		
	Employee Related	Other	Total
Accrued restructuring balance as of February 1, 2014	$ 63	$ 2	$ 65
Cash payments	(24)	(1)	(25)
Adjustments	5	(1)	4
Foreign currency translations	(8)	—	(8)
Accrued restructuring balance as of January 31, 2015	$ 36	$ —	$ 36
Cash payments	(16)	—	(16)
Adjustments	(8)	—	(8)
Foreign currency translations	(1)	—	(1)
Accrued restructuring balance as of January 30, 2016	$ 11	$ —	$ 11

Of the restructuring liabilities associated with the 2013 Plan, $8 million is included within Accrued expenses and other current liabilities and $3 million is included within Other long-term obligations in the consolidated balance sheet as of January 30, 2016. The Company expects that the payments related to these liabilities will be substantially completed by the end of fiscal year 2016.

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 million of restructuring charges would have been allocated if the Company had recorded the expenses within the functional departments of the restructured activities (in millions):

	Fiscal Year Ended February 1, 2014
Cost of goods sold and occupancy costs	$ 7
Selling, general and administrative	71
Total	$ 78

Note C — Goodwill and Long-Lived Assets

Goodwill

As described in Note A - Summary of Significant Accounting Policies, the Company reviews goodwill for impairment annually during its fourth fiscal quarter and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. During the fourth quarter of 2015, the Company performed its annual goodwill impairment testing, and determined that no impairment charges were required.

As of January 30, 2016, the Company's Europe Online, China, and Australia reporting units continue to be at an increased risk for future impairment charges. These reporting units have associated goodwill balances as of that date of $266 million, $76 million, and $49 million, respectively. Europe Online has experienced ongoing challenges transitioning from its legacy catalog business model to an online model. As noted below, in 2014 the Company recorded goodwill impairment charges related to China and Australia. While China and Australia experienced improved sales and profitability in 2015, the valuations for these reporting units are predicated on continued improvement in the future.

In 2014 the Company recorded goodwill impairment charges of $410 million, including $280 million related to Australia, $116 million related to China, and $13 million related to South America. These reporting units are components of the Company's International Operations segment. The factors underlying the impairment charges included:

- Australia experienced unusually high customer attrition in 2011 and 2012, and operating challenges continued in 2013 and 2014.

- China experienced weaker than expected sales growth in 2013. 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.

- South America also experienced weaker than expected growth.

In the first step of the impairment test, the Company measured the fair value of these reporting units using the income approach, specifically the discounted cash flow ("DCF") method. 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. Based on these updates, the Company reflected lower long-term sales growth and profit rate projections in the DCF valuations for these reporting units. 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.

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.

The changes in the carrying amounts of goodwill during fiscal 2014 and 2015 are as follows (in millions):

	Goodwill at February 1, 2014	2014 Additions	2014 Impairments	2014 Disposals	Foreign Exchange Fluctuations	Goodwill at January 31, 2015
North American Commercial	$ 1,247	$ 2	$ —	$ (2)	$ —	$ 1,247
North American Stores & Online	638	34	—	—	(10)	662
International Operations	1,349	—	(410)	(2)	(166)	771
Consolidated	$ 3,234	$ 36	$ (410)	$ (4)	$ (176)	$ 2,680

	Goodwill at January 31, 2015	2015 Additions	2015 Impairments	2015 Disposals	Foreign Exchange Fluctuations	Goodwill at January 30, 2016
North American Commercial	$ 1,247	$ 3	$ —	$ —	$ —	$ 1,250
North American Stores & Online	662	1	—	—	(6)	657
International Operations	771	3	—	—	(28)	746
Consolidated	$ 2,680	$ 7	$ —	$ —	$ (34)	$ 2,653

The Company's International Operations segment had $1.18 billion of accumulated goodwill impairment charges as of January 30, 2016 and January 31, 2015.

Long-Lived Assets

The Company recorded total long-lived asset impairment charges of $50 million and $60 million in 2015 and 2014, respectively. The components of these charges are shown below:

For 2015 and 2014, impairment included $6 million and $37 million, respectively, related to leasehold improvements, fixtures, equipment and other fixed assets impacted by the Company's plans to close at least 225 retail stores in North America and to generate annualized pre-tax savings of approximately $500 million by the end of 2015 (see Note B). All of these charges in 2015 relate to the Company's North American Stores & Online segment; for 2014, $36 million related to the Company's North American Stores & Online segment and $1 million related to the International Operations segment.

In addition to impairment related to closures, the Company determined that leasehold improvements, land and buildings, fixtures, equipment and other assets, primarily at certain North American and European retail stores, (locations not identified for closure) were not recoverable from future cash flows, primarily due to declining sales. As a result, the Company recorded impairment charges of $22 million in 2015 and $23 million in 2014. Of the charges recorded in 2015, $7 million relates to the North American Stores & Online segment and $15 million relates to the International Operations segment. Of the charges recorded in 2014, $22 million relates to the North American Stores & Online segment and $1 million relates to the International Operations segment.

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 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.

In addition to the charges discussed above, based on a strategic review the Company performed in 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. This charge relates to the North American Stores & Online segment.

Intangible Assets

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

	January 30, 2016			January 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 628	$ (411)	$ 217	$ 628	$ (364)	$ 264
Technology	72	(20)	52	72	(6)	66
Tradenames	9	(4)	5	9	(4)	5
Total	$ 709	$ (435)	$ 274	$ 709	$ (374)	$ 335

Estimated future amortization expense associated with the intangible assets at January 30, 2016 is as follows (in millions):

Fiscal Year	Total
2016	$ 66
2017	66
2018	62
2019	39
2020	23
Thereafter	18
	$ 274

Note D — Sale of Businesses and Assets

During 2015, the Company sold certain real estate properties and other property and equipment, as well as a small business unit in Australia. The company recognized a net loss of $5 million in 2015 related to these sales.

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. The Company also completed the sale of a small business in Europe in the first quarter of 2014 and the sale of a small U.S. business that was a component of the Company's North American Commercial segment in the third quarter of 2014, recognizing a $2 million loss and a $6 million gain on the sales, respectively.

On October 5, 2013, the Company completed the sale of PSD, recognizing a preliminary loss on disposal of $81 million in 2013 that was subject to the impact of a working capital adjustment to the purchase price. The amount of the working capital adjustment is in dispute between the parties in the transaction. See Note I - Commitments and Contingencies for an update on the status of this dispute.

The loss on disposal was included in Loss from discontinued operations, net of income taxes in the consolidated statements of income. The following table details PSD's results of operations for 2013, which has been reported in discontinued operations (in millions):

	35 Weeks Ended October 5, 2013
Sales	$ 199
Loss from discontinued operations, before income taxes (including loss on disposal of $81 million in 2013)	(88)
Income tax benefit	(1)
Loss from discontinued operations, net of income taxes	$ (87)

Note E — Accrued Expenses and Other Current Liabilities

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

	January 30, 2016	January 31, 2015
Taxes	$ 201	$ 235
Employee related	357	416
Acquisition and restructuring reserves	131	123
Advertising and marketing	70	96
Other	594	460
Total	$ 1,353	$ 1,330

Note F — Debt and Credit Agreements

The major components of the Company's outstanding debt are as follows (in millions):

	January 30, 2016	January 31, 2015
January 2018 Notes	$ 498	$ 497
January 2023 Notes	496	496
Other lines of credit	2	77
Capital lease obligations and other notes payable	39	40
	1,035	1,110
Less: current portion	(17)	(92)
Net long-term debt	$ 1,018	$ 1,018

Aggregate annual maturities of long-term debt and capital lease obligations are as follows (in millions):

Fiscal Year:	Total
2016	$ 17
2017	514
2018	7
2019	2
2020	1
Thereafter	500
	$ 1,041
Unamortized discounts and debt issuance costs	(6)
	$ 1,035

Future minimum lease payments under capital leases of $35 million are included in aggregate annual maturities shown above. Staples entered into $12 million and $40 million of new capital lease obligations in 2015 and 2014, respectively. In 2015 we also assumed equipment financing obligations of $4 million in conjunction with our acquisition of a small business in Europe.

Interest paid by Staples totaled $49 million, $51 million and $128 million for 2015, 2014 and 2013, respectively. There was no interest capitalized in 2015, 2014 or 2013.

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 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 $867 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 million of the unhedged portion of the January 2014 Notes pursuant to a cash tender offer.

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 2015, and no amounts were outstanding related to this facility at January 30, 2016. On February 2, 2016, the Company amended the May 2018 Revolving Credit Facility to permit certain actions in connection with the term loan agreement and escrow of term loan proceeds related to the Company's proposed acquisition of Office Depot (see Note R — Proposed Acquisition of Office Depot).

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. The Company did not borrow under the Commercial Paper Program during 2015, and as of January 30, 2016 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 $88 million. At January 30, 2016, the Company had outstanding borrowings of $2 million, leaving $86 million of available credit at that date.

There were no instances of default during 2015 under any of the Company's debt agreements.

See Note R for information related to sources of financing for the Company's proposed acquisition of Office Depot.

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 million, $2 million and $3 million for 2015, 2014 and 2013, respectively.

Note G — 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).

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 fair value.

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 30, 2016 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.

	January 30, 2016		January 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
January 2018 Notes	$ 498	$ 496	$ 497	$ 507
January 2023 Notes	496	488	496	511

From time to time 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. There were no material money market investments as of January 30, 2016. As of January 31, 2015, the fair value of these investments, which are classified in Cash and cash equivalents in the consolidated balance sheet, was $14 million.

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. There are no other material assets or liabilities measured at fair value.

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.

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 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 million, which was recorded within Other income (expense), net. During 2013 unrealized gains of $6 million 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

Commitments

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 30, 2016 include $63 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 equipment leases under non-cancelable operating leases are as follows (in millions):

Fiscal Year:		Total
2016	$	685
2017		563
2018		424
2019		317
2020		230
Thereafter		443
	$	2,662

Future minimum lease commitments exclude the impact of $36 million of minimum rentals due under non-cancelable subleases. Rent expense was $691 million, $767 million and $801 million for 2015, 2014 and 2013, respectively.

As of January 30, 2016, Staples had contractual purchase obligations that are not reflected in the Company's consolidated balance sheets totaling $614 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 millions):

Fiscal Year:		Total
2016	$	460
2017		74
2018		31
2019		43
2020		4
Thereafter		2
	$	614

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 30, 2016, Staples had open standby letters of credit totaling $99 million.

Contingencies

The Company has investigated, with the assistance of outside experts, a data security incident involving unauthorized access into the computer systems of PNI Digital Media Ltd ("PNI"), a subsidiary of the Company, which the Company acquired in July 2014. PNI, which is based in Vancouver, British Columbia, provides a software platform that enables retailers to sell personalized products such as photo prints, photo books, calendars, business cards, stationery and other similar products. PNI’s customers include a number of major third party retailers, as well as affiliates of the Company. The investigation determined that an unauthorized party entered PNI’s systems and was able to deploy malware on some of PNI’s servers supporting its clients. The malware was designed to capture data that end users input on the photosites. Some of PNI's affected customers have notified certain of their users of a potential compromise of the users' payment card information and/or other personal information. PNI took prompt steps to contain the incident, including disabling the retailer photosites or online payment transactions for a period while the incident was being investigated, and to further enhance the security of its retailer customers' data. To date the Company has incurred incremental expenses of $18 million related to the incident. The expenses reflect professional service fees incurred by the Company, as well as claims by PNI's retailer customers. Additional losses and expenses relating to the incident are probable; however, at this stage, we do not have sufficient information to reasonably estimate such losses and expenses. The types of losses and expenses that may result from the incident include, without limitation: claims by PNI’s retailer customers, including indemnification claims for losses and damages incurred by them; claims by end-users of PNI’s services, including class action lawsuits that have been filed, and further class action lawsuits that may be filed, in Canada and the United States; investigations and claims by various regulatory authorities in Canada and the United States; investigation costs; remediation costs; and legal fees. We will continue to evaluate information as it becomes known and will record an estimate for additional losses or expenses at the time or times when it is both probable that any loss has been incurred and the amount of such loss is reasonably estimable.

Such losses may be material to our results of operations and financial condition. The Company maintains network security insurance coverage, which the Company expects would help mitigate the financial impact of the incident.

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 PSD, recognizing a preliminary loss on disposal of $81 million that was subject to the impact of a working capital adjustment to the purchase price. On April 22, 2015, the purchaser commenced litigation in Amsterdam District Court claiming that it was entitled to a purchase price adjustment of approximately €60 million. On April 22, 2015, the Company made a payment to the purchaser of approximately €4 million (the amount of the purchase price adjustment it believed was appropriate) and the purchaser reduced its claim accordingly. The purchaser further reduced its claim to €52 million in response to expert reports submitted by the Company in the court case. The court held a hearing on December 1, 2015, and on January 13, 2016 it issued a judgment rejecting the purchaser's claims in their entirety and awarding costs to the Company. The purchaser filed a notice of appeal on February 15, 2016, which the Company intends to vigorously defend. If the purchaser prevails on appeal, it could result in an adjustment, which may be material, to the loss we recorded for the transaction.

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 30, 2016 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 are as follows (in millions):

	January 30, 2016	January 31, 2015
Deferred income tax assets:		
Deferred rent	$ 22	$ 28
Foreign tax credit carryforwards	—	3
Net operating loss carryforwards	270	288
Capital loss carryforwards	24	27
Employee benefits	106	159
Bad debts	18	20
Inventory	15	25
Insurance	34	37
Deferred revenue	11	14
Depreciation	7	50
Financing	57	26
Accrued expenses	19	15
Store closures	35	35
Acquisition Costs	20	—
Other—net	12	14
Total deferred income tax assets	650	741
Total valuation allowance	(333)	(350)
Net deferred income tax assets	$ 317	$ 391
Deferred income tax liabilities:		
Intangibles	$ (124)	$ (142)
Other—net	(5)	(3)
Total deferred income tax liabilities	(129)	(145)
Net deferred income tax assets	$ 188	$ 246

The deferred tax asset from tax loss carryforwards of $270 million represents approximately $1.0 billion of net operating loss carryforwards, $421 million of which are subject to expiration beginning in 2016. The remainder has an indefinite carryforward period. The valuation allowance decreased by $17 million during 2015, 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 on current year operating losses 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 millions):

	2015	2014	2013
Pretax income (loss):			
United States	$ 463	$ 545	$ 881
Foreign	29	(277)	182
Income from continuing operations before income taxes	$ 492	$ 268	$ 1,063

The provision (benefit) for income taxes related to continuing operations consists of the following (in millions):

	2015	2014	2013
Current tax expense:			
Federal	$ 54	$ 117	$ 193
State	3	36	37
Foreign	28	29	21
Deferred tax expense (benefit):			
Federal	17	(52)	73
State	1	(9)	6
Foreign	10	12	26
Total income tax expense	$ 113	$ 133	$ 356

See Note D - Sale of Businesses and Assets for the losses from discontinued operations before income taxes and related income taxes reported in 2013. 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:

	2015	2014	2013
Federal statutory rate	35.0%	35.0%	35.0%
State effective rate, net of federal benefit	2.9	(1.6)	2.3
Effect of foreign taxes	(12.9)	(22.3)	(9.9)
Tax credits	(0.8)	(1.5)	(0.4)
Changes in uncertain tax positions	(9.0)	(13.7)	2.4
Goodwill impairment	—	44.1	—
Change in valuation allowance	6.4	12.5	3.8
Other	1.4	(2.7)	0.3
Effective tax rate	23.0%	49.8%	33.5%

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 effective tax rate was unfavorably impacted by the goodwill impairment charges recorded in 2014 (see Note C - Goodwill and Long-Lived Assets). The 2015 and 2014 effective tax rates were favorably impacted by changes in uncertain tax positions.

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 $205 million, $204 million and $266 million during 2015, 2014 and 2013, respectively.

During 2014, the Company repatriated $127 million of cash held by a foreign subsidiary, and as a result recorded income tax expense of $11 million in 2014 related to the net tax cost in the U.S. stemming from the repatriation. As of January 30, 2016, the Company had $837 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 30, 2016, the Company had $136 million of gross unrecognized tax benefits, of which $127 million, if recognized, would affect the Company's tax rate. At January 31, 2015, the Company had $216 million of gross unrecognized tax benefits, of which $208 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 2016.

The following summarizes the activity related to the Company's unrecognized tax benefits, including those related to discontinued operations (in millions):

	2015	2014	2013
Balance at beginning of fiscal year	$ 216	$ 281	$ 255
Additions for tax positions related to current year	19	22	28
Additions for tax positions of prior years	5	36	4
Reductions for tax positions of prior years	(5)	(88)	—
Reduction for statute of limitations expiration	(69)	(17)	(6)
Settlements	(30)	(18)	—
Balance at end of fiscal year	$ 136	$ 216	$ 281

The decline in the liability for unrecognized tax benefits during 2015 was primarily driven by statute of limitations expirations.

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 2011. All material state, local and foreign income tax matters for years through 2002 have been substantially concluded.

The Company recognized interest (benefits) expense and penalties related to income tax matters of $(6) million, $2 million, $9 million in 2015, 2014 and 2013, respectively, which was classified in income tax expense. The Company had $28 million and $49 million accrued for gross interest and penalties as of January 30, 2016 and January 31, 2015, 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 $63 million, $64 million and $81 million of compensation expense for 2015, 2014 and 2013, respectively. The total income tax benefit related to stock-based compensation was $20 million, $18 million, $23 million for 2015, 2014 and 2013, respectively. As of January 30, 2016, Staples had $71 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, March 2014 and March 2015, the Company entered into long-term performance share agreements with certain executives. Vesting is 50% based on satisfaction of certain sales growth metrics and 50% based on achievement of certain return on net assets percentage targets. Payout under these arrangements may range from 25% to 200% of target for each metric, depending on actual performance. Each award covers a three year period. Vesting is based on performance in each fiscal year, with metrics established at the beginning of each year. Any award earned based on performance may 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.

For each performance period completed, the table below shows the target number of shares, the aggregate grant-date fair value, and the percentage of target shares 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.

Performance period	Award date	Target number of shares (millions)	Grant date fair value (millions)	% of target shares earned
2015	March 2015	0.5	$7	78.4%
	March 2014	0.5	$9	
	April 2013	0.5	$8	
2014	March 2014	0.6	$7	87.3%
	April 2013	0.5	$6	
2013	April 2013	0.5	$7	49.7%

Restricted Shares

The following table summarizes the Company's grants of Restricted Shares in 2015:

	Restricted Shares (1)	
	Number of Shares (in millions)	Weighted-Average Grant Date Fair Value Per Share
January 31, 2015	9	$ 13.14
Granted	4	14.68
Vested	(5)	13.16
Canceled	(1)	13.35
January 30, 2016	7	$ 13.84

(1) Excludes shares issuable under outstanding performance awards

The weighted-average grant date fair values per share of Restricted Shares granted during 2015, 2014 and 2013 were $14.68, $11.73 and $15.60, respectively. The total market value of Restricted Shares vested during 2015, 2014 and 2013 was $74 million, $54 million and $96 million, respectively.

Stock Options

The Company did not grant any stock options during 2013, 2014 or 2015. Information with respect to stock options granted in 2012 and prior is as follows (shares in millions):

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (1) (in millions)
Outstanding at January 31, 2015	27	$ 20.51		
Granted	—	—		
Exercised	(1)	15.54		
Canceled	—	—		
Expired	(6)	21.51		
Outstanding at January 30, 2016	20	$ 20.36	3.39	$0
Exercisable at January 30, 2016	20	$ 20.58	3.31	$0
Vested or expected to vest at January 30, 2016	20	$ 20.39	3.38	$0

(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 2015, 2014 and 2013 was $1 million, $1 million and $6 million, respectively.

Employee Stock Purchase Plan

Staples offers its associates the opportunity for share ownership pursuant to the Amended and Restated Employee Stock Purchase Plan. U.S. and International associates are able to purchase shares of Staples common stock at 85% of the market price of the common stock at the end of the offering period through payroll deductions in an amount not to exceed 10% of an employee’s annual base compensation. During 2015 and 2014, the Company issued 3 million shares each year pursuant to this plan.

Shares Available for Issuance

At January 30, 2016, 70 million shares of common stock were reserved for issuance under Staples' 2014 Plan, 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 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. 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 - Sale of businesses and assets 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 30, 2016 and January 31, 2015 (in millions):

	January 30, 2016			January 31, 2015		
	Projected Benefit Obligations	Fair Value of Plan Assets	Funded Status	Projected Benefit Obligations	Fair Value of Plan Assets	Funded Status
Overfunded Plans:						
International Plans	$ (924)	$ 969	$ 45	$ —	$ —	$ —
Underfunded Plans:						
U.S. Plans	$ (37)	$ 27	$ (10)	$ (41)	$ 31	$ (10)
International Plans	(65)	37	(28)	(1,169)	1,106	(63)
Total Underfunded Plans	$ (102)	$ 64	$ (38)	$ (1,210)	$ 1,137	$ (73)

The following tables present a summary of the total net periodic cost recorded in the Consolidated Statement of Comprehensive Income for 2015, 2014 and 2013 related to the plans (in millions):

	2015			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 19	$ 19	$ 2
Interest cost	2	15	17	3
Expected return on plan assets	(2)	(50)	(52)	—
Amortization of unrecognized losses and prior service costs	1	13	14	3
Total cost (benefit)	$ 1	$ (3)	$ (2)	$ 8

	2014			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 10	$ 10	$ 1
Interest cost	2	29	31	2
Expected return on plan assets	(2)	(51)	(53)	—
Amortization of unrecognized losses and prior service costs	—	10	10	2
Settlement loss	1	—	1	—
Total cost (benefit)	$ 1	$ (2)	$ (1)	$ 5

	2013			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 16	$ 16	$ 2
Interest cost	2	33	35	2
Expected return on plan assets	(2)	(61)	(63)	—
Amortization of unrecognized losses and prior service costs	—	12	12	2
Total cost	$ —	$ —	$ —	$ 6

The total net cost (benefit) disclosed above for 2015, 2014 and 2013 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 related to discontinued operations pension plans only (in millions):

	Discontinued Operations
	Pension Plans
	35 Weeks Ended October 5, 2013
Service cost	$ 4
Interest cost	2
Expected return on plan assets	(2)
Total cost	$ 4

The following table presents the changes in benefit obligations during 2014 and 2015 (in millions):

	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Projected benefit obligation at February 1, 2014	$ 38	$ 1,076	$ 1,114	$ 39
Service cost	—	10	10	1
Interest cost	2	29	31	2
Plan participants' contributions	—	3	3	—
Actuarial losses	7	316	323	17
Benefits paid	(6)	(51)	(57)	—
Divestiture	—	(1)	(1)	—
Currency translation adjustments	—	(214)	(214)	—
Projected benefit obligation at January 31, 2015	$ 41	$ 1,169	$ 1,210	$ 59
Service cost	—	19	19	2
Interest cost	2	15	17	3
Plan participants' contributions	—	1	1	—
Actuarial gains	(4)	(129)	(133)	(3)
Benefits paid	(2)	(44)	(46)	—
Other	—	(1)	(1)	—
Currency translation adjustments	—	(41)	(41)	—
Projected benefit obligation at January 30, 2016	$ 37	$ 989	$ 1,026	$ 61

The accumulated benefit obligation for the U.S. Plans and International Plans at January 30, 2016 was $37 million and $970 million, respectively. The accumulated benefit obligation for the U.S. Plans and International Plans at January 31, 2015 was $41 million and $1.1 billion, respectively. The accumulated benefit obligation for the post-retirement benefit obligation was $61 million and $59 million at January 30, 2016 and January 31, 2015, respectively.

The following table presents the changes in pension plan assets for each of the defined benefit pension plans during 2014 and 2015 (in millions):

	U.S. Plans	International Plans	Total
Fair value of plan assets at February 1, 2014	$ 33	$ 1,141	$ 1,175
Actual return on plan assets	3	207	210
Employer's contributions	1	11	12
Plan participants' contributions	—	3	3
Benefits paid	(6)	(51)	(57)
Currency translation adjustments	—	(206)	(206)
Fair value of plan assets at January 31, 2015	$ 31	$ 1,106	$ 1,137
Actual return on plan assets	(2)	(28)	(30)
Employer's contributions	—	10	10
Plan participants' contributions	—	1	1
Benefits paid	(2)	(44)	(46)
Currency translation adjustments	—	(39)	(39)
Fair value of plan assets at January 30, 2016	$ 27	$ 1,006	$ 1,033

Amounts recognized in the consolidated balance sheet consist of the following (in millions):

	January 30, 2016			
	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Prepaid benefit cost (included in other assets)	$ —	$ 45	$ 45	$ —
Accrued benefit liability (included in other long-term obligations)	(10)	(28)	(38)	(61)
Accumulated other comprehensive loss	10	283	293	31
Net amount recognized	$ —	$ 300	$ 300	$ (30)

	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)	$ (63)	$ (73)	$ (59)
Accumulated other comprehensive loss	10	335	345	36
Net amount recognized	$ —	$ 272	$ 272	$ (23)

Amounts recognized in accumulated other comprehensive loss that have not yet been recognized as components of net periodic pension and post-retirement benefit costs at January 30, 2016 and January 31, 2015 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 2016 is approximately $14 million and $3 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 2015 or 2014 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 2015, 2014 and 2013:

	2015		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	3.8%	1.2%	4.6%
Expected return on plan assets	6.0%	4.4%	—%
Rate of compensation increase	—%	1.8%	3.5%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	4.5%	1.8%	4.6%
Rate of compensation increase	—%	1.8%	3.5%
Rate of pension increase	—%	1.0%	—%

	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%	—%

The following table shows the effect on pension obligations at January 30, 2016 of a change in discount rate and other assumptions (in millions):

	Change in Discount Rate		
	(0.25)%	No change	0.25%
Change in rate of compensation increase:			
(0.25)%	$ 38	$ (1)	$ (37)
No change	39	—	(36)
0.25%	40	1	(35)
Change in rate of pension increase:			
(0.25)%	$ 5	$ (32)	$ (66)
No change	39	—	(36)
0.25%	75	34	(5)

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 30, 2016 and January 31, 2015 are as follows:

	January 30, 2016					
	Actual			Target		
	U.S. Plans	International Plans	Total	U.S. Plans	International Plans	Total
Asset allocation:						
Equity securities	48%	26%	27%	50%	26%	26%
Debt securities	49%	62%	62%	50%	62%	62%
Real estate	3%	8%	7%	—%	8%	8%
Cash	—%	2%	2%	—%	—%	—%
Other	—%	2%	2%	—%	4%	4%
Total	100%	100%	100%	100%	100%	100%

	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%

No pension plan assets are expected to be returned to the Company during 2016.

Information on Fair Value of Plan Assets

The fair values of the Company's pension plan assets at January 30, 2016 and January 31, 2015 by asset category are as follows (in millions):

	January 30, 2016							
	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	$ 13	$ —	$ —	$ 264	$ 209	$ 37	$ 18
Debt securities (2)	13	5	—	8	627	412	211	4
Real estate (3)	1	1	—	—	74	72	2	—
Cash	—	—	—	—	25	13	12	—
Other	—	—	—	—	16	—	—	16
Total	$ 27	$ 19	$ —	$ 8	$ 1,006	$ 706	$ 262	$ 38

	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	$ 13	$ —	$ —	$ 286	$ 224	$ 40	$ 22
Debt securities (2)	17	8	—	9	665	438	222	5
Real estate (3)	1	1	—	—	92	90	2	—
Cash	—	—	—	—	50	35	15	—
Other (4)	—	—	—	—	13	1	(5)	17
Total	$ 31	$ 22	$ —	$ 9	$ 1,106	$ 788	$ 274	$ 44

(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 used 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) million and non-separated investments with insurance companies of approximately $2 million for the year ended January 31, 2015. 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 (in millions):

	U.S. Plans	International Plans
Balance at January 31, 2015	$ 9	$ 44
Actual return on plan assets still held at the reporting date	(1)	(4)
Translation adjustments	—	(2)
Balance at January 30, 2016	$ 8	$ 38

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 millions):

	Pension Plans		
	U.S. Plans	International Plans	Total
2016	$ 2	$ 41	$ 43
2017	2	42	44
2018	2	42	44
2019	2	41	43
2020	2	41	43
2021-2025	12	200	212

These payments have been estimated based on the same assumptions used to measure the plans' projected benefit obligation at January 30, 2016 and include benefits attributable to estimated future compensation increases for the pension plans.

The 2016 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 $10 million to its international plan during fiscal 2016.

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. Other income (expense) in the consolidated statement of income includes a loss of $9 million in 2015 and a gain of $4 million in 2014 related to investments associated with the SERP.

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 2015, 2014 and 2013 was $37 million, $40 million and $41 million, respectively.

