MAKE more HAPPEN

Any product for any business.

2013 Annual Report | Notice of Annual Meeting and Proxy Statement

STAPLES
MAKE more HAPPEN™

Staples makes more happen with more products and more ways to shop. Through its world-class retail, online and delivery capabilities, Staples lets customers shop however and whenever they want, whether it's in store, online or on mobile devices. Staples offers more products than ever, such as technology, facilities and breakroom supplies, furniture, safety supplies, medical supplies, and copy and print services. Staples has been making it easy for businesses for 27 years with thousands of associates worldwide. Headquartered outside of Boston, Staples operates throughout North and South America, Europe, Asia, Australia and New Zealand.

More information about Staples (Nasdaq: SPLS) is available at staples.com®.


MAKE more HAPPEN

Fellow Shareholders,

In 2013, the Staples® team made solid progress reinventing our company. Our top priorities for the year were to accelerate growth online, expand our assortment in categories beyond office supplies, build scale and credibility in adjacent categories in our commercial business, and drive sustainable growth in our copy and print business. We also developed aggressive plans to reduce costs across each of our businesses to fund our growth priorities and to improve retail store productivity by eliminating square footage through store closures, downsizes and relocations.

We achieved most of our goals last year. We added new eCommerce leadership and launched the biggest refresh to staples.com® since 2005. We made our Web site faster and easier to navigate. We increased customer engagement and personalization with the acquisition of Runa. We opened a new software development center in Seattle, and we launched mobile- and tablet-optimized sites to further improve the customer experience in this rapidly growing part of our business. As a result of our investments in staples.com, we accelerated sales growth from 4 percent during the first three quarters of the year to over 10 percent during the fourth quarter of 2013.

Our growth online has also been supported by our expanded assortment of products. We started the year with 100,000 products at staples.com and many of these were office supplies. At the end of 2013, we had over 500,000 products online and we're just getting started. Today, more than 80 percent of our sales at staples.com are to business customers, and we're becoming more relevant as we continue to add new products in categories beyond office supplies. During 2013, we added thousands of products in areas like business technology, furniture, facilities supplies and safety supplies. We also launched a wide assortment of products to serve industry verticals like restaurants and retail stores. To increase awareness that Staples has every product businesses need to succeed, we relaunched our brand late in the year. Our "Make More Happen" campaign shows how Staples can help customers run their business, and early feedback has been very positive. At the end of 2013, the expanded assortment on our Web sites in North America was driving $5 million of incremental sales per week.

The reinvention of our $7 billion Contract business in North America is also right on track. A few years ago, we expanded our assortment and invested in sharper pricing and associate training to accelerate growth in facilities and breakroom supplies. In 2013, we drove strong double-digit growth in this category for the third consecutive year. Today, Staples generates nearly $2 billion of global sales from facilities and breakroom supplies with about half of that coming from our North American Commercial business. Our success driving sustained growth and gaining market share gives us great confidence that we can build scale and credibility in many other categories beyond office supplies. To support this initiative, we developed a new selling approach and added more than 200 specialists to drive growth in adjacent categories in 2013. In addition to facilities and breakroom supplies, we're focused on building momentum in categories like furniture, technology, print and promotional products. While we're still in the early innings of this initiative, we're gaining traction, and our new team-based selling model has received very positive customer feedback.

Copy and print sales in North American stores and online were up in the mid single-digits in 2013. We continue to drive growth online, in our retail stores and with our outside sales force as we meet the evolving needs of business customers. Many small- and medium-sized businesses spend more on copy and print than on office supplies, and Staples is best positioned to meet the needs of these customers. We have an unmatched omni-channel capability, and we've combined our retail and mid-market contract sales force to aggressively pursue this opportunity. Our lead generation is better. We're driving incremental traffic to our stores. And we're better leveraging our online capabilities to accelerate growth in this high-margin business.

Throughout 2013, we made good progress on our efforts to reduce expenses and improve the productivity of our existing businesses. At the beginning of the year, we committed to driving $150 million in gross savings in North

America. We surpassed this goal and achieved over $200 million of cost reductions for the year. We reduced product costs, streamlined our retail and contract organizations, reduced overhead, eliminated non-product-related expenses, and outsourced lower-complexity tasks. In Europe, we took aggressive action to right-size our cost structure throughout 2013. While sales trends remained tough, these actions showed up on the bottom line, and we generated a profit in Europe for the full year. We reduced head count and non-product-related costs, consolidated operations, and streamlined our pan-European assortment.

Over the past year, we've learned valuable lessons and built a stronger foundation to accelerate growth. While I'm pleased that we achieved many of the goals we set out to accomplish in 2013, we came up short in some key areas and our financial results came in below our expectations for the year. We're holding ourselves accountable, and as we enter 2014 we're addressing our biggest challenges head on.

The performance of our retail stores has consistently fallen short of our plan over the past few years, and we continue to see customer demand shifting online. As a result, we are taking more aggressive action to right-size our footprint and create a more nimble organization that is better positioned to rapidly respond to the changing needs of our customers. Over the next two years, we plan to close up to 225 stores in North America. While we don't take this decision lightly, we know it is the right thing to do for the long-term health of our business as we become more efficient and increase our focus online. Our stores are an important differentiator versus the competition, and we remain intensely focused on improving productivity. Based on very strong early results, we're accelerating store relocations and downsizes to our new 12,000-square-foot format, and remerchandising all of our stores in the United States by adding over 1,000 products in categories beyond office supplies. Over time, we'll have fewer stores, our retail format will be smaller and more productive, we'll continue to increase the mix of services, and our assortment will be more relevant to our customers.

During 2013, we also underestimated the rate of sales decline in core office supply categories. As a result, we're developing a multi-year global plan that focuses on aggressively reducing costs and changing the way we do business. We expect to eliminate approximately $500 million of annualized costs over the next two years, with about $250 million coming in 2014. Our biggest opportunities this year are related to supply chain, retail store closures and labor optimization, non-product-related costs, IT hardware and services, as well as marketing. We're also kicking off projects to drive savings across our contract sales force and customer service organizations, which will be key contributors to our cost reduction in 2015.

In addition to our plans to improve store productivity and aggressively reduce costs, we plan to build on many of our early reinvention successes in 2014. We'll drive customer acquisition and retention by further improving our desktop and mobile Web sites. We plan to triple our assortment to more than 1.5 million products at staples.com. We'll introduce new omni-channel capabilities. We expect to accelerate growth in the commercial business in categories beyond office supplies. And in Europe and Australia, we'll remain focused on driving profit improvement and further stabilizing top-line trends.

In closing, I would like to thank our customers, suppliers and other stakeholders for their continued support and trust in Staples. I'd also like to thank our Board of Directors for its leadership. Arthur Blank recently left our board after 12 years of outstanding service, and Liz Smith will not stand for re-election to our Board after providing valued guidance for the past five years. I'd like to recognize both Arthur and Liz for their dedication to our company. Finally, I'd like to thank our associates for all of their hard work and commitment. 2013 turned out to be a more difficult year than we expected, but I believe that we are on the right path to reposition Staples as the product destination for businesses. In 2014, I look forward to building on our successes and overcoming our biggest challenges as we continue to reinvent Staples.

Ron Sargent
Chairman of the Board and Chief Executive Officer
April 2014

SUMMARY OF 2013 STAPLES CORPORATE RESPONSIBILITY ACCOMPLISHMENTS

At Staples we take pride in making a positive impact on society, our associates and the planet. We're dedicated to bringing awareness to and effecting meaningful change in the areas of Community, Ethics, Diversity & Inclusion, and Environment.

COMMUNITY

Staples is dedicated to providing education and job skills opportunities to communities where our customers and associates live and work. We contribute through large-scale initiatives as well as local, grassroots programs that promote goodwill and build strong community ties globally.

Progress update:

- Donated more than $10.1 million to non-profit organizations around the world through Staples Foundation, corporate charitable giving programs, in-kind donations and cause marketing efforts.
- Through the 2 Million & Change program, enabled more than 7,000 associates globally to direct $2.5 million to more than 1,000 organizations they personally care about and support across 23 countries.
- Inspired customers to donate more than $2.3 million through nine cause marketing and disaster relief campaigns conducted in US, Canada and Portugal.
- Established the Staples Emergency Education Fund with Save the Children to support educational needs in times of crisis.
- Supported associate participation in community volunteering events in 14 countries and raised money for local organizations through fitness fundraisers in eight countries.

ETHICS

At Staples, doing right is just as important as doing well. We know that a strong foundation of ethics and governance is comprised of both a clear and comprehensive Code of Ethics (the "Code") and conduct which demonstrates an uncompromising commitment to that Code. Both are essential to build the trust of our customers, investors and other stakeholders. That's why we hold all Staples associates, from the boardroom to the store floor to the supply chain, to the highest standards of honesty, fairness and integrity.

Progress update:

- Updated online Ethics and Compliance Community (internal online site), providing associates with a single destination to access policies, training and resources.
- Revised and streamlined ethics and compliance training to ensure that associates have easy access to all of their required training.
- Provided live training to business units both within and outside the United States to help ensure that associates are familiar with relevant laws and company policies.
- Continued to implement the Staples Supplier Code of Conduct, which is designed to ensure that workers making Staples brand products are treated fairly, with dignity and respect, and that our suppliers operate in an ethical and environmentally sustainable manner. We audit every factory that supplies Staples brand products if they are located in a designated "at risk" country for compliance to our Code. In 2013 we completed 238 Social Accountability factory audits at 206 factories.

DIVERSITY & INCLUSION

Staples' commitment to diversity and inclusion stems from our recognition that being a successful company requires people with rich backgrounds and diverse perspectives. We know that differences in age, race, gender, nationality, sexual orientation, physical ability, background and thinking style allow us to be more innovative as a company. We believe that attracting, developing and retaining an associate base that reflects the diversity of our customers is essential to our success. Our diverse workforce and network of suppliers strengthens relationships with our customers and gives us the flexibility to adapt to the ever-changing global marketplace. At Staples, we recognize that, at every level, the best performance will come from people who understand and appreciate this commitment.

Progress update:

- Continued growth of our network of Associate Resource Groups (currently 16 chapters) which provide members with a collective voice, a formal community, a sense of empowerment and decision-making, deeper engagement in the company, a focus on commonalities and a forum to celebrate differences. These groups are key business partners that support our commitment to global inclusion and diversity and represent key demographics like Millennials, Women, Blacks, Hispanics, Veterans, Pan Asians, and LGBT.
- Greater focus on Veteran outreach via newly created internal and external web pages, as well as increased participation in Veteran hiring events, both live and virtual.
- The Staples Supplier Diversity program continued to engage with diverse suppliers, organizations and the larger community in several ways. The Staples Supplier Diversity Mentorship Program, now in its fifth year, promotes professional and business development among diverse business enterprises. Staples is also an active supporter of several organizations that promote minority- and woman-owned business development.

ENVIRONMENT

At Staples, our vision is to generate business and environmental benefits — for ourselves, our customers and our communities — by leading the way in sustainable business practices. We're working to achieve this vision through a continued focus on sourcing more sustainable products; improving our offering of recycling and other green services; maximizing our energy efficiency and renewable energy use to reduce our climate impacts; and eliminating waste.

In 2013, we continued to make progress towards our global sustainability goals. Highlights of contributing accomplishments include:

- Globally, we offer more than 10,000 products and counting with environmental attributes in our stores and online, representing nearly $3 billion in annual sales.
- We have industry leading customer recycling programs for ink and toner cartridges and electronics in many of our markets. In fact, we have collected more than 400 million ink and toner cartridges globally since 2005, and in the last year, collected approximately 20 million pounds of electronics. In 2013, we expanded our US ink and toner recycling program to include online customers, and launched a new technology trade-in program for online and in-store customers.

- We continued to roll out right-size packaging technology in the US and Europe. In the US, the Smart-size technology has been launched in 75% of our distribution centers. In Europe, we have 12 active Jivaro machines across Europe.
- In the US, we've been sourcing 100% of our electricity from renewable sources. We also reduce energy consumption through our 585 ENERGY STAR certified buildings.
- The ISO14001 Environmental Management System standard is held in around 110 facilities across Staples International in Belgium, Denmark, Finland, France, Germany, Netherlands, Norway, Portugal, Spain, Sweden, the UK, China, Canada, New Zealand and Australia.

CORPORATE RESPONSIBILITY RECOGNITION

As a result of the collaborative effort of our leadership team and our associates globally, several organizations recognized Staples in 2013 for excellence in corporate responsibility.

- For the tenth consecutive year, selected as a component of the Dow Jones Sustainability Indexes (DJSI) for 2012/2013.
- Named to the 2014 Global 100 Sustainability Index, one of the top measures in corporate sustainability analysis, published by Corporate Knights, a media, research and investment advisory company. Staples is one of two global retailers in the rankings and the only one in North America to rank.
- Awarded "Best Place to Work for Diverse Managers" by Diversity MBA Magazine.
- For the fourth straight year, earned 100% score on the Human Rights Campaign's Corporate Equality Index.
- Winner of Commonwealth Compacts' Diversity Standout Award for our commitment to bringing more diverse hires to Boston and surrounding communities.
- EPA Green Power Partner recognition: ranked #4 among all retailers, #7 among Fortune 500 companies and #8 in the U.S. (as of January 2014).
- Recognized for Sustained Excellence in Green Power by U.S. Environmental Protection Agency.
- Selected as finalist for the Platts Global Energy Awards for second consecutive year, in the Corporate Social Responsibility category.
- Received U.S. EPA's 2013 Excellence in GHG Management (Goal Achievement Award)
- Staples Canada received the 2014 Environmental Leader Project of the Year Award for its Easy on the Planet program.
- Staples Advantage Canada received the Excellence in Corporate Responsibility (ECR) Award from Green Living Enterprises.
- For the fourth consecutive year, Staples Advantage Canada received the Community Leadership Award of Excellence from the Canadian Office Products Association (COPA).

STAPLES, INC.
500 Staples Drive
Framingham, Massachusetts 01702

Notice of Annual Meeting of Stockholders to be held
on June 2, 2014

The Annual Meeting of Stockholders of Staples, Inc. will be held at the Garden Court Hotel, 520 Cowper Street, Palo Alto, California, on June 2, 2014 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 2015 Annual Meeting of Stockholders or until their respective successors have been elected or appointed.

(2) To approve the Staples, Inc. 2014 Stock Incentive Plan.

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

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

(5) To act on two stockholder proposals, if properly presented.

(6) To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on April 7, 2014 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

Framingham, Massachusetts
April 11, 2014

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE ANNUAL MEETING. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE SUBMIT YOUR PROXY (1) OVER THE INTERNET, (2) BY TELEPHONE OR (3) BY MAIL. FOR SPECIFIC INSTRUCTIONS, PLEASE REFER TO THE QUESTIONS AND ANSWERS BEGINNING ON THE FIRST PAGE OF THE PROXY STATEMENT AND THE INSTRUCTIONS ON THE PROXY CARD RELATING TO THE ANNUAL MEETING.

"STREET NAME" HOLDERS WHO PLAN TO ATTEND THE MEETING WILL NEED TO BRING A COPY OF A BROKERAGE STATEMENT REFLECTING THEIR STOCK OWNERSHIP IN STAPLES, INC. AS OF THE RECORD DATE.

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500 Staples Drive
Framingham, Massachusetts 01702

PROXY STATEMENT

For the Annual Meeting of Stockholders on June 2, 2014

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors ("Board") of Staples, Inc. ("we," "Staples" or the "Company") for use at the Annual Meeting of Stockholders ("2014 Annual Meeting" or the "Annual Meeting") to be held on June 2, 2014 beginning at 8:00 a.m., local time, at the Garden Court Hotel, 520 Cowper Street, Palo Alto, California and at any adjournment or postponement of that meeting. On or about April 23, 2014, we are either mailing or providing notice and electronic delivery of these proxy materials together with an annual report, consisting of our Annual Report on Form 10-K for the fiscal year ended February 1, 2014 (the "2013 fiscal year") and other information required by the rules of the Securities and Exchange Commission (the "2013 Annual Report").

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

For the Annual Meeting of Stockholders on June 2, 2014

This proxy statement and our 2013 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 for our 2014 Annual Meeting and the 2013 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.

INFORMATION ABOUT THE ANNUAL MEETING, VOTING AND OTHER STOCKHOLDER MATTERS

What is the purpose of the Annual Meeting?

At our Annual Meeting, stockholders will act upon the matters outlined in the accompanying notice of meeting, including:

- to elect eleven directors;
- to approve the 2014 Stock Incentive Plan;
- to approve, on an advisory basis, named executive officer compensation;
- to ratify our independent registered public accounting firm; and
- to consider two stockholder proposals, if properly presented.

Stockholders may also consider such other business as may properly come before the meeting.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, April 7, 2014, 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 stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Please note that if you hold your shares in "street name" (through a bank, broker or other nominee), you will 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 2014 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 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, 647,496,922 shares of our common stock were outstanding and entitled to vote. Proxies that are received and marked as abstentions and broker non-votes (where a broker or nominee does not exercise discretionary authority to vote on a matter) will be included in the calculation of the number of shares considered to be represented at the meeting.

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 2013 Annual Report and a proxy card or voting instruction card, as well as instructions on how to vote either at our Annual Meeting, over the Internet, by telephone or by mail.

If you are a stockholder 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 the shares you own are held in "street name" that person, as the record holder of your shares, is required to vote your shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares.

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:

- "FOR" the election of all director nominees (and any substitute nominees selected by our Board if any present nominees should withdraw);
- "FOR" the approval of the 2014 Stock Incentive Plan;
- "FOR" the approval, on an advisory basis, of named executive officer compensation;
- "FOR" the ratification of Ernst &Young as our independent registered public accounting firm;
- "AGAINST" the stockholder proposals; and
- On any other matters properly brought before the Annual Meeting, in accordance with the best judgment of the named proxies.

If the shares you own are held in "street name" as noted above, under applicable stock exchange rules, if you do not give instructions to your bank, broker or other nominee, it will still be able to vote your shares with respect to "discretionary" items, but will not be allowed to vote your shares with respect to "non-discretionary" items. In the case of "non-discretionary" items, the shares that do not receive voting instructions will be treated as "broker non-votes." The only item at the 2014 Annual Meeting that is "discretionary" is the ratification of Ernst &Young as our independent registered public accounting firm. The other items are "non-discretionary."

Can I submit a proxy over the Internet or by telephone?

If you are a registered stockholder (meaning you hold your stock in your own name), you may submit a proxy over the Internet by following the instructions at *www.proxyvote.com* or by telephone by calling (800) 690-6903. Staples is incorporated in Delaware and proxy submissions over the Internet or by telephone are valid under Delaware law. If your shares are held in "street name," 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.

Can I change my proxy after I return my proxy card?

Yes. Any proxy may be revoked by a stockholder at any time before it is exercised at the Annual Meeting by delivering to our Corporate Secretary a written notice of revocation or a duly executed proxy bearing a later date, or by voting in person at the meeting.

What is the vote required to approve each matter?

Election of Directors. Since this is an uncontested election of directors, 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.

2014 Stock Incentive Plan. The affirmative vote of the holders of shares of our common stock representing a majority of the votes cast on the matter is required to approve the 2014 Stock Incentive Plan.

Named Executive Officer Compensation. The affirmative vote of the holders of shares of our common stock representing a majority of the votes cast on the matter is required to approve the named executive officer compensation. This proposal is an advisory vote and is non-binding. Although no action is required to be taken, even if approved by a majority of votes cast, our Compensation Committee of our Board of Directors considers the results of the voting in making future compensation decisions for our named executive officers.

Independent Registered Public Accounting Firm. The affirmative vote of the holders of shares of our common stock representing a majority of the votes cast on the matter is required for the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year. This proposal is non-binding.

Non-Binding Stockholder Proposals. The affirmative vote of the holders of shares of our common stock representing a majority of the votes cast on the matter is required to approve each of the non-binding stockholder proposals. Because each of the stockholder proposals are non-binding resolutions, we will not be required to take the requested action if a proposal is approved; however, we will reevaluate our recommendation if such proposal is approved.

A “majority of votes cast” means the number of “FOR” votes exceeds the number of “AGAINST” votes. Therefore, a proxy marked “Abstain” with respect to any proposal will not have any effect on the outcome of the vote on that proposal and, similarly, broker non-votes will not be counted as votes cast with respect to such proposal and therefore will have no effect on the outcome of the vote on that proposal.

Are there other matters to be voted on at the meeting?

As of the date of this proxy statement, our Board does not know of any other matters which may come before the meeting, other than the matters described in this proxy statement and the deadline under our bylaws for submission of matters by stockholders has passed. Should any other matter requiring a vote of our stockholders 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 stockholders 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. Stockholders who attend the Annual Meeting may vote their stock personally even though they have sent in their proxies. 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 at the Annual Meeting.

Solicitation

All costs of soliciting proxies on behalf of the Board will be borne by Staples. We have retained D.F. King & Co., Inc. to assist in soliciting proxies at a fee of $13,000, plus expenses. We also have engaged Broadridge Investor Communication Solutions to serve as the inspector of elections and to assist us with planning and organizational matters, along with certain ministerial services, in connection with the proxy solicitation process at a cost of approximately $5,000. In addition to solicitations by mail, our directors, officers and employees, without additional remuneration, may solicit proxies by telephone, electronic communication and personal interviews. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of stock held in their names, and we will reimburse them for their related out-of-pocket expenses.

Stockholder Proposals

Other than the stockholder proposals set forth in this proxy statement, we did not receive any other stockholder proposals or nominations for director candidates that must be presented at our 2014 Annual Meeting. The proposals were received prior to December 26, 2013, the deadline for stockholders 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 stockholder to present a proposal or nominate a director candidate for election at our 2014 Annual Meeting but not have such proposal included in the proxy materials, the stockholder must have provided us with advance written notice by March 6, 2014. If a stockholder gives us notice of a proposal or nomination after the March 6, 2014 deadline, the stockholder will not be permitted to present the proposal or nomination to the stockholders for a vote at the 2014 Annual Meeting.

Stockholders who intend to present proposals at our 2015 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 24, 2014 and must be in compliance with applicable laws and Rule 14a-8 under the Securities Exchange Act of 1934 in order to be considered for possible inclusion in the proxy statement and form of proxy for our 2014 Annual Meeting.

If a stockholder wishes to present a proposal or nominate a director candidate for election at our 2015 Annual Meeting and the proposal or nomination is not intended to be included in our proxy statement for such meeting, the stockholder 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 stockholder 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 stockholder gives notice of such a proposal or nomination after the applicable deadline, the stockholder will not be permitted to present the proposal or nomination to the stockholders for a vote at the meeting. For our 2015 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 2014 Annual Meeting. However, if the date of our 2015 Annual Meeting is more than 30 days before or more than 70 days after such anniversary date, notice by the stockholder must be received no earlier than 120 days prior to the 2015 Annual Meeting and not later than the later of (i) the 90th day prior to the 2015 Annual Meeting and (ii) the tenth day following the day on which public announcement of the date of the 2015 Annual Meeting is made or notice for the 2015 Annual Meeting was mailed, whichever occurs first.

Householding of Annual Meeting Materials

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements, annual reports and notices of Internet availability of proxy materials. This means that only one copy of our proxy statement, annual report or notice of Internet availability of proxy materials may be sent to multiple stockholders 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 Stockholder 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 stockholder 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 2013 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 without charge.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth the beneficial ownership of our common stock held as of April 7, 2014 by each person who is known by us to beneficially own more than 5% of the outstanding shares of our common stock, and as of April 7, 2014 by (1) each current director and nominee for director; (2) each of the named executive officers listed in the Summary Compensation Table included elsewhere in this proxy statement; and (3) by all current directors and executive officers as a group:

Name of beneficial owner	Number of Shares beneficially owned (1)		Number of shares acquirable within 60 days (2)	Percentage of common stock beneficially owned (3)
5% Stockholders				
FMR, LLC [4] 245 Summer Street Boston, MA 02109	59,011,049		—	9.11 %
BlackRock, Inc. [5] 40 East 52nd Street New York, NY100222	54,902,794		—	8.48 %
Vanguard Group [6] 100 Vanguard Blvd Malvern, PA 19355	44,781,598		—	6.92 %
Directors, Nominees for Director and Named Executive Officers				
Basil L. Anderson	216,105	(7)	91,367	*
Joseph G. Doody	346,657		1,063,554	*
Drew G. Faust	48,047		—	*
Justin King	55,784		82,367	*
Christine T. Komola	106,611	(8)	172,704	*
Carol Meyrowitz	71,130		77,867	*
Rowland T. Moriarty	434,703	(9)	136,367	*
Robert C. Nakasone	325,124	(10)	158,867	*
Demos Parneros	457,811	(11)	1,063,554	*
Ronald L. Sargent	2,207,756	(12)	4,413,969	*
Elizabeth A. Smith	67,763		41,954	*
Robert E. Sulentic	115,293	(13)	82,367	*
Raul Vazquez	31,650		—	*
Vijay Vishwanath	77,541		86,867	*
Paul F. Walsh	206,488	(14)	158,867	*
John Wilson	100,862		106,703	*
All current directors and executive officers as a group (19 persons)	**5,050,365**		**8,439,912**	**2.06%**

*Less than 1%

(1) Each person listed has sole investment and/or voting power with respect to the shares indicated, except as otherwise noted. The inclusion herein of any shares as beneficially owned does not constitute an admission of beneficial ownership. Amounts listed in this column do not reflect shares issuable upon the exercise of stock options available on April 7, 2014 or within 60 days thereafter.
(2) Reflects shares issuable upon the exercise of stock options available on April 7, 2014 or within 60 days thereafter, including options with an exercise price in excess of the stock price on that date.
(3) Number of shares deemed outstanding includes 647,496,922 shares of our common stock outstanding as of April 7, 2014 and any options for shares that are exercisable by such beneficial owner on April 7, 2014 or within 60 days thereafter.
(4)As set forth in a Schedule 13G filed on February 14, 2014, FMR, LLC had, as of December 31, 2013, sole dispositive power and sole voting power with respect to all of the shares.
(5) As set forth in a Schedule 13G filed on February 10, 2014, BlackRock, Inc. had, as of December 31, 2013, sole dispositive power and sole voting power with respect to all of the shares.
(6) As set forth in a Schedule 13G filed on February 11, 2014,Vanguard Group had, as of December 31, 2013, sole dispositive power and sole voting power with respect to all of the shares.
(7) Includes 12,624 shares owned by Mr. Anderson's wife, 87,000 shares owned by the Basil Anderson Revocable Trust and 92,255 shares owned by the Basil L. Anderson GRAT 2014.
(8) Includes 14,028 shares owned by the John A. Komola Trust and 75,505 shares owned by the Christine T. Komola Trust.