Note M - Accumulated Other Comprehensive Loss

The following table details the changes in accumulated other comprehensive loss ("AOCL") for 2015, 2014 and 2013 (in millions):

	Foreign Currency Translation Adjustment	Deferred Benefit Costs	Accumulated Other Comprehensive Loss
Balance at February 2, 2013	$ (125)	$ (264)	$ (389)
Foreign currency translation adjustment	(127)	—	(127)
Curtailment of pension plans (net of taxes of $4 million)	—	11	11
Deferred pension and other post-retirement benefit costs (net of taxes of $4 million)	—	(9)	(9)
Reclassification adjustments:			
Release of cumulative translation adjustments ("CTA") to earnings upon disposal of foreign businesses (net of taxes of $0)	(3)	—	(3)
Amortization of deferred benefit costs (net of taxes of $5 million)	—	10	10
Balance at February 1, 2014	$ (255)	$ (252)	$ (507)
Foreign currency translation adjustment	(403)	—	(403)
Deferred pension and other post-retirement benefit costs (net of taxes of $18 million)	—	(138)	(138)
Reclassification adjustments:			
Release of cumulative translation adjustments to earnings upon disposal of foreign businesses (net of taxes of $0)	(2)	—	(2)
Amortization of deferred benefit costs (net of taxes of $0)	—	9	9
Balance at January 31, 2015	$ (660)	$ (381)	$ (1,041)
Foreign currency translation adjustment	(132)	—	(132)
Deferred pension and other post-retirement benefit costs (net of taxes of $11 million)	—	40	40
Reclassification adjustments:			
Amortization of deferred benefit costs (net of taxes of $0)	—	17	17
Balance at January 30, 2016	$ (792)	$ (324)	$ (1,116)

The following table details the line items in the consolidated statements of income affected by the reclassification adjustments during 2015, 2014 and 2013 (in millions):

	Amount reclassified from AOCL		
	2015	2014	2013
Selling, general and administrative	$ 17	$ 12	$ 14
Gain on sale of businesses, net	—	(2)	—
Income before tax	(17)	(10)	(14)
Income tax expense	—	(3)	(4)
Income (loss) from continuing operations	(17)	(7)	(10)
Loss from discontinued operations	—	—	3
Net income	$ (17)	$ (7)	$ (7)

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.

As a result of the Company's proposed acquisition of Office Depot (see Note R - Proposed Acquisition of Office Depot), in the fourth quarter of 2014 the Company temporarily suspended the 2011 Repurchase Plan to focus on building up cash reserves ahead of the acquisition. The Company did not repurchase any shares in 2015. Prior to the plan being suspended, a total of $1.13 billion had been spent to repurchase 83 million shares, and therefore the remaining repurchase authorization as of January 30, 2016 was $373 million.

Note O — Computation of Earnings per Common Share

The computation of basic and diluted earnings per share for 2015, 2014 and 2013 is as follows (in millions, except per share data):

	Fiscal Year Ended		
	January 30, 2016	January 31, 2015	February 1, 2014
Numerator:			
Income from continuing operations	$ 379	$ 135	$ 707
Loss from discontinued operations	—	—	(87)
Net income	$ 379	$ 135	$ 620
Denominator:			
Weighted-average common shares outstanding	642	641	652
Effect of dilutive securities:			
Employee stock options and restricted shares (including performance-based awards)	5	5	6
Weighted-average common shares outstanding assuming dilution	647	646	658
Basic Earnings Per Common Share:			
Continuing operations	$ 0.59	$ 0.21	$ 1.08
Discontinued operations	—	—	(0.13)
Net income	$ 0.59	$ 0.21	$ 0.95
Diluted Earnings Per Common Share:			
Continuing operations	$ 0.59	$ 0.21	$ 1.07
Discontinued operations	—	—	(0.13)
Net income	$ 0.59	$ 0.21	$ 0.94

For 2015, 2014 and 2013, approximately 20 million, 30 million and 36 million equity instruments, respectively, were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

Note P — Segment Reporting

Staples has 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.

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. International Operations is 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, costs related to the previously announced PNI data security incident 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.

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 millions):

	2015	2014	2013
Sales:			
North American Stores & Online	$ 9,538	$ 10,449	$ 11,103
North American Commercial	8,361	8,270	8,042
International Operations	3,160	3,773	3,969
Total segment sales	$ 21,059	$ 22,492	$ 23,114
Business Unit Income (Loss):			
North American Stores & Online	$ 429	$ 473	$ 733
North American Commercial	599	571	604
International Operations	(41)	(21)	(15)
Total business unit income	$ 987	$ 1,023	$ 1,322
Depreciation & Amortization:			
North American Stores & Online	$ 222	$ 225	$ 225
North American Commercial	147	140	124
International Operations	81	93	109
Total segment depreciation & amortization	$ 450	$ 458	$ 458
Accelerated depreciation related to restructuring activities	5	9	—
Consolidated depreciation & amortization	$ 455	$ 467	$ 458

The following is a reconciliation of total business unit income to consolidated income before income taxes (in millions):

	2015	2014	2013
Total business unit income	$ 987	$ 1,023	$ 1,322
Stock-based compensation	(63)	(64)	(81)
Impairment of goodwill and long-lived assets	(50)	(470)	—
(Loss) gain on sale of businesses and assets, net	(5)	27	—
Restructuring charges	(151)	(171)	(64)
Inventory write-downs related to restructuring activities	(1)	(26)	—
Accelerated depreciation related to restructuring activities	(5)	(9)	—
Interest and other expense, net	(149)	(42)	(114)
Merger-related costs	(53)	—	—
PNI data security incident costs	(18)	—	—
Income from continuing operations before income taxes	$ 492	$ 268	$ 1,063

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 30, 2016	January 31, 2015	February 1, 2014
Core office supplies	25.3%	25.6%	27.5%
Ink and toner	19.9%	20.0%	20.2%
Business technology	13.4%	14.3%	15.2%
Paper	9.2%	9.2%	9.0%
Facilities and breakroom	11.0%	10.0%	8.7%
Computers and mobility	5.5%	6.3%	6.9%
Services	9.5%	8.6%	6.9%
Office furniture and chairs	6.2%	6.0%	5.6%
	100.0%	100.0%	100.0%

Geographic Information:

	2015	2014	2013
Sales:			
United States	$ 15,567	$ 16,022	$ 16,212
Canada	2,332	2,697	2,933
International	3,160	3,773	3,969
Total consolidated sales	$ 21,059	$ 22,492	$ 23,114
	January 30, 2016	January 31, 2015	February 1, 2014
Long-lived Assets:			
United States	$ 1,109	$ 1,172	$ 1,237
Canada	144	167	193
International	333	367	441
Total consolidated long-lived assets	$ 1,586	$ 1,706	$ 1,871

Note Q — Quarterly Summary (Unaudited)

The following table summarizes quarterly information for 2015 and 2014:

	(In millions, except per share amounts) [9]			
	First Quarter [1]	Second Quarter [2]	Third Quarter [3]	Fourth Quarter [4]
Fiscal Year Ended January 30, 2016				
Sales	$ 5,262	$ 4,937	$ 5,593	$ 5,268
Gross profit	1,347	1,264	1,522	1,381
Consolidated net income	59	36	198	86
Basic and diluted earnings per common share:	$ 0.09	$ 0.06	$ 0.31	$ 0.13

	First Quarter (5)	Second Quarter (6)	Third Quarter (7)	Fourth Quarter (8)
Fiscal Year Ended January 31, 2015				
Sales	$ 5,654	$ 5,220	$ 5,962	$ 5,656
Gross profit	1,410	1,308	1,596	1,486
Consolidated net income (loss)	96	82	217	(260)
Basic and diluted earnings per common share:	$ 0.15	$ 0.13	$ 0.34	$ (0.41)

(1) Net income for this period includes a $22 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $41 million of restructuring charges (see Note B - Restructuring Charges), a $3 million net gain on the disposal of certain property and equipment (see Note D - Sale of Businesses and Assets), $4 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges) and $15 million of costs associated with the proposed acquisition of Office Depot (see Note R - Proposed Acquisition of Office Depot).

(2) Net income for this period includes a $1 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $23 million of restructuring charges (see Note B - Restructuring Charges), $1 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges) and $34 million of costs associated with the proposed acquisition of Office Depot (see Note R - Proposed Acquisition of Office Depot).

(3) Net income for this period includes a $2 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $22 million of restructuring charges (see Note B - Restructuring Charges), $1 million of inventory write downs related to restructuring activities (see Note B - Restructuring Charges), $40 million of costs associated with the proposed acquisition of Office Depot (see Note R - Proposed Acquisition of Office Depot) and $3 million of costs related to the previously announced PNI Digital Media Ltd. ("PNI") data security incident (see Note I - Commitments and Contingencies).

(4) Net income for this period includes a $25 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $66 million of restructuring charges (see Note B - Restructuring Charges), $58 million of costs associated with the proposed acquisition of Office Depot (see Note R - Proposed Acquisition of Office Depot), $16 million of costs related to the previously announced PNI data security incident (see Note I - Commitments and Contingencies) and a $7 million loss on sale of businesses and assets (see Note D - Sale of Businesses and Assets).

(5) Net income for this period includes a $22 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $13 million of restructuring charges (see Note B - Restructuring Charges), a $22 million net gain on disposal of businesses (see Note D - Sale of Businesses and Assets) and $11 million of inventory write downs related to restructuring activities (see Note B - Restructuring Charges).

(6) Net income for this period includes a $5 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $88 million of restructuring charges (see Note B - Restructuring Charges), an inventory write down of $5 million related to restructuring activities (see Note B - Restructuring Charges) and $2 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges).

(7) Net income for this period includes a $9 million charge for impairment of long-lived assets (see Note C - Goodwill and Long-Lived Assets), $25 million of restructuring charges (see Note B - Restructuring Charges), a $6 million net gain on disposal of a business (see Note D - Sale of Businesses and Assets), $11 million of inventory write downs (see Note B - Restructuring Charges) and $2 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges).

(8) Net loss for this period includes a $434 million charge for impairment of goodwill and long-lived assets (see Note C - Goodwill and Long-Lived Assets), $44 million of restructuring charges (see Note B - Restructuring Charges) and $5 million of accelerated depreciation related to restructuring activities (see Note B - Restructuring Charges).

(9) The sum of the quarterly amounts may not tie to the full year amounts due to rounding.

Note R — Proposed Acquisition of Office Depot

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. 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.

On December 7, 2015, the U.S. Federal Trade Commission and Canadian Commissioner of Competition each filed lawsuits against the Company and Office Depot, seeking to block the proposed merger and prevent the acquisition from closing. The Company intends to vigorously defend against the lawsuits, and a decision in the U.S. federal court case is expected by May 10, 2016. On February 2, 2016, each of the Company and Office Depot agreed to waive, until May 16, 2016, its respective rights to terminate the definitive agreement due to a failure to complete the merger by February 4, 2016 or a legal restraint under antitrust laws. The Company would be required to pay Office Depot a termination fee of $250 million under certain circumstances, including if the definitive agreement is terminated as a result of the antitrust closing conditions not being satisfied on or before May 16, 2016.

On February 10, 2016, the Company announced that it had received approval from European Union regulatory authorities to acquire Office Depot, on the condition that Staples divest Office Depot's European contract business and all of Office Depot's operations in Sweden. The Company intends to meet these conditions, and to also divest of Office Depot's retail, catalog and online operations in Europe. The divestitures are subject to the closing of the acquisition. The Company has also received regulatory clearances in Australia, New Zealand and China.

On February 16, 2016, Staples and Office Depot announced they had entered into an agreement to sell customer contracts representing more than $550 million of revenue and related assets to Essendant Inc., for a purchase price of approximately $22.5 million. The revenue related to the divested contracts comes primarily from large corporate customers. The divestiture is subject to the closing of the Office Depot acquisition, as well as other customary closing conditions.

In 2015 the Company incurred expenses of $53 million in connection with the planned transaction, primarily related to professional services associated with obtaining regulatory clearances. These amounts are included in Selling, general and administrative expense in the consolidated statements of income. The Company also incurred fees related to commitments for financing for the transaction, as discussed below.

Transaction Financing

In connection with the proposed acquisition, on February 4, 2015 the Company announced it had obtained financing commitments from 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. The original commitments were scheduled to expire on February 4, 2016. During 2015 the Company incurred commitment and other related fees of $94 million related to the term loan, which have been classified as interest expense in the consolidated statements of income. Of this amount, $2 million was paid in 2015, $68 million was paid on February 2, 2016, and $24 million is payable upon closing or termination of the proposed acquisition.

On February 2, 2016, the Company entered into (i) the definitive term loan agreement with the syndicate of lenders, and Barclays as administrative agent and collateral agent, for a principal amount of $2.5 billion, and (ii) an agreement pursuant to which Bank of America Merrill Lynch and Barclays agreed to extend their existing financing commitments for the 5-year $3 billion asset-based revolving credit facility.

The net proceeds from the $2.5 billion term loan were deposited into escrow accounts. The term loan was issued with an original issue discount equal to 1.0% of the par value of the loan. The loan proceeds will be released from escrow to the Company if certain conditions are satisfied, including consummation of the merger, by September 10, 2016 (which may be extended to November 10, 2016 under certain antitrust-related circumstances). If the proceeds are released from escrow, the term loan will mature on the earlier of (1) February 2, 2022, and (2) the date that is 91 days prior to the final maturity date then in effect for Staples' currently-outstanding 2.75% senior notes due January 2018 if, at such time, the principal amount of outstanding senior notes is $300 million or greater. If the merger is not consummated or if the conditions are not otherwise met, the par value of the term loan and all accrued interest will become immediately due and payable.

Borrowings under the term loan bear interest at a rate per annum equal to, at the Company's option, either (1) an adjusted London interbank offered ("LIBO") rate with a floor of 0.75% (the "Adjusted LIBO Rate"), plus an applicable margin equal to 4.00%, or (2) a base rate determined by reference to the highest of (a) the U.S. federal funds rate plus 0.50%, (b) the "prime rate" last quoted in The Wall Street Journal, (c) the Adjusted LIBO Rate for an interest period of one month, plus 1.00% and (d) 1.75%, in each case plus an applicable margin equal to 3.00%. As of February 2, 2016, the outstanding loan balance under the term loan agreement bore an initial interest rate of 4.75% per year, which is subject to adjustment from time to time as provided for in the term loan agreement. If the proceeds are released from escrow, the term loan will be secured by a first priority security interest in substantially all of the assets of the Company, other than the ABL Collateral (defined below), and a second priority security interest in the ABL Collateral.

The commitments for the asset-based revolving credit facility will now expire on May 10, 2016 unless prior to that date the FTC agrees, or a court determines, that the planned merger is permitted to proceed, in which case the commitments would be extended to September 10, 2016. The asset-based revolving credit facility would replace the Company's existing $1.0 billion revolving credit facility (see Note F - Debt and Credit Agreements). The Company's existing $1.0 billion revolving credit facility will remain in place if 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. Amounts outstanding will be secured by a first-priority security interest in the Company's receivables, inventory and certain other general intangibles and investment property (the "ABL Collateral") and a second-priority interest in substantially all the remaining assets of the Company. Availability under the asset-based revolving credit facility will be subject to a borrowing base derived from the ABL Collateral.

The agreements that govern the term loan and that will govern the asset-based revolving credit facility contain (or are expected to contain, as applicable) various affirmative and negative covenants that will, subject to certain significant exceptions, restrict the Company's ability to take certain actions, and will require the Company to maintain certain financial ratios. The terms of these agreements will limit dividends to $0.15 per share per quarter, subject to certain exceptions.

The Company expects that the proceeds from the term loan, borrowings available under the asset-based revolving credit facility, and cash on hand will be sufficient to finance the acquisition of Office Depot.

Staples, Inc.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Valuation and qualifying account information related to operations is as follows (in millions):

Accounts Receivable Allowance for Doubtful Accounts

	Balance at Beginning of Period	Additions Charged to Expense	Deductions—Write-offs, Payments and Other Adjustments	Balance at End of Period
Fiscal year ended:				
February 1, 2014	34	23	26	31
January 31, 2015	31	36	29	38
January 30, 2016	38	27	33	32

EXHIBIT INDEX

Exhibit No.	Description
2.1^	Agreement and Plan of Merger by and among Office Depot, Inc., the Company, 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.
2.2^	Letter Agreement, dated as of February 2, 2016, by and between the Company and Office Depot, Inc. Filed as Exhibit 10.1 to the Company's Form 8-K filed on February 2, 2016.
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 December 1, 2015. Filed as Exhibit 3.2 to the Company's Form 8-K filed on December 1, 2015.
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^	Credit Agreement, dated May 31, 2013, by and among the Company, 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.
10.2^	Amendment No. 2 to Credit Agreement, dated as of February 2, 2016, by and among the Company, Bank of America, N.A. and certain lenders named therein. Filed as Exhibit 10.4 to the Company's Form 8-K filed on February 2, 2016.
10.3^	Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company, Banc of America Securities LLC and the other parties thereto. Filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended August 2, 2008.
10.4^	Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company, Lehman Brothers Inc. and the other parties thereto. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended August 2, 2008.
10.5^	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, Lehman Brothers Inc. and the other parties thereto. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended November 1, 2008.
10.6^	Commercial Paper Dealer Agreement, dated as of September 19, 2008, among the Company, JP Morgan Securities Inc. and the other parties thereto. Filed as Exhibit 10.6 to the Company's Form 10-Q for the quarter ended November 1, 2008.
10.7^	Term Loan Credit Agreement, dated as of February 2, 2016, by and among Staples Escrow, LLC, the Company, Barclays Bank PLC and certain lenders party thereto. Filed as Exhibit 10.2 to the Company's Form 8-K filed on February 2, 2016.
10.8^	Escrow Agreement, dated as of February 2, 2016, by and among Staples Escrow, LLC, JPMorgan Chase Bank, N.A. and Barclays Bank PLC. Filed as Exhibit 10.3 to the Company's Form 8-K filed on February 2, 2016.
10.9^	Second Amended and Restated Commitment Letter, dated as of February 2, 2016, by and among the Company, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC. Filed as Exhibit 10.5 to the Company's Form 8-K filed on February 2, 2016.
10.10*^	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.
10.11*^	Form of Non-Employee Director Restricted Stock Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended April 30, 2011.
10.12*^	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.9 to the Company's Form 10-K for the fiscal year ended February 1, 2014.
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.

Exhibit No.	Description
10.14*^	Form of Non-Employee Director Stock Option Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended April 30, 2011.
10.15*^	Form of Non-Qualified Stock Option Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended May 1, 2010.
10.16*^	2014 Stock Incentive Plan. Filed as Exhibit 10.1 to the Company's 8-K filed on June 2, 2014.
10.17*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement (Annual Grant) under the 2014 Stock Incentive Plan. Filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.18*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement (Lead Director and Committee Chairs) under the 2014 Stock Incentive Plan. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.19*^	Form of Restricted Stock Unit Award Agreement under the 2014 Stock Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.20*^	Form of Performance Share Award Agreement under the 2014 Stock Incentive Plan. Filed as Exhibit 10.3 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.21*^	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.
10.22*^	Amendment to 2012 Employee Stock Purchase Plan. Filed as Exhibit 10.1 to the Company's Form 8-K filed on June 2, 2015.
10.23*^	Non-Management Director Compensation Summary. Filed as Exhibit 10.7 to the Company's Form 10-Q for the quarter ended August 2, 2014.
10.24*^	Form of Severance Benefits Agreement signed by executive officers of the Company. Filed as Exhibit 10.23 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.25*^	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.
10.26*^	Amended and Restated Executive Officer Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 8-K filed on June 8, 2012.
10.27*^	Form of Proprietary Interest Protection Agreement. Filed as Exhibit 10.1 to the Company Form 10-Q for the quarter ended November 2, 2013.
10.28*^	Form of Non-Compete and Non-Solicitation Agreement. Filed as Exhibit 10.27 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.29*^	Form of Proprietary and Confidential Information Agreement. Filed as Exhibit 10.28 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.30*^	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.
10.31*^	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.
10.32*^	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.
10.33*^	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.
10.34*^	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. Filed as Exhibit 10.31 to the Company's Form 10-K for the fiscal year ended January 31, 2015.
10.35*+	Amendment C, dated October 12, 2015, to Second Amended and Restated Severance Benefits Agreement, dated March 13, 2006, by and between the Company and Ronald L. Sargent.
10.36*^	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.
10.37*^	Survivor Benefit Plan. Filed as Exhibit 10.24 to the Company's Form 10-K for the fiscal year ended on January 29, 2005.
10.38*^	Executive Life Insurance Plans Summary of Provisions. Filed as Exhibit 10.34 to the Company's Form 10-K for the fiscal year ended January 31, 2015.

Exhibit No.	Description
10.39*^	Amended and Restated Supplemental Executive Retirement Plan. Filed as Exhibit 10.2 to the Company's Form 8-K filed on June 11, 2010.
10.40*^	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.
10.41*^	Senior Executive Long Term Disability Supplemental Coverage Reimbursement Policy. Filed as Exhibit 10.37 to the Company's Form 10-K for the fiscal year ended January 31, 2015.
10.42*^	Tax Services Reimbursement. Filed as Exhibit 10.45 to the Company's Form 10-K for the fiscal year ended January 29, 2011.
10.43^	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.
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 10.35

Amendment to Severance Benefits Agreement (Amendment C)

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 and on January 13, 2015 (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 recent discussions regarding Staples' severance policy and related 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 October 12, 2015.

Specifically, you and Staples agree to add the following paragraph (k) to Section 3 of the Agreement:

> (k) Notwithstanding paragraphs (a) through (j) of this Section 3, in accordance with the Company's Severance Policy, adopted by the Board of Directors on October 12, 2015 ("the Severance Policy"), Staples will not pay any "severance benefits" (as defined in the Severance Policy and as set forth below) that exceeds 2.99 times the sum of (x) your annual base salary and (y) your target annual cash incentive award without shareholder approval.
>
> "Severance benefits" means the following cash payments paid in connection with a termination of employment (other than death or permanent disability):
>
> - Payments representing continued salary, whether paid in a lump sum or over
> - time;
> - Payments representing bonus amounts, based on a multiple of amounts earned or paid in prior years, whether paid in a lump sum or over time;
> - Payments in lieu of continued benefits (including any perquisites); and
> - Payments to offset the tax liability in respect of any of the foregoing.
>
> For purposes of this paragraph (k) and consistent with the Severance Policy, equity and the continuation of benefits are excluded from the definition of "severance benefits" and the 2.99x limitation.

If this letter sets forth our agreement, kindly sign and return to Staples the enclosed copy of this letter.

Sincerely,

STAPLES, INC.
By: /s/ Paul F. Walsh
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 19th day of November, 2015.

/s/ Ronald L. Sargent
Ronald L. Sargent

Exhibit 21.1

Name of Subsidiary	**Jurisdiction of Incorporation**
3094494 Nova Scotia Company	Canada
3258402 Nova Scotia Company	Canada
3285091 Nova Scotia Company	Canada
B2 Express - Comercio, Servicos e Representacoes Ltda.	Brazil
Beijing Staples Commerce & Trade Co., Ltd.	China
Bernard France SAS	France
Buhrmann II B.V.	Netherlands
Buhrmann Ireland Ltd.	Ireland
Buhrmann ISD Groupe S.A.	France
Buhrmann Paper UK Ltd	United Kingdom
CE Direct Pty Ltd	Australia
CEI Pty. Ltd.	Australia
CER New Zealand Limited	New Zealand
Corporate Express (Holdings) Ltd.	United Kingdom
Corporate Express B.V.	Netherlands
Corporate Express Canada, Inc.	Canada
Corporate Express Employee Share Plan Company Pty. Ltd.	Australia
Corporate Express France SAS	France
Corporate Express Hungaria Kereskedelmi Kft	Hungary
Corporate Express Luxembourg Holding S.a r.l.	Luxembourg
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 Sweden Holding AB	Sweden
Corporate Express UK Holding Ltd.	United Kingdom
Educational Experience Pty Limited	Australia
EMO AS	Norway
EMO Finland Oy	Finland
Fareham Developments (One) Ltd.	United Kingdom
Fareham Developments (Two) Ltd.	United Kingdom
Grieg Kalenderforlag AS	Norway
Happy Studio, Inc.	United States
Hong Kong Staples Brands Limited	Hong Kong
In Designs Global, Inc.	United States
Jiangsu Staples Office Products Co., Ltd.	China
Mondoffice SRL	Italy
OA365 International Company Limited	Cayman Islands
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 Versand GmbH	Germany
Pressel Versand International GmbH	Austria
QS Quarterhouse Software, Inc.	United States
Quill Corporation	United States
Quill Lincolnshire, Inc.	United States
Restructure (Vic) Pty. Ltd.	Australia
SBIN B.V.	Netherlands
Schoolkidz.com, LLC	United States
SEC UK Delivery Ltd.	United Kingdom
Shenzhen Staples Commerce & Trade Co., Ltd.* **(*minority interest held)**	*China
SHN C.V.	Netherlands
SOM Hagerstown, Inc.	United States
Staples (China) Investment Co., Ltd.	China
Staples (Deutschland) GmbH	Germany
Staples (Shanghai) Company Ltd.	China
Staples Acquisition B.V.	Netherlands
Staples Acquisition II B.V.	Netherlands
Staples Advantage Ireland Ltd.	Ireland
Staples AMS, Inc.	United States
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 Ltd.	Australia
Staples Austria GmbH	Austria
Staples Belgium BVBA	Belgium
Staples Brand Consulting (Shenzhen) Company Ltd.	China
Staples Brands International Limited	Hong Kong
Staples Brands Sales, LLC	United States
Staples Brasil Comercio de Materiais de Escritorio Ltda.	Brazil
Staples Canada Holdings III, Inc.	Canada
Staples Canada Holdings, LLC	United States
Staples Canada Inc.	Canada
Staples Connect Sweden AB	Sweden
Staples Connecticut, Inc.	United States
Staples Contract & Commercial, Inc.	United States
Staples CRS II B.V.	Netherlands
Staples Cyprus Holdings Ltd.	Cyprus
Staples Cyprus Intermediary Holdings Ltd.	Cyprus
Staples Delivery SA	Portugal
Staples Denmark ApS	Denmark
Staples Deutschland GmbH & Co. KG	Germany
Staples Dutch Management B.V.	Netherlands
Staples Escrow, LLC	United States
Staples Europe B.V.	Netherlands
Staples Europe Holdings G.P.	Bermuda

Staples Europe Import B.V.	Netherlands
Staples Finland Oy	Finland
Staples France - JPG SAS	France
Staples France Holding SAS	France
Staples Future Office Products Private Limited* **(*Staples Asia has 15% carried interest-not currently owned by Staples. Considered a Controlled Foreign Corporation)**	*India
Staples Global Markets, Inc.	United States
Staples Hong Kong Investments Limited	Hong Kong
Staples International B.V.	Netherlands
Staples International Group Services B.V.	Netherlands
Staples Luxembourg S.a r.l.	Luxembourg
Staples Mail Order UK Ltd.	United Kingdom
Staples Nederland B.V.	Netherlands
Staples Nederland Holding B.V.	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, L.L.C.	United States
Staples Office Equipment (Shanghai) Company Ltd.	China
Staples Participations B.V.	Netherlands
Staples Polska Sp.z.o.o.	Poland
Staples Portugal - Equipamento de Escritório, S.A.	Portugal
Staples Procurement & Management Services Private Limited	India
Staples Productos de Oficina S.L.	Spain
Staples Project 2017, LLC	United States
Staples Promotional Products Canada, Ltd.	Canada
Staples Promotional Products Europe Ltd.	United Kingdom
Staples Retail Norway AS	Norway
Staples Shared Service Center (Europe) BVBA	Belgium
Staples Shared Service Center (Europe) II BVBA	Belgium
Staples Shared Service Center, LLC	United States
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.	United States
Staples the Office Superstore, Limited Partnership	United States
Staples the Office Superstore, LLC	United States
Staples UK Limited	United Kingdom
Staples UK Pensions Trustees Ltd.	United Kingdom
Staples UK Real Estate Ltd.	United Kingdom
Staples UK Retail Ltd.	United Kingdom
Staples Value, LLC	United States
Staples Ventures, LLC	United States
Staples Verwaltungs GmbH	Germany

Teacher Direct Limited	New Zealand
The Staples Group, Inc.	United States
Worksmedia Limited	United Kingdom
Staples UK Pensions Trustees 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 and 333-124024) of Staples, Inc.;
2) Registration Statement on Form S-4 (No. 333-202909) of Staples, Inc.; and
3) 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, 333-196680 and 333-204769) of Staples, Inc.;

of our reports dated March 4, 2016, 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) of Staples, Inc. for the year ended January 30, 2016.

/s/ Ernst & Young LLP

Boston, Massachusetts

March 4, 2016

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 4, 2016

/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 4, 2016

/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 30, 2016 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 4, 2016

/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 30, 2016 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 4, 2016

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT III – DEFINITIVE PROXY STATEMENT ON FORM DEF 14A

FILED BY STAPLES, INC. ON APRIL 26, 2016

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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 ☐ 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 Rule 14a-12

STAPLES
Make More Happen

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)(4) 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:

STAPLES
Make More Happen

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Framingham, Massachusetts
April 26, 2016

Dear Shareholders,

The Annual Meeting of Shareholders of Staples, Inc. will be held at the Crowne Plaza Boston-Natick, 1360 Worcester Street, Natick, Massachusetts, on June 14, 2016 at 8:00 a.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 2017 Annual Meeting of Shareholders or until their respective successors have been elected or appointed.

(2) To approve, on an advisory basis, named executive officer compensation.

(3) To ratify the selection by the Audit Committee of Ernst & Young LLP as Staples' independent registered public accounting firm for the current fiscal year.