(9) Includes 200,000 shares owned by Movex, LLC, which is owned by two Moriarty family trusts.
(10) Includes 157,085 shares owned by the Robert C. Nakasone Trust and 98,814 shares owned by Nakasone Capital LLC.
(11) Includes 363,230 shares owned by the Demos Parneros Revocable Trust and 2,717 shares that may be distributed from a 401(k) plan account.
(12) Includes 52,077 shares owned by Sargent Family LLC, 806,453 shares owned by the Ronald L. Sargent Revocable Trust, 19,313 shares owned by the Jill Sargent Irrevocable Trust, 19,313 shares owned by the Ronald L. Sargent Irrevocable Trust, 619,174 shares owned by Sargent Partners LLC and 125,104 shares owned by Ronald L. Sargent 2011 Grantor Retained Annuity Trust. Includes 5,506 shares owned by the Sargent Family Foundation of which Mr. Sargent disclaims beneficial ownership. Also includes 2,807 shares that may be distributed from a 401(k) plan account.
(13) Includes 300 shares held by Mr. Sulentic's daughter.
(14) Includes 247 shares held by Paul F. Walsh, IRA and 188,010 shares held by the Walsh Family Trust.

CORPORATE GOVERNANCE

Highlights

We are committed to following best practices of corporate governance that are in the best interests of our business and all of our stockholders. We believe we have been on the leading edge in our efforts to reach out to stockholders to discuss their views, and we believe that we have a consistent track record of listening and being thoughtfully responsive to feedback. Over the years, after considering best practices, governance trends and stockholder input, we pro-actively adopted many important governance initiatives, such as majority voting, an enhanced political contributions policy, a compensation recoupment policy and Staples Soul, which reflects our commitment to a number of important policies relating to ethics, community, the environment and diversity.

Corporate Governance Outreach Program

We have been conducting a formal corporate governance outreach program for many years. In the fall, we solicit feedback from our institutional investors, labor unions, pension funds, corporate social responsibility investors and proxy advisory groups to hear their perspectives on various governance matters, our executive compensation program, sustainability and other matters of interest to our stockholders. In the spring, we may also engage in conversations to discuss specific matters of interest to us or our stockholders. In 2013, we approached stockholders representing approximately 60% of our shares and engaged in a constructive dialogue with stockholders representing more than 40% of our shares to learn about their concerns and hear their perspectives. The results were shared with our Nominating and Corporate Governance Committee and Compensation Committee, as well as with the entire Board of Directors. We believe that the outreach program is very beneficial to our understanding of the issues that are important to our stockholders and also highlights for us stockholders' divergent opinions.

Recent Corporate Governance Enhancements

- **Changes to our Executive Compensation Program.** To focus our executives on the key priorities of our strategic plan, our Compensation Committee made significant changes to our compensation program for fiscal 2013. These changes include increasing the percentage of compensation that is performance-based or “at risk,” re-tooling the goals to prioritize sales growth, incorporating a relative TSR performance measure and, overall, streamlining the long term incentive program into a single element of performance shares. These changes, which align with feedback we received from our stockholders, are discussed in more detail in the "Compensation Discussion & Analysis" section of this proxy statement.
- **Enhanced Duties for Independent Lead Director.** In September 2013, the Board enhanced the roles and responsibilities of the Independent Lead Director to require the review of the agenda and materials before they are presented to the Board, to provide leadership if there is a perceived conflict with the Chairman on a particular matter, to have the authority to retain independent advisors on behalf of the Board and other duties.

You can learn more about our current corporate governance principles 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 *www.staples.com* in the Corporate Governance section of the Investor Information portion of our website. We comply with the corporate governance requirements imposed by the Sarbanes-Oxley Act, SEC and NASDAQ Stock Market. We will continue to modify our policies and practices to meet ongoing developments in this area. While we have discussed many features of our corporate governance principles in other sections of this proxy statement, some of the highlights are:

Stockholder Rights Features

- **Annual Election of Directors.** Our directors are elected annually for a term of office to expire at the next annual meeting (subject to the election and qualification of their successors).

- **Majority Voting.** Under our by-laws, in uncontested elections, our directors are elected if the votes cast "for" the director's election exceed the votes cast "against" the director's election. If an incumbent director in an uncontested election does not receive the required number of votes "for" his or her election, our Guidelines provide that such incumbent director must tender his or her resignation for consideration by the Board.
- **No Stockholder Rights Plan.** We do not currently have a stockholder rights plan in effect. Our Board has adopted a stockholder rights plan policy under which we will adopt a stockholder rights plan only if the plan has been approved by stockholders either in advance or within 12 months of its adoption by our Board.
- **No Supermajority Provisions.** We have no supermajority voting requirements under our certificate of incorporation or by-laws.
- **Right of Stockholders to Call Special Meetings.** Our by-laws provide that stockholders who own in the aggregate 25% or more of our outstanding stock may call special meetings.
- **Majority Written Consent.** Our stockholders have the right to act by majority written consent.

Board Features

- **Independent Board.** Our Board is comprised of all independent directors, except for our Chief Executive Officer ("CEO").
- **Highly Diverse Board.** We have a highly diverse board that exceeds national averages for women and minority representation. Since 2007, five of the seven directors that were added to the Board were women or minorities.
- **Annual Review of Board Leadership Structure.** As described in more detail below, every year our Board evaluates its leadership structure and based on a recommendation from the Nominating and Corporate Governance Committee determines whether there should be an independent Chairperson of the Board or an Independent Lead Director.
- **Strong Independent Lead Director Role.** Among many other responsibilities, our Independent Lead Director ensures that independent directors meet in executive sessions, coordinates the annual performance review of our CEO, and works with the Chairperson of the Board to establish the agenda and review materials for each Board meeting. Additional information about the responsibilities of our Independent Lead Director can be found under the section of this proxy statement called "Board Leadership Structure".
- **CEO Evaluation.** Every year the independent Board members participate in our CEO's evaluation. The evaluation is done in executive sessions, without the CEO being present. It is led by our Independent Lead Director and the Chair of the Nominating and Corporate Governance Committee, and reviewed with the CEO by the Chairs of the Nominating and Corporate Governance Committee and Compensation Committee. The evaluation is also used by the Compensation Committee in determining compensation for the CEO.
- **Succession Planning Process**. As required by our Corporate Governance Guidelines, our Nominating and Corporate Governance Committee continually reviews succession planning as it relates to the CEO. To assist in this process, the CEO prepares an annual report on succession planning for himself and other key senior leadership positions. The report is part of a proactive enterprise wide annual talent management process. In addition, on a continuing basis, the CEO is required to provide recommendations regarding his successors should he become disabled. Periodically, the Nominating and Corporate Governance Committee also engages consultants for succession planning strategy and to identify external candidates.
- **Independent Board Committees.** All members of our Audit, Compensation, Finance and Nominating and Corporate Governance Committees are independent directors, and none of such members receives compensation from us other than for service on our Board of Directors or its committees.
- **Committee Authority to Retain Independent Advisors.** Each of the Audit, Compensation, Finance and Nominating and Corporate Governance Committees has the authority to retain independent advisors, with all fees and expenses to be paid by Staples.
- **Audit Committee Policies and Procedures.** Under its charter, the Audit Committee's prior approval is required for all audit services and non-audit services (other than *de minimis* non-audit services as defined by the Sarbanes-Oxley Act) to be provided by our independent registered public accounting firm. In conjunction with the Audit Committee, we have adopted policies prohibiting (1) executive officers from retaining our independent registered public accounting firm to provide personal accounting or tax services and (2) Staples, without first obtaining the Audit Committee's approval, from filling an officer level position in the finance department with a person who was previously employed by our independent registered public accounting firm.

Compensation Features

- **Independent Compensation Consultant**. The Compensation Committee's charter provides that they will not engage any compensation advisor that performs other services for the Company. In March 2014, the Compensation Committee performed a conflicts of interest assessment of our compensation consultant and no conflict of interest was identified.
- **Recoupment Policy.** We have a recoupment policy whereby we provide for forfeiture and recovery of undeserved cash, equity and severance compensation from an employee who engages in harmful or unethical behavior 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 our Code of Ethics or breach of employee agreements.
- **Stock Ownership Guidelines.** Our stock ownership guidelines require our non-employee directors to own a minimum level of equity in Staples worth at least five times the annual Board cash retainer (currently $75,000), or $375,000. These guidelines also require minimum equity ownership levels for the named executive officers listed in this proxy statement, including our CEO, who must own equity in Staples worth at least five times his annual salary.

Other Features

- **Social Accountability.** Staples remains committed to responsible corporate conduct. Through our Code of Ethics and ongoing communications and training programs, we make it easy for associates around the world to understand what they need to know and do to make sound decisions in the best interests of our company and stockholders. Additionally, our Supplier Code of Conduct requires that certain suppliers comply with Staples' expectation in the areas of labor rights, safety, environmental and ethical standards. We also monitor certain of our suppliers with social accountability audits conducted by a reputable third-party expert and also have a team of associates in China overseeing the screening, monitoring and auditing of some of these suppliers. We publish the results of our audits and describe our oversight program on our website at http://www.staples.com/sbd/cre/marketing/about_us/ethical-sourcing.html.
- **Sustainability**. Staples continues to lead the way in sustainable business practices. We were recently recognized as the only North American retailer in the Global 100 Sustainability Index and have been selected as a component of the Dow Jones Sustainability Index each year over the past decade. We continue to collaborate with our suppliers in our "Race to the Top" initiative to develop packaging changes in our private label products to reduce the size and types of materials used and increase the use of recycled and recyclable materials.

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 (subject to any further qualifications required of specific committee members 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 the responsibilities of a director. Our Nominating and Corporate Governance Committee reviews the standards for independence set forth in our Guidelines periodically and recommends changes as appropriate for consideration and approval by our Board.

In accordance with our Guidelines, our Board has determined that all of our directors are independent except Mr. Sargent, who is employed as our CEO. In determining independence, our Board considered all the available relevant facts and circumstances, including the following:

- Neither we nor any of our subsidiaries 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 a "related party transaction" as described below.

Certain Related Business Transactions

In 2013, we had no "related party transactions" and there were no exceptions to our Code of Ethics for our directors and executive officers. In an effort to be transparent with stockholders, we describe our processes and our interactions with director affiliated entities below.

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 conflict of interest guidelines. 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 ("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 Committee. The chairperson of the 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.

Code of Ethics

There may be times when a commercial relationship involving our directors, executive officers or their family members is beneficial to us and is not likely to raise material conflict of interest issues. Our Code of Ethics provides the following guidelines for certain types of commercial relationships:

- Executive officers cannot serve as a director for one of our customers or suppliers unless (1) the supplier's or customer's annual business with Staples is less than 5% of such company's annual revenues, (2) the executive officer agrees not to participate or influence, directly or indirectly, any matter affecting the business relationship or transactions between Staples and the supplier or customer, and (3) the executive officer obtains written approval from our CEO or, if the executive officer is the CEO, written approval from the Committee.
- Executive officers and directors are prohibited from making or holding financial investments in a company that is one of our suppliers or customers unless (1) the annual sales to or purchases from us are less than 5% of such company's annual revenues or (2) if such person's ownership interest is both passive and insignificant and (3) for a private company, such person obtains written approval from our CEO or, if a board member, written approval from the Committee.
- Executive officers and directors are prohibited from making or holding financial investments in a company that is one of our competitors unless the investment in publicly held competitors is insignificant (less than 1% of the company's stock).
- Non-employee directors may work or consult for or serve on the board of a company that is one of our suppliers or customers if (1) such company's annual sales to or purchases from us are less than 5% of such company's annual revenues, (2) the director discloses the position to our General Counsel and the Committee and (3) the director agrees not to participate or influence, directly or indirectly, any matter affecting the business relationship or transactions between Staples and such company.

Director Affiliated Entities

Pursuant to the written charter of the Committee, the Committee is responsible for reviewing, approving or ratifying any "related party transactions." These are transactions which exceed $120,000 and in which (i) Staples and any of our directors, director nominees, executive officers, 5% stockholders and their immediate family members are participants, and (ii) such participants had or will 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 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 Committee may deem relevant. If a transaction is deemed to be a related party transaction, the procedures for approval or ratification of such transaction for Staples, our directors, executive officers and 5% stockholders are the same as those listed above for actual or potential conflicts of interests involving directors under the Guidelines.

For fiscal year 2013, although we did not have any "related party transactions," we did provide office supply products or related services, such as copying, branding of promotional products or technology services, to companies or organizations affiliated with our directors and our executive officers. Below is a list of companies and institutions with which our independent directors who are being considered for re-election were affiliated in 2013 and for which we received greater than $120,000 for providing our supplies or services:

Bain & Company	Joslin Diabetes Center	Moody's Corporation
Becton Dickinson & Company	Harvard University	Progreso Financiero
CBRE Group, Inc.	Hasbro, Inc.	TJX Companies, Inc.
CRA International, Inc.	Hormel Foods Corporation	

The amounts received by us in 2013 for the sale of office supplies and related services to these companies range from approximately $160,000 to approximately $12.3 million and the median amount received from such sales was approximately $562,000. In each case, the amount was immaterial to the company purchasing the goods and services, as well as immaterial to Staples. The largest amount of approximately $12.3 million represents .053% of our revenues based on sales for fiscal year ended February 1, 2014 of approximately $23.1 billion.

In addition, in 2013 we also paid approximately $990,000 for employee background check services from a privately held company for which one of our directors serves as the Chairman of such company's board of directors and approximately $800,000 to WEX Inc., a company at which one of our directors also serves as a director, for fleet services. We also paid approximately $9.2 million for customized delivery boxes to a privately held company for which one of our directors serves as a board member.

In all instances, whether we provided the products/services or received the services, no director or executive officer of the affiliated company participated in the negotiation of the transaction and the products, services or lease were provided on arm's length terms and conditions and in the ordinary course of business. No director or executive officer had a direct or indirect material interest in the transaction. The 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 on an annual basis based on a recommendation of the Committee. The Board believes that it should not have a predetermined policy as to whether the Board should be led by an independent Chairperson or Independent Lead Director, but rather it is best for the Board to evaluate the structure and determine what is best for Staples based on a number of factors, such as the size of the Board, the number of independent directors, the established process for and record of Board and management interaction, the qualifications and skills of the individual directors considered for the roles, and company performance. For this year, the Board determined that it was appropriate that Ronald Sargent, our CEO, should remain as Chairperson of the Board and that Robert Nakasone should continue in his role as Independent Lead Director. The Board believes that its current leadership structure assures the appropriate level of management oversight and independence. The Board also felt that it was important that Mr. Sargent, the director most familiar with Staples' day-to-day operations, continue to lead the Board. The combined role of Chairman and CEO allows for a single, clear focus of command to execute Staples' strategic and business plans, particularly during Staples' strategic reinvention. Mr. Nakasone's leadership in fulfilling his role as Independent Lead Director counterbalances any potential conflict of interest arising from having our CEO serve as the Board's Chairperson.

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 Chairperson 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 Chairperson may be, or may be perceived to be, in conflict with regard to a particular matter with the interests of Staples and its stockholders.
  Facilitates communications and serves as a liaison between independent directors and the Chairperson.
- Works with the Chairperson 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 stockholder.
- Has 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 Chairperson 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 six meetings during our 2013 fiscal year. The number of meetings held by each of the committees of our Board during our 2013 fiscal year is set forth below under the description of each committee. During our 2013 fiscal year, all of the directors attended at least 75% of the aggregate number of Board and committee meetings. Our Guidelines provide that directors are encouraged to attend the Annual Meeting, and eleven of our thirteen 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.

Committee membership as of April 7, 2014 was as follows:

Audit Committee
Robert Sulentic, Chairperson
Basil L. Anderson
Justin King
Elizabeth A. Smith

Compensation Committee
Paul F. Walsh, Chairperson
Carol Meyrowitz
Raul Vazquez

Nominating and Corporate Governance Committee
Vijay Vishwanath, Chairperson
Drew G. Faust
Rowland T. Moriarty
Robert C. Nakasone

Finance Committee
Rowland T. Moriarty, Chairperson
Basil L. Anderson
Paul F. Walsh

Executive Committee
Ronald L. Sargent, Chairperson
Rowland T. Moriarty
Robert C. Nakasone
Robert Sulentic
Vijay Vishwanath

Audit Committee

The Audit Committee assists our Board in overseeing our compliance with legal and regulatory requirements, the integrity of our financial statements, our independent registered public accounting firm's qualifications and independence, and the performance of our internal audit function and our independent registered public accounting firm through receipt and consideration of certain reports from our independent registered public accounting firm. In addition, the Audit Committee assists the Board of Directors in its oversight of the Company's policies and practices with respect to risk assessment and risk oversight, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures. The Audit Committee also prepares the Audit Committee Report required under the rules of the SEC, which is included elsewhere in this proxy statement. The Audit Committee has established 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. The Audit Committee meets independently with our independent registered public accounting firm, management and our internal auditors. The members of the Audit Committee are independent directors, as defined by its charter and the rules of the SEC and NASDAQ Stock Market. The Audit Committee met four times in person and three times by telephone during our 2013 fiscal year. Our Board has determined that Mr. Sulentic is an audit committee financial expert under the rules of the SEC and all Audit Committee members are independent.

Compensation Committee

The Compensation Committee's responsibilities include setting the compensation levels of executive officers, including our CEO, reviewing, approving and providing recommendations to our Board regarding compensation programs, administering our equity and cash incentive plans and authorizing awards under such incentive plans. The Committee also oversees the administration of the Company's employee stock purchase plans, retirement plans and other employee benefit plans. The Committee may delegate its authority to management as it deems appropriate and may also delegate its authority relating to ministerial matters. The members of the Compensation Committee are independent directors, as defined by its charter and the rules of the NASDAQ Stock Market. The Compensation Committee met four times in person and one time by telephone during our 2013 fiscal year. For more information about the responsibilities of our Compensation Committee, see the "Compensation Discussion and Analysis" section of this proxy statement.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's responsibilities include providing recommendations to our Board regarding 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 Guidelines and to assist our Board in complying with them. The Nominating and Corporate Governance Committee also oversees the evaluation of our Board and our CEO, reviews and resolves conflict of interest situations, reviews and approves related party transactions and interprets and enforces our Code of Ethics. The Nominating and Corporate Governance Committee also oversees our political contributions and recommends to our Board any proposed revisions to our Corporate Political Contributions Policy Statement. 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. The Nominating and Corporate Governance Committee met four times in person during our 2013 fiscal year.

Finance Committee

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. The Finance Committee met two times in person during our 2013 fiscal year.

Executive Committee

The Executive Committee is authorized, with certain exceptions, to exercise all of the powers of our Board in the management and affairs of Staples. It is intended that the Executive Committee will take action only when reasonably necessary to expedite our interests between regularly scheduled Board meetings. 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. The Executive Committee did not meet during our 2013 fiscal year.

Risk Oversight by the Board of Directors

Our Board of Directors is ultimately responsible for reviewing and approving our risk management strategy and framework and key risk parameters. In terms of overseeing the broader enterprise risk management ("ERM") program, the Audit Committee, under powers delegated by the Board, is responsible for the approval and establishment of our risk management framework and ensuring that appropriate policies and practices are in place for risk assessment and management, including that all risk areas are being monitored by senior management, reported to the Board or appropriate Board committee by senior management and addressed as needed. At each quarterly Board meeting, the Audit Committee reports to the Board on all of its specific activities.

Our most senior executives are responsible for collaborating with the Audit Committee to provide oversight to the risk management process and prioritize and validate key risks. Management, through its Enterprise Risk Committee, 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. Our Enterprise Risk Committee is composed of leaders from the functional areas of Staples and meets quarterly to coordinate information sharing and mitigation efforts for all types of risks. The Audit Committee stays apprised of significant actual and potential risks faced by Staples and the effectiveness of its risk assessment and management process in part through detailed presentations at least twice a year from the Vice President of Internal Audit as the representative of the Enterprise Risk Committee, and detailed presentations from senior executives from Global Technology, Human Resources and other areas to address specific risks and mitigation strategies. In 2013, management presented to the Audit Committee the results of its enterprise wide review of the major financial, operational and legal risks facing the company and steps that have been taken to monitor and control such exposures. In doing so, management reviewed its ERM methodologies for identifying and prioritizing financial, operational and legal risks and discussed the top level risks and related risk management.

Independent of the ERM process, the Audit Committee is made aware of risks as a result of being briefed in person regularly by our Vice President of Internal Audit, as well as an annual briefing and quarterly reports by our Vice President, Ethics & Compliance. The Audit Committee also meets regularly with the General Counsel. The Audit Committee also meets 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 (1992), also known as COSO framework. Our Vice President, Ethics & Compliance also provides quarterly reports to the Audit Committee on compliance and ethics matters. These reports also are provided to the Board.

The Audit Committee administers its risk oversight role through the Board committee structure as well. Each Board committee is responsible for monitoring and reporting on the material risks associated with its respective subject matter areas of responsibility. The Audit Committee oversees risks related to our accounting and financial reporting processes and the integrity of our financial statements, the Finance Committee oversees risks related to capital policies and practices and financial transactions, the Nominating and Corporate Governance Committee oversees risks related to corporate governance, including director independence and related party transactions, and as discussed in the “Compensation Discussion and Analysis” 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. This year, the General Counsel provided the Board with a detailed presentation of the Ethics & Compliance program, policies, oversight and enforcement actions. At each Board meeting, the Chairman and CEO addresses in a directors only session matters of particular importance or concern, including any significant areas of risk requiring Board attention. Annually, our full Board reviews in detail the Company's near- and long-term strategies, including consideration of significant risks facing the Company and their potential impact. We believe that the practices described above facilitate effective Board oversight of our significant risks.

Diversity

Diversity has always been very important to us. It comprises one of the four pillars of what we call Staples' Soul. 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. Although we have no formal separate written policy, pursuant to our Guidelines, the Board annually reviews the appropriate skills and characteristics of the Board members in light of the current composition of the Board, and diversity is one of the factors used in this assessment. Not only does the Board view diversity of experience, industry, skills and tenure as important, but also of gender and ethnic backgrounds. Since 2007, we have added seven new directors to our Board. These new directors, who include three women, one Hispanic, and one Asian, have strengthened our Board's diversity of skills and perspectives. We exceed national averages in both women and minority representation on our Board. Additionally, the Board is 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.

Stockholders 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 stockholder or group of stockholders 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 stockholder recommended candidates by following substantially the same process, and applying substantially the same criteria, as it follows for candidates submitted by others.

Stockholders also have the right under our by-laws to directly nominate director candidates, without any action or recommendation on the part of the Nominating and Corporate Governance Committee or our Board, by following the relevant procedures summarized in this proxy statement under the caption "Stockholder Proposals."

Communicating with our Board

Our Board will give appropriate attention to written communications that are submitted by stockholders, and will respond if and as appropriate. Absent unusual circumstances or as contemplated by the committee charters, the Chairperson of the Board (if an independent director), or the Lead Director (if one is appointed), or otherwise the Chairperson of the Nominating and Corporate Governance Committee, with the advice and assistance of our General Counsel, is primarily responsible for monitoring communications from stockholders and other interested parties and for providing copies or summaries of such communications to the other directors as he or she considers appropriate.

Under procedures approved by our independent directors and subject to the advice and assistance from our General Counsel, communications are forwarded to the Chairperson of the Board (if an independent director), the Lead Director (if one is appointed), or otherwise the Chairperson of the Nominating and Corporate Governance Committee, who monitor communications from stockholders and other interested parties. Copies or summaries of such communications are provided to all directors, if such persons consider it important and appropriate for all directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which we tend to receive repetitive or duplicative communications. In addition, as provided by our Guidelines, if a meeting is held between a major stockholder (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.

Stockholders 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.

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). Elizabeth Smith is not seeking re-election, due to personal commitments, and her term will expire upon election of directors at the Annual Meeting, at which time the Board will be reduced to 11 members. 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, finance, accounting, marketing, technology, risk management, 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.

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 two directors who joined the Board within the last two years, four nominees that joined the Board within the last seven years and five nominees that have served on our Board at least 15 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.

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 management, public affairs and legal matters. Set forth 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.

		Served as a Director Since
	**Basil L. Anderson,** age 69 Served as an independent director of Staples since 1997 until we asked him to become our Vice Chairman from September 2001 until his retirement in March 2006. Mr. Anderson is also a director of Hasbro, Inc., Becton, Dickinson and Company, and Moody's Corporation. He served as a director of CRA International, Inc. until January 2011. Among his many qualifications, Mr. Anderson has extensive executive experience in corporate finance gained in part from his position as Chief Financial Officer of Campbell Soup Company and, prior to that, Scott Paper Company. Mr. Anderson also brings to the Board valuable insight into oversight of financial reporting and the audit process based on his experiences serving on the audit committees of multiple boards. Mr. Anderson also has strategic planning expertise, as well as international business experience.	1997

		Served as a Director Since
	**Drew G. Faust**, age 66 President of Harvard University since 2007. As President, 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. Dr. Faust also serves on the board of Harvard Management Company, which is responsible for investing Harvard's endowment and related financial assets to produce long term results to support the education and research goals of the university. Dr. Faust led the transformation of Harvard's governance structures. Among many qualifications, Dr. Faust brings to the board extensive leadership and management experience and skills related to recruiting top talent, capital planning, financial oversight, risk management, technology and strategy.	2012
	**Justin King,** age 52 Chief Executive Officer of J Sainsbury plc, a food and non-food retailer, since March 2004, where he is also Chairman of the Operating Board. Prior to joining J Sainsbury plc, he was an Executive Director of Marks and Spencer Group plc from September 2002 to March 2004. Mr. King has significant retail experience having held a number of senior positions at ASDA/Wal-Mart in Trading, HR and Retail, as Managing Director of Häagen Dazs UK and having spent much of his early career with Mars Confectionery and Pepsi International. He also served on the Prime Minister's Business Advisory Group from November 2010 to December 2012. Mr. King brings to the Board both strategic sales and marketing expertise, as well as an understanding of the complexities of operating international businesses.	2007
	**Carol Meyrowitz,** age 60 Chief Executive Officer of The TJX Companies, Inc., a retailer of apparel and home fashions, since 2007 and a director since 2006. Ms. Meyrowitz was President of TJX from October 2005 to January 2011. Prior to that, Ms. Meyrowitz 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 and consulted for Berkshire Partners L.L.C., a private equity firm, from June 2005 to October 2005. Ms. Meyrowitz is also a director of The TJX Companies, Inc. Ms. Meyrowitz previously served as a director for Amscan Holdings, Inc. from 2005 to 2012. Among many qualifications, Ms. Meyrowitz brings to the Board extensive experience in all aspects of retail operations and management, including real estate, e-commerce, supply chain and logistics, marketing and customer service.	2007

Served as a Director Since

Rowland T. Moriarty, age 67 — 1986

Chairman of the Board of CRA International, Inc., a worldwide economic and business consulting firm, since May 2002. He has been President and Chief Executive Officer of Cubex Corporation, a privately-held consulting company, since 1992. From 1981 to 1992, Dr. Moriarty was a professor of business administration at Harvard Business School where he taught, among other subjects, marketing. Dr. Moriarty is also a director of WEX Inc. and Virtusa Corporation. Among many qualifications, Dr. Moriarty brings to the Board extensive international experience, a comprehensive understanding of real estate matters and has also developed extensive skills and expertise in corporate governance matters having chaired eight governance committees of various public and private boards.

Robert C. Nakasone, age 66 — 1986

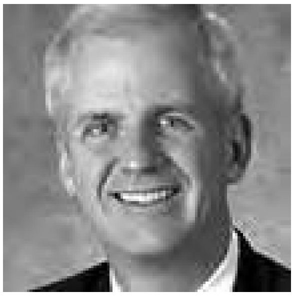
Chief Executive Officer of NAK Enterprises, a family-owned investment and consulting company, since January 2000. Prior to that, Mr. Nakasone served as Chief Executive Officer of Toys "R" Us, Inc. from 1998 to 1999 and in other positions at that company from 1985 to 1998. While serving as Vice-Chairman, Worldwide Toy Stores and President and Chief Operating Officer, Mr. Nakasone led the company's international expansion into 27 countries throughout Europe, Asia and the Middle East. Mr. Nakasone is also a director of Hormel Foods Corporation. Among many qualifications, Mr. Nakasone brings to the Board extensive executive level public company experience, international business development expertise, as well as strategic planning and skills relating to compensation and corporate governance matters.

Ronald L. Sargent, age 58 — 1999

Chief Executive Officer of Staples, Inc. since February 2002 and Chairman of the Board of Directors of Staples since March 2005. Prior to that, Mr. Sargent served in various positions at Staples since joining the company in 1989. Mr. Sargent is also a director of The Kroger Co. and Five Below. Previous directorships include Home Depot from 2011 to 2012 and Mattel, Inc. from 2004 to 2011. At Staples, Mr. Sargent has led worldwide operations, retail superstores and the delivery business, and also brings to the Board much experience in supply chain management, merchandising and marketing initiatives. Mr. Sargent's experience with respect to human resources matters is also highly valued.

		Served as a Director Since
	**Robert E. Sulentic**, age 57 Chief Executive Officer of CBRE, Inc., a global commercial real estate services company, since December 2012 and President since March 2010. Mr. Sulentic has been a member of the CBRE Board since December 2012. He previously served as President of the company's Development Services business from December 2006 to April 2011. Mr. Sulentic previously served as Chief Financial Officer of CBRE from March 2009 and Group President from July 2009, each until March 2010. Mr. Sulentic was a member of CBRE's Board and Group President of Development Services, Asia Pacific and Europe, Middle East and Africa from December 2006 through March 2009. He was President and Chief Executive Officer of Trammell Crow Company from October 2000 through December 2006 and prior to that served as its Executive Vice President and Chief Financial Officer from September 1998 to October 2000. Among many qualifications, Mr. Sulentic has extensive executive level management experience. Mr. Sulentic also brings to the Board a significant financial background that qualifies him as an audit committee financial expert. His insight with respect to doing business globally is also highly valued.	2007
	**Raul Vazquez**, age 42 Chief Executive Officer and a Director of Progress Financial Corporation or Progreso Financiero, a financial services company serving the needs of the growing Hispanic market, since April 2012. Prior to that, Mr. Vazquez served as an Executive Vice President of Global e-Commerce at Wal-Mart Stores Inc. from February 2011 to August 2011. He also served as Executive Vice President and President of Wal-Mart West at Wal-Mart Stores Inc. from February 2010 to February 2011. He served as Chief Executive Officer of Walmart.com from February 2007 to February 2010, where he oversaw all day-to-day operations and focused on providing multi-channel options for customers. He joined Walmart.com in 2002. He is an e-commerce veteran and has expertise and leadership in e-commerce and retail including hands-on, leadership experience at Wal-Mart and Walmart.com in marketing and operations, among other roles.	2013
	**Vijay Vishwanath**, age 54 Partner at Bain & Company, a management consulting firm, since 1993. Mr. Vishwanath first joined Bain in 1986 and leads its consumer products practice. Prior to joining Bain, Mr. Vishwanath worked at Procter & Gamble. Among many qualifications, Mr. Vishwanath brings to the Board expertise in consumer products and brands, as well as marketing, gained in his position at Bain & Company counseling numerous Fortune 500 companies and, previously, at Procter & Gamble. In addition, Mr. Vishwanath has valuable experience in strategic planning and corporate governance.	2007

	Served as a Director Since
Paul F. Walsh, age 64 Served as Chairman and Chief Executive Officer of eFunds Corporation, a transaction processing and risk management company, from September 2002 until eFunds was acquired by Fidelity National Information Services in September 2007. Mr. Walsh also has been the owner and Chief Executive Officer of PFW Management, LLC, a consulting company, since February 2008. PFW Management, LLC does business as Calera FinTech Advisors and targets investments in the financial services and business services industry in concert with Calera Capital. Among many qualifications, Mr. Walsh brings to the Board extensive knowledge relating to risk oversight and management, compliance and regulatory matters. In addition, Mr. Walsh's executive level management brings valuable experience in process excellence, capital markets and corporate finance.	1990



Unless contrary instructions are provided, the persons named as proxies will, upon receipt of a properly executed proxy, vote for the election of Basil L. Anderson, Drew G. Faust, Justin King, Carol Meyrowitz, Rowland T. Moriarty, Robert C. Nakasone, Ronald L. Sargent, Robert E. Sulentic, Raul Vazquez, Vijay Vishwanath and Paul F. Walsh as directors for a term expiring at our 2015 Annual Meeting. Proxies cannot be voted for a greater number of persons than the number of nominees named. All of the nominees have indicated their willingness to serve if elected, but if any should be unable or unwilling to stand for election, proxies may be voted for a substitute nominee designated by our Board.

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 stockholders. In addition, the Outside Directors receive a cash retainer.

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.

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. In addition, each Outside Director receives an annual equity grant equal to $175,000 in the form of shares of restricted stock or, for grants after July 2013, in restricted stock units. The shares of restricted stock and restricted stock units for the annual grant vest after one year and may be sold upon vesting. New Outside Directors receive a one-time initial grant of restricted stock or restricted stock units equal to $150,000, which vests after three years. 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.

During fiscal year 2013, on the second business day following the first regularly scheduled Board meeting, each of our Outside Directors received their annual restricted stock grant, other than Mr. Vazquez who received a pro-rated award of restricted stock units in September 2013 after his election to the Board at the 2013 annual meeting of stockholders. In addition, on the same day the annual grant was awarded, (a) the Independent Lead Director was granted restricted stock units with a value of $40,000 and (b) each chairperson of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee was granted restricted stock units with a value of $32,000. The chairperson of the Finance Committee was granted restricted stock units with a value of $8,000 on the day of the annual grant, and an additional prorated grant with a value of $4,000 in September 2013 after approval by the Compensation Committee to increase compensation to the Finance Committee chairperson based on additional responsibilities. In each case, the restricted stock units 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. The number of shares of restricted stock or 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 outstanding restricted stock would fully vest and the restricted stock units would fully vest and be paid out.

The table below sets forth certain information concerning our 2013 fiscal year compensation of our Outside Directors.

DIRECTOR COMPENSATION FOR 2013 FISCAL YEAR

Name*	Fees earned or paid in cash ($)	Stock Awards ($) (1)(2)		All Other Compensation ($)		Total ($)
Basil L. Anderson	75,000	175,003		—		250,003
Arthur M. Blank	75,000	215,006	(3)	—		290,006
Drew G. Faust	75,000	175,003		—		250,003
Justin King	75,000	175,003		20,737	(4)	270,740
Carol Meyrowitz	75,000	175,003		—		250,003
Rowland T. Moriarty	75,000	187,011		—		262,011
Robert C. Nakasone	75,000	195,008		—		270,008
Elizabeth A. Smith (5)	75,000	175,003		—		250,003
Robert E. Sulentic	90,000	207,005		—		297,005
Raul Vazquez	37,500	237,509				275,009
Vijay Vishwanath	75,000	207,005		—		282,005
Paul F. Walsh	75,000	207,005		—		282,005

*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 2013 fiscal year, not the actual amounts paid to or realized by our Outside Directors during our 2013 fiscal year.

(2) 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 2013 represent:

- Annual grant of shares of restricted stock to each director, other than Mr. Vazquez, with a grant date fair value of $175,003;
- For Mr. Vazquez, initial grant of restricted stock units upon election as a director with a grant date fair value of $150,001 and pro rated annual grant for a half year of Board service;
- For Mr. Blank, our Independent Lead Director until August 2013, restricted stock units with a grant date fair value of $40,003;
- For Mr. Nakasone, our Independent Lead Director beginning in August 2013, restricted stock units with a grant date fair value of $20,005;
- For Messrs. Sulentic, Vishwanath and Walsh, chair of our Audit Committee, chair of our Nominating and Corporate Governance Committee and chair of our Compensation Committee, respectively, for fiscal year 2013, restricted stock units with a grant date fair value of $32,002 each; and
- For Mr. Moriarty, chair of our Finance Committee for fiscal year 2013, restricted stock units with a grant date fair value of $12,008.

(3) Mr. Blank retired from our Board of Directors on December 31, 2013. Upon his departure, all of the shares relating to his his annual grant of restricted stock and half of the shares relating to his Independent Lead Director grant were forfeited.

(4) Amounts listed in the All Other Compensation column includes payments made to Mr. King in connection with correcting tax filing deficiencies due to Staples' inadvertent failure to withhold U.S. and Massachusetts taxes as required due to Mr. King's status as a foreign citizen in tax years 2007-2011. Reimbursements to Mr. King include (i) interest and penalties imposed by U.S. and Massachusetts tax authorities for late payment, and (ii) taxes owed with respect to the reimbursements. The amounts are pending final resolution with U.S. tax authorities.

(5) In March 2014, Ms. Smith notified the Board that, due to personal commitments, she would not stand for re-election to the Board.

OUTSTANDING DIRECTOR AWARDS

The table below supplements the Director Compensation table above by providing (1) the number of restricted shares and restricted stock units awarded to our directors during our 2013 fiscal year and (2) the total number of stock options, unvested restricted shares and outstanding restricted stock units held by our directors as of February 1, 2014, the end of our 2013 fiscal year.

Name	Grant Date	Award Type	Number of Shares/Units Awarded in FY 2013		Total Options, Unvested Restricted Shares and Restricted Stock Units as of 2013 FYE (1)(2)(3)
Basil L. Anderson	3/7/2013	RS	13,715		13,715
		OP	—		91,367
Arthur M. Blank	3/7/2013	RS	13,715	(4)	—
	3/7/2013	RSU	3,135		1,568
		OP	—		118,367
Drew G. Faust	3/7/2013	RS	13,715		25,325
		OP	—		—
Justin King	3/7/2013	RS	13,715		13,715
		OP	—		82,367
Carol Meyrowitz	3/7/2013	RS	13,715		13,715
		OP	—		77,867
Rowland T. Moriarty	3/7/2013	RS	13,715		13,715
	3/7/2013	RSU	627		627
	9/12/2013	RSU	275		275
		OP	—		136,367
Robert C. Nakasone	3/7/2013	RS	13,715		13,715
	9/12/2013	RSU	1,373		1,373
		OP	—		158,867
Elizabeth A. Smith (5)	3/7/2013	RS	13,715		13,715
		OP	—		41,954
Robert E. Sulentic	3/7/2013	RS	13,715		13,715
	3/7/2013	RSU	2,508		2,508
		OP	—		82,367
Raul Vazquez	6/5/2013	RS	10,232		10,232
	9/12/2013	RSU	6,006		6,006
Vijay Vishwanath	3/7/2013	RS	13,715		13,715
	3/7/2013	RSU	2,508		2,508
		OP	—		86,867
Paul F. Walsh	3/7/2013	RS	13,715		13,715
	3/7/2013	RSU	2,508		2,508
		OP	—		158,867

RS = Restricted stock, RSU = Restricted stock unit, OP = Stock option

(1) Restricted stock and restricted stock unit awards granted in connection with the annual director grant and made after 2008 vest in full on the first anniversary of the grant date, provided that the director then serves on our Board. Restricted stock awards made prior to 2008 vested in full on the third anniversary of the grant date. Restricted stock will fully vest, and restricted stock units will fully vest and pay out, upon retirement or resignation should such director leave our Board after reaching the age of 72. Restricted stock awards made from 2008 through 2010 may be sold only upon leaving our Board.

(2) Restricted stock units awarded to our Independent Lead Director and each chairperson of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Finance Committee vest ratably on the date of each of the four regularly scheduled quarterly Board meetings that such Lead Director or chairperson held such position and are paid on the one year anniversary of the award.

(3) Stock options awarded during 2008, 2009 and 2010 vested in full on the first anniversary of the grant date, provided that the director served on our Board. Stock option awards made prior to 2008 vested ratably on an annual basis over a four-year vesting period, provided that the director then served on our Board.

(4) Mr. Blank retired from our Board in December 2013. Upon his departure, all of the shares relating to his annual grant of restricted stock and half of the shares relating to his Independent Lead Director grant were forfeited.
(5) In March 2014, Ms. Smith notified the Board that, due to personal commitments, she would not stand for re-election to the Board.

APPROVE 2014 STOCK INCENTIVE PLAN
(Item 2 on the Proxy Card)

Introduction

We are asking our stockholders to approve our 2014 Stock Incentive Plan, or the 2014 Plan, at the Annual Meeting. Our 2014 Plan was adopted by our Board of Directors, upon recommendation by the Compensation Committee, on March 3, 2014, subject to the approval of the plan by our stockholders. The Board of Directors believes that the future success of Staples depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating key personnel.

The 2014 Plan is intended to replace our Amended and Restated 2004 Stock Incentive Plan (the "2004 Plan"), which expires on June 17, 2014. As of April 7, 2014, options to purchase 33,239,830 shares of Common Stock, 5,677,510 shares of restricted stock, 4,321,359 restricted stock units and 7,220,247 performance shares were outstanding under the 2004 Plan and 1,162,074 shares of Common Stock remained available for issuance under the 2004 Plan. No additional equity grants may be made under the 2004 Plan after June 17, 2014 but awards granted on or before such date will remain outstanding and shares under the 2004 Plan will roll-over to the 2014 Plan, as described in more detail below.

If stockholders approve the 2014 Plan, we currently anticipate that the shares available under the 2014 Plan will be sufficient to meet our expected needs through at least fiscal 2016 inclusive of the performance share awards typically granted in the beginning of each fiscal year to executive officers and the annual grant of restricted stock units to other officers and associates. However, future circumstances and business needs may dictate a different result. In determining the number of shares reserved for issuance under the 2014 Plan, the Compensation Committee and the Board of Directors considered the following:

- *Remaining Competitive by Attracting/Retaining Talent*. As discussed above, the Compensation Committee and the Board of Directors considered the importance of an adequate pool of shares to attract, retain and reward our high-performing employees, especially since we compete with many similar companies for a limited pool of talent.
- *Grant Practices in Light of Changes to our Compensation Program*. The Compensation Committee and the Board of Directors considered the equity awards that we have granted in the past five years, noting that we have significantly reduced the annual recipient pool from approximately 8,000 associates in 2010 to approximately 800 in 2013. In addition, the Compensation Committee and the Board of Directors considered that the current compensation program for executive officers includes one long term incentive in the form of performance shares as discussed in the CD&A section of this proxy statement. At the time of grant, we are required to reserve shares assuming maximum payout of the performance shares including the 25% opportunity to increase payout based on relative TSR performance.
- *Forecasted Grants*. As discussed above, the Compensation Committee and the Board of Directors anticipates that the proposed 15,000,000 share request plus shares rolled-over from the 2004 plan will be sufficient for our equity award usage through at least fiscal 2016 based on projected share utilization. In determining the projected share utilization, the Compensation Committee and the Board of Directors considered a forecast that included the following factors: projected annual share utilization, cancellations, forfeitures and repurchases of unvested restricted shares.
- *Institutional Investor Guidelines*. Because of our significant institutional stockholder base, the Compensation Committee and the Board of Directors also considered the relevant guidelines from proxy advisory firms and institutional investors. Our average burn rate and the dilution relating to the proposed share reserve under the 2014 Plan are within such guidelines, as described more fully below.

Information Regarding Overhang and Dilution

In developing our share request for the 2014 Plan and analyzing the impact of utilizing equity on our stockholders, we considered both our "burn rate" and our "overhang", which we consider to be important metrics of how our equity compensation program affects our stockholders.

Burn rate provides a measure of the potential dilutive impact of our annual equity award program. Our burn rate for fiscal 2013 was was 0.8% and has been steadily declining for the last three years. Following the ISS methodology, our three average three year burn rate has been 2.8%, well below the ISS Retailing burn rate cap of 4.16%.

Overhang is a measure of potential dilution and is defined as the sum of (i) the total number of shares of Common Stock underlying all equity awards outstanding and (ii) the total number of shares of Common Stock available for future award grants, divided by: the sum of (a) the total number of shares of Common Stock underlying all equity awards outstanding, (b) the total number of shares of Common Stock available for future award grants and (c) the basic weighted average shares of Common Stock outstanding for the most recently completed fiscal year. Our overhang at February 1, 2014 was 7.8%. If the 15,000,000 shares proposed to be authorized for grant under the 2014 Plan are included in the calculation, our overhang would be 9.7%.

We believe that our future success depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to align their interests with those of the Company's shareholders.

Description of the 2014 Plan

The 2014 Plan contains the following material terms that are designed to provide the Company with sufficient shares of Common Stock to properly incent and retain its employees, advisors and directors, but also to align the plan with best practices. In particular, and as described more fully below, the 2014 Plan:

- Provides for 15,000,000 shares of our Common stock authorized for issuance under the plan, plus shares rolled-over from 2004 Plan;
- Allows shares used to satisfy statutory minimum tax withholding obligations on awards other than stock options and stock appreciation rights (SARs) to be returned to the 2014 Plan for the grant of future awards;
- Provides that shares that we repurchase on the open market using proceeds from the exercise of awards will not increase the number of shares available for issuance under the 2014 Plan;
- Requires that discretionary awards to our non-employee directors be granted and administered by a Committee of the Board of Directors, all of the members of which are independent as defined under the NASDAQ Rules;
- Limits the number of shares of Common Stock with respect to which awards may be granted to each non-employee director to 150,000 per fiscal year and to all non-employee directors to no more than 2,000,000 in the aggregate over the life of the 2014 Plan;
- Broadly prohibits the repricing of options and SARs without stockholder approval;
- Requires that no dividends or dividend equivalents will be paid with respect to restricted stock, restricted stock units, other stock-based awards and performance awards (referred to as "full-value awards") unless and until the underlying award vests; and
- For purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, (i) provides that no more than 3,450,000 shares of Common Stock may be made subject to awards granted per participant under the 2014 Plan per fiscal year; and (ii) establishes performance criteria upon which performance goals may be based with respect to performance awards granted under the 2014 Plan.

The following is a brief description of the 2014 Plan. A copy of the 2014 Plan is attached as *Appendix A* to this proxy statement.

Types of Awards

The 2014 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Code and non-statutory stock options (together, "Options"), stock appreciation rights ("SARs"), restricted stock ("Restricted Stock"), restricted stock units ("Restricted Stock Units") and other stock-based awards ("Other Stock-Based Awards"), as described below (collectively, "Awards").

Shares Authorized

Up to 15,000,000 shares of Common Stock (subject to adjustment in the event of stock splits and other similar events) may be issued pursuant to Awards granted under the 2014 Plan. In addition, (i) any shares of Common Stock that remain available for issuance under the 2004 Plan as of the date of the Annual Meeting (approximated to be 1,162,074 as of April 7, 2014) and (ii) any shares of Common Stock subject to awards outstanding under the 2004 Plan which awards expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right, shall be available for issuance under the 2014 Plan, subject, in the case of incentive stock options, to any limitations under the Code.

If any Award (i) expires or is terminated, surrendered, canceled or forfeited or (ii) results in any Common Stock not being issued (including as a result of an independent SAR that was settleable either in cash or in stock actually being settled in cash), the unused shares of Common Stock covered by such Award will again be available for grant under the 2014 Plan, subject, however, in the case of incentive stock options, to any limitations under the Code. Notwithstanding the foregoing, in the case of an independent SAR, the full number of shares subject to such SAR (or portion thereof) settled in stock will be counted against the number of shares available under the 2014 Plan regardless of the number of shares actually used to settle such SAR (or portion thereof). Any shares of Common Stock delivered (either by actual delivery, attestation or net exercise) to the Company to purchase shares of Common Stock on the exercise of an Award or to satisfy the tax withholding obligations attributable to the exercise of an Option or SAR shall not be added back to the number of shares available for the future grant of Awards under the 2014 Plan. Any shares of Common Stock delivered to the Company to satisfy the tax withholding obligations in respect of full-value awards shall be added back to the number of shares available for the future grant of Awards under the 2014 Plan. Shares of Common Stock repurchased by the Company on the open market using the proceeds from the exercise of an Award shall not increase the number of shares available for the future grant of Awards under the 2014 Plan.

Types of Awards

Incentive Stock Options and Non-statutory Stock Options. Optionees receive the right to purchase a specified number of shares of Common Stock at a specified option price and subject to such other terms and conditions as are specified in connection with the option grant. Options may be granted at an exercise price which shall not be less than the fair market value of the Common Stock on the date of grant, provided that if the Board of Directors approves the grant of an option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the fair market value on such future date. Options may not be granted for a term in excess of ten years. The 2014 Plan permits the following forms of payment of the exercise price of options: (i) payment by cash, check or in connection with a "cashless exercise" through a broker, (ii) subject to certain conditions, surrender to the Company of shares of Common Stock, (iii) any other lawful means, or (iv) any combination of these forms of payment.

Stock Appreciation Rights. An SAR is an award entitling the holder, upon exercise, to receive an amount in Common Stock determined by reference to appreciation, from and after the date of grant, in the fair market value of a share of Common Stock. SARs may be granted independently or in tandem with an option. The measurement price of each SAR shall not be less than 100% of the fair market value on the date the SAR is granted; provided that if the Board of Directors approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the fair market value on such future date. No SAR will be granted with a term in excess of ten years.

Restricted Stock. Restricted Stock entitles recipients to acquire shares of Common Stock, subject to the right of the Company to repurchase all or part of such shares from the recipient in the event that the conditions specified in the applicable Award are not satisfied prior to the end of the applicable restriction period established for such Award.

Restricted Stock Units. Restricted Stock Units entitle the recipient to receive shares of Common Stock to be delivered at the time such unit awards vest or at a later delivery date pursuant to the terms and conditions established by the Board of Directors.

Other Stock-Based Awards. Under the 2014 Plan, the Board of Directors has the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board of Directors may determine, including the grant of shares based upon certain conditions, the grant of Awards that are valued in whole or in part by reference to, or otherwise based on, shares of Common Stock, and the grant of Awards entitling recipients to receive shares of Common Stock to be delivered in the future.

Performance Awards. A committee of the Board of Directors (the "Committee") that is comprised solely of two or more directors eligible to serve on a committee making Awards qualifying as "performance based compensation" under Section 162 (m) of the Code may determine, at the time of grant, that an award of Restricted Stock, Restricted Stock Units or an Other Stock-

Based Award granted to an officer will vest solely upon the achievement of specified performance criteria designed to qualify for deduction under Section 162(m) of the Code. The performance criteria for each such Award which shall be based on the relative or absolute attainment of specified levels of one or any combination of the following, which may be determined pursuant to generally accepted accounting principles ("GAAP") or on a non-GAAP basis, as determined by the Committee: net income, earnings per share, return on sales, assets or equity investment, cash flow or free cash flow, earnings before or after discontinued operations, interest, taxes, depreciation and/or amortization, operating profit before or after discontinued operations and/or taxes, sales, sales growth, earnings growth, gross margins, stock price, market share, improvement of financial ratings, achievement of balance sheet or income statement objectives, total stockholder return or customer service levels. In addition, customer service target levels will be based on predetermined tests of customer service levels such as scores on blind test ("mystery") shopping, customer comment card statistics, customer relations statistics (i.e., number of customer complaints) and delivery response levels. Such goals may reflect absolute entity or business unit performance or a relative comparison to the performance of a peer group of entities or other external measure of the selected performance criteria and may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated. The Committee may specify that such performance measures shall be adjusted to exclude any one or more of (i) special, one-time or extraordinary items, gains, losses or events, including but not limited to the impact of acquisitions or divestitures, curtailment or settlement gains and losses, debt extinguishment costs, accelerated depreciation or amortization, legal settlements and tax benefits and expenses related to items outside of normal operations, (ii) discontinued operations, (iii) the effects of changes in accounting principles, (iv) the writedown of any asset, (v) fluctuation in foreign currency exchange rates, and (vi) charges for restructuring and rationalization programs. Such performance measures: (x) may vary by Participant and may be different for different Awards; (y) may be particular to a Participant or the department, branch, line of business, subsidiary or other unit in which the Participant works and may cover such period as may be specified by the Committee; and (z) shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Awards that are not intended to qualify as Performance-Based Compensation may be based on these or such other performance measures as the Board may determine.

With respect to Awards that are intended to qualify as performance based compensation, the Committee may adjust downward, but not upward, the number of shares deliverable with respect to such Award, and the Committee may not waive the achievement of the performance conditions with respect to such Award except in the case of the death or disability of the participant or a change in control of the Company.

Dividends; Dividend Equivalents

Any dividends or dividend equivalents paid with respect to Awards will be subject to the same restrictions on transferability and forfeitability as the Award with respect to which paid.

Limitation on Repricing

Without the approval of our stockholders, we may not (except in connection with recapitalizations or reorganization events): (1) amend any outstanding option or SAR granted under the 2014 Plan to provide an exercise or measurement price per share that is lower than the then-current exercise or measurement price per share of such outstanding option or SAR, (2) cancel any outstanding option or SAR (whether or not granted under the 2014 Plan) and grant in substitution therefor new Awards under the 2014 Plan (other than certain substitute awards as described below) covering the same or a different number of shares of Common Stock and having an exercise or measurement price per share lower than the then-current exercise or measurement price per share of the cancelled option or SAR, (3) cancel in exchange for a cash payment any outstanding option or SAR with an exercise or measurement price per share above the then-current fair market value, other than in connection with recapitalizations and the like or reorganization events, or (4) take any other action under the 2014 Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market.

Transferability of Awards

Except as the Board of Directors may otherwise determine or provide in an Award, Awards may not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an incentive stock option, pursuant to a qualified domestic relations order. During the life of the participant, Awards are exercisable only by the participant.

Eligibility to Receive Awards

Employees, officers, directors, consultants and advisors of the Company and its present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors, are eligible to be granted Awards under the 2014 Plan. Under present law, however, incentive stock options may only be granted to employees of the Company and its subsidiaries.