(4) To act on two shareholder proposals, if properly presented.

(5) 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 18, 2016 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 14, 2016

This proxy statement and our 2015 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 2016 Annual Meeting and the 2015 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.

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VOTING ROADMAP

YOUR VOTE IS VERY IMPORTANT

All shareholders are cordially invited to attend the 2016 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 2017 Annual Meeting of Shareholders or until their respective successors have been elected or appointed.	**FOR** each director nominee	19
(2) To approve, on an advisory basis, named executive officer compensation.	**FOR**	59
(3) 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**	60
(4) Shareholder proposal to limit acceleration of vesting of senior executive equity awards in the event of a change in control.	**AGAINST**	62
(5) Shareholder proposal to amend Staples' bylaws to reduce the percentage of outstanding stock required for shareholders to call a special meeting from 25% to 15%.	**AGAINST**	65

Meeting Information

Date June 14, 2016	Time 8:00 a.m., local time
Location Crowne Plaza Boston-Natick 1360 Worcester Street, Natick, Massachusetts	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 2016 Annual Meeting materials are available in one place at **www.staplesannualmeeting.com**. There, you can download electronic copies of our 2015 Annual Report and Proxy Statement, and use the link to vote.

Scan this QR code with your mobile device to access our 2016 Annual Meeting website.

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PROXY STATEMENT SUMMARY

This summary highlights certain information that is covered elsewhere in the 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
Drew Faust *President, Harvard University*	68	YES	2012	—
Curtis Feeny *Managing Director, Voyager Capital*	58	YES	2016 nominee	1
Paul-Henri Ferrand *Vice President, Google, Inc.*	52	YES	2015	—
Deborah A. Henretta *Senior Advisor, SSA & Company*	54	YES	2016 nominee	3
Kunal S. Kamlani *President, ESL Investments, Inc.*	43	YES	2015	1
John F. Lundgren *Chairman and CEO, Stanley Black & Decker, Inc.*	64	YES	2016 nominee	2
Carol Meyrowitz *Executive Chairman, The TJX Companies, Inc.*	62	YES	2007	2
Ronald L. Sargent *Chairman and CEO, Staples, Inc.*	60	NO	1999	2
Robert Sulentic *President and CEO, CBRE, Inc.*	59	YES	2007	—
Vijay Vishwanath *Partner, Bain & Company*	56	YES	2007	—
Paul F. Walsh *Senior Managing Director, Calera Capital*	66	YES	1990	—

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 annual 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

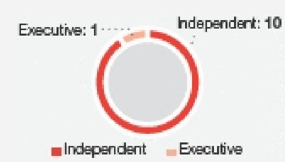
Our Board nominees exhibit high integrity, self-awareness, respect, independence of mind, and have the capacity to function effectively in challenging situations.

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. Twice yearly, we solicit feedback from institutional investors including asset managers, public and labor union pension funds, and social responsibility investors. In 2015, we engaged in constructive dialogues over the course of the year with shareholders representing nearly half of our shares outstanding, with direct involvement from two of our directors in several of these meetings.

Timeline of Selected Corporate Governance Events

2016 March >	Executive Compensation – In response to shareholder feedback, changed the award structure for our performance share awards to three-year cumulative goals instead of annual performance goals over a three-year period. In connection with this change, adjusted the long-term incentive pay mix to be 2/3 performance share awards, and 1/3 restricted stock unit awards that vest over three years, to bring us in line with market practice and facilitate recruitment and retention.
2015 >	Implemented proxy access at 3%/3 years, through a by-law amendment to allow shareholder director nominations that is effective for the 2016 Annual Meeting of Shareholders Adopted a formal severance policy to limit executive severance to 2.99 times base salary plus target annual cash incentive award, and amended the existing employment agreement of Ronald L. Sargent, our current Chairman and CEO, to comply with the policy (which does not include equity awards) Adopted Independent Chair Policy to require that we have an independent Chair of the Board, whenever possible. The policy is prospective, and applies when Mr. Sargent retires or no longer serves as Chairman of the Board
2013 >	Restructured our executive compensation program to increase performance-based elements in response to shareholder feedback on compensation and to strengthen alignment with reinvention strategy
2012 >	Shareholder right to act by written consent implemented 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

Additional corporate governance features are highlighted beginning on page 8 of this proxy statement.

CORPORATE RESPONSIBILITY HIGHLIGHTS

Staples recognizes the close connection between our success and our ability to make a positive impact on our customers, our associates and the planet. Giving back to communities, embracing a culture of diversity and inclusion, sustaining the environment, and practicing sound ethics aren't just the right thing to do. These efforts help make us an employer and neighbor of choice, differentiate our brand, and support profitable and responsible growth. For more information, visit www.staples.com/responsibility.

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

Diversity & Inclusion

- Focusing on building an inclusive and 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
- Collaborating with organizations supporting diverse business development and expanding our product portfolio from diverse businesses

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 13,000 eco-responsible products and providing free recycling and other environmental services
- Improving operational environmental footprint by increasing energy efficiency and renewable energy use, and eliminating waste

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
- Auditing suppliers of own brand products for adherence to our Supplier Code of Conduct to support ethical sourcing practices

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 our strategy and 2015 highlights, see "Business Overview" in the "CD&A" section of this proxy statement.

We are committed to an executive compensation program that is consistent with current best practices:

Things We Do

- Strong alignment of pay and performance
- 89% of CEO compensation in 2015 was "at risk"
- Both short- and long-term programs include performance goals
- Rigorous, objective financial metrics on annual and performance-based long-term awards that are closely tied to business strategy
- 3-year relative TSR modifier in performance-based long–term awards
- Strong stock ownership guidelines (5x salary for CEO, 3-4x for other NEOs)
- Double trigger change in control provisions in severance agreements
- Clawback policy
- Anti-hedging policy
- Policy requiring shareholder approval for executive severance in excess of certain limits
- Cumulative three-year goals in the long-term incentive program

Things We Don't Do

- No employment agreements
- No excise tax gross-ups in executive severance agreements
- No pension plan

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STAPLES, INC.
500 Staples Drive
Framingham, Massachusetts 01702

PROXY STATEMENT
For the Annual Meeting of Shareholders on June 14, 2016

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 ("2016 Annual Meeting" or the "Annual Meeting") to be held on June 14, 2016 beginning at 8:00 a.m., local time, at the Crowne Plaza Boston-Natick, 1360 Worcester Street, Natick, Massachusetts and at any adjournment or postponement of that meeting. On or about May 2, 2016, 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 30, 2016 (the "2015 fiscal year") and other information required by the rules of the Securities and Exchange Commission (the "2015 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 and giving, 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 nearly half of our outstanding 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:

Limit Executive Severance – We adopted a policy that limits severance benefits for senior executives. Based on the terms of the new severance policy, Staples will not pay any severance benefits under any existing or future employment agreement or severance agreement with an executive officer that exceeds 2.99 times the sum of the executive's base salary plus target annual cash incentive award, without seeking shareholder approval. The new policy excludes equity awards. In addition, our CEO elected to amend his existing employment agreement to comply with the policy.

Implemented 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 amended our by-laws to include proxy access provisions that are effective for the 2016 Annual Meeting of Shareholders. Our proxy access by-laws:

- 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 two individuals or 20 percent of the directors serving, whichever is greater;
- 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
- Disqualify candidates who failed to garner a minimum of 15% of the votes within the previous two years.

Executive Compensation – In light of the level of support we received for the 2015 say-on-pay vote, none of our NEOs received an annual increase in base salary for 2016, and prior to determination of the payout by the Board, our CEO elected to forego his annual cash incentive award for 2015. In addition, in direct response to shareholder feedback:

- We replaced the annual goals for our three-year performance share awards with cumulative three-year goals for 2016, while maintaining the three-year TSR modifier linking pay outcomes more closely to share price performance;
- We adjusted the metrics and increased the rigor of the threshold goals for our 2016 annual cash incentive awards, to drive greater alignment with shareholder value; and
- We modified our peer group to include companies that more closely match Staples' revenue and market capitalization.

In connection with the change to cumulative goals, we maintained performance shares as 2/3 of our 2016 long-term incentive awards, and introduced time-based restricted stock units for the remaining 1/3 to bring us in line with market practice and facilitate recruitment and retention. For more information about shareholder outreach with respect to compensation matters, 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	• Proxy Access (3%/3 years) • 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 board self-evaluation and succession planning process • Independent Chair policy
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 2015:

- 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 current independent directors. 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 current independent directors were affiliated in fiscal year 2015 and from which we received greater than $120,000 for providing our supplies or services.

- Bain & Company
- Becton Dickinson & Company
- BritishAmerican Business
- CBRE Group, Inc.
- Harvard University
- Sears Holdings Corporation
- TJX Companies, Inc.

The amounts received by us in fiscal year 2015 for the sale of office supplies and related services to these companies range from approximately $247,000 to approximately $20.4 million and the median amount received from such sales was approximately $566,000. In each case, the amount was immaterial to both Staples and the company purchasing the goods and services. The largest amount of approximately $20.4 million represents approximately 0.097% of our revenues based on sales for fiscal year ended January 30, 2016 of approximately $21.1 billion. The largest amount includes $18 million of purchases under a global corporate service agreement that benefited and provided for purchases by third parties.

In addition, in 2015 we paid approximately $1.05 million for employee background check services from a privately held company for which one of our directors served as chairman of the board of directors in 2015, approximately $382,000 for fleet services to WEX Inc., a company for which one of our directors serves as a director, approximately $13.3 million for customized delivery boxes to a privately held company for which one of our directors also serves as a director, and approximately $54.1 million to Google, Inc. for marketing, IT services and products that we purchase for re-sale. We also purchased products and services from Becton Dickinson & Company, Hasbro, Inc. and CBRE Group, Inc. for approximately $173,000, $1.4 million and $3.7 million, respectively.

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In all instances, whether we provided or received the products or 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 is Robert E. Sulentic. 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 fourteen meetings during our 2015 fiscal year. The number of meetings held by each of the committees of our Board during our 2015 fiscal year is set forth below under the description of each committee. During our 2015 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

Basil L. Anderson*
Chairperson

"Our Audit Committee plays a key role in guiding the Company's response to evolving risks, while maintaining a strong focus on internal controls."

Other Committee Members
Paul-Henri Ferrand
Robert E. Sulentic
Raul Vazquez

Meetings in 2015
4 in person, 4 telephonic

* Audit committee financial expert under the rules of the SEC

Introduction

The Audit Committee meets separately 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 and approving the risk management framework used in the Company's enterprise risk management ("ERM") program.

✓ Reviews and discusses risk related to technology and cybersecurity and reviews and oversees our response to significant data security incidents.

✓ 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.

2015 Highlights

The 2015 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 2015, in connection with its quarterly earnings and internal controls review, the Audit Committee maintained its focus on strategic reinvention priorities and the related estimates, charges and guidance. As part of the ERM process, the Committee continued its oversight of the Company's information security enhancements being implemented by the Global Technology team, with the assistance of third party experts. The Audit Committee was an integral part of the response to the data security incident announced in 2015, involving a subsidiary we acquired in 2014, and ensured that the Company's data breach experience was incorporated into the ongoing information security enhancements.

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
Kunal S. Kamlani
Carol Meyrowitz

Meetings in 2015
4 in person

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.

2015 Highlights

The 2015 Compensation Committee Report is included in the *Compensation Committee Report* section of this proxy statement. In addition, in 2015, 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 2015 say-on-pay shareholder vote and considering feedback received as part of the shareholder outreach program, which the Chair of our Compensation Committee was directly involved in. 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 2015, the Compensation Committee also engaged in a detailed review and revision of our peer group in light of shareholder feedback and our changing business environment.

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 E. Sulentic

Meetings in 2015
4 in person, 5 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.

2015 Highlights

The Nominating and Corporate Governance Committee spent significant time in 2015 managing board succession planning and evaluating our two new directors elected in 2015. The Nominating and Corporate Governance Committee considered the overall diversity of our Board and met on several occasions to discuss the qualifications, feedback, references and other items regarding these directors, and other potential director candidates, including the potential candidates to join our Board in connection with our acquisition of Office Depot. The Nominating and Corporate Governance Committee also focused heavily on investor feedback and developing responsive strategies to benefit all of the shareholders, including with respect to proxy access.

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Finance Command

Rowland T. Moriarty
Chairperson

"Our prudent approach to managing our capital structure has enabled us to execute our reinvention strategy and put us in a stronger position to create long-term value for our shareholders."

Other Committee Members
Kunal S. Kamlani
Paul F. Walsh

Meetings in 2015
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.

2015 Highlights

The Finance Committee was focused in 2015 on the Office Depot acquisition financing, as well as our capital structure, dividend policy, hedging policy, share repurchase program and related topics.

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
Basil L. Anderson
Rowland T. Moriarty
Robert E. Sulentic
Vijay Vishwanath

Meetings in 2015
1 in person, 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.

2015 Highlights

The Executive Committee met twice during the year, with additional directors in attendance to provide guidance on the discussions with the shareholder that proposed director candidates for our 2015 Annual Meeting.

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 ERM program, the Audit Committee, under powers delegated by the Board, is responsible for the review and approval 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. The Audit Committee also provides oversight with respect to risks relating to the Company's accounting and financial reporting processes, the integrity of the Company's financial statements, and technology and cybersecurity, including our response to significant data security incidents. 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.

Senior members of management make up our Enterprise Risk Committee, which meets at least quarterly to coordinate information sharing and mitigation efforts for all types of risks, sometimes working with outside advisors. 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 as the representative of the Enterprise Risk Committee, and detailed presentations from senior executives responsible to address specific risks and implement mitigation strategies. In 2015, management presented to the Audit Committee the results of its enterprise wide review of the major financial, operational and legal risks facing the company. For the most important risks, senior executives presented their mitigation strategies, which had been reviewed by the Enterprise Risk Committee. Management also reviewed with the Audit Committee its ERM methodologies for identifying and prioritizing financial, operational and legal risks and discussed the top level risks and related risk management.

In 2015, as part of the ERM process, significant attention was given to implementation of the Company's information security strategy. In addition, the Audit Committee was integrally involved in overseeing the response to the data security incident announced in 2015. 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 Director of Global Ethics & Compliance on compliance and ethics matters. These reports also are provided to the Board. 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.

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. We believe that the practices described above facilitate effective Board oversight of our significant risks.

STRATEGY

At its regularly-scheduled meeting in June of each year, our full Board reviews the Company's near- and long-term strategies in detail. The meeting is typically held off-site and includes presentations by and discussions with senior management regarding strategic initiatives. The Board remains involved in strategic planning throughout the year, engaging with management to review progress of and challenges to the Company's strategy, and to approve specific initiatives. In 2015, our Board and Committees devoted significant additional time throughout the year to review and discuss the Office Depot acquisition, integration planning, strategic alternatives if the acquisition is not completed, and other strategic plans. Individual Board committees also consider strategic matters that fall within their areas of focus, such as our Finance Committee's involvement in the financing arrangements for our transaction with Office Depot, and report to the full Board at regularly scheduled quarterly meetings. Our independent directors also meet in regularly scheduled executive sessions without management present, at which strategy is discussed.

EVALUATION

We are committed to maintaining an effective Board that represents the best interests of the Company and our shareholders. We have an annual director self-evaluation process administered by our outside counsel to assess director performance, Board dynamics and the effectiveness of the Board and its committees. As part of the process, a written survey is developed with input from the Independent Lead Director and each Board Committee Chair. Each director completes the survey and provides suggestions and feedback to our outside counsel, who then summarizes the results of the assessment and provides recommendations for improvements, to our Independent Lead Director and to each Board Committee Chair. This process allows directors to anonymously provide feedback on, among other things, (1) Board information, planning, and oversight, (2) Board structure and operation, (3) the Board's relationship with the CEO and management, (4) Committee structure and operations, and (5) director qualifications, preparedness and engagement. The Nominating and Corporate Governance Committee, as well as the full Board, discusses these results in executive session and uses them in determining the appropriate mix and skill set for Board composition and the nomination process, as well as addressing areas where the Board feels it can improve.

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. Our Board is committed to seek out highly qualified women and individuals from diverse groups to include in the candidate pool of Board nominees, as reflected in 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 nine new directors to our Board (excluding current nominees). These new directors, who include three women, one Hispanic, and two Asians, have strengthened our Board's diversity of skills and perspectives. 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. The Nominating and Corporate Governance Committee also considers the results of our robust Board self-evaluation process.

Shareholder-Recommended Director Candidates

Shareholders may 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.

Shareholder-Nominated Director Candidates

In December 2015, our Board amended our by-laws to include a proxy access provision, after engaging with our shareholders to understand their views on the desirability of proxy access and the appropriate proxy access structure for Staples. The proxy access by-law allows a shareholder, or a group of up to 25 shareholders, owning 3% or more of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials director nominees constituting up to two individuals or 20% of the Board (whichever is greater), provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in Article I, Section 7.4 of our by-laws. Notice of any such nomination must be received by the Corporate Secretary of Staples at 500 Staples Drive, Framingham, Massachusetts 01702, not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting. For the 2017 Annual Meeting, notice of proxy access nominations must be received no earlier than February 13, 2017 and no later than March 15, 2017. However, if the date of our 2017 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 2017 Annual Meeting and not later than the later of (i) the 90th day prior to the 2017 Annual Meeting and (ii) the tenth day following the day on which public announcement of the date of the 2017 Annual Meeting is made or notice for the 2017 Annual Meeting was mailed, whichever occurs first.

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 and without such candidates being included in the Company's proxy materials, by following the relevant procedures summarized in this proxy statement under the caption "Shareholder Proposals."

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 Independent 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 Independent Lead Director (if one is appointed), or otherwise the Chairperson of the Nominating and Corporate Governance Committee, who monitors communications from shareholders and other interested parties. Copies or summaries of such communications are provided to all directors, if such person considers 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

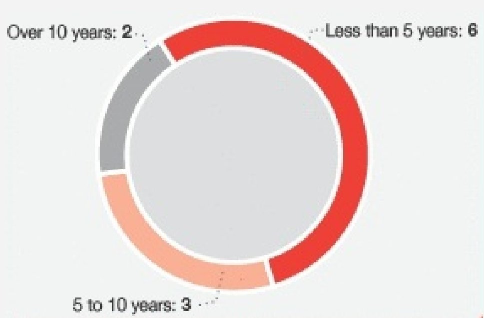
We believe each nominee in the slate presented below, through their own personal accomplishments and dedication to their profession and community, has demonstrated strong intellectual acumen, solid business judgment, strategic vision, integrity and diligence.

The eleven nominees include six directors who joined the Board within the last five years, three nominees who have served on our Board for five to ten years and two 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.

The merger agreement we entered into in connection with our acquisition of Office Depot provides that upon completion of the merger, Staples' Board will be expanded to 13 members to be comprised of the directors of Staples as of immediately prior to completion of the merger and two Office Depot directors selected by Staples no earlier than five business days prior to the completion of the merger. In the event the merger is completed prior to the 2016 Annual Meeting, we intend to supplement our proxy materials to include these additional nominees.

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.

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DIRECTOR BIOGRAPHIES

Drew Faust

Age: 68
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 Ph.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 $4.5 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 the Massachusetts Institute of Technology (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 ($37.6 billion in 2015, 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 MIT and the Ragon Institute of Harvard, MIT and Massachusetts General Hospital.

Curtis Feeny

Age: 58
Director Since: New nominee

Current Staples Board Committees
- Not applicable

Skills and Experience
- Audit, Financial Expertise
- Business Sales
- IT Management and Security
- Leadership and Management
- Real Estate
- Strategy

Public Company Boards
Current
- CBRE, Inc.

Prior
- Trammell Crow Company (2000-2006)

Selected Other Positions
- Board Director, Stanford Federal Credit Union

Education
- M.B.A., Harvard Business School
- B.S., mechanical engineering, Texas A&M University, magna cum laude

Career Highlights

Mr. Feeny has been a Managing Director of Voyager Capital, a venture capital firm, since January 2000. Mr. Feeny has invested in enterprise software, data center systems, wireless infrastructure and Smart Grid technologies, and represents Voyager on the boards of several of its privately held portfolio companies. He also has expertise in SaaS, open source, and capital efficient software companies. In 2001, Curtis was appointed by President George W. Bush to the Board of Directors of the Presidio Trust, where he served until 2006. From 1992 through 1999, Mr. Feeny served as Executive Vice President of Stanford Management Co., which manages the Stanford University endowment, during which time the endowment's assets under management grew from $1.5 billion to $9.0 billion. He was responsible for investing and managing real estate and other asset classes including private equity and venture capital.

Paul-Henri Ferrand

Age: 52
Director Since: 2015

Current Staples Board Committees
- Audit

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.

Deborah Henretta

Age: 54
Director Since: New nominee

Current Staples Board Committees
- Not applicable

Skills and Experience
- Audit, Financial Expertise
- Consumer and Business Sales
- E-Commerce/Marketing
- International Operations
- Leadership and Management
- Retail
- Risk Oversight
- Strategy
- Supply Chain/Logistics

Public Company Boards
- Corning Incorporated
- Meritage Homes Corporation
- NiSource, Inc.

Education
- M.A., Syracuse University
- B.A., St. Bonaventure University, summa cum laude

Career Highlights

Ms. Henretta currently serves as Senior Advisor to SSA & Company, an executive decision strategy consulting firm. Ms. Henretta has over 30 years of business leadership experience across both developed and developing markets, as well as expertise in brand building, marketing, philanthropic program development and government relations. She joined Procter & Gamble ("P&G") in 1985. In 2005, she was appointed President of P&G's business in ASEAN, Australia and India. She was appointed group president, P&G Asia in 2007, group president of P&G Global Beauty Sector in June 2013, and group president of P&G E-Business in February 2015. She retired from P&G in June 2015. Ms. Henretta was a member of Singapore's Economic Development Board (EDB) from 2007 to 2013. She contributed to the growth strategies for Singapore, and was selected to serve on the EDB's Economic Strategies Committee between 2009 and 2011. In 2008, she received a U.S. State Department appointment to the Asia-Pacific Economic Cooperation's Business Advisory Council. In 2011, she was appointed chair of this 21-economy council, becoming the first woman to hold the position. In that role, she advised top government officials, including President Barack Obama and former Secretary of State Hillary Clinton.

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ELECTION OF DIRECTORS (ITEM 1 ON THE PROXY CARD)

Kunal S. Kamlani

Age: 43
Director Since: 2015

Current Staples Board Committees
- Compensation, Finance

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 is President, ESL Investments, Inc., and has served in this position since March 2016. Prior to ESL, he was Chief Executive Officer of CASP Advisors, an independent advisory firm founded in 2015, which focuses on brand extension strategies, infrastructure development and mergers & acquisitions in the global cruise industry. Mr. Kamlani previously 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 Global Investment Solutions division of Bank of America/Merrill Lynch where he was responsible for the Wealth Management Platform including managed accounts, mutual funds, stocks, bonds, new issues, insurance, alternatives and structured investments. Mr. Kamlani also served as Managing Director and Chief Operating Officer of Citi Smith Barney from 2006 until 2009 and in various other capacities at Citigroup since 2001.

John F. Lundgren

Age: 64
Director Since: New nominee

Current Staples Board Committees
- Not applicable

Skills and Experience
- Audit, Financial Expertise
- Consumer and Business Sales
- International Operations
- Leadership and Management
- M&A/Integration
- Retail
- Strategy
- Supply Chain/Logistics

Public Company Boards
- Stanley Black & Decker, Inc.
- Callaway Golf Company

Selected Other Positions
- Vice Chairman, National Association of Manufacturers

Education
- M.B.A., Stanford University
- B.A., Dartmouth College

Career Highlights

Mr. Lundgren is Chairman and Chief Executive Officer of Stanley Black & Decker, Inc., the successor entity following the merger of The Stanley Works and Black and Decker in March 2010. Prior to the merger, Mr. Lundgren served as Chairman and Chief Executive Officer of The Stanley Works, a worldwide supplier of consumer products, industrial tools and security solutions for professional, industrial and consumer use. During his tenure, sales have grown from approximately $2 billion to approximately $11 billion in 2015, and he successfully diversified the company's strategy. Prior to joining The Stanley Works in 2004, Mr. Lundgren served as President — European Consumer Products, of Georgia Pacific Corporation and also held various positions in finance, manufacturing, corporate development and strategic planning with Georgia Pacific and its predecessor companies, namely James River Corporation from 1995 to 1997 and Fort James Corporation from 1997 to 2000. Mr. Lundgren began his business career in brand management at the Gillette Corporation. Mr. Lundgren is also a member of the board of directors of the National Association of Manufacturers.

Carol Meyrowitz

Age: 62
Director Since: 2007

Current Staples Board Committees
- Compensation

Skills and Experience
- E-Commerce/Marketing
- Leadership and Management
- Real Estate
- Retail
- Strategy
- Supply Chain/Logistics

Public Company Boards
Current
- The TJX Companies, Inc.

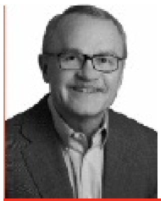
Prior
- Amscan Holdings, Inc. (2005-2012)
- Yankee Candle Corporation (2004-2007)

Selected Other Positions
- Board of Overseers, Joslin Diabetes Center

Education
- B.A., Marketing and Management, Rider University

Career Highlights

Ms. Meyrowitz has served as Executive Chairman of The TJX Companies, Inc., a retailer of apparel and home fashions, since February 2016 and has been a director of TJX since 2006. Ms. Meyrowitz was Chairman and Chief Executive Officer of TJX from June 2015 to January 2016, Chief Executive Officer from January 2007 until June 2015, 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 grew revenue since 2007 by $11.7 billion to $30.9 billion in 2015 and oversaw the growth of the company's market capitalization from $16.2 billion in 2010 to over $50 billion as of March 2016. While Ms. Meyrowitz served as CEO, TJX was ranked in the top five percent of Fortune 500 companies for returns on assets and shareholders' equity.



Ronald L. Sargent

Age: 60
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, Inc.

Prior
- Home Depot, Inc. (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.

Robert Sulentic

Age: 59
Director Since: 2007

Current Staples Board Committees
- Audit, Executive, Nominating and Corporate Governance

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
- Trammell 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 30 completed acquisitions. Mr. Sulentic also has overseen a significant upgrade to CBRE's IT and other support systems. Over the first seven years he served as CFO and CEO, CBRE's stock price increased approximately 10x and the market capitalization of the company grew from $1 billion to nearly $10 billion. CBRE has been voted the industry's top brand for 14 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%.

Vijay Vishwanath

Age: 56
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 since 2010. 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.

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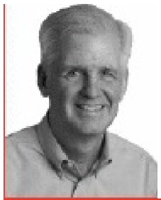

Paul F. Walsh

Age: 66
Director Since: 1990

Current Staples Board Committees
- Compensation, Finance

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, Transaction Services Group
- Director, Sterling Backcheck Inc. (2010-2015)
- Director, Competitor Group Inc. (2013-2015)
- 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 a Senior Managing Director of Calera Capital, a private equity firm, since September 2015, and was an Operating Partner of, and outside resource to, Calera Capital since 2008. Mr. Walsh serves on the board of directors of Transaction Services Group, a Calera Capital portfolio company. 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.

2015 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. Mr. Ferrand and Mr. Kamlani received this initial grant in 2015, on the second business day following the 2015 Annual Meeting.

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 2015, all directors met the guidelines.

During fiscal year 2015, on the second business day following the 2015 Annual Meeting, each of our Outside Directors elected at the meeting 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.

2016 COMPENSATION

In March 2016, each then-serving Outside Director voluntarily declined half of the quarterly cash payment of $18,750 for the next four quarters of their service as a director, in response to the pressures on our share price in fiscal year 2015. Each such director will therefore temporarily receive a reduced quarterly cash payment of $9,375 in June, September, and December of 2016, and March of 2017.

The table below sets forth certain information concerning our 2015 fiscal year compensation of our Outside Directors.

DIRECTOR COMPENSATION FOR 2015 FISCAL YEAR

Name*	Fees earned or paid in cash ($)	Stock Awards ($) (1)	Total ($)
Basil L. Anderson	82,500	207,017	289,517
Drew Gilpin Faust	75,000	175,006	250,006
Paul-Henri Ferrand	37,500	325,007	362,507
Kunal Kamlani	37,500	325,007	362,507
Justin King (2)	37,500	0	37,500
Carol Meyrowitz	75,000	175,006	250,006
Rowland T. Moriarty	75,000	191,020	266,020
Robert C. Nakasone (3)	145,000	0	145,000
Robert E. Sulentic	82,500	215,015	297,515
Raul Vazquez	75,000	175,006	250,006
Vijay Vishwanath	75,000	207,017	282,017
Paul F. Walsh	75,000	207,017	282,017

* 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 2015 fiscal year, not the actual amounts paid to or realized by our Outside Directors during our 2015 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 2015 represent:

- Annual grant of restricted stock units to each director;
- For Mr. Sulentic, our Independent Lead Director, restricted stock units with a grant date fair value of $40,000;
- For Messrs. Anderson, 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 2015, restricted stock units with a grant date fair value of $32,000 each;
- For Mr. Moriarty, chair of our Finance Committee for fiscal year 2015, restricted stock units with a grant date fair value of $16,000; and
- For Messrs. Ferrand and Kamlani, who joined our Board in fiscal year 2015, restricted stock units with a grant date fair value of $150,000, granted in connection with the director's initial election to the Board and which vest after three years.