The maximum number of shares with respect to which Awards may be granted to any participant under the 2014 Plan may not exceed 3,450,000 shares per calendar year. For purposes of this limit, the combination of an option in tandem with SAR is treated as a single award. The maximum number of shares of Common Stock with respect to which Awards may be granted as incentive stock options under the 2014 Plan is 10,000,000.

Plan Benefits

As of April 7, 2014, approximately 750 persons were eligible under our equity compensation program to receive Awards under the 2014 Plan, including our 8 executive officers and 10 non-employee directors seeking re-election at the Annual Meeting. The granting of Awards under the 2014 Plan is discretionary, and we cannot now determine the number or type of Awards to be granted in the future to any particular person or group.

On April 7 2014, the last reported sale price of our Common Stock on the NASDAQ Global Select Market was $12.02.

Administration

The 2014 Plan will be administered by our Board of Directors. Our Board of Directors has the authority to grant awards and to adopt, amend and repeal the administrative rules, guidelines and practices relating to the 2014 Plan that it deems advisable and to construe and interpret the provisions of the 2014 Plan and any award agreements entered into under the 2014 Plan. Our Board of Directors may correct any defect, supply any omission or reconcile any inconsistency in the 2014 Plan or any award in the manner and to the extent it deems expedient to carry the 2014 Plan into effect and will be the sole and final judge of such expediency. All decisions by our Board of Directors will be made in the Board of Directors' sole discretion and will be final and binding on all persons having or claiming any interest in the 2014 Plan or in any award. No director or person acting pursuant to the authority delegated by the Board of Directors will be liable for any action or determination made in good faith relating to or under the 2014 Plan.

Pursuant to the terms of the 2014 Plan, our Board of Directors may delegate any or all of its powers under the 2014 Plan to one or more committees or subcommittees of the Board of Directors. Our Board of Directors has authorized our Compensation Committee to administer certain aspects of the 2014 Plan, including the granting of awards to executive officers.

In addition, to the extent permitted by applicable law, our Board of Directors may delegate to one or more of our officers the power to grant awards to our employees or officers, and to exercise such other powers under the 2014 Plan as our Board of Directors may determine. Our Board of Directors will fix the terms of any awards to be granted by such officers (including the exercise price of such awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to awards that the officers may grant. No officer will be authorized to grant awards to any "executive officer" (as defined by Rule 3b-7 under the Exchange Act) or to any "officer" (as defined by Rule 16a-1 under the Exchange Act).

Discretionary awards to non-employee directors may be granted and administered only by a committee, all of the members of which are independent directors as defined by Section 5605(a)(2) of the NASDAQ Rules.

Subject to any applicable limitations contained in the 2014 Plan (including with respect to performance awards), our Board of Directors generally selects the recipients of awards and determines the following with respect to such awards:

- the number of shares of our Common Stock covered by options and the dates upon which the options become exercisable;
- the exercise price of options and measurement price of SARs (neither of which may be less than 100% of the fair market value of our Common Stock on the date of grant);
- the duration of options and SARs (neither of which may exceed ten years); and
- the number of shares of our Common Stock subject to any SAR, award of Restricted Stock, Restricted Stock Units or Other Stock-Based Award and the terms and conditions of such Awards, including conditions for repurchase, issue price, measurement price, repurchase price and vesting.

Each Award under the 2014 Plan may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and our Board of Directors need not treat participants uniformly. Our Board of Directors will determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a participant, and the extent to which, and the period during which, the participant (or the participant's legal representative, conservator, guardian or designated beneficiary) may exercise rights under the Award.

The Board of Directors is required to make appropriate adjustments in connection with the 2014 Plan and any outstanding Awards to reflect stock splits, stock dividends, recapitalizations, spin-offs and other similar changes in capitalization. The 2014 Plan also contains provisions addressing the consequences of any Reorganization Event, which is defined as (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property, or is cancelled or (b) any exchange of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange transaction or (c) any liquidation or dissolution of the Company. In connection with a Reorganization Event, the Board of Directors may take any one or more of the following actions as to all or any outstanding Awards (other than Awards of Restricted Stock) on such terms as the Board of Directors determines:

- provide that Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof),
- upon written notice, provide that all unexercised options or other unexercised Awards will become exercisable in full and will terminate immediately prior to the consummation of such Reorganization Event unless exercised within a specified period following the date of such notice,
- provide that outstanding Awards will become realizable or deliverable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon such Reorganization Event,
- in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "Acquisition Price"), make or provide for a cash payment to an Award holder equal to (A) the Acquisition Price times the number of shares of Common Stock subject to the holder's Awards (to the extent the exercise price does not exceed the Acquisition Price) minus (B) the aggregate exercise price of all the holder's outstanding Awards, in exchange for the termination of such Awards;
- provide that, in connection with a liquidation or dissolution of the Company, Awards will convert into the right to receive liquidation proceeds (if applicable, net of the exercise price thereof); and
- any combination of the foregoing.

The 2014 Plan contains additional, specific provisions related to the treatment of Restricted Stock Units that are subject to Section 409A of the Code in connection with a Reorganization Event.

In connection with a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock will inure to the benefit of the Company's successor and shall, unless the Board of Directors determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

The Board of Directors may at any time provide that any Award will become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

Our Board of Directors may also amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another award of the same or a different type, changing the date of exercise or realization, and converting an incentive stock option to a nonstatutory stock option, subject in each case to the limitations set forth in the 2014 Plan with respect to repricings, performance awards, and actions requiring stockholder approval, provided that such actions will require the approval of the participant, unless our Board of Directors determines that the action, taking into account any related action, does not materially and adversely affect the participant or is otherwise permitted by the 2014 Plan.

Substitute Awards

In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board of Directors may grant Awards in substitution for any awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms, as the Board of Directors deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the 2014 Plan. Substitute Awards will not count against the 2014 Plan's overall share limit, except as may be required by the Code.

Provisions for Foreign Participants

The Board of Directors may establish subplans or procedures under the 2014 Plan to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

Amendment or Termination

No Award may be made under the 2014 Plan after the tenth anniversary of stockholder approval of the 2014 Plan but Awards previously granted may extend beyond that date. The Board of Directors may at any time amend, suspend or terminate the 2014 Plan, provided that no amendment requiring stockholder approval under any applicable legal, regulatory or listing requirement will become effective until such stockholder approval is obtained. No Award will be made that is conditioned upon stockholder approval of any amendment to the 2014 Plan unless the Award provides that (1) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

If our stockholders do not approve the adoption of the 2014 Plan, the 2014 Plan will not go into effect, and we will not grant any Awards under the 2014 Plan. In such event, the Board of Directors will consider whether to adopt alternative arrangements based on its assessment of the needs of our company.

Federal Income Tax Consequences

The following is a summary of the United States federal income tax consequences that generally will arise with respect to Awards granted under the 2014 Plan. This summary is based on the federal tax laws in effect as of the date of this proxy statement. In addition, this summary assumes that all Awards are exempt from, or comply with, the rules under Section 409A of the Code regarding nonqualified deferred compensation. Changes to these laws could alter the tax consequences described below.

Incentive Stock Options

A participant will not have income upon the grant of an incentive stock option. Also, except as described below, a participant will not have income upon exercise of an incentive stock option if the participant has been employed by the Company or its corporate parent or 50% or more-owned corporate subsidiary at all times beginning with the option grant date and ending three months before the date the participant exercises the option. If the participant has not been so employed during that time, then the participant will be taxed as described below under “Non-statutory Stock Options.” The exercise of an incentive stock option may subject the participant to the alternative minimum tax.

A participant will have income upon the sale of the stock acquired under an incentive stock option at a profit (if sales proceeds exceed the exercise price). The type of income will depend on when the participant sells the stock. If a participant sells the stock more than two years after the option was granted and more than one year after the option was exercised, then all of the profit will be long-term capital gain. If a participant sells the stock prior to satisfying these waiting periods, then the participant will have engaged in a disqualifying disposition and a portion of the profit will be ordinary income and a portion may be capital gain. This capital gain will be long-term if the participant has held the stock for more than one year and otherwise will be short-term. If a participant sells the stock at a loss (sales proceeds are less than the exercise price), then the loss will be a capital loss. This capital loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Non-statutory Stock Options

A participant will not have income upon the grant of a non-statutory stock option. A participant will have compensation income upon the exercise of a non-statutory stock option equal to the value of the stock on the day the participant exercised the option less the exercise price. Upon sale of the stock, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the option was exercised. This capital gain or loss will be long-term if the participant has held the stock for more than one year and otherwise will be short-term.

Stock Appreciation Rights

A participant will not have income upon the grant of a stock appreciation right. A participant generally will recognize compensation income upon the exercise of an SAR equal to the amount of the cash and the fair market value of any stock received. Upon the sale of the stock, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the day the SAR was exercised. This capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Restricted Stock

A participant will not have income upon the grant of Restricted Stock unless an election under Section 83(b) of the Code is made within 30 days of the date of grant. If a timely 83(b) election is made, then a participant will have compensation income equal to the value of the stock less the purchase price. When the stock is sold, the participant will have capital gain or loss equal to the difference between the sales proceeds and the value of the stock on the date of grant. If the participant does not make an 83(b) election, then when the stock vests the participant will have compensation income equal to the value of the stock on the vesting date less the purchase price. When the stock is sold, the participant will have capital gain or loss equal to the sales proceeds less the value of the stock on the vesting date. Any capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Restricted Stock Units

A participant will not have income upon the grant of a Restricted Stock Unit. A participant is not permitted to make a Section 83(b) election with respect to a Restricted Stock Unit award. When the Restricted Stock Unit vests, the participant will have income on the vesting date in an amount equal to the fair market value of the stock on the vesting date less the purchase price, if any. When the stock is sold, the participant will have capital gain or loss equal to the sales proceeds less the value of the stock on the vesting date. Any capital gain or loss will be long-term if the participant held the stock for more than one year and otherwise will be short-term.

Other Stock-Based Awards

The tax consequences associated with any Other Stock-Based Award granted under the 2014 Plan will vary depending on the specific terms of such Award. Among the relevant factors are whether or not the Award has a readily ascertainable fair market value, whether or not the Award is subject to forfeiture provisions or restrictions on transfer, the nature of the property to be received by the participant under the Award and the participant's holding period and tax basis for the Award or underlying Common Stock.

Tax Consequences to the Company

There will be no tax consequences to the Company except that we will be entitled to a deduction when a participant has compensation income. Any such deduction will be subject to the limitations of Section 162(m) of the Code.

OUR BOARD RECOMMENDS YOU VOTE "FOR" THE 2014 STOCK INCENTIVE PLAN.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis ("CD&A")

The Compensation Committee (the "Committee") of our Board of Directors (the "Board") consists of independent directors who oversee our executive compensation program, review our compensation strategy and determine all compensation for our executive officers. This section describes the compensation program for our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and three other most highly compensated executive officers for 2013, whom we collectively refer to as our "named executive officers" ("NEOs"). Our NEOs are:

- Ronald L. Sargent, CEO
- Christine T. Komola, Executive Vice President and CFO
- Joseph G. Doody, President North American Commercial (“NAC”)*
- Demos Parneros, President North American Stores & Online (“NAS&O”)
- John Wilson, President Europe

* Effective February 2, 2014, Mr. Doody assumed the role of Vice Chairman.

Executive Summary

Staples is a world-class provider of products and services that serve the needs of business customers of all sizes and consumers through a highly complex, multi-channel business in 25 countries. The company is engaged in a strategic reinvention focused on expanding our product offering in categories beyond office supplies, accelerating growth of online sales, reducing expenses and reshaping existing businesses to improve productivity.

During 2013, the company made solid progress against its reinvention priorities including:

- Expanded our assortment in categories beyond office supplies: Added over 400,000 products to Staples.com
    - Launched vertical product solutions on Staples.com including retail store, restaurant and education supplies
    - Expanded assortment of cleaning and break-room and mobility products in our retail stores
    - Added Apple hardware and accessories to our online and retail assortment in the United States
- Accelerated growth online:
    - Added new e-commerce leadership and talent to our organization
    - Launched refresh of Staples.com
    - Acquired Runa to build ecommerce personalization capabilities
    - Opened a new software development center in Seattle, WA
- Reinvented our contract selling model:
    - Developed and deployed new unified and collaborative Strategic Account Leader selling model
    - Added contract specialists to drive growth in categories beyond office supplies
    - Drove over $150 million of sales growth in categories beyond office supplies in North American Contract
- Streamlined our organization to reduce costs and fund growth investments:
    - Achieved more than $200 million of gross cost savings
    - Eliminated 15% of directors and vice presidents in North America
    - Restructured contract sales force and retail store organization
- Streamlined our European organization to improve productivity:
    - Reduced pan-European headcount by 20% over a two year period
    - Divested non-core Printing Systems business
    - Consolidated pan-European merchandise assortment
    - Launched new web-platform across Europe to drive efficiency and improve customer experience
- Generated operating cash flow of $1.1 billion and invested $371 million in capital expenditures, resulting in free cash flow of $737 million
- Remained committed to returning excess cash to shareholders with share repurchase and cash dividends totaling $618 million
- Reduced total debt outstanding from $2.0 billion at the beginning of 2013 to $1.1 billion at the end of the year

The Committee's compensation decisions in 2013 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. To motivate our executives to execute on the key priorities of the strategic plan, the Committee made changes to our compensation program for fiscal year 2013, including:

- increasing the percentage of compensation that is performance-based or "at risk;"
- re-tooling the goals in our incentive awards to prioritize sales growth in categories beyond office supplies and incorporate a relative TSR performance measure; and
- streamlining the long term incentive program into a single element of performance shares.

These changes are consistent with feedback we received from our stockholders, and are discussed in more detail later in this section.

The primary objective of our compensation program is to align executive pay with long term stockholder value creation. In 2013, we simplified our executive compensation program to include three elements: base salary, annual performance-based cash incentive and long term stock incentive comprised of 100% performance shares that are earned based on company performance over fiscal years 2013-2015.

The company's strategic reinvention is a multi-year plan. The Committee believes that the existing compensation program, including its objectives, construction and associated performance measures continue to align with the goals of our strategic reinvention plan. As a result, there are no design changes to our executive compensation program for fiscal 2014.

2013 Compensation Actions

In March 2013, the Committee explored changes to the compensation program to strengthen its support of the reinvention strategy. The Committee challenged historic design assumptions and evaluated the effectiveness of traditional performance metrics intended to incent and motivate management to execute on the company's reinvention plan and to drive growth in stockholder value. In the course of its review, the Committee considered the complexity of the business, historical regression analysis of relevant performance metrics, input on current market practices from the Committee's independent compensation consultant, the highly competitive environment for talent and prior years' say-on-pay votes. The Committee's overarching objective was to create a stronger link between pay and performance and to simplify our executive compensation program.

As a consequence of its review, the Committee made the following changes to our 2013 executive compensation program:

Objective	Action
Support our growth strategy	• Annual cash bonus plan performance metrics: ○ 50% earnings per share (EPS) ○ 50% sales - 25% total company sales - 25% sales beyond office supplies growth • For purposes of calculating beyond office supplies, "office supplies" is defined as paper, ink, toner and core office products (writing, folders, paperclips, etc.).
Emphasize long term stockholder value creation	• Long term awards are 100% in the form of performance shares • Performance share metrics: ○ 50% return on net asset percentage (RONA%) ○ 50% sales growth • Three year performance period, with goals set annually for each year • Award earned may be increased or decreased by 25% based on the company's cumulative total shareholder return (TSR) over three year performance period relative to the S&P 500
Enhance pay for performance alignment	• Eliminated annual grants of time-based restricted stock awards and stock options
Simplify the program	• Long term incentive program now comprised solely of performance shares (rather than a mix of long term cash incentive, stock options and time-based restricted stock)

Compensation for executives in 2013 reflects these changes to the program. In addition, the Committee granted a one-time 2013-2014 performance-based long term cash award to certain officers of the company, including the NEOs other than Mr. Wilson, in recognition that the three year cumulative RONA goal under the outstanding 2012-2014 long term cash award was highly unlikely to be achieved as the original award no longer represented the company's priorities due to the strategic reinvention plan. The 2013-2014 long term cash award incorporates performance goals that are more reflective of our current strategy. Also, in March 2014, the Committee approved a 2013 Reinvention Cash Award for all bonus-eligible associates, including the NEOs, in an amount equal to 16% of each associate's 2013 target annual cash bonus award. The award was approved in recognition of additional responsibilities and workloads, as well as progress against our strategic plan in 2013. The Committee also recognized the need to address retention of key talent and to continue to motivate associates in light of the fact that we did not pay any bonus under the Executive Officer Incentive Plan or Key Management Bonus Plan in 2013 and 2012.

As a result of the changes to the compensation program in 2013, an average of 84% of total target compensation (excluding the Reinvention Cash Award) for the NEOs was "at risk" based on performance results, and 100% of long term incentive compensation was contingent on results.

Stockholder Feedback and Say-on-Pay Results

The company conducted its fifth annual corporate governance outreach program during the fall of 2013 and solicited input from various shareholders and advisory groups. Shareholders overwhelmingly supported the changes made to our program, which incorporated much of the feedback we had previously received. Shareholders endorsed our say-on-pay advisory proposal at last year's annual meeting with a 98% approval vote.

Review of 2013 Pay for Performance

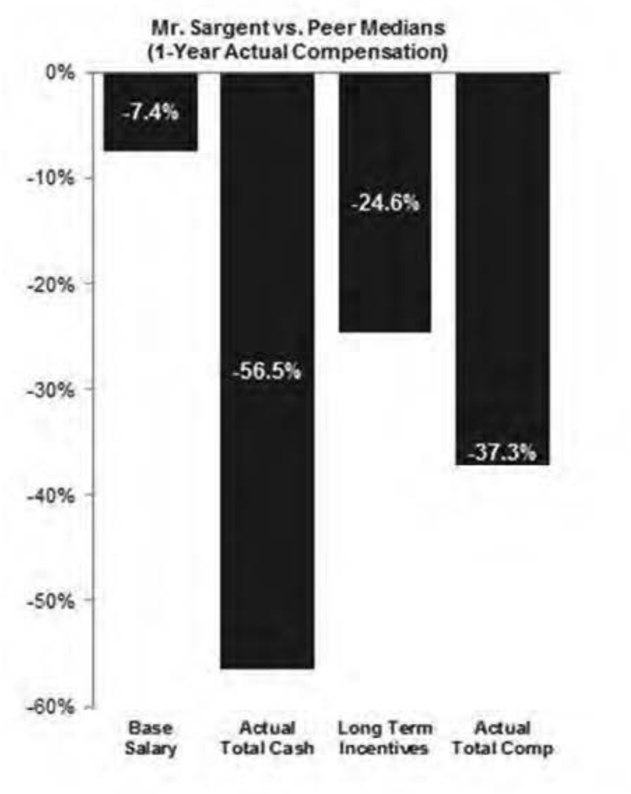
<u>2013 CEO Compensation and Long Term Performance</u>

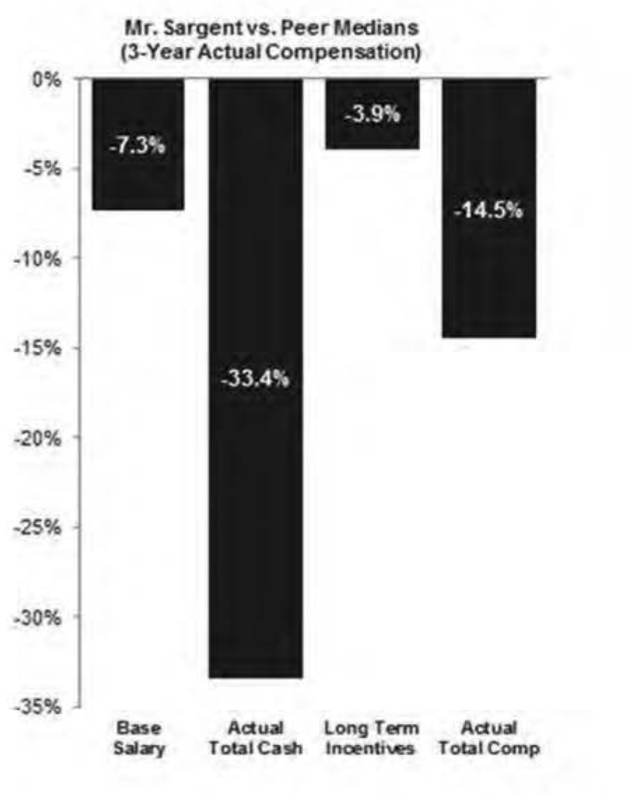
Total CEO compensation for 2013 as reported in our Summary Compensation Table was $10,767,880, including the grant date fair value of the performance shares (76% of total 2013 compensation), which are earned over the fiscal 2013-2015 period and paid only if the performance goals are achieved at the end of the period. In addition, total CEO compensation includes the amounts earned in 2013 under the 2011-2013 long term cash plan and a one-time 2013-2014 long term cash award, as well as the Reinvention Cash Award payment. When comparing 2013 and 2012 total compensation, it should be noted that the rules governing disclosure of performance-based equity (2013 performance share award) require presentation based on grant date fair value of the award, which we present at target, in the Summary Compensation Table and the disclosure rules for performance-based cash awards (2012 long term cash incentive) require presentation based on amounts earned. As a result, the change in pay from 2012 to 2013 reported in the Summary Compensation Table appears to be considerably larger than it really is because the value of the entire 2013 long term incentive award (performance shares only) is included in total compensation, where 2012 compensation is understated because SEC rules direct that a substantial portion be disclosed in future years.

When reviewing our CEO's compensation relative to our peer group benchmarks, the Committee reflected on the company's performance in relation to the compensation Mr. Sargent earned for the corresponding period. The Committee examined the Company's total shareholder return, earnings per share growth, return on invested capital and revenue growth, and compared them to the results generated by our peer companies over the same timeframes. When the Committee performed its review in December 2013, complete fiscal year pay and performance data for the peer group was available only through 2012, so the Committee limited its analysis to the years 2010-2012. In considering the appropriateness of each of our CEO's pay components, the Committee stressed realizable total direct compensation, or "TDC," over the performance period and not the annual TDC reported in our Summary Compensation Table. Realizable total direct compensation includes base salary, annual bonus earned and the current value (as of the end of the performance cycle) of any equity and long term cash awards granted in 2010-2012. Our executive compensation program is designed to promote long term sustained performance, and the Committee believes that realizable TDC is a better reflection of individual earnings than is the TDC in the Summary Compensation Table because realizable TDC incorporates into the measure of equity award value increases and decreases in share price over the performance cycle.

The Committee observed that our CEO's actual compensation received aligned strongly with our proven results over the most recently completed one- and three-year fiscal periods. While our return on invested capital was strong, performance with respect to total shareholder return, earnings per share growth, and revenue growth all rested below median. Mr. Sargent's actual total compensation, meanwhile, also was lower than the median pay for CEOs across our peer group (18^{th} percentile for one-year compensation; 27^{th} percentile for average pay over three years).

The charts below illustrate Mr. Sargent's actual compensation position relative to median pay levels for CEOs across our peer group.





Performance Goals

We set our goals for our incentive programs within the first 90 days of the fiscal year. Target performance goals are generally based on our fiscal year operating plan and outlook for the upcoming year. For example, in March 2013, in connection with our 2012 fourth quarter and year-end earnings press release, we issued guidance for 2013 that we expected EPS in the range of $1.30 to $1.35 and that we expected sales to increase in the low single digits over 2012 sales on a 52 week basis of $23.9 billion. Our 2013 goals for these performance metrics, which would have resulted in 100% payout if achieved, were $1.298 per share and $23.8 billion, respectively.

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

Performance Award	Payout/Achievement
Annual cash bonus awards	• Average 78% achievement of target 2009-2011 • None in 2012 • None in 2013
2011-2013 Long Term Cash Awards (1 year goals over 3 year performance period)	• 41.38% achievement in 2011 • No achievement in 2012 • 14.34% achievement in 2013
2012-2014 Long Term Cash Awards (3 year cumulative)	• Not likely to achieve
2013-2014 Long Term Cash Awards (1 year goals over 2 year performance period)	• 49.74% achievement in 2013
2013-2015 Performance Share Awards (1 year goals over 3 year performance period)	• 49.74% achievement in 2013

Description of Overall Executive Compensation Program

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.*

Best Practices

We historically have implemented compensation best practices. These practices include:

- No employment agreements for NEOs
- No tax gross up payments in future agreements
- Stock ownership guidelines
- Aggressive "clawback" policy
- Predetermined stock grant date
- Double trigger change in control provisions in severance agreements
- Policy prohibiting hedging
- Minimal perks
- Independent compensation consultant hired by the Committee performs no other services for the Company

Some highlights:

Stock Ownership Guidelines. Within five years of becoming a senior executive, our senior executives must attain minimum ownership of Staples common stock equal in value to at least a defined multiple of their salary. **CEO**: 5x Salary **CFO**: 4x Salary **Presidents**: 3x Salary **Other Executive Officers**: 2x Salary	*Recoupment Policy.* Our annual cash bonus plans, long term incentive plans and/or 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*. 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 pre-cleared with the General Counsel.

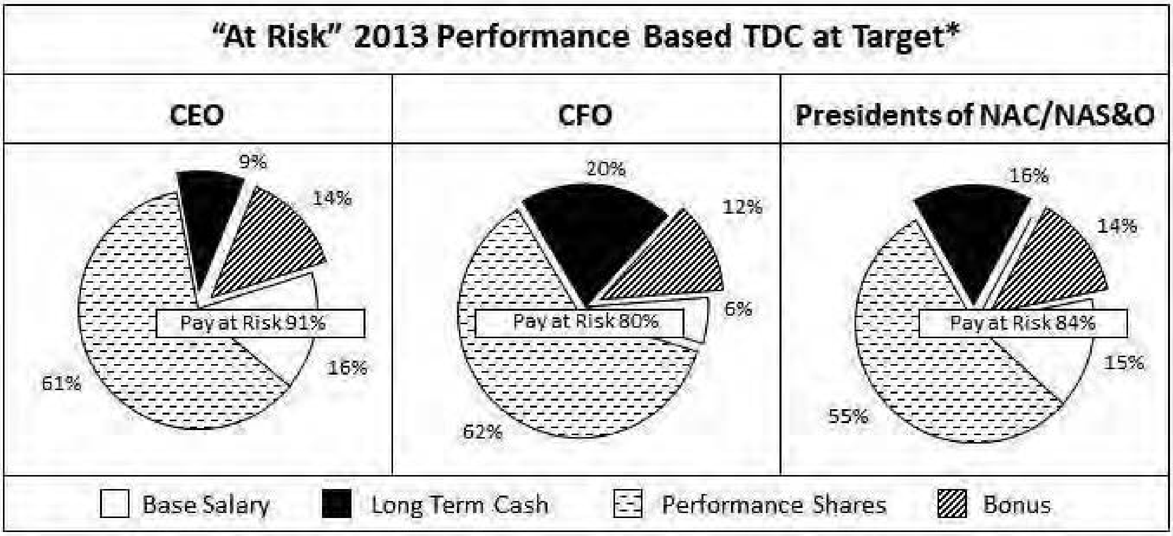
Our significant policies are located in the Corporate Governance section of our website, www.staples.com.