(2) On April 10, 2015, Mr. King determined not to stand for reelection to the Board at the 2015 Annual Meeting.

(3) In January 2015, Mr. Nakasone announced his decision to retire at the end of his term at the 2015 Annual Meeting. Mr. Nakasone received an additional cash payment in 2015 with respect to a period for which no equity grants were made due to the change in the grant date policy for directors.

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 2015 fiscal year and (2) the total number of outstanding stock options and restricted stock units held by our directors as of January 30, 2016, the end of our 2015 fiscal year.

Name	Grant Date	Award Type	Number of Shares Awarded in FY 2015	Grant Date Fair Value ($)	Total Options and Outstanding Restricted Stock Units as of 2015 FYE (1)(2)(3)
Basil L. Anderson	6/3/2015	RSU	12,501	207,017	12,501
		OP	0	0	91,367
Drew Gilpin Faust	6/3/2015	RSU	10,568	175,006	10,568
Paul-Henri Ferrand	6/3/2015	RSU	19,626	325,007	19,626
Kunal Kamlani	6/3/2015	RSU	19,626	325,007	19,626
Carol Meyrowitz	6/3/2015	RSU	10,568	175,006	10,568
		OP	0	0	77,867
Rowland T. Moriarty	6/3/2015	RSU	11,535	191,020	11,535
		OP	0	0	91,367
Robert E. Sulentic	6/3/2015	RSU	12,984	215,015	12,984
		OP	0	0	82,367
Raul Vazquez	6/3/2015	RSU	10,568	175,006	20,800
Vijay Vishwanath	6/3/2015	RSU	12,501	207,017	12,501
		OP	0	0	86,867
Paul F. Walsh	6/3/2015	RSU	12,501	207,017	12,501
		OP	0	0	91,367

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 unit awards made upon initial election as a director vest in full on the third anniversary of the grant date.

(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.

EXECUTIVE COMPENSATION AND COMPENSATION DISCUSSION AND ANALYSIS

Our Compensation Discussion and Analysis ("CD&A") describes the guiding principles and processes we use to design and manage our compensation program, provides an overview of our business performance and progress in 2015 with our reinvention strategy and most importantly, demonstrates within that context the strong link between pay and performance for our Named Executive Officers ("NEOs").

We also present a summary of shareholder feedback and the positive changes our Board has made to address this feedback.

The CD&A is structured as follows:

- An executive summary, including our business performance and shareholder engagement in 2015 (p. 29)
- A presentation of compensation earned by our NEOs as a result of this performance (p. 35)
- A detailed discussion of our 2015 compensation program (p. 37) followed by the processes we use in designing and managing compensation (p. 42)
- Additional material relating to governance of our compensation program such as policies relating to stock ownership and recoupment (p. 45)

I EXECUTIVE SUMMARY

Guiding Principles of Our Compensation Program

The Staples Compensation Committee (the "Committee") believes that executive compensation should be directly linked to performance and the creation of long-term value for our shareholders.

Based on this principle, as well as consultation with shareholders, the Committee has developed annual and long-term incentive programs that are tied to objective, quantifiable, and rigorous performance metrics. We believe that the metrics used in our incentive programs support the long-term alignment of pay with performance.

The structure of our executive compensation program is intended to enable the company to attract, retain and motivate a talented management team in driving our business objectives of both top line and bottom line results as well as attractive returns on capital. We believe our overall program, and in particular our focus on granting performance-based awards, is consistent with current best practices in compensation design.

Business Overview

Staples is a global company providing a variety of products and services to business customers of all sizes and consumers in 25 countries. In 2015, we operated in three business segments:

- Our North American Stores & Online segment (46% of total company sales) offers easy-to-shop stores and websites.
- Our North American Commercial segment (37% of total company sales) consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses, including Staples Business Advantage and Quill.com.
- Our International Operations segment (17% of total company sales) consists of businesses in 23 countries in Europe, Australia, South America and Asia.

2015 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 declining. These trends have negatively impacted total company sales and earnings. In response, the company has been working on a strategic reinvention plan 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 this strategic reinvention program and the creation of long-term shareholder value in a highly competitive industry.

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Strategic Reinvention Priorities	2015 Reinvention Accomplishments
Stabilize total company sales and earnings	• Total company sales declined less than 1 percent versus 2014, excluding the impact of store closures and changes in foreign exchange rates* • Improved gross profit margin rate and operating income rate versus 2014
Build scale and credibility in categories beyond office supplies	• Categories beyond office supplies now account for approximately $10 billion, or nearly half of total company sales mix • Continued adding category specialists which supported high single-digit sales growth in our $3.5 billion beyond office supplies business in North American Commercial
Balance sales growth with profit improvement in Staples.com	• Achieved local currency sales growth and operating income growth in Staples.com after two years of heavy e-commerce investments
Enhance our copy and print offering	• Achieved high single-digit same store sales growth in copy and print in our North American stores
Build a stronger connection between our online and retail businesses through omni-channel capabilities	• Generated nearly half a billion dollars of omni-channel sales through our in-store Staples.com kiosks as well as our Click and Collect features like Buy Online Pickup in Store
Reduce expenses to fund investments in key growth initiatives	• Eliminated more than $300 million of annualized global expenses bringing total annualized cost savings over the past two years to approximately $550 million • Streamlined our organization and built a simplified structure to speed up decision making
Optimize our retail store network	• Closed 73 stores in North America bringing total store closures over the past two years to 242
Restructure and streamline International Operations	• Drove local currency sales growth and improved profitability in Australia/New Zealand and China
Remain committed to returning excess cash to shareholders	• Returned more than $300 million to shareholders through cash dividends

* Total company sales with these items excluded is a non-GAAP financial measure. Please refer to Exhibit A to this proxy statement for a reconciliation of this measure relative to reported GAAP financial results.

On February 4, 2015, the company announced that it had entered into a definitive agreement to acquire Office Depot, Inc. The acquisition will better position the company to serve the changing needs of customers and compete more effectively against a large and diverse set of competitors. In addition to the 2015 Reinvention Accomplishments listed above, the company also made progress on the ongoing global regulatory review process related to the acquisition of Office Depot, as well as planning for integration and synergy achievement.

Total shareholder return (TSR) Notwithstanding our progress on key objectives, we believe total shareholder return was affected by increased uncertainty regarding regulatory approval of the acquisition of Office Depot, as well as year-over-year declines in total company sales and non-GAAP earnings per share. Our closing stock price on the first and last day of fiscal 2015 was $17.05 and $8.92, respectively and, on April 18, 2016, the record date for the 2016 Annual Meeting, was $11.12.

Total Shareholder Return	Staples	S&P Retail Index	S&P 500
1-year	-46%	+17%	-1%
3-year	-27%	+78%	+38%

Governance Outreach Program & Response to Shareholder Feedback

Robust Twice-Yearly Shareholder Engagement Program

For several years, Staples has conducted a comprehensive shareholder outreach program. Our Board values the opportunity to engage directly with our shareholders to hear their thoughts, better understand their views and represent their interests. As a result of this program, over the past several years, the Board has made significant enhancements to our corporate governance and compensation programs, including proactive adoption of key governance initiatives and restructuring compensation to increase alignment between pay and performance.

In 2015, our Say-on-Pay proposal received support from 58% of shares voted at our annual meeting of shareholders. We were not satisfied with this level of support and redoubled

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our corporate governance outreach efforts to make sure that we fully understood the shareholder concerns that led to these results.

In the fall of 2015, we expanded our corporate governance outreach efforts to contact all institutional shareholders, representing 90% of shares outstanding. We provided shareholders and proxy advisory firms with an update on Staples corporate governance and compensation practices and invited them to engage in a governance dialogue with management. We ultimately held discussions with institutional shareholders representing nearly half of our shares outstanding. The Chair of our Compensation Committee and the Chair of our Nominating and Corporate Governance Committee play an important role in our governance outreach program by meeting with some of our shareholders and proxy advisory firms.

Shareholder Feedback and Board Response

A summary of shareholder's perspectives related to executive compensation and the Board's response is provided below. Our other robust corporate governance practices that have been developed in response to shareholder feedback are described elsewhere in this proxy statement.

Shareholder Feedback	Board Response
Implement cumulative goals in long-term equity incentive program	Removed annual goals and implemented cumulative three-year goals for 2016 Performance Share Awards
Concerned with goal rigor in the annual incentive plan	For each 2016 performance metric, set target goal that requires improvements from 2015 financial results
Adopt a policy limiting executive severance benefits	Adopted a policy limiting executive severance benefits in October 2015
Peer group includes some companies that are not appropriate given their revenue and market capitalization are significantly greater than Staples	Modified peer group to remove larger companies

Adoption of Cumulative Goals in 2016: Over the past few years, shareholders have expressed a preference for cumulative performance goals in the long-term equity incentive plan. Setting cumulative goals has been difficult as a practical matter, due to our reinvention program to respond to rapid market evolution and the changing needs of our customers, and more recently the proposed Office Depot acquisition. The long-term business and financial impact of these changes has been difficult to predict. As a result, the Board through 2015 maintained its practice of setting annual performance goals within our long-term equity incentive program.

However, in direct response to shareholder feedback received in 2014 and 2015, we have modified our long-term equity incentive program for 2016 by implementing cumulative three-year goals to further enhance alignment of pay and performance.

Concurrent with the implementation of cumulative goals, the Committee decided to alter the pay mix to be more in line with typical practice among our peer group and the broader market. Among the top Fortune 250 companies (based on market capitalization) offering equity compensation programs, 71% offer a mix of performance-based and time-based awards. The Committee determined that the long-term incentive mix should be comprised of two-thirds performance shares and one-third time based restricted stock units vesting over the three-year performance period. Going forward, a minimum of two-thirds of the long-term incentive award will be performance based and will continue to be subject to adjustment based on total shareholder return over the three-year performance period relative to the S&P 500. The Committee based its determination on feedback from shareholders, consultations with its independent compensation consultant, the need to remain competitive in the marketplace in recruiting top talent and other factors relating to each equity vehicle's impact on both the participants and the company.

The outcome of the proposed Office Depot acquisition was still unknown at the time the Committee set the cumulative three-year goals on a standalone basis in 2016. In the event the merger is completed, the Committee expects to revise the goals for the remainder of the performance period, to reflect the combined company.

Policy Limiting Executive Severance: At the 2015 Annual Meeting of Shareholders, a shareholder proposal urging the Board to seek shareholder approval of future severance agreements that provide benefits in an amount exceeding 2.99 times the sum of the executive's base salary plus bonus passed with majority support. The proposal included equity awards as benefits which should be limited. During the 2015 Annual Meeting season, we engaged with shareholders representing more than 40% of our outstanding shares and most shareholders we spoke with indicated that they liked the principle of the proposal but did not agree with all aspects of the proposal, such as the inclusion of equity awards. The Board carefully considered shareholder feedback and the voting results to develop its policy limiting executive severance benefits, adopted in October 2015.

Under the new policy, Staples will not pay any severance benefits under any existing or future employment agreement or severance agreement with an executive officer that exceeds 2.99 times the sum of the executive's base salary plus target annual cash incentive award, without seeking shareholder approval. The new policy excludes equity awards.

After adopting the policy, we again engaged with shareholders representing nearly half of our outstanding shares to receive their feedback on the new policy. The shareholders overwhelmingly responded favorably and expressed that the Board's action was responsive to the shareholder proposal. Additionally, several shareholders viewed including existing agreements in the policy and the CEO's election to amend his current severance agreement to be governed by the new policy as another positive example of the Board's responsiveness to the shareholder proposal, which only requested prospective implementation.

Goal Rigor: In the past, some of our shareholders have voiced concerns that certain targets in the incentive plans have decreased year-over-year, while payout opportunities have remained unchanged. The Committee understands these concerns and balances them with the need to set challenging yet achievable goals in the context of repositioning the business in a rapidly evolving competitive environment. In response, our Compensation Committee ensured that our performance goals either remained challenging or were more rigorous in 2015 and 2016, and were in line with our business objectives.

Annual Cash Incentive Plan

In 2015, we introduced a new Gross Margin Dollar metric to replace the Total Company Sales metric, in direct response to shareholder feedback that there was too much emphasis on sales metrics in the annual cash incentive plan. The remaining two metrics in the 2015 annual cash incentive plan were Beyond Office Supplies Sales Growth and Earnings per Share. In 2014, the target goal for Beyond Office Supplies Sales growth was $200 million. In 2015, the target goal was more rigorous at $300 million. In 2014, the target goal for Earnings per Share was $1.01. In 2015, the target goal for Earnings per Share was $0.98. While this reflected a three percent reduction in the Earnings per Share target from 2014, the primary driver of this reduction was the negative impact from the stronger U.S. dollar on the earnings the company generates outside of the United States, which we believe is out of management's control and should not influence management's pay opportunity. Based on the rigorous goals that were set for the 2015 annual cash incentive plan, management achieved a payout of 33.1% of target.

In 2016, we replaced the Gross Margin Dollars metric with Gross Profit Dollars. Gross profit includes distribution, delivery, rent and other occupancy expense. We believe this is a more appropriate metric given our initiatives to reduce cost and improve efficiency in our supply chain and retail store network. We also replaced the Beyond Office Supplies Sales Growth metric with Total Sales to better align with our 2016 business objectives of growing mid-market sales in our delivery business, and driving traffic in stores and online across all categories. Earnings per share remains a metric in the annual cash incentive plan for 2016. For each of the metrics in the 2016 Annual Cash Incentive Plan, the Committee considered what the achievement level would have been based on our 2015 financial results. The Committee set target goals for EPS and Gross Profit Dollars that were higher than the 2015 achievement levels. The Committee also considered that the continued strength of the U.S. dollar, as well as our plans to continue aggressively right-sizing our retail store network in response to changing customer needs by closing 50 stores, would have an unfavorable impact on Total Sales in 2016. When the unfavorable impacts are excluded, the 2016 target for total company sales is more rigorous than the 2015 achievement level. **No portion of any bonus is payable in the event the company fails to achieve the threshold EPS.**

Annual Incentive Plan Metrics

2015	Weight	2016	Weight
Earnings Per Share	50%	Earnings Per Share	50%
Gross Margin $	25%	Gross Profit $	25%
Beyond Office Supplies Sales Growth	25%	Total Sales	25%

Long-Term Incentive Plan

The long-term incentive plan includes two metrics which were used in both 2014 and 2015. In 2014, the target goal for Return on Net Assets % was 8.90%. In 2015, the target goal was more rigorous at 9.16%. In 2014, the target goal for Sales Growth % was 2.29%. In 2015, the target goal was 1.2%. The 2015 target goal for Sales Growth % excluded the negative impact from the stronger U.S. dollar on sales the company generates outside of the United States, but it did not exclude the more pronounced negative year-over-year impact in 2015 related to our store closure program in North America. This headwind was a key driver of the modest reduction in targeted Sales Growth % in 2015 versus 2014. Based on the rigorous goals that were set for the 2015 period of the 2013 - 2015 long-term incentive plan, management achieved a payout of 53.9% of target.

In 2016, we replaced the Sales Growth % metric with Operating Income Dollar Growth to include our initiatives related to sales growth and operating efficiency in our long-term incentive plan. In addition, in direct response to shareholder feedback the Committee discontinued the practice of setting annual goals in favor of cumulative goals covering the 2016-2018 performance period. The plan continues to include an adjustment feature for cumulative relative total shareholder return as compared to the S&P 500 over the three-year performance period.

Long-Term Incentive Plan Metrics

2015	Weight	2016	Weight
Return on Net Assets %	50%	Return on Net Assets %	50%
Sales Growth %	50%	Operating Income $ Growth	50%

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Peer Group Composition: Shareholders have voiced a concern that some of the companies in our peer group are not appropriate, given that their revenue and market capitalization are significantly greater than ours. In response to this feedback, we have modified our peer group as shown in the following chart, and as further described in this CD&A under the caption *Plan Design & Compensation Process – Peer Group*.

Deleted from Peer Group	Added to Peer Group
• Amazon.com	• Bed Bath & Beyond
• Costco Wholesale Corporation	• CarMax, Inc.
• The Home Depot, Inc.	• NIKE, Inc.
• Starbucks Corporation	• Nordstrom, Inc.
• Target Corporation	• Publix Super Markets, Inc.
• Walgreen Boots Alliance	• Rite Aid Corporation

CEO Compensation: Given Staples' relative TSR in 2015, the CEO elected to forego the annual cash incentive of $620,232 he would have otherwise received, prior to the determination of payouts by the Committee. Mr. Sargent also elected not to receive a salary increase in 2016 and has not received a salary increase since 2013.

Committed to Compensation Best Practices

Things We Do	Things We Don't Do
• Strong alignment of pay and performance	• No employment agreements
• 89% of CEO compensation in 2015 was "at risk"	• No excise tax gross-ups in executive severance agreements
• Both short- and long-term programs include performance goals	• No pension plan
• Rigorous, objective financial metrics on annual and performance-based long-term awards that are closely tied to business strategy	
• 3-year relative TSR modifier in performance-based long–term awards	
• Strong stock ownership guidelines (5x salary for CEO, 3-4x for other NEOs)	
• Double trigger change in control provisions in severance agreements	
• Clawback policy	
• Anti-hedging policy	
• Policy requiring shareholder approval for executive severance in excess of certain limits	
• Cumulative three-year goals in the long-term incentive program	

Plan Design & Components of Executive Compensation

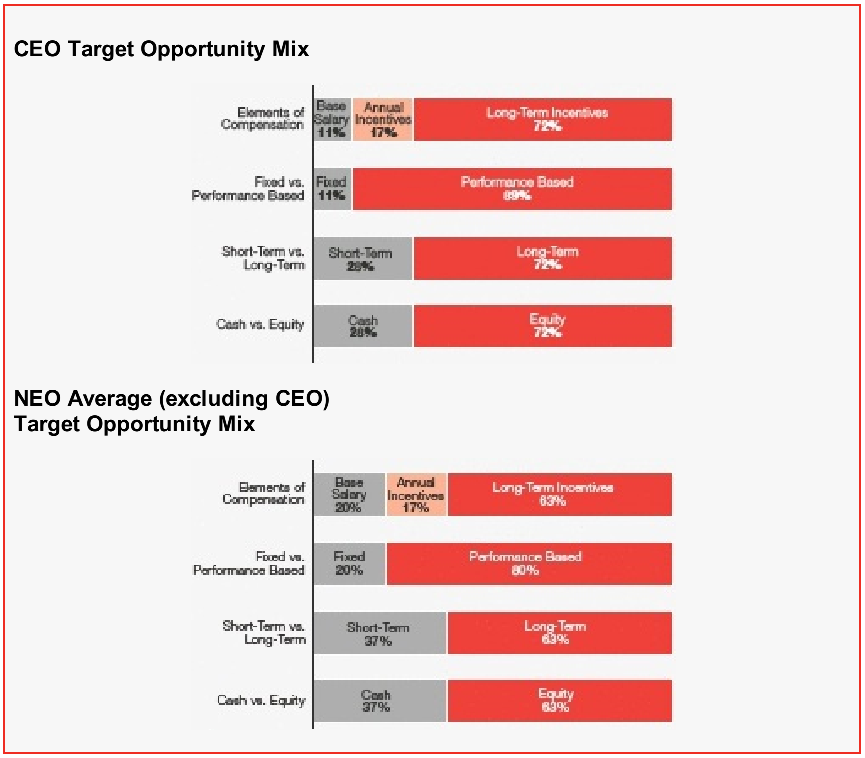
Our NEOs for fiscal year 2015 were:

NEO	Title in 2015
Ronald L. Sargent	Chairman & CEO
Christine T. Komola	Executive Vice President and CFO
Joseph G. Doody	Vice Chairman
Demos Parneros	President North American Stores & Online ("NAS&O") [1]
John Wilson	President Staples Europe [2]

1 Mr. Parneros left Staples on March 31, 2016.

2 Became President International Operations and Head of Global Transformation ("IO&T") in 2016.

In 2015, our executive compensation program had three elements: (1) base salary, (2) annual performance-based cash incentive, and (3) long-term performance-based stock incentives. The following illustrates our 2015 executive compensation program:



Component	Fixed or Variable	2015 Benchmark/Metrics
Base Salary	Fixed	Median of peers
Annual Cash Award	100% Performance-based	• 50% Earnings Per Share
		• 25% Total Gross Margin Dollars
		• 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

Both our annual cash award and our performance share awards for 2015 were 100% tied to objective and rigorous financial 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.

2015 Compensation Results

The following tables set forth our results against our predetermined, rigorous performance goals, under our incentive award plans for which there was a payout opportunity in 2015.

For the annual cash incentive plan, prior to determining the actual payout to be made for 2015, the Committee and Mr. Sargent discussed the potential payout under the plan in relation to Staples' pay-for-performance philosophy. In light of Staples' performance in 2015, particularly with respect to Total Shareholder Return, Mr. Sargent elected to forego any annual cash incentive payment for 2015.

Annual Cash Incentive Award

	Target Value $	Actual Value $	Realized Value as % of Target
Ronald L. Sargent	$1,873,812	$0[1]	0% [1]
Christine T. Komola	$549,426	$181,860	33.1%
Joseph G. Doody	$590,095	$195,321	33.1%
Demos Parneros	$607,450	$201,066	33.1%
John Wilson	$589,248	$195,041	33.1%

1 Mr. Sargent was eligible to receive an annual cash incentive payment of $620,232 but, prior to determination of payout by the Committee, he elected to forego any annual cash incentive payment for 2015.

Performance Share Award

For the long-term equity plan, 2015 represents the first payout under the Performance Share awards introduced in 2013 that vest at the end of three-year performance periods.

- The target value and target number of shares were determined at the start of the performance period
- The realized value is a function of the number of shares earned, adjusted for relative total shareholder return and the stock price when shares are released
- For the 3-year performance period from 2013 – 2015, cumulative total shareholder return fell in the bottom one-third of the S&P 500, resulting in a 25% reduction in shares earned
- As a result, the realized value of performance share awards was 39.7% of target value

Performance Share Award (2013 – 2015)

	Target Value $	Target Shares[1]	Shares Awarded	Actual Value $[2]	Realized Value as % of Target
Ronald L. Sargent	$8,225,000	624,526	336,372	$3,262,808	39.7%
Christine T. Komola	$1,549,800	117,677	63,382	$614,805	39.7%
Joseph G. Doody	$2,169,100	164,701	88,710	$860,487	39.7%
Demos Parneros	$2,169,100	164,701	88,710	$860,487	39.7%
John Wilson	$1,518,475	115,299	62,101	$602,380	39.7%

1 Target shares calculated on share price of $13.17 on April 1, 2013 grant date, rounded up to the nearest full share

2 Value based on closing price of $9.70 of Staples stock on date of release (March 2, 2016)

Realized Pay and Alignment with Performance (2013 – 2015)

For 2015, 89% (CEO) to 80% (Other NEOs) of total compensation at target was contingent on performance. The only fixed portion of compensation was base salary. We do not have a pension plan. The charts below illustrate the relationship between potential and actual compensation for our CEO for the period from 2013 to 2015 and demonstrate how alignment between pay and performance was achieved.

Chart A shows: (1) the reported compensation for our CEO for each year as shown in our Summary Compensation Table (SCT), representing the potential amount of compensation that could be earned at target based on awards granted in that year; and (2) the realized compensation actually earned and received by our CEO in that year.

Chart A: As Reported vs. Realized (by year)

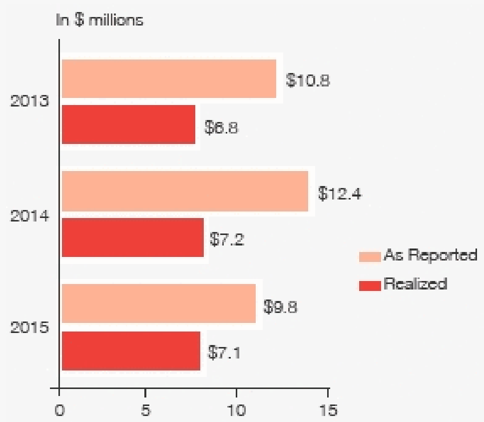


Chart B shows the target compensation for our CEO over the 2013-2015 period, as determined by the Compensation Committee, and the amount of compensation realized and actually earned or paid in connection with awards made during 2013-2015. It excludes awards that were granted prior to 2013. This illustrates the compensation earned and paid during the 2013-2015 period as compared to the opportunity established by the Committee during the same period.

Chart B: Target vs. Realized

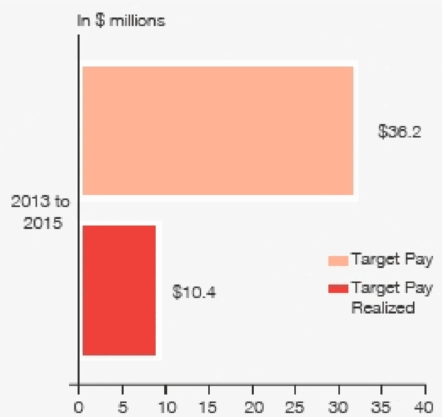


Chart B is intended to specifically show the compensation that resulted from the Committee’s decision to change the executive compensation program and to demonstrate the alignment between compensation earned and company performance. The target total compensation (base salary and incentives) for our CEO over the 2013-2015 fiscal years was $36,237,408. Actual compensation (salary and incentives) earned and paid over the same period, excluding any payments in connection with awards granted prior to 2013, was $10,447,202 or 28.8% of target, including the 2013-2015 performance share payout paid in March 2016.

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II 2015 COMPENSATION PROGRAM

Overview

The Committee's compensation decisions in 2015 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 while we continued to pursue the Office Depot acquisition. In the course of its review, the Committee considered the complexity of the business, 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.

- 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 for 2015 were 100% performance based, with base salary as the only fixed element of total pay.
- For our CEO, 89% of total target pay was performance based.

Pay Elements

The table below summarizes the core elements of our 2015 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, Gross Margin Dollars and Beyond Office Supplies Sales Growth	• RONA %, Sales Growth %

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.

The Committee did not consider a salary increase for Mr. Sargent in 2015, because Mr. Sargent confirmed that he would decline any salary increase, as he had done in 2014. Mr. Sargent's salary has not increased since 2013.

In March 2015, the Committee approved:

- A 2.5% increase for the Vice Chairman (Mr. Doody) and President NAS&O (Mr. Parneros), respectively.
- A 5% salary increase for the President Staples Europe (Mr. Wilson). Base salary relative to peer group remained at the 25th percentile.
- A 7.7% salary increase for the Chief Financial Officer (Ms. Komola). Following this increase, Ms. Komola's salary and total target cash compensation remained below the 10th percentile of the peer group.

In November 2015:

- Management recommended and the Committee approved to further increase Ms. Komola's salary by 15.4%, effective in two equal tranches in December 2015 and May 2016, to be more appropriately positioned compared to peer group CFOs.

In March 2016, our senior officers (including the NEOs) elected not to receive any base salary increase. The Committee agreed and also decided that Ms. Komola would not receive the second tranche of the increase previously approved in November 2015.

Annual Cash Incentive Plan

The NEOs are eligible to earn cash awards under the Amended and Restated Executive Officer Incentive Plan (EOIP) based on Company performance. Target awards for the annual cash incentive are granted as a percentage of base salary. For 2015, the percentage was 150% for Mr. Sargent, and 85% for each of the other NEOs.

Financial Performance Metrics

In March 2015, the Committee selected three performance metrics for the 2015 annual cash incentive awards: EPS (50%), Gross Margin Dollars (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 exercised 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.

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.

2015 Annual Cash Incentive Plan - Goals & Metrics

	Target Value $	Actual Value $	Realized Value as % of Target
Ronald L. Sargent	$1,873,812	$0 [1]	0% [1]
Christine T. Komola	$549,426	$181,860	33.1%
Joseph G. Doody	$590,095	$195,321	33.1%
Demos Parneros	$607,450	$201,066	33.1%
John Wilson	$589,248	$195,041	33.1%

	Earnings Per Share	Total Gross Margin $ ($M)	Beyond Office Supplies Sales Growth ($M)
Actual Results	$0.894	$8,024.7	($19.2)
Threshold	$0.88	$7,728.1	$140
Target Goal	$0.98	$8,328.6	$300
Maximum	$1.13	$8,728.1	$700
Weighting	50%	25%	25%
Achievement %	35.2%	62.0%	0%

1 Mr. Sargent was eligible to receive an annual cash incentive payment of $620,232 but, prior to determination of payout by the Committee, elected to forego any annual cash incentive payment for 2015.

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 indicator of operational health. The target goal was $0.98 per share, in line with the Company's 2015 financial budget. While this reflected a three percent reduction in the EPS target from 2014, the primary driver of this reduction was the negative impact from the stronger U.S. dollar on the earnings the company generates outside of the United States, which we believe is out of management's control and should not influence management's pay opportunity. In addition, the gap between threshold and target goals was set at $0.10, more rigorous than the gap of $0.15 in 2014, making it more difficult for our NEOs to achieve any payout under the 2015 Annual Cash Incentive Plan.

Gross Margin Dollars - 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. The target goal was $8,328.6 million, in line with the Company's 2015 financial budget. Gross Margin Dollars was a new metric in 2015 intended to introduce a profitability focus into the annual cash incentive plan.

Beyond Office Supplies Sales (BO$$) Growth - Beyond Office Supplies Sales Growth is calculated as sales in categories other than traditional office supplies as compared to fiscal 2014. Beyond Office Supplies Sales Growth encouraged our objectives of expanding our product assortment, accelerating growth online and generally growing sales beyond our core categories. The target goal was $300 million, reflecting a 50% increase from the 2014 target.

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Long Term Incentive Plan Awards

Performance Share Awards

Long-term incentive awards for our NEOs for 2015 were granted solely as performance shares authorized under our 2014 Stock Incentive Plan. These long-term awards were subject to a three-year performance period, with goals set annually for each year of the performance periods. Setting cumulative goals has been difficult as a practical matter, due to our reinvention program to respond to rapid market evolution and the changing needs of our customers, and more recently the proposed Office Depot acquisition. The long-term business and financial impact of these changes has been difficult to predict. As a result, the Board through 2015 maintained its practice of setting annual performance goals within our three-year performance awards.

In addition, any award that is earned based on performance will be increased or decreased by 25% based on the company's three-year total shareholder return relative to the returns generated by the S&P 500 companies. As of January 31, 2016, our total shareholder return over the 2013-2015 performance period was at the 15th percentile of the S&P 500. Therefore, any awards earned for the 2013-2015 long-term awards were subject to a 25% reduction.

The Committee selected Return on Net Assets (RONA) % and Sales Growth %, each weighted at 50%, as the 2015 performance metrics because these metrics are linked to the execution of our reinvention strategy, described in the "Executive Summary – Business Overview" section of this CD&A, and are indicators of stockholder value enhancement. The Committee, working with its independent compensation consultant, 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 2015 target goals were as follows:

2015 Performance Share Plan - Goals & Metrics

	RONA %	Sales Growth %
Threshold	8.08%	-6.20%
Target	9.16%	1.2%
Maximum	10.25%	7.00%
Actual Result	9.03%	-2.22%

RONA % - RONA 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 9.16% was set in line with the Company's financial budget, and reflected an increase from the 2014 target goal of 8.90%.

Sales Growth % - Sales Growth is based on the sales figures reported in our financial statements of 2015 as compared to 2014. The target goal was 1.2%. In 2014, the target goal for Sales Growth % was 2.3%. The 2015 target goal for Sales Growth % excluded the negative impact from the stronger U.S. dollar on sales the company generates outside of the United States, but it did not exclude the more pronounced negative year-over-year impact in 2015 related to the company's store closure program in North America. This headwind was a key driver of the modest reduction in targeted Sales Growth % in 2015 versus 2014. The threshold for the sales growth metric was negative as a result of declining industry trends in categories like office supplies, ink, toner, paper and business technology, as well as the negative impact to sales from the company's ongoing store closure program.

The tables below set forth for each NEO the target award for the three-year performance period 2013-2015, actual shares earned, and the level of goal achievement for fiscal years 2013-2015.

	Target Value $	Target Shares[1]	Shares Awarded	Actual Value $[2]	Realized Value as % of Target
Ronald L. Sargent	$8,225,000	624,526	336,372	$3,262,808	39.7%
Christine T. Komola	$1,549,800	117,677	63,382	$614,805	39.7%
Joseph G. Doody	$2,169,100	164,701	88,710	$860,487	39.7%
Demos Parneros	$2,169,100	164,701	88,710	$860,487	39.7%
John Wilson	$1,518,475	115,299	62,101	$602,380	39.7%

1 Target shares calculated on share price of $13.17 on April 1, 2013 grant date, rounded up to the nearest full share

2 Value based on closing price of $9.70 of Staples stock on date of release (March 2, 2016)

3 Year Performance Period Achievement
(2013 – 2015)

		FY13	FY14	FY15
RONA %	Actual Results	10.10%	8.95%	9.03%
	Target Goal	10.89%	8.90%	9.16%
	Weighting	50%	50%	50%
	Achievement %	**42.69%**	**103.55%**	**90.85%**
Sales Growth %	Actual Results	-4.60%	-0.61%	-2.22%
	Target Goal	-1.40%	2.29%	1.2%
	Weighting	50%	50%	50%
	Achievement %	**56.79%**	**70.97%**	**66.02%**
Plan Year Achievement		**49.74%**	**87.26%**	**78.44%**

Total Achievement	71.81%
Actual % payout after -25% TSR modifier applied (71.81% x 75%)	53.86%

The goal achievement for 2014 and 2015 will also be applied to the corresponding annual goals for our 2014-2016 performance share awards granted in March 2014, and our 2015-2017 performance share awards granted in March 2015. In 2016, we moved to cumulative three-year goals for our performance share awards, in response to shareholder feedback. The target awards for the grants made in 2014 and 2015 are set forth below.

3 Year Performance Period Achievement
(2014 – 2016)

	Target Award ($)	Target Award (Shares)	2014 (RONA% and Sales Growth%)	2015 (RONA% and Sales Growth%)	2016 (RONA% and Sales Growth%)
Ronald L. Sargent	$8,225,000	613,806	87.26%	78.44%	TBD
Christine T. Komola	$2,169,100	161,874			
Joseph G. Doody	$2,169,100	161,874			
Demos Parneros	$2,169,100	161,874			
John Wilson	$2,169,100	161,874			

* Achievement against 2016 goals will be determined by the Committee in March 2017

3 Year Performance Period Achievement
(2015 – 2017)

	Target Award ($)	Target Award (Shares)	2015 (RONA% and Sales Growth%)	2016 (RONA% and Sales Growth%)	2017 (RONA% and Sales Growth%)
Ronald L. Sargent	$8,225,000	495,781	78.44%	TBD	TBD
Christine T. Komola	$2,169,100	130,748			
Joseph G. Doody	$2,169,100	130,748			
Demos Parneros	$2,169,100	130,748			
John Wilson	$2,169,100	130,748			

* Achievement against 2016 and 2017 goals will be determined by the Committee in March 2017 and March 2018, respectively.

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Setting Performance Goals

The table below highlights our history of setting challenging performance goals.

		Goal Attainment %	Payout %
Annual Cash Incentive	2015	69.5%	33.1%
	2014	99.5%	87%
	2013	Below threshold	0%
Performance Share Award for 2013-2015	2015	78.44%	*53.9%
	2014	87.26%	
	2013	49.74%	
		71.81%	

* Payout reflects downward adjustment related to relative TSR for the three-year performance period.

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 and bonus 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 expatriate 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 2015 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 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. These processes also helped to inform the design of the 2015 Compensation Program 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 2015 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 2015 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 2015, 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 2015 fiscal year. Exequity was paid $147,022 for all services rendered during 2015. In September 2015, the Committee performed a conflict of interest assessment with respect to Exequity and no conflict of interest was identified.

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Benchmarking

In March 2015, the Committee set compensation for the NEOs based on its December 2014 review of 2011-2013 compensation, its assessment of our 2014 performance, stockholder feedback and results of 2014 Say-on-Pay advisory vote, and general consideration of the totality of the data, advice, and information provided by management and Exequity.

In November 2015, 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 2014 and also over the three-year period 2012-2014. 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 return on invested capital 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 compensation at target 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 last such review was conducted in 2012. The Committee therefore conducted a detailed review of our peer group over two committee meetings in 2015. The Committee reviewed analysis of our peer group and potential alternative peers provided by both management and the Committee's independent consultant. The analysis used a proprietary model to compare the "fit" of each of our current peer group companies to Staples' profile based on industry, company size, market valuation, and performance, and compared the fit of the peer group companies to the fit of other potential peer organizations that closely matched Staples' profile. The Committee also took into account shareholder feedback received during our outreach discussions and the changing dynamics of our business and the marketplace.

Subsequent to its review and analysis, in November 2015 the Compensation Committee determined to retain twelve of the existing peer group companies* and to include six new companies in the peer group (new companies are shown shaded):

Bed Bath & Beyond	Kohl's Corporation	Office Depot, Inc.
Best Buy Co., Inc.	Limited Brands, Inc.	Publix Super Markets, Inc.
CarMax, Inc.	Lowe's Companies, Inc.	Rite Aid Corporation
FedEx Corporation	Macy's, Inc.	Sysco Corporation
Gap Inc.	NIKE, Inc.	The TJX Companies, Inc.
J.C. Penney Company, Inc.	Nordstrom, Inc.	Xerox Corporation

* Since the last extensive review in 2012, two of the peers selected at that time have ceased to be peers (OfficeMax, having been acquired by Office Depot and Safeway Inc., having merged with Albertson's and no longer being publicly traded). Removed Amazon.com, Costco Wholesale, The Home Depot, Starbucks, Target and Walgreens Boots Alliance.

Given the proposed acquisition of Office Depot, the Committee constructed a second peer group for use upon completion of the acquisition and as a secondary data source for the purposes of evaluating our executive compensation. In constructing the second peer group, the Committee considered the increase in Staples' projected revenue if the acquisition is completed, and determined to retain thirteen of the existing peer group companies (new companies are shown shaded):

AutoNation, Inc.	Kohl's Corporation	Sysco Corporation
Best Buy Co., Inc.	Lowe's Companies, Inc.	Target Corporation*
Costco Wholesale Corporation*	Macy's, Inc.	The TJX Companies, Inc.
FedEx Corporation	NIKE, Inc.	Walgreen Boots Alliance*
Gap Inc.	Publix Super Markets, Inc.	Xerox Corporation
The Home Depot, Inc.*	Rite Aid Corporation	

* While these companies are not part of our standalone peer group, they would remain as peers assuming the acquisition of Office Depot given the increased size of our company.

Compensation Analysis & Conclusions

This section describes the Committee's analysis and conclusions relating to the overall level of compensation for our CEO and other named executive officers.

CEO Compensation

Total CEO compensation for 2015 as reported in our Summary Compensation Table was $9,863,575 including the grant date fair value of the performance shares (representing 83% of total 2015 compensation), which are earned over the fiscal 2015-2017 period and paid only if the performance goals are achieved.

In November 2015, the Committee, with input from Exequity, reflected on the company's performance in relation to Mr. Sargent's earned compensation. The Committee examined Staples' 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 November 2015, complete fiscal year pay and performance data for the peer group was available only through 2014, so the Committee limited its analysis to the years 2012-2014.

Percentile vs. Peer Group – Three-Year

CEO	Position	Base Salary	Target Cash	Target LTI	Average Total Compensation @ Target
Ronald L. Sargent	Chairman & CEO	45th	36th	58th	57th

Percentile vs. Peer Group – One-Year

CEO	Position	Base Salary	Target Cash	Target LTI	Total Compensation @ Target
Ronald L. Sargent	Chairman & CEO	31st	19th	29th	23rd

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 2012-2014 period was roughly 80% below the peer group median. In fact, each element of Mr. Sargent's compensation lagged far below its peer group standard and aligned with our performance over the three-year period.

Compensation at Target — The Committee compared the CEO's compensation at target to the compensation at target for peer group companies and observed that our CEO's average total compensation at target was above the median (57th percentile) of the peer group as indicated in the chart above. However, over the 2012-2014 period, cash compensation at target was reflective of overall performance with total shareholder return, return on invested capital, earnings per share growth and revenue growth all in the lower quartile.

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 annual cash incentive (bonus), target long-term incentive (LTI) and total compensation at target compared to total shareholder return, earnings per share growth, revenue growth, and return on invested capital in 2014 against the peer group.

Percentile vs. Peer Group – One-Year

NEO	Position	Base Salary	Target Bonus	Target LTI	Total Compensation @ Target
Christine T. Komola	CFO and EVP	1st	9th	44th	32nd
Demos Parneros	President NAS&O	15th	5th	37th	11th
John Wilson	President IO&T	14th	5th	37th	10th

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Performance Metric Percentile vs. Peer Group – 2014

Total Shareholder Return	41st
Revenue Growth	1st
EPS Growth	1st
Return on Invested Capital	21st

Conclusions

The Committee reviewed the compensation levels of our NEOs in November 2015 and determined that overall compensation was appropriate in view of the Company's relative and absolute performance. The Committee's determination reflected its assessment of the three-year realized TDC for the CEO and 2014 compensation for the other NEOs, all of which were significantly below median.

The Committee concluded that, on balance, and with respect to our CEO, our three-year performance and corresponding compensation for the period were aligned. The one-year target total compensation for all the other NEOs was well below the median of the peer group.

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 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 2016. This information was prepared based on compensation data as of the end of fiscal year 2015 and assumed that the various scenarios occurred at the end of fiscal year 2015. Similar termination scenario information with respect to our 2015 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 input 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 2015, 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. In 2015, management engaged its own compensation consultant, Willis Towers Watson, separately from the Committee's compensation consultant, to help develop the CEO's recommendations to the Committee. In November 2015, the Committee performed a conflict of interest assessment with respect to Willis Towers Watson and no conflict of interest was identified.

Administration of Incentive Plan

The Board and the Committee, through delegated powers, have broad discretion in administering the cash and stock incentive plans under which new awards may be made. 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 our current plans. 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 November 2015, 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 a broad 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

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, 2016, all senior executives had achieved the minimum ownership except for Ms. Komola, who became our CFO in February 2012 and Mr. Wilson, who joined the company in 2012. Both are within their 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 it determines to be 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 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 has determined that the retention benefit derived from such awards outweigh any potential tax benefit to us.

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 Committee's objective was to maintain a strong link between pay and performance and 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.

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
Kunal S. Kamlani

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 ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	All Other Compensation ($) (4)	Total ($)
Ronald L. Sargent (1)	2015	1,249,208		8,225,007		389,360	9,863,575
Chairman & Chief Executive Officer	2014	1,249,208		8,225,000	2,591,478	325,851	12,391,537
	2013	1,249,208	299,810	8,225,007	667,415	326,440	10,767,880
Christine T. Komola	2015	646,384		2,169,109	181,860	78,100	3,075,453
Chief Financial Officer	2014	584,063		2,169,112	495,347	59,142	3,307,664
	2013	518,214	49,257	1,549,806	61,648	53,641	2,232,566
Joseph G. Doody	2015	694,229		2,169,109	195,321	146,416	3,205,075
Vice Chairman	2014	678,020		2,169,112	755,188	115,799	3,718,119
	2013	653,351	88,856	2,169,112	176,469	141,483	3,229,271
Demos Parneros	2015	714,648		2,169,109	201,066	121,143	3,205,966
President North America Stores & Online	2014	693,050		2,169,112	766,454	86,186	3,714,802
	2013	653,351	88,856	2,169,112	176,469	98,498	3,186,286
John Wilson	2015	693,233		2,169,109	195,041	419,360	3,476,743
President IO&T	2014	668,000		2,169,112	495,292	326,725	3,659,129
	2013	653,351	414,160	1,518,488		76,756	2,662,755

(1) Our CEO elected to forego his annual cash incentive award for 2015, which would otherwise have been $620,232, prior to determination of the payout by the Compensation Committee.

(2) 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, not the actual amounts paid to or realized by the NEOs during our 2015, 2014 and 2013 fiscal years. An explanation of the methodology for payouts under performance share awards is discussed in the footnotes to the "*Grants of Plan-Based Awards for 2015 Fiscal Year*" and "*Outstanding Equity Awards at 2015 Fiscal Year End*" tables below.

The amounts shown in the Stock Awards column in 2015 represent the grant date fair value of the 2015-2017 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 ($16.59) on March 4, 2015 (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 the "*Grants of Plan-Based Awards for 2015 Fiscal Year*" table below.

For our three-year performance share awards in 2015, 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 2015 goal achievement.

(3) The Non-Equity Incentive Plan Compensation column in 2014 and 2013 includes amounts earned under (a) the annual cash incentive award and (b) legacy long term cash awards. No annual cash incentive award was earned in 2013. NEOs no longer receive long term cash awards.

(4) 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.
- 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 2015, 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 2015. 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 2015, 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.

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All Other Compensation

The table below sets forth the dollar amounts that we paid for each applicable item listed above.

		401(k) ($)	SERP ($)	Executive Life Insurance ($)	Long-Term Disability ($)	Long-Term Care ($)	Tax Services ($) (1)	Physical ($)	Cash Payments ($) (1)
Ronald L. Sargent	2015	2,650	114,293	189,036	31,826	1,555	50,000		
	2014	2,600	50,625	189,215	31,856	1,555	50,000		
	2013	2,550	49,741	189,394	33,200	1,555	50,000		
Christine T. Komola	2015	2,650	42,229	28,599		1,022	1,050	2,550	
	2014	2,600	23,100	28,620		1,022	1,050	2,750	
	2013	2,550	20,367	28,677		1,022	1,025		
Joseph G. Doody	2015	2,650	47,570	86,550		1,796	5,000	2,850	
	2014	2,600	27,076	79,327		1,796	5,000		
	2013	2,550	25,903	103,484		1,796	5,000	2,750	
Demos Parneros	2015	2,650	48,828	56,711	6,748	1,206	5,000		
	2014	2,600	27,611	44,477	5,292	1,206	5,000		
	2013	2,550	25,903	56,818	7,021	1,206	5,000		
John Wilson	2015		47,199			5,304	3,053		363,804
	2014		26,720			5,064	18,200		276,741
	2013					3,094			73,662

(1) The "Tax Services" and "Cash Payments" columns include 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.

Grants of Plan-Based Awards for 2015 Fiscal Year

The following table sets forth summary information regarding grants of plan-based awards made to the NEOs for our 2015 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				
	3/4/2015	3/2/2015				123,946	495,781	991,562	$8,225,007
Christine T. Komola	(2)		68,678	549,426	1,098,853				
	3/4/2015	3/2/2015				32,687	130,748	261,496	$2,169,109
Joseph G. Doody	(2)		73,762	590,095	1,180,189				
	3/4/2015	3/2/2015				32,687	130,748	261,496	$2,169,109
Demos Parneros	(2)		75,931	607,450	1,214,901				
	3/4/2015	3/2/2015				32,687	130,748	261,496	$2,169,109
John Wilson	(2)		73,656	589,248	1,178,497				
	3/4/2015	3/2/2015				32,687	130,748	261,496	$2,169,109

(1) On March 2, 2015, the Compensation Committee established the threshold, target and maximum payout levels for the 2015-2017 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.

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The grant date fair value of these awards is based on the closing price of our common stock ($16.59) on March 4, 2015 (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	2015-2017 Threshold ($)	2015-2017 Target ($)	2015-2017 Max ($)
Ronald L. Sargent	$2,056,252	$8,225,007	$16,450,014
Christine T. Komola	$542,277	$2,169,109	$4,338,219
Joseph G. Doody	$542,277	$2,169,109	$4,338,219
Demos Parneros	$542,277	$2,169,109	$4,338,219
John Wilson	$542,277	$2,169,109	$4,338,219

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 2015 goal achievement.

(2) On March 2, 2015, the Compensation Committee established the performance objectives for the 2015 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 2015 goal achievement.

Vesting Provisions of Plan-Based Awards

2015 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-incontrol, (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:

Option Awards. Under certain circumstances, the time-based vesting of 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, 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 stock options are forfeited if a NEO is terminated by Staples, regardless of whether such termination was for cause.
- *Death or Disability.* All 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.

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.

Outstanding Equity Awards at 2015 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 2015 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 ($)	Option Expiration Date (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
Ronald L. Sargent	2/1/2015-2/3/2018 (5)					495,781	$4,422,367
	2/2/2014-1/28/2017 (6)					613,806	$5,475,150
	2/3/2013-1/30/2016 (7)					624,526	$5,570,772
	7/2/2012	618,051	206,017	13.03	7/2/2022		
	7/1/2011	863,012		15.93	7/1/2021		
	7/1/2010	645,583		19.27	7/1/2020		
	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		
Christine T. Komola	2/1/2015-2/3/2018 (5)					130,748	$1,166,272
	2/2/2014-1/28/2017 (6)					161,874	$1,443,916
	2/3/2013-1/30/2016 (7)					117,677	$1,049,679
	7/2/2012	45,387	15,129	13.03	7/2/2022		
	7/1/2011	39,406		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		
Joseph G. Doody	2/1/2015-2/3/2018 (5)					130,748	$1,166,272
	2/2/2014-1/28/2017 (6)					161,874	$1,443,916
	2/3/2013-1/30/2016 (7)					164,701	$1,469,133
	7/2/2012	162,985	54,329	13.03	7/2/2022		
	7/1/2011	230,749		15.93	7/1/2021		
	7/1/2010	172,614		19.27	7/1/2020		
	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		
Demos Parneros	2/1/2015-2/3/2018 (5)					130,748	$1,166,272
	2/2/2014-1/28/2017 (6)					161,874	$1,443,916
	2/3/2013-1/30/2016 (7)					164,701	$1,469,133
	7/2/2012	162,985	54,329	13.03	7/2/2022		
	7/1/2011	230,749		15.93	7/1/2021		
	7/1/2010	172,614		19.27	7/1/2020		
	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		

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		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 ($)	Option Expiration Date (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
John Wilson	2/1/2015-2/3/2018 (5)					130,748	$1,166,272
	2/2/2014-1/28/2017 (6)					161,874	$1,443,916
	2/3/2013-1/30/2016 (7)					115,299	$1,028,467
	10/1/2012	320,109	106,703	11.61	10/1/2022		

(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 "*Vesting Provisions of Plan-Based Awards*" following the "*Grants of Plan-Based Awards for 2015 Fiscal Year*" table above.

(2) The expiration date for stock options is typically the tenth anniversary of the date of grant.

(3) The shares in the Equity Incentive Plan Awards column represent performance share awards based on target share payout.

(4) Based on the fair market value of our common stock on January 30, 2016 ($8.92 per share).

(5) Performance share awards vest based on achievement of performance objectives over the performance period covering fiscal years 2015 through 2017. 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 2015 goal achievement.

(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 2015 and 2014 goal achievement.

(7) Performance share 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 2015, 2014 and 2013 goal achievement.

Option Exercises and Stock Vested During 2015 Fiscal Year

The following table summarizes the option exercises and vesting of stock awards for each of the NEOs during our 2015 fiscal year:

	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Ronald L. Sargent	0	0	141,983	2,252,768
Christine T. Komola	0	0	6,954	108,135
Joseph G. Doody	0	0	35,060	554,769
Demos Parneros	0	0	35,060	554,769
John Wilson	0	0	50,431	623,327

(1) Represents the fair market value of the stock award on the date of vesting.

Non-Qualified Deferred Compensation for 2015 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 2015 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	384,851	114,293	-321,047	0	6,737,402
Christine T. Komola	101,809	42,229	-85,247	0	979,936
Joseph G. Doody	824,386	47,570	-356,741	0	7,534,727
Demos Parneros	71,159	48,828	-45,592	0	1,469,995
John Wilson	47,102	47,199	62	0	150,608

* Company contribution amounts in 2015 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 an additional retirement account option above the applicable limits of our 401(k) qualified plan. Our SERP provides participants with a range of 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 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.

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 30, 2016. 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 2015 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	$4,201,461	$4,201,461	$6,302,192	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$5,717,105	$0	$5,083,669
Continuation of Benefits	$14,550	$14,550	$422,650	$422,650	$627,942	$0	$945,180
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$8,119,852 (1)
Total	**$14,550**	**$14,550**	**$4,624,111**	**$4,624,111**	**$12,647,239**	**$0**	**$14,148,701**
Christine T. Komola *							
Cash Severance Payment	$0	$0	$918,721	$918,721	$1,378,081	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$1,507,721	$0	$1,340,678
Continuation of Benefits	$0	$0	$28,599	$28,599	$42,898	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,185,000 (1)
Total	**$0**	**$0**	**$947,320**	**$947,320**	**$2,928,700**	**$0**	**$4,525,678**
Joseph G. Doody *							
Cash Severance Payment	$0	$0	$960,721	$960,721	$1,441,081	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$1,507,721	$0	$1,340,678
Continuation of Benefits	$9,142	$9,142	$107,201	$107,201	$156,547	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,177,693 (1)
Total	**$9,142**	**$9,142**	**$1,067,922**	**$1,067,922**	**$3,105,349**	**$0**	**$4,518,371**
Demos Parneros * (2)							
Cash Severance Payment	$0	$0	$986,932	$986,932	$1,480,398	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$1,507,721	$0	$1,340,678
Continuation of Benefits	$0	$0	$71,048	$71,048	$106,966	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,271,154 (1)
Total	**$0**	**$0**	**$1,057,980**	**$1,057,980**	**$3,095,085**	**$0**	**$4,611,832**
John Wilson *							
Cash Severance Payment	$0	$0	$1,069,564	$1,069,564	$1,604,346	$0	$0
Value of Accelerated Vesting of Incentive Compensation	$0	$0	$0	$0	$1,507,721	$0	$1,340,678
Continuation of Benefits	$0	$0	$20,009	$20,009	$30,565	$0	$0
Survivor Death Benefit Payout	$0	$0	$0	$0	$0	$0	$3,191,370 (1)
Total	**$0**	**$0**	**$1,089,573**	**$1,089,573**	**$3,142,632**	**$0**	**$4,532,048**

(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) Mr. Parneros left Staples on March 31, 2016, and received (or will receive) under his severance agreement (i) a cash severance payment in the amount of $986,932, which represents the continuation of salary and bonus for 12 months, and (ii) continuation of benefits in the amount of $71,048, which represents health, dental, vision and life insurance coverage for the severance period.

* Payouts subject to 409A regulations.

See below for additional explanation of the terms of these payments and our assumptions calculating them. Each of these payments complies with our policy adopted in October 2015, limiting severance benefits payable under a NEO's employment or severance agreement (excluding equity awards) to 2.99 times the sum of an executive's salary and target annual cash incentive award, under all scenarios other than death or disability. 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 2015 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.

- *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 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.

- *Continuation of Benefits.* The continuation of benefits represents health, dental and vision 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.

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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 2015-2017, 2014-2016 and 2013-2015 performance share awards. For all NEOs other than Mr. Wilson, amounts also include the intrinsic value of all unvested stock options as of fiscal year end.
- *Continuation of Benefits.* The continuation of benefits represents health, dental and vision 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 2015-2017, 2014-2016, 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 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 $2,095,182, $2,156,805, and $2,100,000 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 2015 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	33,731,970	$21.61	36,511,512
Equity compensation plans not approved by security holders	0	0	0
Total	33,731,970	$21.61	36,511,512

(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 24,434,521 shares available for issuance under our 2014 Stock Incentive Plan as well as 12,076,991 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.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During our 2015 fiscal year, Ms. Meyrowitz, Mr. Vazquez, Mr. Kamlani 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 2015 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, except that Michael Williams failed to timely file a Form 4 for one transaction involving the automatic reinvestment of dividends in January 2014.

APPROVAL, ON AN ADVISORY BASIS, OF NAMED EXECUTIVE OFFICER COMPENSATION (ITEM 2 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 2015 fiscal year ended January 30, 2016.

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.

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□ RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (ITEM 3 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 four members and acts under a written charter, as amended and restated on December 1, 2015, 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 2015 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 30, 2016, 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 of Directors, 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 30, 2016 for filing with the Securities and Exchange Commission.

Audit Committee:

Basil L. Anderson, Chair
Paul-Henri Ferrand
Robert Sulentic
Raul Vazquez

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S FEES

Audit Fees

Ernst & Young LLP billed us an aggregate of approximately $9.3 million and $8.7 million in fiscal years 2015 and 2014, 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 $232,000 and $316,000 in fiscal years 2015 and 2014, 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 $1.4 million and $2.0 million in fiscal years 2015 and 2014, respectively, for services related to tax compliance, tax planning and tax advice. For fiscal years 2015 and 2014, approximately $155,000 and $300,000, 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 2015 and 2014 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 2015 and 2014 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 2016 Annual Meeting. The proposals will be voted on if the respective proponent, or a qualified representative, is present at the 2016 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 EACH OF 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 ACCELERATED VESTING OF EQUITY AWARDS (ITEM 4 ON THE PROXY CARD)

The following shareholder proposal was submitted by The Marco Consulting Group on behalf of the Marco Consulting Group Trust I, 550 West Washington Blvd., Suite 900, Chicago, Illinois 60661, beneficial owner of 30,629 shares of our common stock (as of December 2, 2015).

RESOLVED: The shareholders ask the board of directors of Staples, Inc. to adopt a policy that in the event of a change in control (as defined under any applicable employment agreement, equity incentive plan or other plan), there shall be no acceleration of vesting of any equity award granted to any senior executive officer, provided, however, that the board's Compensation Committee may provide in an applicable grant or purchase agreement that any unvested award will vest on a partial, pro rata basis up to the time of the senior executive officer's termination, with such qualifications for an award as the Committee may determine.

For purposes of this Policy, "equity award" means an award granted under an equity incentive plan as defined in Item 402 of the SEC's Regulation S-K, which addresses elements of executive compensation to be disclosed to shareholders. This resolution shall be implemented so as not affect any contractual rights in existence on the date this proposal is adopted, and it shall apply only to equity awards made under equity incentive plans or plan amendments that shareholders approve after the date of the 2016 annual meeting.