Pay Elements and Pay Mix

The table below summarizes the core elements of our 2013 compensation program for our NEOs.

	Base Salary	+	**Annual Cash 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 Objectives			EPS, total sales and sales beyond office supplies growth		RONA%, sales growth

The chart below shows, with respect to each of our NEOs, the portion of target total compensation that is “at risk” with performance.



* The new performance shares, annual cash bonus awards, and 2013-2014 long term cash award represent "at risk" compensation since minimum levels of performance must be attained in order for any payout to occur.

Base Salary

In March 2013, the CEO recommended a 10% increase in base salary for the Presidents of NAC, NAS&O, and Europe in recognition of (a) low base salaries relative to the market and (b) the increased responsibilities under our reinvention plan (Messrs. Doody and Parneros) and our reorganization efforts and improving performance in Europe (Mr. Wilson). The CEO also recommended a 22% increase to Ms. Komola’s base salary based on her performance since assuming her role in February 2012, a step up in grade level and to calibrate her pay to market peers, as her salary was significantly below the market.

The Committee approved these increases and, after considering his position to market, experience in his role and leadership of the reinvention strategy, also increased the CEO's salary by 5%. Including the increase, the CEO's base salary remains below the median of base salaries for chief executive officers in our peer group. The CEO's base salary is 9% of his annual target TDC. In general, the Committee allocates a greater percentage of the CEO's TDC to performance-based incentives because the CEO is uniquely situated to influence our annual and long term performance.

Annual Cash Bonus Awards

Each of the NEOs was eligible to participate in our Amended and Restated Executive Officer Incentive Plan during our 2013 fiscal year. Target awards for the annual cash bonus incentive are granted as a percentage of base salary. For 2013, the target awards for Mr. Sargent, Ms. Komola and Messrs. Doody, Parneros and Wilson were 150%, 60%, and 85% of base salary, respectively, an increase of 5%, reflecting a decision by the Committee to recognize increased responsibilities of their roles and to bring their total target cash more in line with market practice for similar roles.

In 2012, we guaranteed Mr. Wilson a bonus for 2013 equal to 80% of his base salary, which was a one-time arrangement in connection with attracting and recruiting Mr. Wilson to Staples in 2012 from a private equity firm. He subsequently requested, and the Committee agreed, to reduce his 2013 bonus by $120,240 in light of performance and the expectation that bonuses would not be earned by his team.

The Committee selected three performance objectives for the 2013 annual cash bonus awards: EPS (50%), Total Company Sales (25%) and Sales Beyond Office Supplies Growth (25%). The method of calculation, rationale for selection and target goals are as follows:

- *EPS* - Earnings per share is calculated based on figures reported in our financial statements, adjusted to remove certain non-recurring or non-cash charges. EPS is a funding mechanism for our annual cash incentive program and minimum performance must be attained for any payment to be earned. EPS generally is deemed to be a measure of financial success and its maximization is a prime ingredient in communicating operational health. The target goal was $1.298 per share.
- *Total Company Sales* - Total company sales is based on figures reported in our financial statements. Inclusion of a sales measure motivates and directs associates to drive a central measure of organization growth. The target goal was $23.8 million.
- *Sales Beyond Office Supplies Growth* - Sales beyond office supplies growth is calculated as sales in categories other than office supplies as compared to fiscal 2012 (which included a 53rd week). Sales beyond office supply growth encourages our strategy of expanding our product assortment, accelerating growth online and generally growing sales beyond our core categories. The target goal was $250 million.

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 minimum EPS. The company did not achieve the minimum EPS threshold and, therefore, no bonus was earned or paid under the plan for fiscal 2013 performance.

2013 Reinvention Cash Award

In March 2014, the Committee approved a 2013 Reinvention Cash Award for all bonus-eligible associates, including the NEOs other than Mr. Wilson, in an amount equal to 16% of each associate’s 2013 target annual cash bonus award. In making its decision, the Committee met with its independent compensation consultant and considered the need to recognize additional responsibilities and workloads, and progress against our strategic plan in 2013. The Committee also recognized the need to continue to motivate associates in light of the fact that we did not pay any bonus to associates in 2012 and 2013 under either the Executive Officer Incentive Plan or Key Management Bonus Plan.

Performance Share Awards

Historically, our long term incentive awards were comprised of a mix of long term cash incentive (40%), stock options (30%) and time-based restricted stock (30%). To streamline our executive compensation program and to further emphasize the importance of stockholder value creation, the Committee approved our long term incentive award opportunities solely in the form of performance shares authorized under our Amended and Restated 2004 Stock Incentive Plan.

These long term awards are subject to a three year performance period, with goals set annually for each year of the performance period. The Committee believes that annual goals are more appropriate milestones in measuring progress against our reinvention strategy. In addition, any award that is earned based on performance will be increased or decreased by 25% based on the company's three-year TSR relative to the returns generated by the S&P 500 companies.

The Committee selected RONA% (50%) and Sales Growth (50%) as the 2013 performance objectives because these metrics are linked to the execution of our reinvention strategy and are indicators of stockholder value enhancement. The method of calculation and the fiscal 2013 target goals are as follows:

- *RONA%* - Return on net assets is calculated as net operating profit after taxes (operating profit, add rent expense) as a percentage of net assets (total assets, add interest bearing debt, add net capitalized rent, add implied goodwill). The target goal was 10.89%.

- *Sales Growth* - Sales growth is based on the sales figures reported in our financial statements of 2013 as compared to 2012, which included a 53rd week. The target goal was (1.4%).

The table below sets forth the level of goal achievement for fiscal 2013, along with the target award for the three-year performance period for each NEO.

Named Executive Officer	**3 Year Performance Period Achievement (2013 - 2015)**			**Target Award ($)**		**Target Award (Shares)**
	2013 (RONA% and Sales Growth)	**2014**	**2015**			
Ronald L. Sargent	49.74%	*	*	$	8,225,000	624,526
Christine T. Komola	49.74%	*	*	$	1,549,800	117,677
Joseph G. Doody	49.74%	*	*	$	2,169,100	164,701
Demos Parneros	49.74%	*	*	$	2,169,100	164,701
John Wilson	49.74%	*	*	$	1,518,475	115,299

*Achievement against 2014 goals and 2015 goals will be determined by the Committee in March 2015 and March 2016, respectively.

<u>Long Term Cash Awards</u>

Prior to 2013, our NEOs were granted opportunities to earn long term cash awards under our Amended and Restated Long Term Cash Incentive Plan. In March 2013, the Committee granted a one-time 2013-2014 performance-based long term cash award to certain officers of the company, including the NEOs other than Mr. Wilson, in recognition that the three year cumulative RONA goal under the outstanding 2012-2014 long term cash award was highly unlikely to be achieved as it no longer represented the company's priorities due to the strategic reinvention plan. The 2013-2014 long term cash award incorporates performance goals that are more reflective of our current strategy.

2013-2014 Long Term Cash Award. For the 2013-2014 long term cash award, one half of the target award is applied as a target amount for each of the two fiscal years within the performance cycle and goals are established annually. At the end of the two year period, the Committee will certify results based on performance in each of the two fiscal years, and cash awards will be paid in accordance with goal achievement. The approved 2013 performance metrics, weightings and goals for the 2013-2014 award are the same as the goals (RONA% and sales growth) approved for the 2013-2015 performance shares.

The table below sets forth the level of goal achievement for fiscal 2013, along with the target award for the two-year performance period for each NEO, other than Mr. Wilson.

Named Executive Officer	2 Year Performance Period Achievement (2013 - 2014)		Target Award
	2013 (RONA% and sales growth)	2014 (RONA% and sales growth)	
Ronald L. Sargent	49.74%	*	$2,193,333
Christine T. Komola	49.74%	*	$161,133
Joseph G. Doody	49.74%	*	$578,467
Demos Parneros	49.74%	*	$578,467

*Achievement against 2014 goals will be determined by the Committee in March 2015.

2012-2014 Long Term Cash Award. For the outstanding 2012-2014 long term cash awards, in response to stockholder feedback at the time, the Committee established a cumulative three year RONA $ goal rather than setting annual goals each year over the three year performance period. At the end of the three year period, the Committee will certify results based on performance against the cumulative three year RONA$ goal, and cash awards will be paid in accordance with goal achievement. The table below sets forth the target award for each NEO, other than Mr. Wilson.

Named Executive Officer	Performance Period Achievement (2012 - 2014)	Target Award
	RONA$	
Ronald L. Sargent	*	$3,290,000
Christine T. Komola	*	$241,700
Joseph G. Doody	*	$867,700
Demos Parneros	*	$867,700

*Achievement of three year cumulative goal will be determined by the Committee in March 2015.

2011-2013 Long Term Cash Award. For the 2011-2013 long term cash awards, one third of the target award was applied as a target amount for each of the three fiscal years within the performance cycle and goals were established annually. In March 2014, at the end of the three year period, the Committee certified results based on performance in each of the three fiscal years, and cash awards were paid in accordance with goal achievement. The approved 2013 performance metrics, weighting and goals were the same as those approved for the annual cash bonus plan, except that the annual cash bonus awards were only payable if the minimum EPS threshold was achieved. The table below sets forth the achievement of goals over the 2011-2013 performance period, target award and actual payout for each NEO, as certified in March 2014 by the Committee.

Named Executive Officer	**3 Year Performance Period Achievement (2011 - 2013)**			**Target Award**	**Payout**	**% of Target**
	2011 (EPS, Sales and RONA)	**2012 (EPS, Sales and Operating Income)**	**2013 (EPS, Sales and Sales Outside the Core)**			
Ronald L. Sargent	41.38%	0	14.34%	$2,550,900	$473,787	18.57%
Christine T. Komola	41.38%	0	14.34%	$202,300	$37,643	18.57%
Joseph G. Doody	41.38%	0	14.34%	$682,100	$126,689	18.57%
Demos Parneros	41.38%	0	14.34%	$682,100	$126,689	18.57%

Retirement and Other Benefits

We do not have a defined benefit pension plan in which our NEOs participate. However, our NEOs are eligible to participate in defined contribution retirement income plans. These plans include a standard 401(k) qualified plan and a Supplemental Executive Retirement Plan ("SERP"). Both plans are fully funded by the NEOs and supported by Staples through limited matching contributions. Our NEOs are eligible to participate in our 401(k) qualified plan on the same basis as our other salaried associates; however, their contributions are limited to 2% of eligible compensation. Due to the limitations on our officers' ability to contribute to our 401(k) plan, we maintain the SERP, which is a non-qualified deferred compensation plan intended to provide comparable benefits above the applicable limits of our 401(k) qualified plan. Under the SERP, officers of Staples may defer a total of up to 100% of their base salary, bonus, and long term cash incentive awards and receive matching contributions up to a maximum of 4% of base salary and bonus.

Additionally, the NEOs are eligible to participate in standard health and welfare programs on the same basis as our other salaried associates. These programs include medical, dental, vision, disability, and supplemental life insurance. We also have an Executive Benefits Program consisting of life insurance, long term care insurance, supplemental long term disability, a survivor benefit plan, and an executive physical and registry program. This program was implemented to enhance our retirement and benefit offerings for senior management consistent with competitive practices and to further support our efforts to attract and retain top talent. All senior officers of Staples, including the NEOs, are eligible to participate in this program. For each plan or policy described above that requires payment of periodic premiums or other contributions, we generally pay such premiums or other contributions for the benefit of each NEO.

Expatriate Benefits

As described in the Summary Compensation Table, Mr. Wilson received certain ex-pat benefits in connection with his assignment to the Netherlands in his role as President Europe.

Executive Perquisites

Our executive compensation program is relatively free of perquisites. The Committee views our limited executive perquisites as reasonable and very limited compared to our peer group companies. To reinforce this position, the Committee has in past years adopted formal policies regarding personal use of our leased aircraft and reimbursement for tax planning services for senior officers. 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 2013 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 outside auditors. 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. In March 2011, the Committee adopted a policy that, unless required by law, prohibits Staples from entering into any future 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 Section 280G of the U.S. Internal Revenue Code. Under the terms of Mr. Sargent's long standing severance benefits agreement, we would reimburse Mr. Sargent for any excise tax due under Section 280G 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. Mr. Sargent is the only executive with this benefit.

The Committee's Processes

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 at the beginning of this CD&A.

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 2013 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 2013 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 related matters. During 2013, 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 five Committee meetings during our 2013 fiscal year. Exequity was paid $85,538 for services rendered during 2013. In March 2014, the Committee performed a conflicts of interest assessment with respect to Exequity and no conflict of interest was identified.

Benchmarking

In March 2013, the Committee set compensation for the NEOs based on its December 2012 review of 2009-2011 compensation, its assessment of our 2012 performance, stockholder feedback and results of 2012 Say on Pay advisory vote, and general consideration of the totality of the data, advice, and information provided by management and Exequity.

In December 2013, 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. 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 NASO and President NAC. The Committee's review extended to pay in 2012 and also over the three year period 2010-2012. The Committee then analyzed its findings with respect to pay competitiveness in relation to the Company's performance measured by one year and three year TSR, EPS, revenue growth, and ROIC relative to peer company results.

The principal consultant from Exequity met with the Committee in executive session, without the presence of management to review CEO compensation. The Committee examined an assessment of our CEO's total target compensation relative to peer group standards, pay mix relative to peers, pay relationships between CEOs and other NEOs and actual compensation realized relative to shareholder return, each over one and three years.

Peer Group

The Committee reviews our peer group extensively every three years. The most recent comprehensive review of our peer group was performed in September 2012. The peer group analysis was conducted by the Committee's independent consultant. The current peer group was analyzed using a proprietary model to compare the "fit" of each of the peer group companies to Staples' profile based on industry, company size, market valuation, and performance. The composition of our peer group goes beyond just retailers and business to business competitors. The Committee compared the fit of the peer group companies to the fit of fifteen other potential peer organizations that closely matched the Company's profile. Based on a quantitative and qualitative assessment, the Committee determined not to make any changes to the existing peer group at this time. Consequently, the companies in our peer group remain:

Amazon.com, Inc	Kohl's Corporation	Starbucks Corp.
Best Buy Co., Inc.	Limited Brands, Inc.	Sysco Corporation
Costco Wholesale Corporation	Lowe's Companies, Inc.	Target Corporation
FedEx Corporation	Macy's, Inc.	The TJX Companies, Inc.
Gap Inc.	Office Depot, Inc.	Walgreen Co.
Home Depot, Inc.	OfficeMax Incorporated*	Xerox Corporation
J.C. Penney Company, Inc.	Safeway Inc.	

*Merged with Office Depot in 2013.

Compensation Findings

Based on its review of the data, the Committee's key findings for the 2013 NEOs are summarized in the table below. Our findings for our CEO's benchmarking review are presented earlier in the Executive Summary. The tables below reflects our findings, relative to our peers, of how our CFO and NAC and NAS&O Presidents' base salary, total target cash compensation, and total target compensation compared, over the 2012 period, to total shareholder return, EPS growth, revenue growth, and return on invested capital. Based on compensation changes made in 2013, Ms. Komola’s total compensation now approximates the 25th percentile of the peer group. Mr. Wilson was not included in the analysis since he did not become an executive officer until March 7, 2013.

Percentile vs. Peer Group - One Year				
NEO	**Position**	**Base Salary**	**Total Target Cash**	**Total Target Pay**
Christine Komola	CFO and EVP	4th	4th	1st
Joseph Doody	President NAC	25th	27th	57th
Demos Parneros	President NASO	25th	27th	57th

Performance Metric Percentile vs. Peer Group	
Total Shareholder Return	18th
Revenue Growth	21st
EPS Growth	40th
Return on Invested Capital	65th

Analysis and Conclusions

In December 2013, the Committee reviewed the compensation levels of our NEOs in view of this data and determined that overall compensation was appropriate in view of relative and absolute performance and the significant changes we had made to our 2013 compensation program. The Committee's determination was based primarily on the three year realized TDC for the CEO and the one year analysis of compensation elements for the other NEOs all of which were at or below median. The Committee also considered, in comparison to the peer data of similarly situated executives, the officers' respective roles and responsibilities within the Company. The Committee's key findings were:

- On balance, our three year performance and total cash and realized TDC all were generally aligned and were below the median for the CEO.
- The one year target total compensation for all the other NEOs was at or below the median of the peer group.
- Accordingly, the Committee decided that no further action was required at this time.

Tally Sheets/Termination Scenarios

For our NEOs, the Committee reviews all components of compensation, including salary, bonus, current vested and unvested long term incentive compensation, the current value of owned shares, and cost to us of all perquisites and benefits. In addition, the Committee periodically reviews 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 2013. This information was prepared based on compensation data as of the end of fiscal year 2012 and assumed that the various scenarios occurred at the end of fiscal year 2012. Similar termination scenario information with respect to our 2013 fiscal year is presented under the heading "Potential Payments upon Termination or Change-in-Control." Based on this review and the views of the Committee's independent compensation consultant, the Committee found the total compensation for each of our NEOs under these various scenarios to be reasonable. Many factors were considered, including, but not limited to, the contributions of the executive to Staples, the financial performance of Staples, the marketplace, the particular contemplated scenario and the guidance provided by the 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 Senior 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 2013, he attended three of the five Committee meetings. When discussing compensation matters pertaining to our CEO, the Committee generally meets in executive sessions with its independent compensation consultant without any member of management present.

Administration of Incentive Plans

The Board and the Committee, through delegated powers, have broad discretion in administering the cash and stock incentive plans. This discretion includes the authority to grant awards, determine target awards, and select performance objectives and goals, along with the ability to adopt, amend and repeal such administrative rules, guidelines and practices as deemed advisable. In addition, the Committee has broad discretion to modify awards and determine goal attainment and the payment of awards under each plan. The Committee may determine to what extent, if any, specific items are to be counted in the relevant financial measures for any particular business and whether special one-time or extraordinary gains and/or losses and/or extraordinary events should or should not be included or considered in the calculation of goals. The Committee can decrease but not increase incentive awards.

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.

Related Policies and Considerations

Risk Assessment

In December 2013, the Committee conducted its annual risk assessment of our executive officer compensation programs. The evaluation included an analysis of the appropriateness of our peer group, compensation mix, performance metrics, performance goals and payout curves, payment timing and adjustments, equity incentives, stock ownership guidelines/trading policies, performance appraisal process and leadership/culture. In addition, the Committee reviewed the major compensation plans with regard to risk mitigators attributable to each of the programs. The risk mitigators included the balanced mix of cash and equity incentives, the mix and quality of the performance metrics, the stock ownership guidelines and an aggressive recoupment policy. The Committee also considered and reviewed the executive compensation issues raised by the participants in the Company's corporate governance outreach program and the changes made to the executive compensation program as described earlier in this CD&A. 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.

Tax and Accounting Implications

Under Section 162(m) of the Internal Revenue Code, certain executive compensation in excess of $1 million paid to our CEO and to our three most highly compensated officers (other than the CEO and CFO) whose compensation is required to be disclosed to our stockholders under the Securities Exchange Act of 1934, is not deductible for federal income tax purposes unless the executive compensation is awarded under a performance-based plan approved by stockholders. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Committee has not adopted a policy that all compensation must be deductible. The Committee reviews the impact of Section 162(m) and intends, to the extent practicable, to preserve deductibility under the Internal Revenue Code of compensation paid to our executive officers when consistent with our goal of utilizing compensation programs that attract and retain key executives and align with stockholder interests.

All annual cash bonus awards, except the Reinvention Cash Award, long term cash awards, stock options and performance shares awarded to our NEOs are paid pursuant to plans approved by our stockholders and are potentially deductible by us. Time-based restricted stock does not qualify for the performance-based exception to Section 162(m), but the Committee in prior years has determined that the retention benefit derived from such awards outweighed any potential tax benefit to us.

The compensation that we pay to our NEOs is expensed in our financial statements as required by U.S. generally accepted accounting principles. As one of many factors, the Committee considers the financial statement impact in determining the amount of, and allocation among the elements of, compensation. Stock-based compensation is accounted for as required under FASB ASC Topic 718.

Compensation Committee Report

The Compensation Committee of Staples' Board of Directors 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, Chairperson
Carol Meyrowitz
Raul Vazquez

SUMMARY COMPENSATION TABLE

The following table sets forth, at the end of our 2013 fiscal year, 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 "named executive officers."

Name and Principal Position	Year	Salary ($)	Bonus ($)(2)	Stock Awards ($) (3)(4)	Option Awards ($) (3)(5)	Non-Equity Incentive Plan Compensation ($) (6)	All Other Compensation ($) (7)	Total ($)	
Ronald L. Sargent	2013	1,249,208	299,810	8,225,007	—	667,415	326,440	10,767,880	(1)
Chairman & CEO	2012	1,203,386	—	2,467,504	2,467,502	—	336,212	6,474,604	(1)
	2011	1,174,035	—	2,272,908	3,401,201	1,427,996	584,964	8,861,104	
Christine T. Komola	2013	518,214	49,257	1,549,806	—	61,648	53,641	2,232,566	
CFO(6)	2012	430,000	—	181,208	181,203	—	58,224	850,635	
Joseph G. Doody	2013	653,351	88,856	2,169,112	—	176,469	141,483	3,229,271	
President, NA Commercial	2012	606,708	—	650,705	650,702	—	122,515	2,030,630	
	2011	591,910	—	577,606	909,401	482,312	164,948	2,726,177	
Demos Parneros	2013	653,351	88,856	2,169,112	—	176,469	98,498	3,186,286	
President, NA Stores & Online	2012	606,708	—	650,705	650,702	—	129,674	2,037,789	
	2011	591,910	—	577,606	909,401	458,369	142,909	2,680,195	
John Wilson *President Staples Europe*	2013	653,351	414,160	1,518,488	—	—	76,756	2,662,755	

(1) Due to the change in our 2013 long term incentive program (100% conveyed in performance shares in 2013 versus a mix of stock and cash awards in 2012), the change in total compensation from 2012 to 2013 reported above appears to be considerably larger than it would have been had we not changed the form of awards granted. SEC disclosure rules mandate that the grant date fair value of the 2013 long-term incentive program awards (comprising performance shares only) appear in the table for 2013. In contrast, our long-term incentive program awards in 2012 comprised a mix of stock options, restricted stock and long-term cash awards, and SEC rules required that the actual value of the long-term cash award element be disclosed only in the year the award is earned and paid out, and not in 2012. As a result, the 2012 figures include the grant date fair values of stock options and restricted stock awards but nothing with respect to the long-term cash award opportunities granted in 2012. As discussed further in the CD&A, we believe the change in form of award affects the comparability of reported total compensation by overstating the amount of the year-over-year change and, in evaluating the change, it would be appropriate to consider the target value of the long term cash incentive award for 2012 ($3,290,000 for Mr. Sargent).

(2) Our annual cash bonus awards granted pursuant to our Executive Officer Incentive Plan are included in the Non-Equity Incentive Plan Compensation Plan column to the extent such awards are earned. No annual cash bonus was earned under the plan for fiscal 2013 performance. The amounts shown in the Bonus column represent 2013 Reinvention Cash Award payments, which were approved by the Compensation Committee for all bonus-eligible associates, including the named executive officers other than Mr. Wilson, in an amount equal to 16% of each associate's 2013 target annual cash bonus award. Amounts for Mr. Wilson reflect a guaranteed bonus, which was a one-time arrangement in connection with attracting and recruiting Mr. Wilson to Staples in 2012 from a private equity firm. This amount was equal to 80% of his base salary, which he subsequently requested, and the Committee agreed, to reduce by $120,240 in light of performance and the expectation that bonuses would not be earned by his team. The 2013 Reinvention Cash Award and Mr. Wilson's bonus are discussed in the CD&A section of this proxy statement.

(3) The amounts shown in the Stock Awards and Option Awards columns represent the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, not the actual amounts paid to or realized by the named executive officers during our 2013, 2012 and 2011 fiscal years. An explanation of the vesting of restricted stock, restricted stock unit and option awards, as well as the methodology for payouts under performance share awards, is discussed in the footnotes to the Grants of Plan-Based Awards for 2013 Fiscal Year and Outstanding Equity Awards at 2013 Fiscal Year End tables below.

(4) The stock awards granted in 2013 were in the form of performance shares, which are earned based on achievement over the performance period covering fiscal years 2013 through 2015. The fair value of the performance shares is based on the market price of our common stock on the date of grant and is calculated at the target share payout as of the grant date. The maximum grant date potential values for the 2013-2015 performance share awards for Mr. Sargent, Ms. Komola, Mr. Doody, Mr. Parneros and Mr. Wilson were $16,450,015, $3,099,612, $4,338,224, $4,338,224 and $3,036,976, respectively. In addition, performance shares earned may be increased or decreased by 25% based on the company's cumulative total shareholder return ("TSR") over the three year performance period relative to the S&P 500. In March 2014, the Compensation Committee reviewed the results for 2013 and determined that the year one performance objectives had been achieved at 49.74% of target. Actual share payout will be determined at the end of the performance period based upon certification by the Board of achievement against the performance objectives for the three year period.

(5) The fair value of each stock option award, which were granted in 2012 and 2011, is estimated as of the date of grant using a binomial valuation model. Additional information regarding the assumptions used to estimate the fair value of all stock option awards is included in Note K in the Notes to the Consolidated Financial Statements contained in our Annual Report on Form 10-K for our 2013 fiscal year.

(6) The Non-Equity Incentive Plan Compensation column includes amounts earned based on 2013 performance for (i) year three of the 2011-2013 long term cash award, representing14.34% of the fiscal year 2013 target, for Mr. Sargent, Ms. Komola, Mr. Doody and Mr. Parneros equal to $121,933, $21,574, $32,604 and $32,604, respectively, and (ii) year one of the 2013-2014 supplemental long term cash award, representing 49.74% of fiscal year 2013 target, for Mr. Sargent, Ms. Komola, Mr. Doody and Mr. Parneros equal to $545,482, $40,074, $143,865 and $143,865.

(7) Includes the following items, as applicable for each named executive officer:
- Contributions made on a matching basis pursuant to the terms of our 401(k) plan and Supplemental Executive Retirement Plan ("SERP").
- Dividend equivalents paid on shares of restricted stock granted prior to January 2009.
- Premiums paid under our executive life insurance and long-term disability plans, reimbursement of taxes owed with respect to such premiums, and premiums paid under our long-term care plan. In fiscal year 2013, 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 2013. 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 2013, annual premiums paid under our long-term disability plans for Messrs. Sargent and Parneros were $16,836 and $3,590, respectively.
- Tax preparation services.
- Executive physical and registry program.
- Cash payments described in the All Other Compensation table.