Supporting Statement

Staples, Inc. ("Company") allows senior executives to receive an accelerated award of unearned equity under certain conditions after a change of control of the Company. We do not question that some form of severance payments may be appropriate in that situation. We are concerned, however, that current practices at the Company may permit windfall awards that have nothing to do with an executive's performance.

According to last year's proxy statement, a termination following a change-in-control could have accelerated the vesting of more than $35 million worth of long-term equity to Company's five senior executives, with the Chairman and CEO Ronald L. Sargent entitled to more than $17.5 million.

We are unpersuaded by the argument that executives somehow "deserve" to receive unvested awards. To accelerate the vesting of unearned equity on the theory that an executive was denied the opportunity to earn those shares seems inconsistent with a "pay for performance" philosophy worthy of the name.

We do believe, however, that an affected executive should be eligible to receive an accelerated vesting of equity awards on a pro rata basis as of his or her termination date, with the details of any pro rata award to be determined by the Compensation Committee.

Other major corporations, including Apple, Chevron, ExxonMobil, IBM, Intel, Microsoft, and Occidental Petroleum, have limitations on accelerated vesting of unearned equity, such as providing pro rata awards or simply forfeiting unearned awards. Research from James Reda & Associates found that over one third of the largest 200 companies now pro rate, forfeit, or only partially vest performance shares upon a change of control.

We urge you to vote FOR this proposal.

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Board’s Statement in Opposition

The Board unanimously recommends that you vote **AGAINST** this proposal because:

- Our existing equity award structure properly aligns the interests of senior executives and shareholders.
- Our current practices are consistent with market standards and allow us to attract and retain talent.
- Mandating changes to executive severance would be highly disruptive.

Our existing equity award structure properly aligns the interests of senior executives and shareholders. The equity awards granted to our senior executives consist of performance shares and restricted stock units, and these equity awards together constitute the most significant portion of their total compensation opportunity. The award agreements governing performance shares and restricted stock units provide for a “double trigger,” such that vesting only accelerates if, within one year of a change in control:

- the executive’s employment is terminated by us without cause (as defined in the award agreement), or
- the executive terminates his or her employment for good reason (as defined in the award agreement).

In the case of performance shares, acceleration would only be for the target number of shares unless performance goals in excess of target were actually achieved for the corresponding portion of the award.

Implementation of the proposal would eliminate the Board’s ability to use our current double trigger award structure in the future, and as a result, any executives terminated by a new owner would be at risk of losing the most significant portion of their compensation opportunity. The fear of that loss could create a conflict of interest whereby the executives are incentivized not to pursue or complete a change-incontrol transaction, even if it were in the best interests of our shareholders, because of the uncertainty surrounding their compensation. In addition, new owners often terminate existing management, and without double trigger acceleration existing management would have far less incentive to remain with us through and following a change in control. A higher likelihood that executives depart could negatively affect our value to an acquirer, and reduce the price our shareholders would receive in the transaction.

Appropriate acceleration of the vesting of equity awards in the event a senior executive’s employment is terminated in connection with a change in control serves to align the interests of our executives with those of our stockholders, and properly incentivizes the executives to remain objective and stay focused on executing a strategic change that maximizes stockholder value. The Board believes that our current double trigger acceleration provisions correctly align the interests of executives and shareholders in the context of a change in control.

Our current practices are consistent with market standards and allow us to attract and retain talent. Implementation of the proposal could place us at a disadvantage compared to other companies in the market for executive talent. Nearly 3 out of 4 S&P 500 companies, many of which we compete with for talent, grant both time-based awards and performance-based awards. According to the research that the proponent cites, as updated in 2015, over 90% of the largest 200 public companies do not limit acceleration of time-based vesting in connection with termination following a change in control. Over two-thirds of such companies do not limit acceleration of performance awards in connection with termination following a change in control.

Offering equity awards in accordance with market practice is important to maintain our competitiveness in securing the executive talent we need to create long-term shareholder value. Limited acceleration of vesting makes equity awards less valuable to executives, and could require us to offer additional compensation (for example, in the form of cash up front) to make up for the possibility of lost value if there was a change in control.

Mandating changes to executive severance would be highly disruptive. In response to a shareholder proposal at the 2015 Annual Meeting and after engaging with our shareholders regarding that proposal, in October 2015 we adopted a policy limiting severance benefits under an employment or severance agreement to 2.99 times the sum of an executive’s salary and target annual cash incentive award. In addition, in January 2015, we eliminated a legacy tax gross-up provision in our CEO’s severance agreement. These changes were made after taking into account shareholder feedback, as described elsewhere in this proxy statement.

In the context of these recent changes to add limits on severance benefits and the competitive market for executive talent, we believe that our continued use of double trigger acceleration of equity awards is critical to our ability to attract and retain skilled senior executives. Moreover, in light of the very recent changes we have made and the current dynamics of our strategic environment, we believe it would be highly disruptive to mandate further changes regarding severance or change-in-control arrangements at this time.

For the reasons set forth above, the Board believes that the proponent’s restrictions on acceleration provisions are inappropriate when viewed in the context of our existing executive compensation program, would not serve the best interests of our shareholders, and would place us at a competitive disadvantage to our peers. Any adjustment to acceleration provisions would require a redesign of our approach to granting equity awards and to severance benefits as a whole, as equity awards are a fundamental piece of the overall compensation package. In fact, they comprise 72% of the total target compensation of our CEO.

The Board believes that the Compensation Committee, which is comprised solely of independent, non-management directors and whose chair regularly engages with numerous shareholders on compensation practices, is in the best position to develop our executive compensation principles and practices in line with market conditions and our strategic objectives. In June 2014, approximately 94% of our shareholders casting votes approved our 2014 Stock Incentive Plan, which provides the Board with discretion to accelerate equity awards in connection with a change in control. The Compensation Committee should retain the discretion embedded in our 2014 Stock Incentive Plan, free from the proposal's restrictions, to design effective acceleration provisions that are in the long-term interests of our shareholders.

In light of our current approach to the vesting of equity awards and the limitations on severance benefits we recently added, the Board believes that adoption of the proposal is unnecessarily restrictive and unwarranted, and is not in the best interest of shareholders.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.

SHAREHOLDER PROPOSAL REGARDING SPECIAL SHAREHOLDER MEETINGS (ITEM 5 ON THE PROXY CARD)

The following shareholder 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 30, 2015).

Proposal 5 - Special Shareowner Meetings

Resolved, Shareowners ask our board to take the steps necessary (unilaterally if possible) to amend our bylaws and each appropriate governing document to give holders in the aggregate of 15% of our outstanding common stock the power to call a special shareowner meeting. This proposal does not impact our board's current power to call a special meeting.

Delaware law allows 10% of our shares to call a special meeting. Special meetings allow shareowners to vote on important matters, such as electing new directors that can arise between annual meetings. Shareowner input on the timing of shareowner meetings is especially important when events unfold quickly and issues may become moot by the next annual meeting. This is important because there could be 15-months between annual meetings.

It may be possible to adopt this proposal by incorporating brief text similar to this into our governing documents:

"Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board or the President, and shall be called by the Chairman of the Board or President or Secretary upon the order in writing of a majority of or by resolution of the Board of Directors, or at the request in writing of stockholders owning 15% of the entire capital stock of the Corporation issued and outstanding and entitled to vote."

Please vote to enhance shareholder value:

Special Shareowner Meetings - Proposal 5

Board's Statement in Opposition

The Board unanimously recommends that you vote **AGAINST** this proposal because:

- Our bylaws already provide our shareholders with the right to call a special meeting at a level that was selected following extensive shareholder engagement.
- Our existing special meeting rights reflect market standards and are complemented by our other robust governance practices that empower shareholders.
- The lower threshold contained in the proposal fails to adequately protect shareholders against special interests.

Our bylaws already provide our shareholders with the right to call a special meeting at a level that was selected following extensive shareholder engagement. Our bylaws currently provide that shareholders holding in the aggregate 25% or more of our outstanding stock can call a special meeting. We amended our bylaws in 2009 to add this provision after a majority of our shareholders approved a proposal similar to the one above at the 2008 annual meeting, and selected the 25% threshold after consultation with numerous shareholders and careful consideration by the Board. At our 2010 annual meeting, our shareholders rejected a proposal brought by the same proponent to lower the threshold to 10%. In our engagement with shareholders since then, including our most recent engagements following our 2015 Annual Meeting, our current 25% threshold has not been raised as a concern. The proponent has offered no explanation as to why he now believes a 15% threshold is in the best interests of shareholders.

Our existing special meeting rights reflect market standards and are complemented by our other robust governance practices that empower shareholders. Our current 25% ownership threshold is in line with the majority of large public companies. According to published reports, 70% of S&P 500 companies with special meeting rights have a threshold set at 25% or above. 39% of S&P 500 companies do not permit their shareholders to call special meetings at all.

Our special meeting rights are complemented by other robust governance practices, including:

- our 3%/3-year proxy access framework adopted by the Board in 2015,
- the right for our shareholders to act by written consent,
- majority voting for every director on an annual basis, and
- our regular outreach to shareholders on governance matters.

These practices provide several avenues of communication for shareholders to express their interests or concerns, and the Board has an extensive history of being responsive to such concerns.

The lower threshold contained in the proposal fails to adequately protect shareholders against special interests. A special meeting of shareholders is an extraordinary event that is both expensive and time-consuming. Reducing the threshold to 15% would allow a relatively small group of shareholders to call a meeting on a matter that could be of interest only to that smaller group of investors and of limited or no concern to the large majority of shareholders. The current 25% threshold protects shareholder interests by ensuring that special meeting matters (i) are of concern to an appropriate number of shareholders, and (ii) merit significant expenditure by the Company.

The Board continues to believe that the ownership threshold in our current bylaws strikes the correct balance between the interests of shareholders to raise important matters outside the annual meeting process, and the costs and disruption associated with holding special meetings.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.

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BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth the beneficial ownership of our common stock held as of April 18, 2016 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	54,180,373	—	54,180,373	8.38%
FMR, LLC (6) 245 Summer Street, Boston, MA 02109	40,744,904	—	40,744,904	6.30%
BlackRock, Inc. (7) 55 East 52nd Street, New York, NY 10055	38,917,225	—	38,917,225	6.02%
Pzena Investment Management, LLC (8) 320 Park Avenue, 8th Floor, New York, NY 10022	33,304,711	—	33,304,711	5.15%
Directors, Nominees for Director and Named Executive Officers				
Basil L. Anderson (9)	228,606	91,367	319,973	*
Joseph G. Doody	396,165	1,180,740	1,576,905	*
Drew G. Faust	58,615	—	58,615	*
Curtis Feeny	—	—	—	—
Paul-Henri Ferrand	19,626	—	19,626	*
Deborah A. Henretta	—	—	—	—
Kunal S. Kamlani	19,976	—	19,976	*
Christine T. Komola (10)	146,885	194,035	340,920	*
John F. Lundgren	—	—	—	—
Carol Meyrowitz	81,698	77,867	159,565	*
Rowland T. Moriarty (11)	296,238	86,867	383,105	*
Demos Parneros (12)	494,913	1,180,740	1,675,653	*
Ronald L. Sargent (13)	2,260,679	4,368,905	6,629,584	1.02%
Robert E. Sulentic (14)	128,277	82,367	210,644	*
Raul Vazquez	42,218	—	42,218	*
Vijay Vishwanath	90,042	86,867	176,909	*
Paul F. Walsh (15)	218,989	86,867	305,856	*
John Wilson	92,955	320,109	413,064	*
All current directors and executive officers as a group (17 persons) (16)	**4,345,247**	**7,405,775**	**11,751,022**	**1.80%**

* 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 18, 2016 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 18, 2016. The inclusion herein of any shares as beneficially owned does not constitute an admission of beneficial ownership.

(4) Number of shares deemed outstanding includes 646,269,516 shares of our common stock outstanding as of April 18, 2016 and any options for shares that are exercisable by such beneficial owner on April 18, 2016 or within 60 days thereafter.

(5) Reflects shares beneficially owned as of December 31, 2015, as set forth in a Schedule 13G filed on February 10, 2016. Of these shares, Vanguard Group reported to have shared dispositive power with respect to 1,270,033 shares, sole dispositive power with respect to 52,910,340 shares, shared voting power with respect to 62,600 shares, and sole voting power with respect to 1,188,969 shares.

(6) Reflects shares beneficially owned as of December 31, 2015, as set forth in a Schedule 13G filed on February 12, 2016. Of these shares, FMR, LLC reported to have sole dispositive power with respect to 40,744,904 shares and sole voting power with respect to 2,758,324 shares.

(7) Reflects shares beneficially owned as of December 31, 2015, as set forth in a Schedule 13G filed on January 27, 2016. Of these shares, BlackRock, Inc. reported to have sole dispositive power with respect to 38,917,225 shares and sole voting power with respect to 33,119,265 shares.

(8) Reflects shares beneficially owned as of December 31, 2015, as set forth in a Schedule 13G filed on February 4, 2016. Of these shares, Pzena Investment Management, LLC reported to have sole dispositive power with respect to 33,304,711 shares and sole voting power with respect to 18,267,786 shares.

(9) Includes 12,624 shares owned by Mr. Anderson's wife, 116,295 shares owned by the Basil Anderson Revocable Trust and 78,372 shares owned by the Basil L. Anderson GRAT 2014.

(10) Includes 14,028 shares owned by the John A. Komola Trust and 132,857 shares owned by the Christine T. Komola Trust.

(11) Includes 100,000 shares owned by Movex, LLC, which is owned by two Moriarty family trusts.

(12) Includes 475,013 shares owned by the Demos Parneros Revocable Trust and 3,193 shares that may be distributed from a 401(k) plan account.

(13) Includes 52,077 shares owned by Sargent Family LLC, 1,524,534 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 3,311 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.

(16) In addition to the shares reported as indirectly owned in footnotes (9) through (15), includes 173,577 shares owned by the Shira D. Goodman Trust.

▯ INFORMATION ABOUT THE ANNUAL MEETING, VOTING AND OTHER SHAREHOLDER 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	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 accelerated vesting of equity awards	AGAINST	Majority of votes cast***	No effect	No effect
Shareholder proposal regarding special shareholder meetings	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.

** A nominee will be elected as a director at the Annual Meeting if the votes cast "FOR" such nominee exceed the votes cast "AGAINST" such nominee (with "abstentions" and "broker non-votes" not counted as a vote either "for" or "against" that nominee's election).

*** 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 18, 2016, 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, 646,269,516 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.

What happens if an incumbent director does not receive the required number of votes for election?

If an incumbent director does not receive the required number of votes he or she is expected to promptly submit his or her offer of resignation to the Board. The Board will then consider the resignation and the action to be taken in accordance with the procedures set forth in our Corporate Governance Guidelines, within 90 days of the shareholder vote. The Company will publicly disclose the Board's decision, including the Board's reasoning if the resignation is not accepted. If the resignation is accepted, the Board may fill the resulting vacancy in accordance with our bylaws. Please see our Corporate Governance Guidelines for more information.

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 2015 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 2016 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 by-laws 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 $10,000 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 2016 Annual Meeting. The proposals were received prior to December 22, 2015, 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 2016 Annual Meeting but not have such proposal included in the proxy materials, the shareholder must have provided us with advance written notice by March 3, 2016. If a shareholder gives us notice of a proposal or nomination after the March 3, 2016 deadline, the shareholder will not be permitted to present the proposal or nomination to the shareholders for a vote at the 2016 Annual Meeting.

Shareholders who intend to present proposals at our 2017 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 23, 2016 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 2017 Annual Meeting.

If a shareholder wishes to present a proposal or nominate a director candidate for election at our 2017 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 2017 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 2016 Annual Meeting. However, if the date of our 2017 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 2017 Annual Meeting and not later than the later of (i) the 90th day prior to the 2017 Annual Meeting and (ii) the tenth day following the day on which public announcement of the date of the 2017 Annual Meeting is made or notice for the 2017 Annual Meeting was mailed, whichever occurs first.

Under certain circumstances, shareholders may also submit nominations for directors for inclusion in our proxy materials by complying with the requirements of our proxy access bylaws. For more information regarding proxy access, please see the caption "Director Candidates – Shareholder-Nominated Director Candidates" above.

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 2015 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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EXHIBIT A

Reconciliation of GAAP and Non-GAAP Information

Total company sales excluding the impact of changes in foreign currency exchange rates and store closures is a non-GAAP financial measure. We believe this measure helps management and investors view business results without the impact of fluctuations in foreign currency exchange rates and store closures, thereby facilitating period-to-period comparisons of Staples' business performance. To present this information, current period results for entities reporting in currencies other than U.S. dollars are converted into U.S. dollars at the prior year average monthly exchange rates. See pages B-7 and C-13 of Staples' 2015 Form 10-K for more detail regarding our store closure program.

STAPLES, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Sales Growth
(Unaudited)

	52 Weeks Ended January 30, 2016
GAAP sales growth	(6.4)%
Impact of change in exchange rates	(4.2)%
Impact of store closures	(1.6)%
Non-GAAP sales growth	(0.6)%

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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:

E08208-P76862 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 AND 3.

1. Election of eleven directors to hold office until the 2017 Annual Meeting of Shareholders or until their respective successors have been elected or appointed

Nominees:	For	Against	Abstain
1a. Drew G. Faust	☐	☐	☐
1b. Curtis Feeny	☐	☐	☐
1c. Paul-Henri Ferrand	☐	☐	☐
1d. Deborah A. Henretta	☐	☐	☐
1e. Kunal S. Kamlani	☐	☐	☐
1f. John F. Lundgren	☐	☐	☐
1g. Carol Meyrowitz	☐	☐	☐
1h. Ronald L. Sargent	☐	☐	☐
1i. Robert E. Sulentic	☐	☐	☐
1j. Vijay Vishwanath	☐	☐	☐

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

Please indicate if you plan to attend this meeting. ☐ **Yes** ☐ **No**

	For	Against	Abstain
1k. Paul F. Walsh	☐	☐	☐
2. Approval, on an advisory basis, of named executive officer compensation.	☐	☐	☐
3. 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 A VOTE "AGAINST" ITEMS 4 AND 5.	For	Against	Abstain
4. Non-binding shareholder proposal to limit acceleration of vesting of senior executive equity awards in the event of a change in control.	☐	☐	☐
5. Non-binding shareholder proposal to amend Staples' bylaws to reduce the percentage of outstanding stock required for shareholders to call a special meeting from 25% to 15%.	☐	☐	☐

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned Shareholder(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 listed 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

Table of Contents

Important Notice Regarding Internet 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.

E08209-P76862

STAPLES, INC.
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
ANNUAL MEETING OF SHAREHOLDERS
JUNE 14, 2016

The shareholder(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 shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at 8:00 a.m., local time, on June 14, 2016, at the Crowne Plaza Boston-Natick 1360 Worcester Street, Natick, Massachusetts, and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(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

EXHIBIT IV – ADDITIONAL PROXY STATEMENTS ON FORM DEFA14A
FILED BY STAPLES, INC. ON APRIL 22, 2016, APRIL 26, 2016 AND MAY 23, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 20, 2016

STAPLES, INC.
(Exact name of registrant as specified in charter)

Delaware	**0-17586**	**04-2896127**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Five Hundred Staples Drive, Framingham, MA	**01702**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **508-253-5000**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☒ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On April 20, 2016, Basil L. Anderson and Rowland T. Moriarty informed the Board of Directors (the "Board") of Staples, Inc. that they would be retiring from the Board at the end of their current terms as directors. In addition, Raul Vazquez informed the Board that he would not stand for reelection to the Board at the 2016 Annual Meeting of Shareholders, currently scheduled to be held on June 14, 2016 (the "2016 Annual Meeting"). Each of Messrs. Anderson, Moriarty and Vazquez will remain on the Board until the conclusion of the 2016 Annual Meeting.

Item 8.01 Other Events

On April 22, 2015, the Company announced that it will nominate Curtis Feeny, Deborah A. Henretta and John F. Lundgren for election to the Board at the 2016 Annual Meeting. The election of directors will take place at the 2016 Annual Meeting. A copy of the press release announcing the nominations is attached to this Current Report on Form 8-K as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

The exhibit listed on the Exhibit Index immediately preceding such exhibit is furnished as part of this Current Report on Form 8-K.

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 hereunto duly authorized.

Dated: April 22, 2016

Staples, Inc.

By:	/s/ Michael T. Williams
Name:	Michael T. Williams
Title:	Executive Vice President, General Counsel and Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated April 22, 2016

Exhibit 99.1
FOR IMMEDIATE RELEASE

Media Contact:
Mark Cautela
508-253-3832

Investor Contact:
Chris Powers
508-253-4632

Staples, Inc. Nominates Three New Directors

Rowland Moriarty and Basil Anderson to Retire From Staples' Board, Raul Vazquez Not Standing For Reelection

FRAMINGHAM, Mass., April 22, 2016 -- Staples, Inc. (Nasdaq: SPLS) today announced the nomination of three new Directors. Curtis Feeny, Managing Director of Voyager Capital, Deb Henretta, former Group President of Global e-Commerce at Procter & Gamble and John Lundgren, Chairman and Chief Executive Officer of Stanley Black & Decker, have been nominated by the company's Board of Directors for election at the 2016 Annual Meeting.

"I'm pleased that we are nominating three highly qualified individuals to join our Board of Directors," said Vijay Vishwanath, Chair of Staples' Nominating and Corporate Governance Committee. "Curtis, Deb, and John each bring fresh perspectives and a wealth of diverse experiences, and we are excited to welcome them to our Board."

Feeny has been Managing Director of Voyager Capital since January 2000. In 2001, he was appointed by President George W. Bush to the Board of Directors of the Presidio Trust, where he served until 2006. From 1992 through 1999, Feeny served as Executive Vice President of Stanford Management Co., which manages the Stanford University endowment.

Henretta currently serves as Senior Advisor to SSA & Company, an executive strategy consulting firm. She spent 30 years at Procter & Gamble. In 2005, Henretta was appointed President of the company's business in ASEAN, Australia and India. She was appointed group president, Procter & Gamble Asia in 2007, group president of the company's Global Beauty Sector in June 2013, and group president of Procter & Gamble E-Business in February 2015. Henretta retired from Procter & Gamble in June 2015.

Lundgren is Chairman and Chief Executive Officer of Stanley Black & Decker, Inc., the successor entity following the merger of The Stanley Works and Black and Decker in March 2010. Prior to the merger, he served as Chairman and Chief Executive Officer of The Stanley Works, a worldwide supplier of consumer products, industrial tools and security solutions for professional, industrial and consumer use. During his tenure, sales have grown from approximately $2 billion to approximately $11 billion in 2015, and he successfully diversified the company's strategy. Prior to joining The Stanley Works in 2004, Lundgren served as President — European Consumer Products, of Georgia Pacific Corporation and also held various positions in finance, manufacturing, corporate development and strategic planning with Georgia Pacific and its predecessor companies.

Rowland Moriarty and Basil Anderson plan to retire from Staples' Board of Directors at the 2016 Annual Meeting after 30 and 19 years of service respectively. Raul Vazquez will not stand for reelection to the company's Board at the 2016 Annual Meeting.

"I'd like to thank Row, Basil, and Raul for their commitment and many contributions to Staples," said Ron Sargent, Chairman and Chief Executive Officer, Staples, Inc. "With over 50 years of combined service on our Board, their dedication and expertise has been invaluable."

About Staples, Inc.
Staples retail stores and Staples.com help small business customers make more happen by providing a broad assortment of products, expanded business services and easy ways to shop, all backed with a lowest price guarantee. Staples offers businesses the convenience to shop and buy how and when they want - in store, online, via mobile or though social apps. Staples.com customers can either buy online and pick-up in store or ship for free from Staples.com with Staples Rewards minimum purchase. Expanded services also make it easy for businesses to succeed with in-store Business Centers featuring shipping services and products, copying, scanning, faxing and computer work stations, Tech Services, full-service Print & Marketing Services, Staples Merchant Services, small business lending and credit services.

Staples Business Advantage, the business-to-business division of Staples, Inc., helps mid-market, commercial and enterprise-sized customers make more happen by offering a curated assortment of products and services combined with deep expertise, best-in-class customer service, competitive pricing and state-of-the art ecommerce site. Staples Business Advantage is the one-source solution for all things businesses need to succeed, including office supplies, facilities cleaning and maintenance, breakroom snacks and beverages, technology, furniture, interior design and Print & Marketing Services. Headquartered outside of Boston, Staples, Inc. operates throughout North and South America, Europe, Asia, Australia and New Zealand. More information about Staples (NASDAQ: SPLS) is available at www.staples.com.

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

Staples will be filing with the SEC and mailing to its stockholders a proxy statement relating to the election of directors, including the new nominees, at its 2016 Annual Meeting. The proxy statement will contain important information about Staples and its director nominees. Stockholders are urged to read the proxy statement carefully when it is available. Stockholders and other interested persons will be able to obtain free copies of the proxy statement through the website maintained by the SEC at www.sec.gov and through Staples' own website at http://investor.staples.com. Staples and its directors and executive officers may be deemed to be participants in the solicitation of proxies in connection with the 2016 Annual Meeting. Information regarding Staples' directors and executive officers is contained in Staples Form 10-K for the year ended January 30, 2016 and its proxy statement dated April 13, 2015, which are filed 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 ☐ 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 Rule 14a-12

STAPLES
Make More Happen
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)(4) 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 Shareholder Meeting to Be Held on June 14, 2016.

STAPLES, INC.

ATTN: INVESTOR RELATIONS
500 STAPLES DRIVE
FRAMINGHAM, MA 01702

E08210-P76862

Meeting Information

Meeting Type: Annual Meeting
For holders as of: April 18, 2016
Date: June 14, 2016 **Time:** 8:00 a.m., local time
Location: Crowne Plaza Boston-Natick
1360 Worcester Street
Natick, Massachusetts 01760

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 30, 2016 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

E08211-P76862

Vote In Person: Many shareholder 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. You may obtain directions to the location of the Meeting by contacting Staples' Investor Relations department at 500 Staples Drive, Framingham, MA 01702, e-mail: investor@staples.com, or telephone: (800) 468-7751.

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 AND 3.

1. Election of eleven directors to hold office until the 2017 Annual Meeting of Shareholders or until their respective successors have been elected or appointed

   Nominees:

   1a. Drew G. Faust

   1b. Curtis Feeny

   1c. Paul-Henri Ferrand

   1d. Deborah A. Henretta

   1e. Kunal S. Kamlani

   1f. John F. Lundgren

   1g. Carol Meyrowitz

   1h. Ronald L. Sargent

   1i. Robert E. Sulentic

   1j. Vijay Vishwanath

   1k. Paul F. Walsh

2. Approval, on an advisory basis, of named executive officer compensation.

3. 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 A VOTE "AGAINST" ITEMS 4 AND 5.

4. Non-binding shareholder proposal to limit acceleration of vesting of senior executive equity awards in the event of a change in control.

5. Non-binding shareholder proposal to amend Staples' bylaws to reduce the percentage of outstanding stock required for shareholders to call a special meeting from 25% to 15%.

NOTE: To transact such other business as may properly come before the meeting and at any adjournments or postponements of the meeting.

E08212-P76862

E08213-P76862

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-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):
☒ 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:

Shareholder Engagement Presentation

Spring 2016

STAPLES
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Forward-Looking Statements Safe Harbor

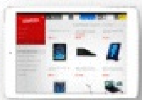
Certain remarks that we may make about management's future expectations, plans and prospects constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including those discussed or referenced under the heading "Risk Factors" and elsewhere in our most recent annual and quarterly reports on file with the SEC.

STAPLES
Make More Happen

Our Company Overview

At Staples we help businesses succeed by offering more products and services, more ways to shop, and more ways to save

Business Segments



North American Stores & Online

- 45% of total company sales - $9.5 billion
  - 1,607 stores in North America
  - Staples.com sales of $2.4 billion

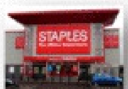
STAPLES Advantage

Quill.com

Best experience in office products

North American Commercial

- 40% of total company sales - $8.4 billion
  - B2B focus through $7.1 billion Staples Business Advantage
  - $1.3 billion Quill.com businesses



International Operations

- 15% of total company sales - $3.2 billion
  - Contract, Retail, Catalog operations in 23 countries outside the U.S. and Canada
  - Sales mix: 73% Europe, 19% Australia, 8% Emerging Markets

Company Highlights

- #5 eCommerce player behind Amazon, Apple, Dell and Walmart
- Serving more than half of the Fortune 100
- Serving more than 200,000 mid-market customers in North America
- Next day delivery coverage to over 95% of North American population
- Over 200 million annual retail transactions worldwide
- Recycling over 55 million ink and toner cartridges and 26 million pounds of electronic waste annually

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During the Past Few Years We've Reinvented Staples to Meet Changing Customer Needs

Reinvention Priorities

Reinvention Achievements

1. Evolved our brand
2. Evolved our product and channel sales mix
3. Positioned Staples Business Advantage as the growth engine of the company
4. Built a world-class online experience for business customers
5. Expanded online and retail assortment
6. Created a seamless omnichannel experience
7. Reduced excess retail capacity
8. Built momentum in copy and print
9. Reduced expenses to fund investments in growth
10. Stabilized non-GAAP sales and operating income

Announced Staples 2020 Strategic Plan After Acquisition of Office Depot was Blocked

- Court granted Federal Trade Commission's request for preliminary injunction to block acquisition on May 10th
- Staples and Office Depot terminated merger agreement
- Announced strategic plan to enhance value:
  1. Increasing focus on mid-market customers in North America
  2. Reshaping Staples by exploring strategic alternatives for European Operations and continuing to close stores in North America
  3. Initiating new $300 million cost reduction plan
  4. Continuing to return cash to shareholders

STAPLES
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Strong Focus on Developing an Effective Board

Key Areas of Focus

- ✓ **Refreshment**: We are highly focused on director tenure and refreshment, and since 2007, we have added or announced twelve new directors, including seven that enhanced our diversity profile
- ✓ **Evaluation**: We have a robust annual director self-evaluation process administered by our outside counsel to assess director performance, Board dynamics and the effectiveness of the Board and its committees
- ✓ **Independence**: We have a strong Lead Independent Director role and a policy to appoint an independent chair
- ✓ **Strategy**: At its regularly- scheduled meeting in June of each year, our full Board reviews the Company's near- and long-term strategies in detail, and the Board remains involved in strategic planning throughout the year

New Nominees in 2016

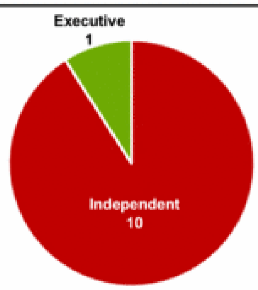
Curtis Feeny
Managing Director, Voyager Capital

Deb Henretta
Former President, P&G E-Business

John Lundgren
Chairman and CEO, Stanley Black & Decker

The Staples Board is dedicated to continuous improvement and strong, independent oversight through regular refreshment and review of Board composition and performance

Independence



Tenure Balance

Qualifications, Skills & Experience

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Committed to Governance Best Practices

Corporate Governance

- ✓ **3% / 3 year proxy access right**
- ✓ **Strong, clearly-defined Lead Independent Director role**
- ✓ **Commitment to appoint Independent Chair** after current Chairman transition
- ✓ **Annual election of directors by majority vote standard**
- ✓ **Majority vote provisions** for bylaw/charter amendments and M&A
- ✓ **Shareholder right to call special meetings and act by written consent**
- ✓ Continuous improvement approach to **Board effectiveness**:
  - ✓ **Rigorous Board and committee evaluation process**
  - ✓ **Strong Board refreshment process** to promote balance of skills, experience, diversity, qualifications and personal qualities in evolving marketplace
- ✓ Recognized **leader in sustainability** matters
- ✓ Robust annual **shareholder engagement** program

Executive Compensation

- ✓ **Strong alignment of pay and performance**
- ✓ **>80% of CEO compensation is "at risk"**
- ✓ Both short- and long-term programs **include performance goals**
- ✓ **Rigorous, objective financial metrics** on annual and performance-based long-term awards that are closely tied to business strategy
- ✓ **3-year TSR modifier** in performance-based long-term awards
- ✓ **Strong stock ownership guidelines**
- ✓ **Double trigger change in control provisions** in severance agreements
- ✓ **No employment agreements**
- ✓ **No excise tax gross-ups** in executive severance agreements
- ✓ **Clawback policy**
- ✓ **Anti-hedging policy**
- ✓ **Severance cap**
- ✓ **No pension plan**

Staples is committed to leading corporate governance and compensation practices that are responsive to shareholder feedback

STAPLES
Make More Happen

Track Record of Shareholder Responsiveness

Robust Twice-Yearly Shareholder Engagement Program

- We have conducted a formal and comprehensive corporate governance outreach program for many years
  - In the last year, we engaged with shareholders representing nearly half of outstanding shares, including meetings led by independent directors
  - Feedback from a variety of institutional investors, including asset managers, public and labor union pension funds and allied organizations and social responsibility investors, is delivered directly to the Board
- Over the past few years, the Board has made significant enhancements to the corporate governance and compensation programs in response to feedback from shareholders, including proactive adoption of key governance initiatives

Corporate Governance Enhancements

✓ **Management Supported Proxy Access at 3% / 3 years**

- Working closely with shareholders, we implemented a management-supported proxy access bylaw amendment effective for the annual meeting in 2016

✓ **Independent Chair Policy**

- In January 2015, in response to a majority-supported shareholder proposal, the Board adopted a policy to require that we have an independent Chair whenever possible, after the current Chairman transition

Compensation Program Enhancements

✓ **Adopted Cumulative Three-Year Goals**

- In 2016, in response to shareholder feedback received in 2014 and 2015, the Board modified our long-term equity incentive program by implementing cumulative three-year goals to further enhance alignment of pay and performance
- Concurrent with the implementation of cumulative goals, the Board decided to alter the pay mix to be two-thirds performance shares and one-third time based restricted stock units, more in line with typical practice among our peer group and the broader market

✓ **Continued Focus on Goal Rigor**

- In response to shareholder concerns regarding targets in our incentive plans, the Board ensured that our performance goals either remained challenging or were more rigorous in 2015 and 2016, and were in line with our business objectives

✓ **Policy Limiting Executive Severance**

- In October 2015, in response to a majority-supported shareholder proposal, the Board adopted a policy requiring that Staples seek shareholder approval of agreements that provide for severance benefits exceeding 2.99 times the sum of base salary plus target annual cash incentive award

STAPLES
Make More Happen

Formal Policy Limiting Executive Severance

- In October 2015, Staples announced that its Board of Directors has adopted a formal policy that limits severance benefits for senior executives, and Ron Sargent, Chairman and Chief Executive Officer, elected to amend his existing severance agreement to align with the terms of this new policy

- Based on the terms of the new severance policy, Staples will not pay any severance benefits under any existing or future employment agreement or severance agreement with an executive officer that exceeds 2.99 times the sum of the executive's base salary plus target annual cash incentive award, without seeking shareholder approval. The new policy excludes equity awards

- **The new policy is a direct response to shareholder feedback**

  – At the Annual Meeting of Shareholders in June 2015, a shareholder proposal regarding future senior executive severance agreements received majority support. The proposal included equity awards as benefits which should be limited and requested prospective implementation

  – In implementing the policy, the Board carefully considered the results of the vote, as well as the various perspectives conveyed directly by shareholders as part of ongoing engagement. During the fall outreach we learned that shareholders overwhelmingly responded favorably and viewed the policy as responsive to the shareholder proposal

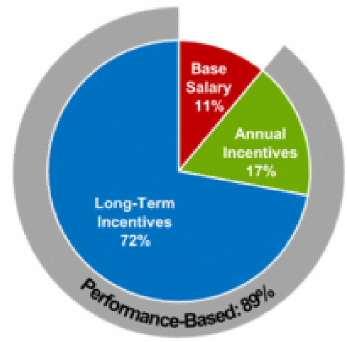
Staples takes shareholder perspectives under serious consideration and continues to improve its corporate governance practices in the interest of all shareholders

STAPLES
Make More Happen

Executive Compensation Plan Design

Element	Form	Key Characteristics & Performance Metrics
Base Salary	Fixed Cash	▪ Target median of peer group ▪ Reviewed annually or following a change in responsibilities, based on market data, internal pay equity, and individual responsibility, experience, expertise and performance
Annual Incentive Plan	Performance-Based Cash	▪ Based on performance against pre-established financial targets and certain qualitative criteria set by the Compensation Committee: 50% – Earnings per Share (EPS) 25% – Gross Profit Dollars *(new in 2016)* 25% – Total Sales *(new in 2016)*
Long-Term Incentive Plan	Performance Share Awards and Restricted Stock Units	▪ **In 2016, pay mix changed to 2/3 performance shares with three-year cumulative goals, and 1/3 restricted stock units** ▪ Performance shares paid out at the end of the 3 year period 50% – Return on Net Asset (RONA) % 50% – Operating Income Dollar Growth (*new in 2016*) ▪ Performance share award earned may be increased or decreased by 25% based on cumulative total shareholder return over 3-year performance period relative to S&P 500

CEO Target Opportunity Mix (2015)



CEO declined annual incentive payout in 2016 and has not received a base salary increase since 2013

The Board is committed to ongoing review of Staples' executive compensation program and disclosure enhancements to ensure it aligns with evolving best practices

STAPLES
Make More Happen

EXHIBIT V – QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED ON APRIL 30, 2016

FILED BY STAPLES, INC. ON MAY 18, 2016

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: April 30, 2016
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 646,287,207 shares of common stock outstanding as of May 16, 2016.

STAPLES, INC. AND SUBSIDIARIES
FORM 10-Q
April 30, 2016
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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)

	April 30, 2016	January 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 946	$ 825
Receivables, net	1,846	1,899
Merchandise inventories, net	2,082	2,078
Prepaid expenses and other current assets	415	310
Total current assets	5,289	5,112
Net property and equipment	1,552	1,586
Intangible assets, net of accumulated amortization	264	274
Goodwill	2,668	2,653
Restricted cash	2,500	—
Other assets	542	547
Total assets	$ 12,815	$ 10,172
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,031	$ 1,894
Accrued expenses and other current liabilities	1,272	1,353
Debt maturing within one year	17	17
Total current liabilities	3,320	3,264
Long-term debt, net of current maturities	3,489	1,018
Other long-term obligations	517	506
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 947,528,396 and 646,287,207 shares at April 30, 2016 and 946,964,792 and 645,723,603 shares at January 30, 2016	1	1
Additional paid-in capital	5,017	5,010
Accumulated other comprehensive loss	(982)	(1,116)
Retained earnings	6,864	6,900
Less: Treasury stock at cost, 301,241,189 shares at April 30, 2016 and January 30, 2016.	(5,419)	(5,419)
Total Staples, Inc. stockholders' equity	5,481	5,376
Noncontrolling interests	8	8
Total stockholders' equity	5,489	5,384
Total liabilities and stockholders' equity	$ 12,815	$ 10,172

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	
	April 30, 2016	May 2, 2015
Sales	$ 5,101	$ 5,262
Cost of goods sold and occupancy costs	3,813	3,915
Gross profit	1,288	1,347
Operating expenses:		
Selling, general and administrative	1,122	1,172
Impairment of long-lived assets	—	22
Restructuring charges	11	41
Amortization of intangibles	15	17
Total operating expenses	1,148	1,252
(Loss) gain related to sale of businesses and assets, net	(32)	3
Operating income	108	98
Other income (expense):		
Interest income	2	1
Interest expense	(42)	(16)
Other income (expense), net	3	1
Income before income taxes	71	84
Income tax expense	30	25
Net income	$ 41	$ 59
Earnings Per Common Share:		
Basic Earnings Per Common Share	$ 0.06	$ 0.09
Diluted Earnings Per Common Share	$ 0.06	$ 0.09
Dividends declared per common share	$ 0.12	$ 0.12
Comprehensive income	$ 175	$ 82

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	
	April 30, 2016	May 2, 2015
Operating Activities:		
Net income	$ 41	$ 59
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	98	101
Amortization of intangibles	15	17
Loss (gain) related to sale of businesses and assets, net	32	(3)
Interest paid from restricted cash account, net	19	—
Impairment of long-lived assets	—	22
Stock-based compensation	17	16
Deferred income tax expense	6	—
Other	3	3
Changes in assets and liabilities:		
Decrease in receivables	48	69
Increase in merchandise inventories	(17)	(53)
Decrease (increase) in prepaid expenses and other assets	9	(34)
Increase in accounts payable	117	155
Decrease in accrued expenses and other liabilities	(121)	(67)
Increase in other long-term obligations	9	15
Net cash provided by operating activities	276	300
Investing Activities:		
Acquisition of property and equipment	(44)	(60)
Proceeds from the sale of property and equipment	—	6
Increase in restricted cash	(55)	—
Acquisition of businesses, net of cash acquired	—	(9)
Net cash used in investing activities	(99)	(63)
Financing Activities:		
Proceeds from the exercise of stock options	—	3
Proceeds from borrowings	—	1
Payments on borrowings, including payment of deferred financing fees and capital lease obligations	(5)	(5)
Cash dividends paid	(78)	(76)
Repurchase of common stock	(3)	(1)
Net cash used in financing activities	(86)	(78)
Effect of exchange rate changes on cash and cash equivalents	30	9
Net increase in cash and cash equivalents	121	168
Cash and cash equivalents at beginning of period	825	627
Cash and cash equivalents at the end of the period	$ 946	$ 795

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 April 30, 2016 (also referred to as the “first quarter of 2016") and the period covering the 13 weeks ended May 2, 2015 (also referred to as the “first quarter of 2015”).

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 30, 2016 ("Annual Report").

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 March 2016, a pronouncement was issued that aims to simplify several aspects of accounting and reporting for share-based payment transactions. One provision requires that excess income tax benefits and tax deficiencies related to share-based payments be recognized within income tax expense in the statement of income, rather than within additional paid-in capital on the balance sheet. The Company is currently evaluating the potential impact that this provision, which is to be applied prospectively, will have on its financial statements. The Company does not expect the other provisions within the pronouncement will have a material impact on its financial statements. The guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods, with early adoption permitted.

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. Pursuant to this plan, the Company closed 242 stores during 2014 and 2015. This plan has been extended and the Company expects to close at least 50 additional stores in North America during 2016. In connection with these additional closures, in 2016 the Company expects to incur charges of approximately $30 million to $60 million for contractual lease obligations, up to $5 million for impairment and accelerated depreciation of store assets, less than $5 million for severance and $10 million to $15 million in other associated costs. These charges relate to the Company's North American Stores & Online segment.

In 2014 the Company also initiated a cost savings plan to generate annualized pre-tax savings of approximately $500 million by the end of fiscal 2015. Actions related to the cost saving plan were largely complete as of the end of 2015.

During the first quarter of 2016, the Company recorded restructuring charges of $11 million primarily related to lease obligations for closed retail stores. These charges relate to the Company's North American Stores & Online segment.

The table below shows a reconciliation of the beginning and ending liability balances for each major type of cost associated with the 2014 Restructuring Plan (in millions):

	2014 Plan			
	Employee-Related	Contractual Obligations	Other	Total
Accrued restructuring balance as of January 30, 2016	$ 74	$ 83	$ 1	$ 158
Charges	—	11	—	11
Cash payments	(17)	(15)	(1)	(33)
Foreign currency translations	1	1	—	2
Accrued restructuring balance as of April 30, 2016	$ 58	$ 80	$ —	$ 138

In addition to the contractual obligations shown in the tables above, the Company also had related liabilities of $9 million and $8 million recorded on the consolidated balance sheet as of April 30, 2016 and January 30, 2016, respectively, which primarily represent amounts previously accrued to reflect rent expense on a straight-line basis for leased properties which the Company has now ceased using.

For the restructuring liabilities associated with the 2014 Restructuring Plan, $52 million of contractual obligations 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 April 30, 2016. The Company expects that payments related to employee related liabilities will be substantially completed by the end of the first quarter of 2017. The Company anticipates that payments related to facility lease obligations will be completed by the end of fiscal year 2025.

During the first quarter of 2015, the Company recorded restructuring charges of $43 million related to the 2014 Restructuring Plan, including $31 million for lease obligations, $8 million for employee-related costs, and $4 million for other associated costs. These costs primarily related to the closure of North American retail stores. The Company also recorded $5 million of charges for accelerated depreciation and impairment of long-lived assets in the first quarter of 2015, primarily related to the closure of facilities supporting the Company's North American delivery operations.

The table below shows how the restructuring charges reflected in the Company's consolidated statement of income would have been allocated if the Company had recorded the expenses within the functional departments of the restructured activities (in millions):

	13 Weeks Ended April 30, 2016	13 Weeks Ended May 2, 2015
Cost of goods sold and occupancy costs	$ 11	$ 31
Selling, general and administrative	—	12
Total	$ 11	$ 43

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. This charge relates to the Company's North American Stores & Online segment.

Note E — Sale of Businesses and Assets

In April 2016, Staples entered into an agreement to sell substantially all of the assets and transfer certain liabilities related to its commercial printing solutions business (Staples Printing Solutions, or "SPS") for cash consideration of $85 million, subject to change based on a working capital adjustment. SPS is a component of the Company's North American Commercial segment. The transaction is scheduled to close in the second quarter of 2016. The Company expects to recognize a loss of approximately $40 to $45 million on the sale of SPS, of which $32 million was recognized in the first quarter of 2016 and the remainder is expected to be recognized upon closing in the second quarter of 2016. The loss recognized in the first quarter of 2016 represents a full write-down of the $19 million of goodwill and $13 million of long-lived assets associated with this business unit. The write-down of goodwill will not be tax deductible. The loss recognized in the first quarter of 2016 is included in (Loss) gain related to sale of businesses and assets, net in the condensed consolidated statement of comprehensive income.

In addition, as a result of the sale of SPS, the Company plans to settle SPS's pension obligations and terminate its pension plan, the benefits under which were previously frozen. The Company expects to recognize aggregate losses of approximately $17 - $22 million during the third and fourth quarters of 2016 as the settlements occur.

SPS's pretax income in the first quarter of 2016 and 2015 was $6 million and $7 million, respectively. The table below shows the major classes of SPS's assets and liabilities as of April 30, 2016, the balances for which are included in Prepaids and other current assets and Accrued expenses and other current liabilities, respectively (in millions).

ASSETS		April 30, 2016
Receivables	$	48
Inventories		60
Prepaid expenses & other current assets		4
Total assets	$	112
LIABILITIES		
Accounts payable	$	16
Accrued expenses & other current liabilities		3
Total liabilities	$	19

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.

Note F — Fair Value Measurements

Accounting Standards Codification Topic 820 *Fair Value Measurement* 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 carrying value of the Company's capital lease obligations approximates fair value. The carrying value of the $2.5 billion term loan related to the Company's proposed acquisition of Office Depot approximates fair value based on the terms and conditions included in the related agreements (see Note G - Proposed Acquisition of Office Depot).
.

The following table shows the difference between the financial statement carrying value and fair value of the Company's publicly traded debt obligations as of April 30, 2016 and January 30, 2016 (in millions). The fair values of these notes were determined based on quoted market prices and are classified as Level 1 measurements.

	April 30, 2016				January 30, 2016			
	Carrying Value		Fair Value		Carrying Value		Fair Value	
January 2018 Notes	$	498	$	502	$	498	$	496
January 2023 Notes		497		498		496		488

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

From time to time, the Company invests 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 April 30, 2016, the fair value of these investments, which are classified as Cash and cash equivalents in the condensed consolidated balance sheet, was $16 million. There were no material money market investments as of January 30, 2016.

In connection with the term loan financing for the Company's proposed acquisition of Office Depot, in the first quarter of 2016 the Company received $2.475 billion of net proceeds which were deposited into escrow accounts and which are included in Restricted cash in the condensed consolidated balance sheet as of April, 30, 2016 (see Note G - Proposed Acquisition of Office Depot). Of this amount, approximately $1.5 billion was invested in money market funds as of April 30, 2016. The carrying values of these investments are based on the principal amounts invested plus interest earned, which approximates fair value. The fair values of these investments are classified as Level 1 measurements. The carrying value of the corresponding $2.5 billion term loan debt approximates fair value based on the terms and conditions included in the related loan agreements.

There are no other material assets or liabilities measured at fair value.

Note G — Proposed Acquisition of Office Depot

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. On December 7, 2015, the U.S. Federal Trade Commission and Canadian Commissioner of Competition each filed lawsuits against the Company and Office Depot, seeking to block the proposed merger and prevent the acquisition from closing. On May 10, 2016, the U.S. District Court for the District of Columbia granted the Federal Trade Commission’s request for a preliminary injunction against the proposed acquisition, and as a result Staples and Office Depot terminated the merger agreement on May 16, 2016. Per the terms of the merger agreement, Staples will pay Office Depot a $250 million break-up fee on May 19, 2016.

In connection with the termination of the merger agreement, Staples is also terminating the previously announced agreement to sell customer contracts representing more than $550 million of revenue and related assets to Essendant Inc.

In the first quarters of fiscal 2016 and 2015, the Company incurred expenses of $24 million and $11 million in connection with the proposed transaction, primarily related to professional services associated with seeking regulatory clearances. These amounts are included in Selling, general and administrative expense in the consolidated statements of income. The Company expects to incur additional professional service fees in the second quarter of 2016 related to the proposed transaction. The Company also incurred fees and interest related to term loan financing for the transaction, as discussed below.

As a result of the termination of the merger agreement, the Company announced that it will seek strategic alternatives for its European operations, and that it has initiated a plan to generate $300 million of annualized pre-tax cost savings by the end of 2018 primarily by reducing product costs, optimizing promotions, increasing the mix of Staples Brand products, and reducing operating expenses. The Company also announced that it planned to resume open-market share repurchases in the second quarter of 2016 under its existing share repurchase program, the remaining authorization for which is $373 million. The Company expects to repurchase approximately $100 million of Staples stock during 2016.

Transaction financing

In connection with the Company's proposed acquisition of Office Depot, during 2015 Staples obtained commitments for a 5-year $3 billion asset-based revolving credit facility and a 6-year $2.75 billion term loan. On February 2, 2016, the Company entered into an agreement under which the commitments for the asset-based revolving credit facility were extended until May 10, 2016. Also on February 2, 2016, the Company entered into a definitive term loan agreement with a syndicate of lenders, and Barclays as administrative agent and collateral agent, under which it borrowed $2.5 billion in the first quarter of 2016.

The $2.475 billion of net proceeds from the term loan were deposited into escrow accounts. As a result of the termination of the merger agreement, the agreements governing the term loan and commitments for the asset-based revolving credit facility were terminated, and on May 13, 2016 the $2.5 billion par value of the term loan was repaid to the lenders. The Company will pay interest and fees of approximately $30 million in the second quarter of 2016 related to these sources of financing, a portion of which was previously accrued, and accelerate amortization of the $25 million original issue discount (OID) and $2 million of deferred financing costs related to the term loan.

The $2.475 billion of net proceeds held in escrow as of April 30, 2016 is included in Restricted cash in the condensed consolidated balance sheet as of that date. The receipt of the $2.475 billion of net proceeds is not reflected in the condensed consolidated statements of cash flows, given that the proceeds were deposited directly into escrow rather than into the Company's unrestricted cash accounts.

The Company accrued $32 million of interest expense related to the term loan in the first quarter of 2016, and earned $1 million of interest income on the net proceeds being held in escrow.

During the first quarter of 2016 the Company made cash payments totaling $55 million into the escrow accounts, representing deposits for the 1.0% OID and for the monthly interest payments related to the term loan. These amounts are included in Increase in restricted cash within the Investing Activities section of the condensed consolidated statement of cash flows for the first quarter of 2016. During the first quarter of 2016, $20 million of interest was paid directly from the escrow accounts to the lenders. Because these payments were made directly from escrow, they are considered non-cash operating activities that are not reflected in the condensed consolidated statements of cash flows. Of the $55 million the Company paid into escrow during the quarter, $35 million remained in escrow as of April 30, 2016, with $25 million related to the OID classified in Restricted cash and $10 million related to interest included in Prepaid expenses and other current assets in the condensed consolidated balance sheet as of April 30, 2016.

The Company also made cash payments of $69 million directly to the lenders during the first quarter of 2016 related to commitment fees earned and accrued in 2015. This amount is reflected in the Operating activities section of the condensed consolidated statement of cash flows for the first quarter of 2016.

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.

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.

The total net cost recognized for the first quarter of 2016 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 (benefit) cost recorded in the condensed consolidated statement of comprehensive income for the first quarter of 2016 and 2015 related to the plans (in millions):

	13 Weeks Ended April 30, 2016	
	Pension Plans	Other Post-Retirement Benefit Plan
Service cost	$ 3	$ —
Interest cost	5	1
Expected return on plan assets	(12)	—
Amortization of unrecognized losses and prior service costs	3	1
Total (benefit) cost	$ (1)	$ 2

	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

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

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 2016 (in millions):

	Foreign Currency Translation Adjustment	Deferred Benefit Costs	Accumulated Other Comprehensive Loss
Balance at January 30, 2016	$ (792)	$ (324)	$ (1,116)
Foreign currency translation adjustment	130	—	130
Reclassification adjustments:			
Amortization of deferred benefit costs (net of taxes of $0)	—	4	4
Balance at April 30, 2016	$ (662)	$ (320)	$ (982)

There were no material amounts reclassified from accumulated other comprehensive loss into net income during the first quarter of 2016 and 2015.

Other items

The changes in the amounts of stockholders' equity attributable to noncontrolling interests during the first quarter of 2016 and 2015 related solely to foreign currency translation adjustments.

During the first quarter of 2016, the Company issued 1 million shares upon the vesting of restricted stock units.

Note J — Computation of Earnings per Common Share

The computation of basic and diluted earnings per share for the first quarter of 2016 and 2015 is as follows (in millions, except per share data):

	13 Weeks Ended	
	April 30, 2016	May 2, 2015
Net income	$ 41	$ 59
Denominator:		
Weighted-average common shares outstanding	646	639
Effect of dilutive securities:		
Employee stock options and restricted shares (including performance-based awards)	3	6
Weighted-average common shares outstanding assuming dilution	649	645
Basic Earnings Per Common Share	$ 0.06	$ 0.09
Diluted Earnings Per Common Share	$ 0.06	$ 0.09

For the first quarter of 2016 and 2015, approximately 20 million and 23 million equity instruments, respectively, were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive.

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

Note K — Segment Reporting

Staples has three reportable segments: North American Stores & Online, North American Commercial and International Operations. 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 2016 and 2015 (in millions):

	13 Weeks Ended	
	April 30, 2016	May 2, 2015
	Sales	
North American Stores & Online	$ 2,247	$ 2,372
North American Commercial	2,116	2,108
International Operations	738	782
Total segment sales	$ 5,101	$ 5,262
	Business Unit Income (Loss)	
North American Stores & Online	$ 62	$ 75
North American Commercial	148	134
International Operations	(18)	(20)
Business unit income	192	189
Stock-based compensation	(17)	(16)
Impairment of long-lived assets	—	(22)
Restructuring charges	(11)	(41)
Accelerated depreciation related to restructuring activities	—	(4)
(Loss) gain related to sale of businesses and assets, net	(32)	3
Interest and other expense, net	(37)	(14)
Merger-related costs	(24)	(11)
Income before income taxes	$ 71	$ 84

Note L — Commitments and Contingencies

The Company has investigated, with the assistance of outside experts, a data security incident involving unauthorized access into the computer systems of PNI Digital Media Ltd ("PNI"), a subsidiary of the Company, which the Company acquired in July 2014. PNI, which is based in Vancouver, British Columbia, provides a software platform that enables retailers to sell personalized products such as photo prints, photo books, calendars, business cards, stationery and other similar products. PNI's customers include a number of major third party retailers, as well as affiliates of the Company. The investigation determined that an unauthorized party entered PNI's systems and was able to deploy malware on some of PNI's servers supporting its clients. The malware was designed to capture data that end users input on the photosites. Some of PNI's affected customers have notified certain of their users of a potential compromise of the users' payment card information and/or other personal information. PNI took prompt steps to contain the incident, including disabling the retailer photosites or online payment transactions for a period while the incident was being investigated, and to further enhance the security of its retailer customers' data. To date the Company has incurred incremental expenses of $18 million related to the incident. The expenses reflect professional service fees incurred by the Company, as well as claims by PNI's retailer customers. Additional losses and expenses relating to the incident are probable; however, at this stage, the Company does not have sufficient information to reasonably estimate such losses and expenses. The types of losses and expenses that may result from the incident include, without limitation: claims by PNI's retailer customers, including indemnification claims for losses and damages incurred by them; claims by end-users of PNI's services, including class action lawsuits that have been filed, and further class action lawsuits that may be filed, in Canada and the United States; investigations and claims by various regulatory authorities in Canada and the United States; investigation costs; remediation costs; and legal fees. The Company will continue to evaluate information as it becomes known and will record an estimate for additional losses or expenses at the time or times when it is both probable that any loss has been incurred and the amount of such loss is reasonably estimable. Such losses may be material to our results of operations and financial condition. The Company maintains network security insurance coverage, which the Company expects would help mitigate the financial impact of the incident.

STAPLES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements (continued)

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. On April 22, 2015, the purchaser commenced litigation in Amsterdam District Court claiming that it was entitled to a purchase price adjustment of approximately €60 million. On April 22, 2015, the Company made a payment to the purchaser of approximately €4 million (the amount of the purchase price adjustment it believed was appropriate) and the purchaser reduced its claim accordingly. The purchaser further reduced its claim to €52 million in response to expert reports submitted by the Company in the court case. The court held a hearing on December 1, 2015, and on January 13, 2016 it issued a judgment rejecting the purchaser's claims in their entirety and awarding costs to the Company. The purchaser filed a notice of appeal on February 15, 2016, which the Company intends to vigorously defend. If the purchaser prevails on appeal, it could result in an adjustment, which may be material, to the loss we recorded for the transaction.

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 our estimated significant liabilities 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 condensed consolidated financial statements as of April 30, 2016 would have a material adverse effect on its business, results of operations, financial condition, or cash flows.