All Other Compensation

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

Name	Year	401(k) ($)	SERP ($)	Dividend Equivalents ($)	Executive Life Insurance ($)	Long-Term Disability ($)	Long-Term Care ($)	Tax Services ($)	Physical ($)	Cash Payments ($) (1)
Ronald L. Sargent	2013	2,550	49,741	—	189,394	33,200	1,555	50,000	—	—
	2012	2,500	76,715	5,037	171,527	28,878	1,555	50,000	—	—
	2011	2,450	111,925	167,813	222,318	28,903	1,555	50,000	—	—
Christine T. Komola	2013	2,550	20,367	—	28,677	—	1,022	1,025	—	—
	2012	2,500	18,760	—	28,264	—	1,022	1,326	2,650	3,702
Joseph G. Doody	2013	2,550	25,903	—	103,484	—	1,796	5,000	2,750	—
	2012	2,500	35,837	1,526	73,206	—	1,796	5,000	2,650	—
	2011	2,450	39,971	5,252	106,850	—	1,796	5,000	3,269	—
Demos Parneros	2013	2,550	25,903	—	56,818	7,021	1,206	5,000	—	—
	2012	2,500	34,879	—	51,458	6,157	1,206	5,000	—	28,474
	2011	2,450	40,999	1,871	85,255	6,128	1,206	5,000	—	—
John Wilson	2013	—	—	—	—	—	3,094	—	—	73,662

(1) The "Cash Payments" column for 2013 includes payments made to or on behalf of Mr. Wilson as a direct result of his expatriate assignment from the US to the Netherlands. 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.

GRANTS OF PLAN-BASED AWARDS FOR 2013 FISCAL YEAR

The following table sets forth summary information regarding grants of plan-based awards made to the named executive officers for our 2013 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 ($)**	**Threshold**	**Target**	**Maximum**	**Grant Date Fair Value of Stock Awards ($)(2)**
Ronald L. Sargent		(3)	234,227	1,873,812	3,747,624				
		(4)	548,334	2,193,334	4,386,668				
	4/1/2013	3/28/2013				156,132	624,526	1,249,052	8,225,007
Christine T. Komola		(3)	38,482	307,857	615,714				
		(4)	40,284	161,134	322,268				
	4/1/2013	3/28/2013				29,419	117,677	235,354	1,549,806
Joseph G. Doody		(3)	69,419	555,348	1,110,697				
		(4)	144,617	578,467	1,156,934				
	4/1/2013	3/28/2013				41,175	164,701	329,402	2,169,112
Demos Parneros		(3)	69,419	555,348	1,110,697				
		(4)	144,617	578,467	1,156,934				
	4/1/2013	3/28/2013				41,175	164,701	329,402	2,169,112
John Wilson		(3)	69,419	555,348	1,110,697				
	4/1/2013	3/28/2013				28,825	115,299	230,598	1,518,488

* Equity awards were granted pursuant to our Amended and Restated 2004 Stock Incentive Plan. Non-equity awards were granted pursuant to our Executive Officer Incentive Plan and our Long Term Cash Incentive Plan.

(1) The only equity awards granted in 2013 were in the form of performance shares, which are earned based on achievement over the performance period covering fiscal years 2013 through 2015. In March 2013, the Compensation Committee established the threshold, target and maximum payout level, as well as the performance objectives for year one of the award. One-third of the target award is applied as a target amount for each of the fiscal years within the performance period. In addition, performance shares earned may be increased or decreased by 25% based on the company's TSR over the three year performance period relative to the S&P 500. In March 2014, the Compensation Committee reviewed the results for 2013 and determined that the year one performance objectives had been achieved at 49.74% of target. Actual share payout will be determined at the end of the performance period based upon certification by the Board of achievement against the performance objectives for the three year period.

(2) The fair value of the performance shares is based on the market price of our common stock on the date of grant, $13.17, and is calculated at the target share payout for the three year performance period as of the grant date.

(3) In March 2013, the Compensation Committee established the performance objectives for our 2013 annual cash bonus awards under the Executive Officer Incentive Plan, as well as the threshold, target and maximum payment levels. The performance objectives were not achieved and no amounts were earned.

(4) In March 2013, the Compensation Committee established the threshold, target and maximum payment levels for the supplemental 2013-2014 long term cash awards under our Long-Term Cash Incentive Plan, as well as the performance objectives for year one of the award. One-half of the target award is applied as a target amount for each of the fiscal years within the performance period. In March 2014, the Compensation Committee reviewed the results for 2013 and determined that the year one performance objectives had been achieved at 49.74% of target. Actual cash payout will be determined at the end of the performance period based upon certification by the Board of achievement against the performance objectives for the two year period.

Vesting Provisions of Plan-Based Awards

2013-2015 Performance Shares. The performance shares granted in 2013 vest based on achievement of performance objectives over the performance period covering fiscal years 2013 through 2015. In addition, the following provisions apply:

- *Termination of Employment by Staples, Retirement or Resignation.* If a named executive officer is terminated other than for "cause" (as defined in the award agreement) or the named executive officer retires or resigns and the age and years of service requirements of our "Rule of 65" (attainment of age 55 plus years of service to Staples is equal to or greater than 65) have been satisfied, then the named executive officer 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 prorata portion based on the days employed by Staples, and (ii) the TSR multiplier. In each case of eligibility for a prorated award, the award 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 named executive officer is terminated for cause.
- *Death or Disability.* In the event of a named executive officer'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 named executive officer were employed on such date.
- *Change-in-Control.* If, in connection with a change-in-control, (a) the named executive officer does not accept employment with the surviving corporation upon the change-in-control or (b) within one year following the change-in-control, the named executive officer's employment is terminated without cause (or the officer resigns for good reason), the named executive officer 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.

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. In addition, the following provisions apply:

- *Termination of Employment by Staples.* The 2010 Special Performance and Retention Share Award agreements provide that, if a named executive officer is terminated by Staples other than for "cause" (as defined in the award agreement) prior to a vesting date, all unvested shares shall vest in full.
- *Termination for "Cause" by Staples*. Unvested shares under the 2010 Special Performance and Retention Awards are forfeited if a named executive officer is terminated for cause.
- *Death or Disability.* All performance shares under the 2010 Special Performance and Retention Awards vest in full upon a named executive officer's death or disability.
- *Change-in-Control.* Under the 2010 Special Performance and Retention Share Award agreements, a change-in-control would result in accelerated vesting of shares if (a) the named executive officer does not accept employment with the surviving corporation upon the change-in-control or (b) within one year following the change-in-control, the named executive officer's employment is terminated without cause (or the officer resigns for good reason).

Restricted Stock and Option Awards. Under certain circumstances, the time-based vesting or payout of restricted stock and stock options, which were granted to named executive officers prior to 2013, may be accelerated or the awards may be forfeited as described below.

- *Retirement or Resignation.* If a named executive officer retires or resigns and (i) the age of 65 has been attained, then all stock options and restricted stock awards vest or (ii) the age and years of service requirements of our "Rule of 65" (attainment of age 55 plus years of service to Staples is equal to or greater than 65) have been satisfied, then all stock option awards vest in full.
- *Termination of Employment by Staples.* All unvested restricted stock and stock options are forfeited if a named executive officer is terminated by Staples, regardless of whether such termination was for cause.
- *Death or Disability.* All restricted stock and stock options vest in full upon a named executive officer's death or disability.
- *Change-in-Control.* Under our standard form of non-qualified stock option agreement, a change-in-control would result in a partial vesting acceleration of outstanding options and a termination without cause (or resignation for good reason) within one year after a change-in-control would result in acceleration of vesting of all remaining options. Under our standard form of restricted stock award agreement, a change-in-control would result in acceleration of vesting of all outstanding restricted shares if (1) the change-in-control results in a named executive officer not being offered employment by the surviving corporation under certain conditions or (2) within one year following the change-in-control, the named executive officer's employment is terminated without cause (or the officer resigns for good reason).

Cash Awards. Payments of annual cash bonus awards under the Executive Officer Incentive Plan and long term cash awards under the Long Term Cash Incentive Plan are determined based on achievement of performance goals and continued service to Staples. In addition, the following provisions apply:

- *Retirement or Resignation.* If a named executive officer terminates his employment before the end of a performance period and if the named executive officer 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 named executive officer is eligible for (i) a prorated annual cash bonus award based on the number of days the named executive officer was employed during the plan year; and (ii) a prorated long term cash award based on the number of days employed during the performance cycle. For long term cash awards granted prior to fiscal 2013, a named executive officer that terminates employment before the end of the performance cycle that has not met the requirements of the Rule of 65 is eligible for a prorated long term cash award based on completed years in the performance cycle. In each case of eligibility for a prorated award, the award will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the applicable performance period.
- *Termination of Employment by Staples.* If a named executive officer is terminated by Staples other than for "cause" (as defined in the Long Term Cash Incentive Plan), the named executive officer is eligible for a prorated long term cash award based on the number of days employed during the performance cycle. Prorated awards will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the performance cycle.
- *Termination for "Cause" by Staples.* All annual cash bonus awards and long term cash awards are forfeited if a named executive officer is terminated for cause.
- *Death.* Upon a named executive officer's death before the end of a performance period, annual cash bonus awards and long term cash awards will be paid out at 100% of the target award, regardless of the amount that would have been earned based upon achievement of the performance goals.
- *Disability.* If a named executive officer's employment is terminated due to disability before the end of any performance period, then the named executive officer is eligible for (i) a prorated annual cash bonus award based on the number of days the named executive officer was employed during the plan year; and (ii) a prorated long term cash award based on the number of days employed during the performance cycle. In each case of eligibility for a prorated award, such prorated award will only be paid out if the Compensation Committee certifies achievement of the objectives and the payouts at the end of the performance period.
- *Change-in-Control.* A change-in-control would entitle a named executive officer at the end of the performance cycle to a long term cash award payment equal to the greater of 100% of the target award or the amount earned based on actual achievement of the performance objectives if (1) the named executive officer does not accept employment by the surviving corporation upon the change-in-control or (2) within one year following the change-in-control, the named executive officer's employment is terminated without cause (or the officer resigns for good reason).

OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR END

The following table sets forth summary information regarding the outstanding equity awards held by each of the named executive officers as of the end of our 2013 fiscal year.

		Option Awards				Stock Awards			
Name	Grant Date/ Performance Share Period	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price ($)	Option Expiration Date (2)	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested ($) (4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
Ronald L. Sargent	2/3/2013 - 2/1/2014 (6)							624,526	8,218,762
	7/2/2012	206,017	618,051	13.03	7/2/2022	189,371	2,492,122		
	7/1/2011	431,506	431,506	15.93	7/1/2021	71,341	938,848		
	1/31/2010 - 2/2/13 (7)					94,594	1,244,857		
	7/1/2010	484,187	161,396	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				
	6/30/2005	525,000		21.29	6/30/2015				
	7/1/2004	525,000		19.12	7/1/2014				
Christine T. Komola	2/3/2013 - 2/1/2014 (6)							117,677	1,548,629
	7/2/2012	15,129	45,387	13.03	7/2/2022	13,907	183,016		
	7/1/2011	19,703	19,703	15.93	7/1/2021	3,171	41,730		
	7/1/2010	22,108	7,370	19.27	7/1/2020				
	7/1/2009	29,653		20.12	7/1/2019				
	7/1/2008	18,736		24.30	7/1/2018				
	7/2/2007	17,300		24.42	7/2/2017				
	7/3/2006	14,075		24.50	7/3/2016				
	6/30/2005	18,000		21.29	6/30/2015				
	7/1/2004	18,000		19.12	7/1/2014				

		Option Awards				Stock Awards			
Name	Grant Date/ Performance Share Period	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price ($)	Option Expiration Date (2)	Number of Shares or Units of Stock That Have Not Vested (#) (3)	Market Value of Shares or Units of Stock That Have Not Vested ($) (4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (4)
Joseph G. Doody	2/3/2013 - 2/1/2014 (6)							164,701	2,167,465
	7/2/2012	54,328	162,986	13.03	7/2/2022	49,939	657,197		
	7/1/2011	115,374	115,375	15.93	7/1/2021	18,130	238,591		
	1/31/2010 - 2/2/2013 (7)					20,180	265,569		
	7/1/2010	129,460	43,154	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				
	6/30/2005	75,000		21.29	6/30/2015				
	7/1/2004	75,000		19.12	7/1/2014				
Demos Parneros	2/3/2013 - 2/1/2014 (6)							164,701	2,167,465
	7/2/2012	54,328	162,986	13.03	7/2/2022	49,939	657,197		
	7/1/2011	115,374	115,375	15.93	7/1/2021	18,130	238,591		
	1/31/2010 - 2/2/2013 (7)					20,180	265,569		
	7/1/2010	129,460	43,154	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				
	6/30/2005	75,000		21.29	6/30/2015				
	7/1/2004	75,000		19.12	7/1/2014				
John Wilson	2/3/2013 - 2/1/2014 (6)							115,299	1,517,335
	12/5/2012					100,862	1,327,344		
	10/1/2012	106,703	320,109	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 "Accelerated Vesting of Awards" following the Grants of Plan-Based Awards for 2013 Fiscal Year table above.
(2) The expiration date for stock options is typically the tenth anniversary of the date of grant.
(3) Unless otherwise indicated, restricted stock vests 50% on the second anniversary of the date of grant and 50% on the third anniversary of the date of grant. The vesting of restricted stock awards is accelerated in the circumstances described under the caption "Accelerated Vesting of Awards" following the Grants of Plan-Based Awards for 2013 Fiscal Year table above.
(4) Based on the fair market value of our common stock on February 1, 2014 ($13.16 per share).
(5) The shares in the Equity Incentive Plan Awards column represent performance share awards based on target share payout as of the grant date.

(6) Performance shares vest based on achievement of performance objectives over the performance period covering fiscal years 2013 through 2015. One-third of the target award is applied as a target amount for each of the fiscal years within the performance period. In March 2014, the Compensation Committee reviewed the results for 2013 and determined that the year one performance objectives had been achieved at 49.74% of target. Actual share payout will be determined at the end of the performance period based upon certification by the Board of achievement against the performance objectives for the three year period
(7) Performance shares were paid out in March 2013 based on achievement of the performance objectives for fiscal years 2010 through 2012. Awarded shares vested 33% immediately, an additional 33% vest in March 2014 and the remaining 34% vest in March 2015.

OPTION EXERCISES AND STOCK VESTED DURING 2013 FISCAL YEAR

The following table summarizes the option exercises and vesting of stock awards for each of the named executive officers during our 2013 fiscal year:

	Option Awards		Stock Awards	
Name of Executive Officer	**Number of Shares Acquired on Exercise (#)**	**Value Realized Upon Exercise ($) (1)**	**Number of Shares Acquired Upon Vesting (#)**	**Value Realized on Vesting ($) (2)**
Ronald L. Sargent	525,000	1,132,166	221,555	3,288,334
Christine T. Komola	18,000	36,900	11,857	177,470
Joseph G. Doody	—	—	54,957	817,573
Demos Parneros	75,000	234,000	54,957	817,573
John Wilson	—	—	—	—

(1) Represents the difference between the exercise price and the fair market value of our common stock on the date of exercise.
(2) Represents the fair market value of the stock award on the date of vesting.

NON-QUALIFIED DEFERRED COMPENSATION FOR 2013 FISCAL YEAR

The following table sets forth summary information with respect to each of the named executive officers regarding contributions to our Supplemental Executive Retirement Plan ("SERP") for our 2013 fiscal year:

Name	Executive Contributions in Last FY ($)	Company Contributions in Last FY ($) *	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Ronald L. Sargent	224,738	49,741	348,067	—	5,814,556
Christine T. Komola	84,287	20,367	115,894	—	790,697
Joseph G. Doody	326,338	25,903	161,670	—	6,263,937
Demos Parneros	54,463	25,903	154,608	—	1,206,597
John Wilson	—	—	—	—	—

* These contribution amounts are included in the All Other Compensation column of the Summary Compensation Table included in this proxy statement.

Our SERP is a non-qualified deferred compensation plan which is generally intended to provide comparable benefits above the applicable limits of our 401(k) qualified plan. Our SERP provides participants with a range of well diversified investment options similar to our 401(k) plan. Eligible executives, including the named executive officers, may contribute up to 100% of their base salary and annual cash bonus and will receive matching contributions in cash equal to 100% of each dollar saved, up to a maximum of 4% of base salary and bonus. The matching contributions generally vest 20% per year during the first five years of service based on hours worked during a calendar year. After five years of service, participants are generally fully vested in all matching contributions. All of our named executive officers, other than Mr. Wilson, are fully vested in their SERP balances. Benefits generally are paid to the participant in accordance with a predefined distribution schedule based on the requirements of

Section 409A under the Internal Revenue Code. Executives may also contribute a portion of their Long Term Cash Incentive Plan payments; however, they will not receive matching contributions from us.

Potential Payments Upon Termination or Change-in-Control

The tables below show the estimated incremental value transfer to each current named executive officer under various scenarios relating to a termination of employment. The tables below and the discussion that follows assume that such termination occurred on February 1, 2014. 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 2013 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 (1)	
Ronald L. Sargent								
Cash Severance Payment	$ —	$ —	$ 3,209,929	$ 3,209,929	$ 4,814,894	$ —	$ —	
Value of Accelerated Vesting of Incentive Compensation	$ 80,347	$ —	$ 4,756,174	$ 80,347	$ 17,361,603	$ 20,087	$ 17,361,603	
Continuation of Benefits	$ 14,550	$ 14,550	$ 782,455	$ 782,455	$ 1,174,711	$ —	$ 1,195,838	
Survivor Death Benefit Payout	$ —	$ —	$ —	$ —	$ —	$ —	$ 8,213,400	(2)
Excise and 409A Tax (Grossed-up)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	(3)
Total	**$ 94,897**	**$ 14,550**	**$ 8,748,558**	**$ 4,072,731**	**$ 23,351,208**	**$ 20,087**	**$ 26,770,841**	

	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(1)	
Christine T. Komola								
Cash Severance Payment	$ —	$ —	$ 565,564	$ 565,564	$ 848,346	$ —	$ —	
Value of Accelerated Vesting of Incentive Compensation	$ —	$ —	$ —	$ —	$ 2,101,537	$ —	$ 2,101,537	
Continuation of Benefits	$ —	$ —	$ 57,353	$ 57,353	$ 86,030	$ —	$ —	
Survivor Death Benefit Payout	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,995,000	(2)
Total	**$ —**	**$ —**	**$ 622,917**	**$ 622,917**	**$ 3,035,913**	**$ —**	**$ 4,096,537**	
Joseph G. Doody								
Cash Severance Payment	$ —	$ —	$ 795,666	$ 795,666	$ 1,193,499	$ —	$ —	
Value of Accelerated Vesting of Incentive Compensation	$ 21,188	$ —	$ 286,757	$ 21,188	$ 4,506,944	$ 5,297	$ 4,506,944	
Continuation of Benefits	$ 9,142	$ 9,142	$ 112,855	$ 112,855	$ 169,541	$ —	$ —	
Survivor Death Benefit Payout	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,039,400	(2)
Total	**$ 30,330**	**$ 9,142**	**$ 1,195,278**	**$ 929,709**	**$ 5,869,984**	**$ 5,297**	**$ 7,546,344**	
Demos Parneros								
Cash Severance Payment	$ —	$ —	$ 787,685	$ 787,685	$ 1,181,527	$ —	$ —	
Value of Accelerated Vesting of Incentive Compensation	$ —	$ —	$ 265,567	$ —	$ 4,506,944	$ —	$ 4,506,944	
Continuation of Benefits	$ —	$ —	$ 125,514	$ 125,514	$ 188,599	$ —	$ —	
Survivor Death Benefit Payout	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,039,400	(2)
Total	**$ —**	**$ —**	**$ 1,178,766**	**$ 913,199**	**$ 5,877,070**	**$ —**	**$ 7,546,344**	
John Wilson								
Cash Severance Payment	$ —	$ —	$ 940,969	$ —	$ 1,411,453	$ —	$ —	
Value of Accelerated Vesting of Incentive Compensation	$ —	$ —	$ —	$ —	$ 3,340,848	$ —	$ 3,340,848	
Continuation of Benefits	$ —	$ —	$ 20,009	$ —	$ 30,565	$ —	$ —	
Survivor Death Benefit Payout	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,735,460	(2)
Total	**$ —**	**$ —**	**$ 960,978**	**$ —**	**$ 4,782,866**	**$ —**	**$ 6,076,308**	

(1) Value of Accelerated Vesting of Incentive Compensation in the case of death or disability includes the payout at death for the Long Term Cash Incentive Plan since the death benefit is higher than the disability benefit. All other values are the same for death or disability.
(2) Includes 1 year Executive Officer Incentive Plan payout at target in addition to any Survivor Death Benefit Payout.
(3) Under the terms of Mr. Sargent's long standing severance benefits agreement, we would reimburse Mr. Sargent for any excise tax due under Section 280G 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. Based on the estimated amounts as of year end, no excise tax would be due. Mr. Sargent is the only executive with this benefit and, in March 2011, the Committee adopted a policy that, unless required by law, prohibits Staples from entering into any future 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 Section 280G.

* Payouts subject to 409A regulations.

See below for additional explanation of the terms of these payments and our assumptions calculating them. In addition, please see the CD&A section of this proxy statement.

Retirement or Resignation

The "Retirement or Resignation" column includes:

- *Value of Accelerated Vesting of Incentive Compensation.* For Messrs. Sargent and Doody, who have met the age and service requirement under our Rule of 65 (as described under the caption "Accelerated Vesting of Awards following the Grants of Plan Based Awards for 2013 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 named executive officers 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 named executive officer 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 named executive officer 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 and restricted stock as of fiscal year end. For Mr. Doody, who has met the age and service requirement under our Rule of 65, the amount includes the instrinsic value of all unvested stock options as of fiscal year end. For all named executive officers other than Mr. Wilson and Ms. Komola, amounts in the Termination without Cause column also include the actual value of all unvested 2010 Special Performance and Retention Shares.

- *Continuation of Benefits*. The continuation of benefits represents health and dental insurance coverage for the severance period, as well as executive life insurance. For Messrs. Sargent and Doody, amounts also include the provision of long-term care coverage beginning at age 65 under a group long-term care insurance plan. The amounts listed are estimates based on the current policies in place after applying a reasonable benefit cost trend.

Termination Following Change-in-Control

Under our severance benefits agreements with the named executive officers, if we terminate the named executive officer's employment without cause or the named executive officer resigns for good reason within two years following a change-in-control of Staples, the named executive officer 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 named executive officers, 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 stockholders approve a merger with another entity in which our stockholders fail to own more than 75% of the combined voting power of the surviving entity.

The "Termination Following Change-in-Control" column includes:

Cash Severance Payments. For Mr. Sargent, amounts represent the continuation of salary and bonus for 36 months and for Ms. Komola and Messrs. Doody, Parneros and Wilson, amounts represent the continuation of salary and bonus for 18 months.

• *Value of Accelerated Vesting of Incentive Compensation.* For all named executive officers, amounts represent the target value of the 2013-2015 performance share awards. For all named executive officers, other than Mr. Wilson, amounts also include (i) the instrinsic value of all unvested stock options, restricted stock and, other than Ms. Komola, 2010 Special Performance and Retention Share Awards, each as of fiscal year end, (ii) with respect to the 2013-2014 long term cash awards, the target value of the award attributable to the 2014 plan year and (iii) with respect to the 2012-2014 long term cash award, the target value of the award for the three year performance period.

• *Continuation of Benefits*. The continuation of benefits represents health and dental insurance coverage for the severance period, as well as executive life insurance. For Messrs. Sargent and Doody, amounts also include the provision of long-term care coverage beginning at age 65 under a group long-term care insurance plan. The amounts listed are estimates based on the current policies in place after applying a reasonable benefit cost trend.

Change-in-Control Only

The "Change-in-Control Only" column includes:

• *Value of Accelerated Vesting of Incentive Compensation.* For all named executive officers 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 named executive officers, amounts represent the target value of the 2013-2015 performance share awards, minus amounts earned for the 2013 fiscal year. In addition, for all named executive officers, other than Mr. Wilson, amounts include (i) the intrinsic value of all unvested stock options, the actual value of all restricted stock and, other than Ms. Komola, 2010 Special Performance and Retention Share Awards, each as of fiscal year end, (ii) with respect to the 2013-2014 long term cash awards, the target value of the award attributable to the 2014 plan year and (iii) with respect to the 2012-2014 long term cash award, the target value of the award for the three year performance period (for disability, the named executive officer is eligible for a prorated award based on number of days employed during the performance cycle).

• *Survivor Death Benefit Payout*. For all named executive officers, 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 named executive officers pay the premiums. Payouts under these policies would be $2,004,000, $2,004,000, and $1,575,000 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 named executive officer'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 named executive officer 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 named executive officer'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 Non-Competition and Non-Solicitation Agreement and a Confidentiality Agreement that cover 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 2013 FISCAL YEAR END

Plan category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b) (1)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c) (2)	
Equity compensation plans approved by security holders(3)	44,214,624	$ 20.35	13,322,209	(4)
Equity compensation plans not approved by security holders (5)	124	$ 18.16	—	
Total	44,214,624	$ 19.82	13,322,209	

(1) Weighted-average exercise price calculation excludes outstanding performance share awards and restricted stock units, which do not have an exercise price.
(2) Does not include up to a maximum of approximately 74,405 additional shares that may become available for issuance under the 2004 Plan through the expiration, termination, surrendering, cancellation, forfeiture or settlement of awards granted under the Amended and Restated 1992 Equity Incentive Plan (the "1992 Plan"), as provided in the 2004 Plan. One-half of the total number of shares of common stock covered by the 2004 Plan (including any shares that may become available through the 1992 Plan, as described above) may be granted in the form of restricted stock or other stock-based awards other than options or stock appreciation rights.
(3) Issued pursuant to our Amended and Restated 1990 Director Stock Option Plan, the 1992 Plan and our 2004 Plan. We continue to grant equity awards only under the 2004 Plan, which will terminate on June 17, 2014 or at the Annual Meeting if shareholders approve the 2014 Stock Incentive Plan . Includes a number of shares estimated as of our 2013 fiscal year end issuable under performance share awards and restricted stock units described in the CD&A section of this proxy statement.
(4) Includes 11,872,154 shares available for issuance under the 2004 Plan as well as 6,750,088 shares available for issuance under our 2012 Employee Stock Purchase Plan (the "ESPP") of which 1,368,326 shares will be issuable in connection with the current ESPP offering period that ends June 30, 2013, assuming that our associates enroll to the same extent they did during the offering period that ended on December 31, 2013 and based on a fair market value of $15.59 per share for our common stock on January 2, 2014 (the first business day of the current offering period). In the event the fair market value of our common stock is less than $15.59 per share on June 30, 2013, we will issue additional shares for the current offering period.
(5) As of February 1, 2014, there was one holder of options under the 1997 United Kingdom Company Share Option Plan. As of April 7, 2014, there were no outstanding options, warrants or rights under equity compensation plans not approved by security holders.

Compensation Committee Interlocks and Insider Participation

During our 2013 fiscal year, Ms. Meyrowitz, Mr. Nakasone, Mr. Vazquez and Mr. Walsh served on the Compensation Committee and were independent directors during such service. None of our executive officers has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served on our Compensation Committee or our Board of Directors.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely on our review of copies of reports filed during fiscal year 2013 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.

APPROVAL, ON AN ADVISORY BASIS, OF NAMED EXECUTIVE OFFICER COMPENSATION

(Item 3 on the Proxy Card)

Our Board recognizes that it is appropriate to seek on an annual basis the views of stockholders on Staples' executive compensation program. Our stockholders 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 stockholder value creation. The "Executive Compensation" section of this proxy statement, including the "Compensation Discussion and Analysis" discussion, describes in detail our executive compensation programs and the decisions made by the Compensation Committee with respect to the 2013 fiscal year ended February 1, 2014.

The Committee's compensation decisions in 2013 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. To motivate our executives to execute on the key priorities of the strategic plan, the Compensation Committee made changes to our compensation program for fiscal year 2013, including:

- increasing the percentage of compensation that is performance-based or "at risk;"
- re-tooling the goals in our incentive awards to prioritize sales growth in categories beyond office supplies and incorporate a relative TSR performance measure; and
- streamlining the long term incentive program into a single element of performance shares.

Objective	Action
Support our growth strategy	• Annual cash bonus plan performance metrics: ○ 50% earnings per share (EPS) ○ 50% sales - 25% total company sales - 25% sales beyond office supplies growth • For purposes of calculating beyond office supplies, "office supplies" is defined as paper, ink, toner and core office products (writing, folders, paperclips, etc.).
Emphasize long term stockholder value creation	• Long term awards are 100% in the form of performance shares • Performance share metrics: ○ 50% return on net asset percentage (RONA%) ○ 50% sales growth • Three year performance period, with goals set annually for each year • Award earned may be increased or decreased by 25% based on the company's cumulative total shareholder return (TSR) over three year performance period relative to the S&P 500
Enhance pay for performance alignment	• Eliminated annual grants of time-based restricted stock awards and stock options
Simplify the program	• Long term incentive program now comprised solely of performance shares (rather than a mix of long term cash incentive, stock options and time-based restricted stock)

The company conducted its fifth annual corporate governance outreach program during the fall of 2013 and solicited input from various shareholders and advisory groups. Shareholders overwhelmingly supported the changes made to our program, which incorporated much of the feedback we had previously received. Shareholders endorsed our say-on-pay advisory proposal at last year's annual meeting with a 98% approval vote.

Compensation for executives in 2013 reflects these changes to the program. In addition, the Compensation Committee granted a one - time 2013-2014 performance-based long term cash award to certain officers of the company, including the NEOs other than Mr. Wilson, in recognition that the 3 year cumulative RONA goal under the outstanding 2012-2014 long term cash award was highly unlikely to be achieved as the original award no longer represented the company's priorities due to the strategic reinvention plan. The 2013-2014 long term cash award incorporates performance goals that are more reflective of our current strategy. Also, in March 2014, in recognition of service, additional responsibilities and workloads, and progress against the Company's strategic plan in 2013, the Committee approved a 2013 Reinvention Cash Award for all bonus-eligible associates of the Company, including the NEOs.

As a result of the changes to the compensation program in 2013, an average of 84% of total target compensation (excluding the Reinvention Cash Award) for the NEOs is "at risk" based on performance results, and 100% of long term incentive compensation is contingent on results.

Our Board is asking stockholders to approve, on an advisory basis, Staples' named executive officer compensation by approving the following resolution:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement is hereby APPROVED."

As an advisory vote, this proposal is not binding upon Staples. The Compensation Committee considers the results of the voting in making future compensation decisions for our named executive officers.

OUR BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF OUR NAMED EXECUTIVE OFFICER COMPENSATION.

RATIFICATION OF SELECTION OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

(Item 4 on the Proxy Card)

The Audit Committee is directly responsible for appointing, compensating, overseeing, evaluating and, when necessary, terminating our independent registered public accounting firm, and our independent registered public accounting firm reports directly to the Audit Committee. The Audit Committee of our Board has appointed the firm of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year. Ernst & Young LLP has served as our independent auditor since our inception. The Audit Committee evaluates the performance of our independent auditors, including the senior audit engagement team, each year and determines whether to reengage the current independent auditors or consider other audit firms. The members of the Audit Committee and the Board believe that the continued retention of Ernst &Young LLP to serve as our independent auditor is in the best interests of our stockholders.

Although stockholder 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 stockholders 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 stockholders.

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 3, 2013, a copy of which is available in the Corporate Governance section of our Investor Information webpage at *www.staples.com*. The members of the Audit Committee are independent Directors, as defined by its charter and the rules of the Rule 10A-3 of the Securities Exchange Act of 1934 and the applicable rules of the NASDAQ Global Select Market.

The Audit Committee provides independent, objective oversight of Staples' financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the preparation, presentation and integrity of Staples' consolidated financial statements and for maintaining an adequate system of disclosure controls and procedures and maintaining effective internal control over financial reporting for that purpose. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited consolidated financial statements, and related schedules, for the 2013 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 February 1, 2014, 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 February 1, 2014 for filing with the Securities and Exchange Commission.

Audit Committee:

Robert Sulentic, Chair
Basil L. Anderson
Justin King
Elizabeth A. Smith

Independent Registered Public Accounting Firm's Fees

Audit Fees

Ernst & Young LLP billed us an aggregate of approximately \$8.2 million and \$9.1 million in fiscal years 2013 and 2012, 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 \$320,000 and \$222,000 in fiscal years 2013 and 2012, respectively, for services related to assistance with internal control reporting, other reports required to satisfy regulatory requirements and employee benefit plan audits.

Tax Fees

Ernst & Young LLP billed us an aggregate of approximately $1.9 million and $1.8 million in fiscal years 2013 and 2012, respectively, for services related to tax compliance, tax planning and tax advice. For fiscal years 2013 and 2012, approximately $150,000 and $150,000, respectively, of these fees was related to tax compliance.

All Other Fees

We did not receive any other services from Ernst & Young LLP; therefore, they did not bill us in fiscal years 2013 and 2012 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 2013 and 2012 were approved in accordance with these policies.

STOCKHOLDER PROPOSALS

We have been advised that the following non-binding stockholder proposals will be presented at the 2014 Annual Meeting. The proposals will be voted on if the respective proponent, or a qualified representative, is present at the 2014 Annual Meeting and submits the proposal for a vote. Our respective statements in opposition follow each stockholder proposal.

FOR THE REASONS SET FORTH BELOW IN OUR BOARD'S STATEMENTS IN OPPOSITION, OUR BOARD OF DIRECTORS RECOMMENDS A VOTE <u>AGAINST</u> THE STOCKHOLDER PROPOSALS.

The text of the stockholder proposals and supporting statements appear below as received by us, and we assume no responsibility for their content or accuracy.

STOCKHOLDER PROPOSAL REQUIRING COMPANY TO HAVE AN INDEPENDENT BOARD CHAIRMAN

(Item 5 on the Proxy Card)

The following stockholder proposal was submitted by John R. Chevedden, 2215 Nelson Avenue, No. 205, Redondo Beach, California 90278, beneficial owner of at least 300 shares of our common stock (as of December 18, 2013).

Proposal 5 - Independent Board Chairman

RESOLVED: Shareholders request that our Board of Directors adopt a policy, and amend other governing documents as necessary to reflect this policy, to require the Chair of our Board of Directors to be an independent member of our Board. This independence requirement shall apply prospectively so as not to violate any contractual obligation at the time this resolution is adopted. Compliance with this policy is waived if no independent director is available and willing to serve as Chair. The policy should also specify how to select a new independent chairman if a current chairman ceases to be independent between annual shareholder meetings.

When our CEO is our board chairman, this arrangement can hinder our board's ability to monitor our CEO's performance. Many companies already have an independent Chairman. An independent Chairman is the prevailing practice in the United Kingdom and many international markets. This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix.

This topic is particularly important for Staples because we had long-tenured directors on our board, which is supposed to serve a checks and balances role in regard to our Chairman/CEO Ronald Sargent. Long tenure of 10 to 15-years detracts from the independent oversight role of a director. Yet Staples had 4 directors who each had 16 to 27-years long tenure. Plus 2 of these directors served on our executive pay committee, Paul Walsh (23-years) and Robert Nakasone (27-years). Basil Anderson (16-

years) was an inside-related director who was on our audit committee. Paul Walsh (23-years) and Robert Nakasone (27-years) were both on our executive pay committee. Rowland Moriarty (27-years) was on our Nomination committee. Plus Basil Anderson and Rowland Moriarty were potentially over-burdened with director duties at 4 companies each.

This proposal should also be more favorably evaluated due to our Company's clearly improvable corporate governance performance as reported in 2013:

GMI Ratings, an independent investment research firm, was concerned with our executive pay which provided $10 million for Ronald Sargent. Staples did not disclose specific performance objectives for Mr. Sargent. Our CEO's equity pay did not reflect our company's share price movement. Staples can give long-term incentive pay to Mr. Sargent for below-median performance. Unvested equity pay would not lapse upon CEO termination. There were no links between Staples executive incentive pay policies and the effective management of its social and environmental impacts.

GMI said other limits on shareholder rights included:

- Our board's unilateral ability to amend our bylaws without shareholder approval
- Lack of fair price provisions to help insure that all shareholders are treated fairly
- Limits on the right of shareholders to convene a special or emergency shareholder meeting
- The absence of cumulative voting rights

Returning to the core topic of this proposal from the context of our clearly improvable corporate governance, please vote to protect shareholder value:

Independent Board Chairman - Proposal 5

BOARD'S STATEMENT IN OPPOSITION

The Board unanimously recommends that you vote **AGAINST** this proposal for the following reasons:

- Our Board is structured to provide proper and effective oversight of management.
- There is no established consensus that separating the roles of Chairman and CEO enhances returns for stockholders.
- It is not in the best interests of Staples or its stockholders to adopt an arbitrary policy mandating an Independent Chairman all the time.

Our Board is structured to provide proper and effective oversight of management. 92% of our Board is independent based on NASDAQ listing standards and our Corporate Governance Guidelines (the "Guidelines"). Our directors are engaged, knowledgeable, prepared and assertive. Each director is elected annually by the stockholders and since 2007, we have added seven new directors, including one new director in each of 2012 and 2013. These new directors, who include three women, one Hispanic, and one Asian, have strengthened our Board's diversity of skills and perspectives. Each year the Board reviews its leadership structure and evaluates whether or not the roles of Chairman and CEO should be combined or whether there should be an independent Chairman. In the event there is a combined Chairman and CEO, then the Board chooses an independent Lead Director to carry out the duties and responsibilities that are clearly delineated in the Guidelines, posted on our website, www.staples.com. Our Lead Director provides important oversight and leadership and in 2013 our Board further strengthened the role. The duties of the Lead Director, among many others, include the following:

- Presiding at all meetings at which the Chairman is not present, including executive sessions of the independent directors;
- Serving as a liaison between the Chairman and the independent directors;
- Approving agendas, schedules and information before they are sent to the Board;
- Having the authority to call meetings of the independent directors; and
- Ensuring availability for consultation and direct communication, if requested by a major stockholder.

The Lead Director also meets with the other independent directors, generally after each Board meeting to discuss succession planning, the CEO's performance, business strategy and other topics. The Lead Director and our Board committees have the authority to retain independent advisors and consultants. All of these governance features are designed to provide the Board with a structure to effectively monitor and oversee management, including the CEO's performance.

There is no established consensus that separating the roles of Chairman and CEO enhances returns for stockholders. The duties and the responsibilities of an independent Lead Director include many of the same duties and responsibilities of an independent Chairman. We know of no studies that conclusively prove that splitting the roles of Chairman and CEO provides a better return for investors. If there is an effective lead director in place, there is no need to separate the roles of Chairman and CEO according to an article published in the New York Law Journal, January 26, 2012, "Corporate Governance Update: Analyzing Aspects of Board Composition." Contrary to the proponent's view, most public companies in the U.S. do not have an Independent Chairman. An imported, "one size fits all" approach to board leadership in the U.S. may not be appropriate due to the differences in regulatory oversight of public companies and capital markets of the United Kingdom and other international markets. During our fall 2013 outreach program, many of our larger institutional investors told us that they believed it was best for the Board to retain its flexibility in choosing the leadership structure that is best for Staples.

It is not in the best interests of Staples or its stockholders to adopt an arbitrary policy mandating an Independent Chairman all the time. Stockholders are best served if the Board retains flexibility to decide what leadership structure works best for the Board and the Company based on the facts and circumstances existing from time to time. Our Guidelines provide for our Board to modify its leadership structure. From 2002 to 2005, when the roles of Chairman and CEO were held by different people, the company performed very well just as it did when the roles were combined prior to and after the period of the split.

Every year the Board carefully assesses and considers, based on a number of factors, how it should structure its Board leadership. For this year, the Board believes our CEO should serve as Chairman of the Board because he is the director most familiar with the Company's day-to-day operations. The combined role of Chairman and CEO allows for a single, clear focus for command to execute Staples' strategic initiatives and business plans. It is particularly important this year as Staples undergoes its strategic reinvention focused on expanding product offerings in categories beyond office supplies, accelerating growth of online sales, reducing expenses and reshaping existing businesses to improve productivity. It would not be in the best interests of our stockholders to remove the Board's flexibility and replace it with an arbitrary policy and possibly jeopardizing the success of Staples' strategic reinvention efforts. The Board believes that it should be permitted to continue to use its business judgment to decide the best person to function as Chairman of the Board, considering, among other things, the composition of the Board and the unique issues facing the Company.

OUR BOARD RECOMMENDS THAT YOU VOTE <u>AGAINST</u> THIS PROPOSAL.

STOCKHOLDER PROPOSAL REQUIRING COMPANY TO PRODUCE A HUMAN RIGHTS REPORT

(Item 6 on the Proxy Card)

The following stockholder proposal was submitted by the AFL-CIO Reserve Fund, 815 Sixteenth Street, N.W., Washington, D.C. 20006, beneficial owner of at least 492 shares of our common stock (as of December 20, 2013).

RESOLVED, that shareholders of Staples, Inc. ("Staples") urge the Board of Directors to report to shareholders, at a reasonable cost and omitting proprietary information, on Staples' process for identifying and analyzing potential and actual human rights risks of Staples' operations and supply chain (referred to herein as the "assessment") addressing the following:

- Human rights principles used to frame the assessment;
- Frequency of the assessment;
- Methodology used by the assessment to track and measure performance;
- Nature and extent of consultation with relevant stakeholders in connection with the assessment; and
- How the results of the assessment are incorporated into company policies and decision making.

The report should be made available to shareholders on Staples' website within six months of Staples' 2014 Annual Meeting of Shareholders.

Supporting Statement

As long-term shareholders, we favor policies and practices protecting and enhancing the value of our investments. There is increasing recognition that company risks related to human rights violations, such as litigation, reputational damage, production delays and disruptions, can adversely affect shareholder value. Investors need full disclosure of such risks to be able to take them into account when making investment decisions.

Staples, like many other companies, has adopted a code of conduct addressing human rights issues. ("Supplier Code of Conduct," available at http://www.staples.com/sbd/cre/marketing/staples_soul/documents/staples-supplier-code-of-conduct.pdf).

But adoption of principles is only the first step. Companies must also assess the risks to shareholder value posed by human rights practices in their operations and supply chain in order to effectively translate principles into protective practices.

The importance of human rights risk assessment is reflected in the United Nations Guiding Principles on Business and Human Rights (the "UN Guiding Principles") approved by the UN Human Rights Council in 2011. The UN Guiding Principles urge that "business enterprises should carry out human rights due diligence... assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed." (http://www.business-humanrights.org/media/documents/ruggie/ruggie-guiding-principles-21-mar-2011.pdf).

Staples, like many companies publishes a report on environmental, social and governance issues pursuant to the standards of the Global Reporting Initiative, but it fails to report any information under the section entitled, "Labor/management relations." "Staples, Inc. GRI Content Index," available at (http://www.staples.com/sbd/cre/marketing/staples_soul/documents/staples-inc-gri-index-application-level-b.pdf).

We urge shareholders to vote for this proposal.

BOARD'S STATEMENT IN OPPOSITION

The Board unanimously recommends that you vote **AGAINST** this proposal for the following reasons:

- We already have robust policies and practices that assess human rights risks in our operations and supply chain.
- We already provide significant disclosure regarding human rights and other sustainability issues.
- Costs and resources to create an additional, separate report on human rights risks would be burdensome and would not provide significant benefit to stockholders.

We already have robust policies and practices that assess human rights risks in our operations and supply chain. We address human rights risks through a number of existing programs including those listed below:

- Supplier Risk - We have a Supplier Code of Conduct which mitigates human rights risk by specifically covering our policies on forced labor, child labor, harassment and abuse, nondiscrimination, health and safety, freedom of association and collective bargaining, wages and benefits, hours of work/compensation, ethical and environmental standards. We require suppliers that produce our private label products to adhere to our Supplier Code of Conduct. We also require that our Supplier Code of Conduct is published in the local language and prominently displayed in the factories where our products are manufactured. If a supplier fails to meet our requirements, we take appropriate action to address the problem, which may include developing a Corrective Action Plan, conducting follow-up audits or termination. We conduct social accountability audits using a reputable third-party provider for our suppliers in emerging markets, such as China, Indonesia, India and others. In 2013, we conducted 238 social accountability audits of our suppliers in emerging markets. In addition to conducting social accountability audits, we also have a team of associates in China overseeing the screening, monitoring and auditing of our suppliers. These associates have been specifically trained to promote and assess supplier compliance with our Code of Conduct. The team also rotates product categories and factories, from time to time, to avoid conflicts of interest and enhance independence. We already provide information of our oversight program of our Supplier Code of Conduct at http://www.staples.com/sbd/cre/marketing/about_us/ethical-sourcing.html.
- Operational Risk - Our Code of Ethics provides our associates with the global business conduct standards on how we ethically conduct business. The Code of Ethics provides guidance governing behavior in the workplace that applies to our operations and includes compliance with wage and hour laws and prevention of discrimination and harassment. The Code of Ethics also provides a variety of resources for employees to report concerns or violations. We also have various compliance policies and programs for applicable labor laws and regulations and provide specialized training addressing worker safety, OSHA, and a number of other human rights risks in our operations.
- Enterprise Risk - The Board of Directors is responsible for reviewing and approving our risk management strategy and framework. As described in more detail in the section of this proxy statement entitled “Risk Oversight by the Board of Directors,” we have an internal process to identify, review, assess and manage risks of all facets of our company, including human rights risks in our operations and supply chain. Once the major risks facing the company are identified, steps are taken to address, monitor and control exposure to such risks. The Board receives quarterly ethics and compliance reports. The most significant risks are publicly disclosed through our SEC filings.

We already provide significant disclosure regarding human rights and other sustainability issues. Staples has implemented sustainability and human rights policies and practices to protect and enhance long-term investment, as evidenced by the company being recognized in 2014 as the only North American retailer in the Global 100 Sustainability Index and being selected as a component of the Dow Jones Sustainability Index each year over the last decade. We have provided significant disclosure regarding human rights through our SEC filings, our website and various external reports. For example, on our website we have extensive information regarding the number and nature of inspections and audits we conducted at our supplier sites. We also provide an overview of the audits conducted and the corrective action processes.

Costs and resources to create an additional, separate report on human rights would be burdensome and would not provide significant benefit to stockholders. Staples has always endeavored to conduct business responsibly and ethically and already has established programs and processes to address human rights risks. Creating a new program dedicated to assessing and reporting those human rights risks in our operations and for our suppliers within 6 months of the annual meeting could be costly and burdensome. Diverting resources to create such a program would not provide a significant benefit to stockholders, particularly when the company is currently focused on executing against its reinvention strategy to better compete in the marketplace.

OUR BOARD RECOMMENDS THAT YOU VOTE AGAINST THIS PROPOSAL.

STAPLES, INC.

2014 STOCK INCENTIVE PLAN

1. Purpose

The purpose of this 2014 Stock Incentive Plan (the "***Plan***") of Staples, Inc., a Delaware corporation (the "***Company***"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "***Company***" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "***Code***") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "***Board***").

2. Eligibility

All of the Company's employees, officers and directors, as well as consultants and advisors to the Company (as the terms consultants and advisors are defined and interpreted for purposes of Form S-8 under the Securities Act of 1933, as amended (the "***Securities Act***"), or any successor form) are eligible to be granted Awards (as defined below) under the Plan. Each person who is granted an Award under the Plan is deemed a "***Participant***." The Plan provides for the following types of awards, each of which is referred to as an "***Award***": Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), RSUs (as defined in Section 7) and Other Stock-Based Awards (as defined in Section 8). Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award. All actions and decisions by the Board with respect to the Plan and any Awards shall be made in the Board's discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "***Committee***"). All references in the Plan to the "***Board***" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. To the extent permitted by applicable law, the Board may delegate to one or more officers of the Company the power to grant Options and other Awards that constitute rights under Delaware law (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, *provided* that the Board shall fix the terms of such Awards to be granted by such officers (including the exercise price of such Awards, which may include a formula by which the exercise price will be determined) and the maximum number of shares subject to such Awards that the officers may grant; *provided further*, however, that no officer shall be authorized to grant such Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) or to any "officer" of the Company (as defined by Rule 16a-1 under the Exchange Act). The Board may not delegate authority under this Section 3(c) to grant Restricted Stock, unless Delaware law then permits such delegation.

(d) Awards to Non-Employee Directors. Awards to non-employee directors will be granted and administered by a Committee, all of the members of which are independent directors as defined by Section 5605(a)(2) of the NASDAQ Marketplace Rules.

4. Stock Available for Awards

(a) Number of Shares; Share Counting.

(1) Authorized Number of Shares. Subject to adjustment under Section 10, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options (as defined in Section 5(b)) for up to such number of shares of common stock $.0006 par value per share, of the Company (the "***Common Stock***"), as is equal to the sum of:

(A) 15,000,000 shares of Common Stock; and

(B) such number of shares of Common Stock as is equal to the sum of (x) the number of shares of Common Stock reserved for issuance under the Company's Amended and Restated 2004 Stock Incentive Plan (the "***Existing Plan***") that remain available for grant under the Existing Plan as of the date of the Company's 2014 Annual Meeting of Stockholders and (y) the number of shares of Common Stock subject to awards granted under the Existing Plan which awards expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by the Company at their original issuance price pursuant to a contractual repurchase right (subject, however, in the case of Incentive Stock Options, to any limitations under the Code).

Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(2) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan under this Section 4(a) and under the sublimits contained in Section 4(b)(2):

(A) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan and against the sublimits referenced in the first clause of this Section 4(a)(2); *provided, however*, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "***Tandem SAR***"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(B) if any Award (i) expires or is terminated, surrendered or cancelled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards; *provided, however*, that (1) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (2) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan and against the sublimits referenced in the first clause of this Section 4(a)(2) shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (3) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such Tandem SAR;

(C) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy minimum statutory tax withholding obligations with respect to Options and SARs (including shares retained from the Option or SAR creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards. For the avoidance of doubt, shares of Common Stock delivered to the Company by a Participant to satisfy minimum statutory withholding obligations in respect of Awards other than Options and SARs granted under this Plan or an Existing Plan (including shares retained from the Award (other than an Option or SAR) granted under this Plan or an Existing Plan creating the tax obligation) shall be added back to the number of shares available for the future grant of Awards; and

(D) shares of Common Stock repurchased by the Company on the open market using the proceeds from the exercise of an Award shall not increase the number of shares available for future grant of Awards.

(b) Sublimits. Subject to adjustment under Section 10, the following sublimits on the number of shares subject to Awards shall apply:

(1) Section 162(m) Per-Participant Limit. The maximum number of shares of Common Stock with respect to which Awards may be granted to any Participant under the Plan shall be 3,450,000 per calendar year. For purposes of the

foregoing limit, the combination of an Option in tandem with an SAR shall be treated as a single Award. The per-Participant limit described in this Section 4(b)(1) shall be construed and applied consistently with Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder ("***Section 162(m)***").

(2) Limit on Awards to Non-Employee Directors. The maximum number of shares with respect to which Awards may be granted to directors who are not employees of the Company at the time of grant shall be 2,000,000 and the maximum number of shares with respect to which Awards may be granted in any calendar year to any director who is not an employee of the Company shall be 150,000.

(c) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a)(1) or any sublimits contained in the Plan, except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "***Option***") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable.

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "***Incentive Stock Option***") shall only be granted to employees of Staples, Inc., any of Staples, Inc.'s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The maximum number of shares of Common Stock with respect to which Awards may be granted as Incentive Stock Options under the Plan shall be 10,000,000. An Option that is not intended to be an Incentive Stock Option shall be designated a "***Nonstatutory Stock Option***." The Company shall have no liability to a Participant, or any other person, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or if the Company converts an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option or the formula by which such exercise price will be determined. The exercise price shall be specified in the applicable Option agreement. The exercise price shall be not less than 100% of the fair market value per share of Common Stock as determined by (or in a manner approved by) the Board ("***Fair Market Value***") on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the Fair Market Value on such future date.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Option agreement; *provided, however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Board, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Board, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their Fair Market Value, provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Nonstatutory Stock Option agreement or approved by the Board, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the Fair Market Value on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Board, by payment of such other lawful consideration as the Board may determine; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 10): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market ("***NASDAQ***").

(h) No Reload Options. No Option granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional Options in connection with any exercise of the original Option.

(i) No Dividend Equivalents. No Option shall provide for the payment or accrual of dividend equivalents.

6. Stock Appreciation Rights

(a) General. The Board may grant Awards consisting of stock appreciation rights ("***SARs***") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Board) determined by reference to appreciation, from and after the date of grant, in the Fair Market Value of a share of Common Stock over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Board shall establish the measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Fair Market Value on the date the SAR is granted; *provided* that if the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided, however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Board.

(e) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 10): (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding SAR (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(c)) covering the same or a different number of shares of Common Stock and having an exercise or measurement price per share lower than the then-current measurement price per share of the cancelled SAR, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current Fair Market Value, or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ.

7. Restricted Stock; RSUs

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("***Restricted Stock***"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("***RSUs***").