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, although not all forward-looking statements include such words. 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: our ability to meet the changing needs of our customers; our ability to successfully transform our business; industry, operating and competitive pressures and global economic conditions, including their impact on prices and demand for our products and services, our financial condition and our results of operations; risks related to international operations and fluctuations in foreign exchange rates; compromises of our information security; changes in our effective tax rate; our ability to retain qualified employees; the impact of regulation and regulatory, investigative and legal proceedings and legal compliance risks; and those referenced 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 results for the first quarter of 2016, as compared to our results for the first quarter of 2015, are reviewed in detail in the Consolidated Performance and Segment Performance discussions, and are summarized below:

- We generated $5.1 billion in sales, a decrease of 3.1%;
- North American Stores & Online sales decreased 5.2% and business unit income rate decreased to 2.8% from 3.2%;
- North American Commercial sales increased 0.3% and business unit income rate increased to 7.0% from 6.4%;
- International Operations sales decreased 5.6%, while business unit loss rate was (2.4)% compared with (2.5)%;
- Net income for the first quarter of 2016 was $41 million compared with $59 million for the first quarter of 2015;
- Net income for the first quarter of 2016 includes after-tax charges of $68 million for restructuring-related costs, merger-related costs, and a net loss related to the sale of our Staples Print Solutions business;
- Non-GAAP net income was $109 million for both the first quarter of 2016 and the first quarter of 2015; and
- Earnings per diluted share was $0.06 in the first quarter of 2016 compared to $0.09 in the first quarter of 2015. Non-GAAP earnings per diluted share was $0.17 in both the first quarter of 2016 and the first quarter of 2015.

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

Outlook

For the second quarter of 2016, we expect sales to decrease versus the second quarter of 2015. 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 2016. Our guidance excludes any potential impact on earnings per share related to costs associated with our proposed acquisition of Office Depot and charges associated with the planned closure of North American retail stores. For the full year 2016, the company expects to generate approximately $600 million of free cash flow, excluding the impact of payments associated with financing for the proposed acquisition of Office Depot and the termination of the Office Depot merger agreement.

Termination of Office Depot Merger Agreement

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. On December 7, 2015, the U.S. Federal Trade Commission and Canadian Commissioner of Competition each filed lawsuits against the Company and Office Depot, seeking to block the proposed merger and prevent the acquisition from closing. On May 10, 2016, the U.S. District Court for the District of Columbia granted the Federal Trade Commission's request for a preliminary injunction against the proposed acquisition, and as a result Staples and Office Depot terminated the merger agreement on May 16, 2016. Per the terms of the merger agreement, Staples will pay Office Depot a $250 million break-up fee on May 19, 2016. We borrowed under our revolving credit facility in connection with this payment.

In connection with the termination of the merger agreement, Staples is also terminating the previously announced agreement to sell customer contracts representing more than $550 million of revenue and related assets to Essendant Inc.

In connection with the proposed acquisition of Office Depot, during 2015 we obtained commitments for a 5-year $3 billion asset-based revolving credit facility and a 6-year $2.75 billion term loan. On February 2, 2016, we entered into an agreement under which the commitments for the asset-based revolving credit facility were extended until May 10, 2016. Also on February 2, 2016, we entered into a definitive term loan agreement with certain lenders under which we borrowed $2.50 billion, the net proceeds for which were placed into an escrow account. As a result of the termination of the merger agreement, the agreements governing the term loan and commitments for the asset-based revolving credit facility were terminated, and on May 13, 2016 the par value of the $2.50 billion term loan was repaid to the lenders. We will pay interest and fees of approximately $30 million in the second quarter of 2016 related to these sources of financing, a portion of which was previously accrued, and accelerate amortization of the $25 million original issue discount (OID) and $2 million of deferred financing costs related to the term loan.

In connection with the termination of the merger agreement, we announced a strategic plan aimed at enhancing long-term value, including the following actions:

- We plan to focus on mid-market business customers with 10 - 200 employees and to pursue acquisitions of business-to-business service providers and companies specializing in categories beyond office supplies to accelerate growth in this area.
- We plan to explore strategic alternatives for our European operations.
- We plan to close at least 50 retail stores in North America in 2016.
- We are initiating a new multi-year cost savings plan which is expected to generate approximately $300 million of annualized pre-tax cost savings by the end of 2018. The plan is primarily focused on reducing product costs, optimizing promotions, increasing the mix of Staples Brand products, and reducing operating expenses.

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 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 and payments associated with financing for our proposed acquisition of Office Depot and the termination of the Office Depot merger agreement). 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 the closure of North American retail stores, and the potential related impact on cash flow, cannot be reasonably estimated.

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 2016 and first quarter of 2015 (amounts in millions, except per share data):

	13 Weeks Ended April 30, 2016				
	GAAP	Restructuring charges	Loss related to sale of business	Merger-related costs	Non-GAAP
Operating income	$ 108	$ 11	$ 32	$ 24	$ 175
Interest and other expense, net	37			(31)	6
Income before income taxes	71				169
Income tax expense	30				30
Adjustments	—				30
Adjusted income tax expense	30				60
Net income	$ 41				$ 109
Effective tax rate	42.2%				35.5%
Diluted earnings per common share	$ 0.06				$ 0.17

	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

Consolidated Performance

First Quarter of 2016 Compared to the First Quarter of 2015

Sales: Sales for the first quarter of 2016 were $5.1 billion, a $161 million or 3.1% decrease from the first quarter of 2015. The sales decline was primarily driven by a 4% decrease in North American comparable store sales, a 1% unfavorable impact from changes in foreign exchange rates, and an approximate 1% negative impact associated with store closures in North America. Sales were flat for North American Commercial and Staples.com in U.S. dollars, and increased 0.7% and 1.2% in local currency, respectively. Declines in ink and toner, business machines and technology accessories, and computers and mobility were partly offset by growth in facilities supplies, breakroom supplies and promotional products.

Gross Profit: Gross profit as a percentage of sales was 25.3% for the first quarter of 2016 compared to 25.6% for the first quarter of 2015, a decrease of 34 basis points. This decrease was primarily driven by lower gross margin rates in International partially offset by increased gross margin rates in our North American retail stores.

Selling, General and Administrative Expenses: Selling, general and administrative expenses decreased by $50 million or 4.3% from the first quarter of 2015 to the first quarter of 2016. The decrease was driven by lower labor costs due to headcount reductions and stores closures, lower marketing expense, and a favorable impact from changes in foreign exchange rates. These decreases were partly offset by higher costs associated with our proposed acquisition of Office Depot. As a percentage of sales, selling, general and administrative expenses were 22.0% in the first quarter of 2016 compared with 22.3% in the first quarter of 2015.

Impairment of Long-Lived Assets: In the first quarter of 2015 we disposed of certain information technology assets, incurring an impairment charge of $22 million. This charge relates to our North American Stores & Online segment. There were no material impairment charges recognized in the first quarter of 2016.

Restructuring Charges: See Note C - Restructuring Charges in the Notes to the Condensed Consolidated Financial Statements for information related to the restructuring charges in the first quarters of 2016 and 2015.

(Loss) Gain Related to Sale of Businesses and Assets, net: In the first quarter of 2016, we recognized a $32 million loss related to the pending sale of our Staples Print Solutions business. The transaction is expected to close in the second quarter of 2016. See Note E - Sale of Businesses and Assets in the Notes to the Condensed Consolidated Financial Statements for more information related to this transaction. 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.

Other Income (Expense), Net: Other income (expense), net was income of $3 million for the first quarter of 2016 compared to income of $1 million for the first quarter of 2015. The increased income in the first quarter of 2016 compared with the prior year quarter was due to increased investment gains associated with our supplemental executive retirement plan.

Interest Income: Interest income increased to $2 million for the first quarter of 2016 from $1 million for the first quarter of 2015. The increase was due to interest earned on the $2.5 billion of term loan proceeds that were held in escrow during the first quarter of 2016 (see Note G - Proposed Acquisition of Office Depot in the Notes to the Condensed Consolidated Financial Statements).

Interest Expense: Interest expense increased to $42 million for the first quarter of 2016 from $16 million for the first quarter of 2015. The increase was driven by interest expense related to term loan financing for our proposed acquisition of Office Depot, which increased from $4 million in the first quarter of 2015 to $32 million in the first quarter of 2016 (see Note G - Proposed Acquisition of Office Depot in the Notes to the Condensed Consolidated Financial Statements).

Income Taxes: Our effective tax rate was 42.2% in the first quarter of 2016 compared with 30.1% in the first quarter of 2015. Excluding the impact of items shown in the tables included above in the "Non-GAAP Measures" section, our effective tax rate was 35.5% in the first quarter of 2016 and 33.5% the first quarter of 2015. The increase in our non-GAAP effective tax rate in the first quarter of 2016 compared with the prior year quarter is primarily due to changes in the geographic mix of earnings.

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 and the Netherlands.

Segment Performance

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 in the Notes to the Condensed Consolidated Financial Statements.

First Quarter of 2016 Compared to the First Quarter of 2015

The following tables provide a summary of our sales and business unit income by reportable segment for the first quarter of 2016 and 2015:

	(Amounts in millions) 13 Weeks Ended		April 30, 2016	May 2, 2015
	April 30, 2016	May 2, 2015	(Decrease)Increase From Prior Year	(Decrease) Increase From Prior Year
Sales:				
North American Stores & Online	$ 2,247	$ 2,372	(5.2)%	(10.0)%
North American Commercial	2,116	2,108	0.3 %	2.5 %
International Operations	738	782	(5.6)%	(18.9)%
Total segment sales	$ 5,101	$ 5,262	(3.1)%	(6.9)%

	(Amounts in millions) 13 Weeks Ended		April 30, 2016	May 2, 2015
	April 30, 2016	May 2, 2015	% of Sales	% of Sales
Business Unit Income (Loss):				
North American Stores & Online	$ 62	$ 75	2.8 %	3.2 %
North American Commercial	148	134	7.0 %	6.4 %
International Operations	(18)	(20)	(2.4)%	(2.5)%
Business unit income	$ 192	$ 189	3.8 %	3.6 %

North American Stores & Online: Sales decreased by $125 million or 5.2% for the first quarter of 2016. This decrease was driven by a 4% decline in comparable stores sales resulting from lower average order size and lower customer traffic in the U.S., an approximate 2% negative impact from store closures, and a $29 million negative impact from changes in foreign exchange rates. Sales were flat in Staples.com (up 1.2% in local currency). Comparable sales, which combines comparable store sales and Staples.com growth excluding the impact of foreign exchange rates, declined 3%. Declines in business machines and technology accessories, computers and mobility and ink and toner were partially offset by modest growth in sales of furniture, office supplies, facilities supplies, and copy and print.

Business unit income as a percentage of sales decreased to 2.8% for the first quarter of 2016 from 3.2% for the first quarter of 2015. The decrease was driven by the negative impact of fixed costs on lower sales as well as lower gross margin rates in Staples.com, partially offset by reduced marketing expense, increased retail gross margin rates and labor savings related to headcount reductions.

North American Commercial: Sales increased by $8 million or 0.3% for the first quarter of 2016. The increase was primarily due to increased sales of promotional products, facilities supplies, and breakroom supplies. This was partially offset by decreased sales of ink and toner, paper and a $7 million unfavorable impact from foreign exchange rates.

Business unit income as a percentage of sales increased to 7.0% for the first quarter of 2016 from 6.4% for the first quarter of 2015. This increase was primarily driven by lower labor costs and marketing expense.

International Operations: Sales decreased by $44 million or 5.6% for the first quarter of 2016. The decrease was driven by a decline in our European delivery businesses, a $19 million unfavorable impact from foreign exchange rates and a 9% decline in comparable store sales in Europe, which primarily reflects a decrease in customer traffic. These declines were partially offset by continued growth in our contract business in China.

Business unit loss as a percentage of sales was 2.4% for the first quarter of 2016 compared to 2.5% for the first quarter of 2015. The improvement was driven by Australia, China and, to a lesser extent, Europe.

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 30, 2016 ("Annual Report"). There have been no material changes to our critical accounting policies as disclosed in that report.

In our Annual Report, we disclosed that our Europe Online reporting unit, which had $266 million of goodwill as of January 30, 2016, was at an increased risk for future impairment charges. As a result of recent changes in our organizational structure and the centralization of certain functions, beginning in the first quarter of 2016 we have combined our Europe Online and Europe Contract businesses into a single reporting unit ("Europe Delivery") with aggregate goodwill of $647 million as of April 30, 2016. As of the end of the first quarter of 2016, the Europe Delivery reporting unit is at an increased risk for future impairment charges, primarily because of the operating challenges the Online business has experienced.

Liquidity and Capital Resources

Cash Flows

Cash provided by operations was $276 million for the first quarter of 2016 compared to $300 million for the first quarter of 2015, a decrease of $24 million. The decrease reflects unfavorable changes in operating assets and liabilities, partially offset by higher net income adjusted for non-cash items.

Cash used in investing activities was $99 million for the first quarter of 2016 compared to $63 million for the first quarter of 2015. In the first quarter of 2016, we transferred $55 million of cash into an escrow account, representing deposits for the original issue discount and monthly interest payments related to the $2.5 billion term loan associated with our proposed acquisition of Office Depot. The funds held in escrow are considered to be restricted cash. See Note G - Proposed Acquisition of Office Depot in the Notes to the Condensed Consolidated Financial Statements for more information. Capital spending decreased by $16 million year-over-year.

Cash used in financing activities was $86 million for the first quarter of 2016 compared to $78 million for the first quarter of 2015, an increase of $8 million. We paid quarterly cash dividends of $0.12 per share in both the first quarter of 2016 and 2015, for an aggregate payment of $78 million in the first quarter of 2016 compared with $76 million in the first quarter of 2015.

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 April 30, 2016, we had approximately $2.0 billion in total cash and funds available through credit agreements, which consisted of $1.1 billion of available credit and $946 million of cash and cash equivalents.

Of the $946 million in cash and cash equivalents, approximately $457 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.

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 revolving credit facility or commercial paper program during the first quarter of 2016. In the second quarter of 2016 we borrowed under our revolving credit facility in connection with payment of the $250 million breakup fee related to the termination of our merger agreement with Office Depot. See Note F - Debt and Credit Agreements in the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended January 30, 2016 for more information on our revolving credit facility and commercial paper program.

We also have various other lines of credit under which we may currently borrow a maximum of $90 million. At April 30, 2016, we had outstanding borrowings and letters of credit of $2 million, leaving $88 million of available credit at that date.

During the first quarter of 2016, we did not enter into any material capital lease obligations.

A summary, as of April 30, 2016, of balances available under our credit agreements and debt outstanding is presented below (in millions):

	April 30, 2016	
	Available Credit	Debt Outstanding
Term loan associated with proposed acquisition of Office Depot	$ —	$ 2,474
January 2018 Notes	—	498
January 2023 Notes	—	497
Revolving credit facility	1,000	—
Other lines of credit	90	2
Capital lease obligations and other notes payable	—	35
Total	$ 1,090	$ 3,506

As of April 30, 2016, 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 term loan agreement we entered into on February 2, 2016 for a principal amount of $2.5 billion related to our proposed acquisition of Office Depot, and the $250 million break-up fee to be paid to Office Depot on May 19, 2016 related to the termination of the merger agreement. See Note G - Proposed Acquisition of Office Depot in the Notes to the Condensed Consolidated Financial Statements for more information.

We do not have any off-balance sheet financing arrangements as of April 30, 2016, nor did we utilize any during the first quarter of 2016.

Taking into consideration the $250 million break-up fee to be paid to Office Depot, 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

We did not repurchase any shares in the first quarter of 2016. As a result of the termination of our planned acquisition of Office Depot, in the second quarter of 2016 we plan to resume repurchasing shares under our existing share repurchase program. We expect to repurchase approximately $100 million of Staples stock during 2016. The remaining repurchase authorization under our current repurchase plan, which has no expiration date, is $373 million.

We may use capital to engage in acquisitions. We consider many types of acquisitions for their strategic and other benefits. We plan to focus on acquisitions of business-to-business service providers and companies specializing in categories beyond office supplies.

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 2016, and we expect the total value of quarterly cash dividend payments for fiscal 2016 to be $0.48 per share. While it is our intention to continue to pay quarterly cash dividends for 2016 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 moderate decrease in capital spending in 2016 compared with 2015 as we focus spending on strategic priorities. 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 April 30, 2016, 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-15 of our 2015 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 April 30, 2016, 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 April 30, 2016, 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 April 30, 2016 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 30, 2016, 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 Business

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 2015. We also announced a plan to close at least 225 of our retail stores in North America by the end of 2015, under which we closed 242 stores through the end of 2015 and which we extended to encompass an additional 50 closures in 2016. As a result of these initiatives, we recorded pre-tax charges of $245 million in fiscal 2014 and $170 million in fiscal 2015, and we expect to incur charges of approximately $40 million - $85 million in 2016 related to the additional store closures. In May 2016 we announced plans to explore strategic alternatives for our European operations and to generate approximately $300 million of annualized pre-tax cost savings by the end of 2018, primarily through reducing product costs, optimizing promotions, increasing the mix of own-brand products and reducing operating expenses. Additional charges may be required as a result of implementing our plans or if we adopt new strategies for the future. The success of our plans and strategies 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. 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 our 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 results of operations.

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

As of April 30, 2016, our consolidated outstanding debt was $3.5 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. In May 2016, in connection with the termination of our proposed acquisition of Office Depot, we terminated our financing commitment for a $3 billion asset-based revolving credit facility and prepaid our term loan agreement for $2.5 billion using the proceeds which had been held in escrow pending the closing of the acquisition. We also borrowed under our revolving credit facility to pay the $250 million termination fee under the Office Depot merger agreement. 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. While Standard & Poor’s Rating Services and Moody’s Investor Service reaffirmed their respective investment grade credit ratings of us in May 2016, on April 8, 2016, Fitch Ratings downgraded our Long-term Issuer Default Rating (IDR) from 'BBB-' to 'BB+' and our Short-term IDR from 'F3' to 'B'. As a result of this downgrade, or if we were to experience additional credit rating downgrades 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.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As a result of our proposed acquisition of Office Depot, we 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 2016.

In May 2016 we announced that we planned to resume open-market share repurchases in the second quarter of 2016 under our existing share repurchase program, the remaining authorization for which is $373 million. The Company expects to repurchase approximately $100 million of Staples stock during 2016.

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.

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 18, 2016

By: /s/ Mark Conte

Mark Conte
Senior Vice President and Corporate Controller

(Principal Accounting Officer)

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit No.	Description
2.1^	Letter Agreement, dated as of February 2, 2016, by and between the Company and Office Depot, Inc. Filed as Exhibit 10.1 to the Company's Form 8-K filed on February 2, 2016.
10.1^	Amendment No. 2 to Credit Agreement, dated as of February 2, 2016, by and among the Company, Bank of America, N.A. and certain lenders named therein. Filed as Exhibit 10.4 to the Company's Form 8-K filed on February 2, 2016.
10.2^	Term Loan Credit Agreement, dated as of February 2, 2016, by and among Staples Escrow, LLC, the Company, Barclays Bank PLC and certain lenders party thereto. Filed as Exhibit 10.2 to the Company's Form 8-K filed on February 2, 2016.
10.3^	Escrow Agreement, dated as of February 2, 2016, by and among Staples Escrow, LLC, JPMorgan Chase Bank, N.A. and Barclays Bank PLC. Filed as Exhibit 10.3 to the Company's Form 8-K filed on February 2, 2016.
10.4^	Second Amended and Restated Commitment Letter, dated as of February 2, 2016, by and among the Company, Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC. Filed as Exhibit 10.5 to the Company's Form 8-K filed on February 2, 2016.
10.5+	First Amendment to Term Loan Credit Agreement, dated as of March 9, 2016, by and among Staples Escrow, LLC, the Company, and Barclays Bank PLC.
10.6^	Amendment No. 1 to Credit Agreement, dated as of May 16, 2016, by and among the Company, Bank of America, N.A. and certain lenders named therein. Filed as Exhibit 10.1 to the Company's Form 8-K filed on May 16, 2016.
10.7^	Amendment to Amendment No. 1 to Credit Agreement, dated as of May 16, 2016, by and among the Company, Bank of America, N.A. and certain lenders named therein. Filed as Exhibit 10.2 to the Company's Form 8-K filed on May 16, 2016.
10.8^	Termination Agreement, dated as of May 16, 2016, by and among the Company, Office Depot, Inc. and Staples AMS, Inc. Filed as Exhibit 10.3 to the Company's Form 8-K filed on May 16, 2016.
10.9^	Amendment to Second Amended and Restated Commitment Letter, dated as of May 10, 2016, by and among the Company, Bank of America, N.A. and the other commitment parties named therein. Filed as Exhibit 10.4 to the Company's Form 8-K filed on May 16, 2016.
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.

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^ 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.

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 April 30, 2016 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 10.5

FIRST AMENDMENT TO TERM LOAN CREDIT AGREEMENT

FIRST AMENDMENT TO TERM LOAN CREDIT AGREEMENT (this "Amendment"), dated as of March 9, 2016, among STAPLES ESCROW, LLC, a Delaware limited liability company (the "Escrow Borrower"), STAPLES, INC., a Delaware corporation ("Staples"), and BARCLAYS BANK PLC, as Administrative Agent and Collateral Agent (in such capacities, the "Agent").

RECITALS

A. WHEREAS, the Escrow Borrower, Staples, the Lenders from time to time party thereto, and the Agent are party to that certain Term Loan Credit Agreement, dated as of February 2, 2016 (as amended from time to time prior to the date hereof, between the parties thereto, restated or otherwise modified prior to the date hereof, the "Credit Agreement"). Except as otherwise provided herein, all capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement;

B. WHEREAS, the last paragraph of Section 9.02(b) permits the Borrower and the Agent to amend any Loan Document to cure any ambiguity, omission, defect or inconsistency therein, subject to certain requirements set forth in said Section;

NOW THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendment to the Credit Agreement. Section 9.04(f) of the Credit Agreement is hereby amended and restated as follows:

"Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender including to a Federal Reserve Bank or any central bank having jurisdiction over such Lender or any liquidity provider, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto."

SECTION 2. Effect of the Amendment. The amendment set forth herein shall become effective five Business Days after the date this Amendment has been distributed to the Lenders (unless the Required Lenders have objected in writing thereto prior to such date) (such date, the "Effective Date"). On and after the Effective Date, each reference to the Credit Agreement in any Loan Document shall be deemed to be a reference to the Credit Agreement as amended by this Amendment (as so amended, the "Amended Credit Agreement"). Except as expressly provided in this Amendment, nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. On and after the date hereof, (i) this Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents and (ii) the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto", "hereof", and words of similar import, as used in the Credit Agreement, shall, unless the context otherwise requires, mean the

Amended Credit Agreement. Each Loan Party hereby confirms that except as specifically amended by this Amendment, the Credit Agreement and the other Loan Documents shall remain in full force and effect.

SECTION 3. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission (including .pdf format) shall be as effective as delivery of a manually executed counterpart of this Amendment.

SECTION 4. Applicable Law. THIS AMENDMENT AND ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AMENDMENT (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW RULES THAT WOULD RESULT IN THE APPLICATION OF A DIFFERENT GOVERNING LAW.

SECTION 5. Submission to Jurisdiction. Section 9.09(b) of the Credit Agreement is hereby incorporated by reference.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be duly executed by their duly authorized officers, all as of the date first above written.

STAPLES ESCROW, LLC

By: /s/ John Buchta
Name: John Buchta
Title:SVP, Treasurer

STAPLES, INC.

By: /s/ John Buchta
Name: John Buchta
Title:SVP, Treasurer

[Signature page to the First Amendment]

IN WITNESS WHEREOF, the undersigned has caused this Amendment to be duly executed by its duly authorized officers, all as of the date first above written.

BARCLAYS BANK PLC, as
Administrative Agent, Collateral Agent and Lender

By: /s/ Christopher R. Lee
Name: Christopher R. Lee
Title: Vice President

[Signature page to the First Amendment]

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 18, 2016

/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 18, 2016

/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 April 30, 2016 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 18, 2016

/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 April 30, 2016 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 18, 2016

/s/ Christine T. Komola

Christine T. Komola
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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 3, 2016. 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 - approx. 45% - and partly by the employee - approx. 23%), including the general social insurance contribution ("CSG" at 7.5%) and to the contribution for the reimbursement of social insurance debt ("CRDS" at 0.5%). 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 not 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.

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 2016), 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.

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

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 2016).

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, 2016. 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, 2016. 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 will have annual tax return filing requirements. The employee will need to file Form 730 (simplified return) or an ordinary tax return (Form UNICO) and to report on them the employment income, including the discount in the event it is taxable. 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. NETHERLANDS 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, 2016. 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 € 33,715 for 2016) 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 24,437 (for 2016) 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, 2016. 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 46.9% (2016 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 25%. For Norwegian personal shareholders, the dividends will be grossed with a factor of 1.15 before taken up to taxation, resulting in an effective taxation of 28.75% (1.15*25%). Further, 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 25%. For Norwegian personal shareholders, any gains realized will be grossed with a factor of 1.15 before taken up to taxation, resulting in an effective taxation of 28.75% (1.15*25%). Any losses are correspondingly deductible. 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 1,400,000.

6. POLISH TAX AND SOCIAL SECURITY CONSEQUENCES

The following summary is based on the income and social tax laws in effect in Poland on June 1, 2016. Tax laws are complex and can change frequently. As a result, the information below may be out of date at the time the employee purchases shares under the ESPP, or when the employee sells Shares or receives dividends (if any).

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 Poland 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 Poland, 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

Although the tax treatment of income under an ESPP is not entirely certain in Poland, it is likely that the employee will be subject to income tax at the progressive income tax rates when Shares are purchased under the ESPP on the difference between the purchase price and the fair market value of the Shares on the purchase date (the "discount").

If the employee's local employer believes that there are strong links between its employment relationship with the employee and the employee's participation in ESPP such that the discount should be considered as income from employment, taxable income will be subject to tax and social (including health) contributions like a regular employment compensation.

However, if the employee's local employer concludes that the links between its employment relationship with the employee and the employee's participation in ESPP do not justify characterization of income as income from employment (e.g. since the local employer does not organize the ESPP and does not guarantee its employees participation in ESPP), then it is likely that the discount will be characterized as income from other sources. In such case the employee will not be subject to social (or health) insurance contributions on the discount. The employee will, however, be obliged to calculate and pay due tax to the tax office.

Sale of Shares

When the employee subsequently sells any Shares purchased under the ESPP, the employee will be subject to tax at the 19% tax rate on the sale proceeds less his/her tax base in the Shares. As a rule, the employee's tax base is the price paid for the Shares (plus any brokerage or similar fees triggered by the purchase or sale of Shares). Where the discount was taxed as the employee's income, the base shall be increased by the amount of income already taxed at purchase of Shares (no double taxation of discount).

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 Poland at the 19% tax rate. If the U.S. federal income tax is withheld at source, it can be deducted from the tax due in Poland (up to the 19% of dividend income). Dividend income is taxable when actually received. Dividend is considered as received and taxable also in case where the employee receives, in lieu of any cash dividend, shares of Staples common stock (DRIP).

Withholding and Reporting

If the discount constitutes income from employment, the employer shall calculate, withhold and pay to the tax authorities the tax advances like in case of a regular employment compensation.

If the discount constitutes income from other sources it will be the employee's responsibility to report any income the employee realizes from the purchase of Shares under the ESPP (including monthly tax advances) or the sale of such Shares and pay any applicable taxes due on such income.

Social Security

If the discount constitutes income from employment, the employer shall calculate, withhold and pay to the relevant authorities the social (including health) contributions like in case of a regular employment compensation.

If the discount constitutes income from other sources, it will not be subject to the social (including health) contributions.

Dividends and income from sale of shares is not subject to the social (including health) contributions.

7. 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, 2016. 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.

8. 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, 2016. 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 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"). 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 625,800 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 625,800 per 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.

9. 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 both resident and domiciled in the United Kingdom.

This discussion reflects the tax and other law as in effect on April 6, 2016. 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 and domiciled in the United Kingdom at the time the purchase rights under the ESPP were granted and 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

Purchases of shares under the ESPP will be from the employee's post-tax salary. 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 exceeded the primary threshold (which for the tax year 6 April 2016 to 5 April 2017 is £155 per week) up to the upper earnings limit (which for the tax year 6 April 2016 to 5 April 2017 is £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 may 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 exempt amount in any tax year. For the tax year 6 April 2016 to 5 April 2017, this personal exempt amount is £11,100.

From 6 April 2016, a capital gains tax rate of 20% 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 2016/2017 tax year, the upper limit of the income tax basic rate band is £32,000. Below this limit, capital gains tax is payable at a rate of 10%.

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 gains 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. Neither the Company nor the employee's employer have no responsibility in respect of the employee's capital gains tax liabilities.

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 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.

From 6 April 2016, the dividend tax credit regime was abolished in the United Kingdom and has been replaced with a new £5,000 tax-free dividend allowance. The effects of this change will depend on the employee's individual circumstances as dividend income in excess of £5,000 will be subject to income tax at rates between 7.5% and 38.1%.

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 sale or disposal of shares, 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 or disposal of shares acquired under the ESPP and any income tax due on dividends received. Neither the Company nor the employee's employer has any responsibilities in respect of the employee's income tax liability in relation to dividends or capital gains liabilities.

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 exceeded the primary threshold (which for the tax year 6 April 2016 to 5 April 2017 is £155 per week) up to the upper earnings limit (which for the tax year 6 April 2016 to 5 April 2017 is £827 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.