(b) Terms and Conditions for Restricted Stock and RSUs. The Board shall determine the terms and conditions of Restricted Stock and RSUs, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Unless otherwise provided in the applicable Award agreement, any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("***Unvested Dividends***") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Unvested Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock. No interest will be paid on Unvested Dividends.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "***Designated Beneficiary***" means (i) the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to RSUs.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each RSU, the Participant shall be entitled to receive from the Company the number of shares of Common Stock specified in the Award agreement or (if so provided in the applicable Award agreement) an amount of cash equal to the Fair Market Value of such number of shares. The Board may provide that settlement of RSUs shall be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A of the Code.

(2) Voting Rights. A Participant shall have no voting rights with respect to any RSUs.

(3) Dividend Equivalents. The Award agreement for RSUs may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("***Dividend Equivalents***"). Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and shall be subject to the same restrictions on transfer and forfeitability as the RSUs with respect to which paid, in each case to the extent provided in the Award agreement. No interest will be paid on Dividend Equivalents.

8. Other Stock-Based Awards

(a) General. The Board may grant other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property ("***Other Stock-Based Awards***"). Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award, including any purchase price applicable thereto.

(c) Dividend Equivalents. The Award agreement for Other Stock-Based Awards may provide Participants with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and shall be subject to the same restrictions on transfer and forfeitability as the Other Stock-Based Awards with respect to which paid, in each case to the extent provided in the Award agreement. No interest will be paid on Dividend Equivalents.

9. Performance Awards.

(a) Grants. Restricted Stock, RSUs and Other Stock-Based Awards under the Plan may be made subject to the achievement of performance goals pursuant to this Section 9 ("***Performance Awards***").

(b) Committee. Grants of Performance Awards to any Covered Employee (as defined below) intended to qualify as "performance-based compensation" under Section 162(m) ("***Performance-Based Compensation***") shall be made only by a Committee (or a subcommittee of a Committee) comprised solely of two or more directors eligible to serve on a committee making Awards qualifying as "performance-based compensation" under Section 162(m). In the case of such Awards granted to Covered Employees, references to the Board or to a Committee shall be treated as referring to such Committee (or subcommittee). "***Covered Employee***" shall mean any person who is, or whom the Committee, in its discretion, determines may be, a "covered employee" under Section 162(m)(3) of the Code.

(c) Performance Measures. For any Award that is intended to qualify as Performance-Based Compensation, the Committee shall specify that the degree of granting, vesting and/or payout shall be subject to the achievement of one or more objective performance measures established by the Committee, which shall be based on the relative or absolute attainment of specified levels of one or any combination of the following, which may be determined pursuant to generally accepted accounting principles ("***GAAP***") or on a non-GAAP basis, as determined by the Committee: net income, earnings per share, return on sales, assets or equity investment, cash flow or free cash flow, earnings before or after discontinued operations, interest, taxes, depreciation and/or amortization, operating profit before or after discontinued operations and/or taxes, sales, sales growth, earnings growth, gross margins, stock price, market share, improvement of financial ratings, achievement of balance sheet or income statement objectives, total stockholder return or customer service levels. In addition, customer service target levels will be based on predetermined tests of customer service levels such as scores on blind test ("mystery") shopping, customer comment card statistics, customer relations statistics (i.e., number of customer complaints) and delivery response levels. Such goals may reflect absolute entity or business unit performance or a relative comparison to the performance of a peer group of entities or other external measure of the selected performance criteria and may be absolute in their terms or measured against or in relationship to other companies comparably, similarly or otherwise situated. The Committee may specify that such performance measures shall be adjusted to exclude any one or more of (i) special, one-time or extraordinary items, gains, losses or events, including but not limited to the impact of acquisitions or divestitures, curtailment or settlement gains and losses, debt extinguishment costs, accelerated depreciation or amortization, legal settlements and tax benefits and expenses related to items outside of normal operations, (ii) discontinued operations, (iii) the effects of changes in accounting principles, (iv) the writedown of any asset, (v) fluctuation in foreign currency exchange rates, and (vi) charges for restructuring and rationalization programs. Such performance measures: (x) may vary by Participant and may be different for different Awards; (y) may be particular to a Participant or the department, branch, line of business, subsidiary or other unit in which the Participant works and may cover such period as may be specified by the Committee; and (z) shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Awards that are not intended to qualify as Performance-Based Compensation may be based on these or such other performance measures as the Board may determine.

(d) Adjustments. Notwithstanding any provision of the Plan, with respect to any Performance Award that is intended to qualify as Performance-Based Compensation, the Committee may adjust downwards, but not upwards, the cash or number of shares payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance measures except in the case of the death or disability of the Participant or a change in control of the Company.

(e) Other. The Committee shall have the power to impose such other restrictions on Performance Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for Performance-Based Compensation.

10. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan, (ii) the share counting rules and sublimits set forth in Sections 4(a) and 4(b), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding award of

Restricted Stock and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding RSU and each Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization Events.

(1) Definition. A "***Reorganization Event***" shall mean: (a) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled, (b) any transfer or disposition of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction or (c) any liquidation or dissolution of the Company.

(2) Consequences of a Reorganization Event on Awards Other than Restricted Stock.

(A) In connection with a Reorganization Event, the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (i) provide that such Awards shall be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (ii) upon written notice to a Participant, provide that all of the Participant's unexercised and/or unvested Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (iii) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (iv) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "***Acquisition Price***"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (A) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (B) the excess, if any, of (I) the Acquisition Price over (II) the exercise, measurement or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, (v) provide that, in connection with a liquidation or dissolution of the Company, Awards shall convert into the right to receive liquidation proceeds (if applicable, net of the exercise, measurement or purchase price thereof and any applicable tax withholdings) and (vi) any combination of the foregoing. In taking any of the actions permitted under this Section 10(b)(2), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(B) Notwithstanding the terms of Section 10(b)(2)(A), in the case of outstanding RSUs that are subject to Section 409A of the Code: (i) if the applicable RSU agreement provides that the RSUs shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 10(b)(2)(A)(i) and the RSUs shall instead be settled in accordance with the terms of the applicable RSU agreement; and (ii) the Board may only undertake the actions set forth in clauses (iii), (iv) or (v) of Section 10(b)(2)(A) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and such action is permitted or required by Section 409A of the Code; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A of the Code, and the acquiring or succeeding corporation does not assume or substitute the RSUs pursuant to clause (i) of Section 10(b)(2)(A), then the unvested RSUs shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(C) For purposes of Section 10(b)(2)(A)(i), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the

Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(3) Consequences of a Reorganization Event on Restricted Stock. Upon the occurrence of a Reorganization Event other than a liquidation or dissolution of the Company, the repurchase and other rights of the Company with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock; *provided*, *however*, that the Board may either provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment, or provide for forfeiture of such Restricted Stock if issued at no cost. Upon the occurrence of a Reorganization Event involving the liquidation or dissolution of the Company, except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, all restrictions and conditions on all Restricted Stock then outstanding shall automatically be deemed terminated or satisfied.

11. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by a Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided, however*, that, except with respect to Awards subject to Section 409A, the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 11(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Termination of Status. The Board shall determine the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights, or receive any benefits, under an Award.

(d) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may elect to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase price, unless the Company determines otherwise. If provided for in an Award or approved by the Board, a Participant may satisfy the minimum statutory tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; *provided, however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income). Shares used to satisfy minimum statutory tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(e) Amendment of Award. The Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 10.

(f) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(g) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in whole or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

12. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be issued with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "***Effective Date***"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until the Company's stockholders approve such amendment in the manner required by Section 162(m); (ii) no amendment that would require stockholder approval under the rules of the NASDAQ may be made effective unless and until the Company's stockholders approve such amendment; and (iii) if the NASDAQ amends its corporate governance rules so that such rules no longer require stockholder approval of material amendments to equity compensation plans, then, from and after the effective date of such amendment to the NASDAQ rules, no amendment to the Plan (A) materially increasing the number of shares authorized under the Plan (other than pursuant to Section 4(c) or 10), (B) expanding the types of Awards that may be granted under the Plan, or (C) materially expanding the class of participants eligible to participate in the Plan shall be effective unless and until the Company's stockholders approve such amendment. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 12(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Award provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A of the Code. Except as provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "***New Payment Date***"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

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: **February 1, 2014**	Commission File Number: **0-17586**

STAPLES, INC.

(Exact name of registrant as specified in its charter)

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

508-253-5000

(Registrant's telephone number, including area code)

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

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

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

None

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

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

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

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

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

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

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

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

The aggregate market value of common stock held by non-affiliates of the registrant, based on the last sale price of Staples' common stock on August 3, 2013, as reported by NASDAQ, was approximately $11.1 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 650,720,496 shares of common stock, par value $0.0006, outstanding as of March 4, 2014.

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 2014 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 consumers, and we currently serve businesses of all sizes and consumers in North America, Europe, Australia, South America and Asia. Our delivery businesses account for a majority of our sales and many of our delivery customers place their orders online, making Staples one of the largest internet resellers in the world. We operate three business segments: North American Stores & Online, North American Commercial and International Operations. Additional information regarding our operating segments is presented in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Annual Report on Form 10-K, and financial information regarding these segments is provided in Note P - Segment Reporting in the Notes to the Consolidated Financial Statements contained in this Annual Report on Form 10-K.

Strategy

In 2013, we launched our new tagline "Make More Happen" to highlight our vision: *every product your business needs to succeed.* This reflects a multi-year effort to evolve our business to meet the changing needs of customers. We view the markets for the products and services we offer as large and diversified. We reach our customers through contract, online, catalog and retail sales channels that are designed to be convenient. Our businesses attract different customer groups with distinct purchasing behaviors. Our retail stores and public websites target small businesses and home offices. Our catalog customers are generally small businesses and organizations with up to 20 office workers. Our contract businesses target 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 customer groups with different needs expands our market opportunities and increases awareness of the Staples brand. Serving different types of 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 priorities are to expand our assortment in categories beyond office supplies, enhance our ecommerce platforms, evolve our Contract selling model and accelerate growth in our services businesses. We are also engaged in a multi-year effort to aggressively reduce costs to fund our growth initiatives. Additionally, we are focused on reducing our retail square footage in North America and restructuring our European operations to streamline our businesses, drive efficiency and improve profitability.

North American Stores & Online

Our North American Stores & Online segment includes the company's retail stores and Staples.com businesses in the U.S. and Canada. Our strategy for North American Stores & Online focuses on offering easy-to-shop stores and websites with quality products that are readily available and easy to find, and courteous, helpful and knowledgeable sales associates to support customers across all channels. Our goals are to continue to be a destination for core office supply categories like ink, toner and paper and to become an authority for products and services beyond office supplies, such as technology products and services, copy and print services, facilities and breakroom supplies, as well as a full assortment of industry vertical focused solutions to serve businesses like restaurants, medical offices, and retail stores. 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 1,515 stores in the United States and 331 stores in Canada at the end of fiscal 2013. In an effort to improve store productivity and effectively manage our cost structure, we are closing, downsizing and relocating stores. We recently announced that we will be closing up to 225 stores in North America by the end of 2015. In addition, over the past few years we have reduced the size of our store prototype from 24,000 square feet to 12,000 square feet. Our new smaller store format incorporates omnichannel features to better address changing customer needs, while generating over 95% of the sales we generate in a 24,000 square foot store.

Staples.com and Staples.ca are designed to reach small businesses, home offices and consumers, offering next business day delivery for most orders in the majority of our markets. One of our top priorities is to rapidly expand our assortment beyond office supplies. We also continue to make investments in information technology to enhance our websites. Over the past year, we have successfully improved site speed and usability, implemented personalized offers, expanded dynamic pricing and added ecommerce talent to our organization to further enhance the customer experience.

We believe that our network of stores and online businesses enhances our profitability by allowing us to leverage marketing, merchandising and distribution costs. We have increased our focus on leveraging the synergies between Staples.com and our retail stores with the introduction of new concepts including ship to store, in store kiosks, online retail store inventory lookup, reserve online pickup in store, as well as mobile and tablet optimized websites. These new concepts will more seamlessly offer options to shop our products and services, regardless of whether customers physically visit our retail stores or our websites.

North American Commercial

Our North American Commercial segment consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses, including Staples Advantage and Quill.com. Our strategies for North American Commercial focus on expanding in categories beyond core office supplies, providing customers with a broad assortment of products, increasing our share of wallet with existing customers, and acquiring new customers. We are also focused on serving our customers by continuing to improve our perfect order metric, which measures the number of orders that we fulfill on time and without error, and has led to establishing industry leading customer service standards. We are also driving growth in categories beyond core office supplies by adding specialists who have expertise in selling products like facilities and breakroom supplies, furniture, promotional products, print solutions and technology.

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. These customers often require more service than is provided by a traditional retail, online or mail order business. Through our contract sales force we offer full service account management, free delivery, customized pricing and payment terms, usage reporting, the stocking of certain proprietary items and a wide assortment of environmentally friendly products and services.

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

International Operations

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

Our European Office Products businesses represent a balanced multi-channel portfolio serving contract, retail, internet, and catalog customers in 16 countries. Our contract business includes sizable operations in Scandinavia, Germany, the United Kingdom and the Netherlands. We operate 282 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 optimizing our assortment, streamlining our information technology systems, further developing our ecommerce platform, expanding our mix of business services with a focus on copy and print, and leveraging best practices from our North American businesses, including our mid-market contract selling model. We are also focused on improving profitability by closing certain stores that are not achieving the desired financial returns, 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 retail and delivery businesses in China and Argentina and delivery businesses in Taiwan and Brazil. We also have a franchise arrangement in India with our former joint venture partner.

Merchandising and Marketing

We sell a wide variety of office supplies, business technology products and services, facility and breakroom supplies, computers and mobility products, 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. as well as an in-stock guarantee and a strong pricing message which is supported by our loyalty programs. One of our top priorities is to significantly expand our product offering beyond core office supplies. Over the past few years we have had success driving growth in adjacent product categories, such as facilities and breakroom supplies. These positive results have reinforced our strategy and we continue to broaden our offering, focusing on categories including technology products, medical supplies, safety supplies, packaging and shipping supplies, and office decor.

Our merchandising team uses integrated systems to perform the vast majority of our merchandise planning and product purchasing centrally. Some of our business units, particularly Quill.com, our Canadian operations and our multiple international businesses, leverage our global buying and merchandising staff along with local staff to meet their specific buying and merchandising needs. In an effort to improve efficiency and profitability, we are in the process of aggressively streamlining our pan-European product assortment. 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 2013. 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 10% to 20% 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; in addition, we have developed a selection of opening price point products for more price sensitive customers, and we have also developed a number of unique and innovative products to help differentiate Staples in the marketplace. We have brought to market hundreds of new own brand products in the last year, many of which are innovative and exclusive to Staples. Our sourcing office in Shenzhen, China supports our own brand strategy by driving higher quality and lower costs, and by bringing new products to market more quickly. In addition to our proprietary branded products, we also differentiate our core product offering through exclusive third-party relationships.

In addition to products, we also offer a broad array of services, which represented 6.9% of our sales in 2013. This includes copy and print services that we provide to our retail and delivery customers, as well as technology services that we provide through our “EasyTech” business in North American Stores and Online. 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.

The following table shows our sales by each major category as a percentage of total sales for the periods indicated:

	Fiscal Year Ended		
	February 1, 2014	February 2, 2013	January 28, 2012
Core office supplies	27.5%	28.1%	29.4%
Ink and toner	20.2%	19.7%	19.5%
Business technology	15.2%	16.6%	18.0%
Paper	9.0%	9.0%	9.0%
Facilities and breakroom	8.7%	7.4%	6.5%
Computers and mobility	6.9%	6.9%	6.8%
Services	6.9%	6.7%	5.7%
Office furniture	5.6%	5.6%	5.1%
	100.0%	100.0%	100.0%

In 2013, we launched a broad-based campaign utilizing a variety of marketing vehicles to drive brand awareness and sales of products and services to both new and existing customers. These vehicles include media such as 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 catalogs, e-mail marketing, loyalty programs and sophisticated direct and digital marketing capabilities. In addition, we market to larger customers through a combination of direct mail catalogs, customized catalogs and 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, competition and cost factors. This flexible approach allows us to optimize the effectiveness and efficiency of our marketing expenditures. We continue to improve our systems and capabilities to track our customers' multi-channel purchasing behaviors, execute more effective personalized and dynamic offers, and promote enhanced direct marketing and customer loyalty programs to drive higher sales across all our channels.

Supply Chain

We operate two networks to fulfill the majority of our replenishment and delivery needs in North America. Our network of 65 delivery fulfillment centers supports our North American Commercial and Staples.com operations. We currently fulfill the majority of customers' orders through our distribution network. As we expand our assortment, we are increasingly relying on third parties to fulfill orders and deliver products directly to our customers. We operate a separate network of four large distribution centers to support our U.S. retail store operations. Our retail distribution centers provide us with significant labor and merchandise cost savings by centralizing receiving and handling functions, and by enabling us to purchase in full truckloads and other economically efficient quantities from suppliers. Our centralized purchasing and distribution systems enable our store associates to spend more time on customer service and store presentation. Since our distribution centers maintain backup inventory, our in-store inventory requirements are reduced, allowing us to more efficiently operate our retail stores.

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

Associates

We have a strong corporate culture. Our corporate values guide our interactions with customers and each other. These values represent what matters most at Staples, are critical to bringing our vision to life, and include: *own it*; *say it like it is*; *be caring*; *keep it simple*; and *work together*. We place great importance on recruiting, training, retention and providing the proper incentives for high quality associates. Offering attractive growth and development opportunities and a commitment to a diverse and safe work environment, we pride ourselves on being a great place to work.

We consider customer relations and our associates' knowledge of our product and service offerings to be key to our marketing approach and our ability to deliver customer satisfaction. Associates are trained in a number of areas, including, where appropriate, sales techniques, management skills and product knowledge.

As of February 1, 2014, Staples employed 46,361 full-time and 36,647 part-time associates.

Staples Soul

Staples is committed to responsible corporate citizenship, or what we refer to as Staples Soul. Staples Soul is a holistic approach to business that recognizes the close connection between our financial success and our desire to make a positive impact on our associates, communities and the planet. We believe Staples Soul helps to make us an employer and neighbor of choice, differentiates our brand and allows us to grow profitably and responsibly. To support this commitment, Staples recently created the role of chief cultural officer, responsible for driving improved associate engagement and coordinating Staples' approach to corporate responsibility. For more information, visit www.staples.com/soul.

Ethics - Ethics at Staples is part of our culture. Staples maintains ethical business practices by encouraging open and honest communication and fostering an environment where it is safe to speak up without fear of retaliation. Through our Code of Ethics, ongoing communications and training programs, and other resources, we provide our associates around the world with the information they need to make sound decisions in the best interests of our company and shareholders. These efforts help ensure that our associates build trusting relationships with customers and other stakeholders, thus strengthening and protecting Staples' brand reputation.

Environment - At Staples, our vision is to generate business and environmental benefits - for ourselves, our customers and our communities - by leading the way in sustainable business practices. We are working to achieve this vision through a continued focus on sourcing and selling more sustainable products, improving our offering of recycling and other green services, maximizing our energy efficiency and renewable energy use and eliminating waste.

Diversity - Staples' unwavering commitment to diversity and inclusion stems from our recognition that being a successful company requires people with diverse backgrounds and perspectives. We believe that differences in age, race, gender, gender identity, nationality, sexual orientation, physical ability, background and thinking style allow us to be more innovative as a company.

We’re committed to maintaining a diverse and inclusive culture, from supporting associate resource groups to partnering with diversity suppliers. Our continued focus on attracting, developing and retaining a diverse associate base is essential to making more happen for our customers and the communities in which we live and work.

Community - Staples is dedicated to providing education and job skills opportunities in communities where our customers and associates live and work with a primary focus on supporting disadvantaged youth, from literacy and mentoring to career skills development initiatives. We support these causes through corporate contributions, in-kind donations and grants from Staples Foundation, our private charitable arm. We also encourage our associates and customers to contribute their time and resources as well. Through our global community and giving efforts, we have helped more than 6,500 organizations in local communities around the world.

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 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 other discount retailers. In addition, our retail stores and delivery operations both compete with traditional competitors like Office Depot and Lyreco, as well as numerous mail order firms, contract stationers, electronic commerce distributors, regional and local dealers and direct manufacturers. Many of our competitors have increased their presence in our markets in recent years.

We believe we are able to compete favorably against our competitors because of the following factors: our focus on business customers; our tenured management team's ability to respond to the dynamic markets in which we operate and the changing needs of our customers; courteous, helpful and knowledgeable associates focused on making shopping easy for customers; a wide assortment of products and services to meet every business need, either in stores or 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.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers, their respective ages and positions as of March 6, 2014 and a description of their business experience are set forth below. There are no family relationships among any of the executive officers named below.

Stephen Bacica, age 42

Mr. Bacica has served as Senior Vice President and Corporate Controller since August 2012. Prior to joining Staples, Mr. Bacica served as the Senior Vice President and Chief Accounting Officer of MCG Capital Corporation, a business development company, from May 2008 until November 2008, and served as its Executive Vice President, Chief Financial Officer and Treasurer from November 2008 until May 2012. Prior to joining MCG Capital Corporation, Mr. Bacica served as Vice President, Accounting Policy of Marriott International, Inc., a worldwide operator and franchisor of hotels and timeshare properties, from April 2006 to May 2008. Mr. Bacica also served as Senior Director, Accounting Policy of Marriott from July 2004 to April 2006 and as Director, Accounting Policy of Marriott from May 2002 to July 2004. Prior to his employment with Marriott, Mr. Bacica worked at PricewaterhouseCoopers LLP, where he held positions of Audit Manager, Senior Associate and Associate and Mr. Bacica also worked at the SEC, where he served as Senior Staff Accountant and Staff Accountant.

Joseph G. Doody, age 61

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

Shira Goodman, age 52

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

Christine T. Komola, age 46

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

Demos Parneros, age 51

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

Ronald L. Sargent, age 58

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 60

Mr. Williams has served 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 53

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

FORWARD-LOOKING STATEMENTS

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

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

Item 1A. Risk Factors

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

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

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

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

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

At February 1, 2014, we had $3.23 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. We have recorded substantial goodwill impairment charges in the past and we are closely monitoring the goodwill balances related to our China and Australia reporting units. These reporting units have experienced challenging economic, industry and operating pressures, and if these pressures were to continue for a sustained period of time, this would increase the risk associated with their significant goodwill balances. Additionally, if our stock price were to experience a sustained and significant decline, we could incur impairment charges. 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 our goodwill may become impaired 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 local, regional, national and international retailers and online and traditional retailers, dealers and distributors for customers, associates, locations, products, services, and other important aspects of our business. In most of our geographic markets, we compete with other high-volume office supply providers such as Office Depot and Lyreco, as well as mass merchants such as Wal-Mart, 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 other discount retailers. We also compete with numerous mail order firms, contract stationer businesses, electronic commerce distributors, regional and local dealers and direct manufacturers. Some of our current and potential competitors are larger than we are, may have more experience in selling certain products or delivering services or may have substantially greater financial resources. Also, many of our competitors have increased their presence in our markets in recent years by expanding their assortment of office products and services, opening new stores near our existing stores, and offering direct delivery of office products. Intense competitive pressures from one or more of our competitors could affect prices or demand for our products and services. If we are unable to appropriately respond to these competitive pressures, or offer the appropriate mix of products and services at competitive prices, our financial performance and market share could be adversely affected.

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

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

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

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

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

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

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

Our effective tax rate may fluctuate.

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

Fluctuations in foreign exchange rates could lead to lower earnings.

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

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

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

Our quarterly operating results are subject to significant fluctuation.

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

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

As of February 1, 2014, our consolidated outstanding debt was $1.10 billion and we also had $1.06 billion of additional borrowing capacity under our commercial paper program, revolving credit facility and other lines of credit. We are not restricted from incurring substantial additional indebtedness in the future. Incurring substantial indebtedness in the future could reduce our ability to obtain additional financing for working capital, capital expenditures, acquisitions, and other general corporate purposes and could make us more vulnerable to economic downturns and economic pressures. Our level of indebtedness may also place us at a competitive disadvantage against less leveraged competitors. If we default or breach our obligations, we could be required to pay a higher rate of interest or lenders could require us to accelerate our repayment obligations.

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 2013 and which typically generate higher margins than national brand products and services. Our proprietary branded products compete with other manufacturers' branded items that we offer. An increase in our proprietary branded products and services also exposes us to added risks that could increase the cost of doing business, such as third party intellectual property infringement, false advertising, and product liability claims against us with respect to such products and services; and import and export compliance issues. Furthermore, although we have implemented policies and procedures designed to facilitate compliance with laws and regulations relating to importing merchandise from abroad, there can be no assurance that contractors, agents, vendors, manufacturers or other third parties with whom we do business will not violate such laws and regulations or our policies, which could subject us to liability and could adversely affect our operations or operating results. We also have greater exposure and responsibility to the consumer for replacements as a result of product defects. If any of our customers are harmed by our proprietary branded products or services, they may bring product liability and other claims against us or we may have to issue voluntary or mandatory recalls.

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

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

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

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

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

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of February 1, 2014, we operated a total of 2,169 retail stores in 48 states and the District of Columbia in the United States, 10 provinces and 2 territories in Canada, and in Finland, Germany, the Netherlands, Norway, Portugal, Sweden, the United Kingdom, China, Argentina and Australia. As of that same date, we also operated 116 distribution and fulfillment centers in 30 states in the United States, 7 provinces in Canada, and in Austria, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, the United Kingdom, China, Argentina, Brazil and Australia.

The following table sets forth the locations of our facilities as of February 1, 2014:

RETAIL STORES

Country/State/Province/ Region/Territory	Number of Stores	Country/State/Province/ Region/Territory	Number of Stores	Country/State/Province/ Region/Territory	Number of Stores
United States		Nevada	7	**Canada**	
Alabama	12	New Hampshire	22	Alberta	38
Arizona	38	New Jersey	84	British Columbia	44
Arkansas	9	New Mexico	11	Manitoba	10
California	214	New York	131	New Brunswick	9
Colorado	19	North Carolina	49	Newfoundland	4
Connecticut	37	North Dakota	2	Nova Scotia	13
Delaware	7	Ohio	57	Northwest Territories	1
District of Columbia	2	Oklahoma	17	Ontario	126
Florida	90	Oregon	21	Prince Edward Island	2
Georgia	38	Pennsylvania	91	Quebec	72
Idaho	8	Rhode Island	8	Saskatchewan	11
Illinois	49	South Carolina	21	Yukon	1
Indiana	30	South Dakota	1	**Total Canada**	**331**
Iowa	15	Tennessee	23		
Kansas	5	Texas	58		
Kentucky	18	Utah	14	**Finland**	7
Louisiana	1	Vermont	7	**Germany**	59
Maine	12	Virginia	44	**The Netherlands**	41
Maryland	43	Washington	30	**Norway**	19
Massachusetts	75	West Virginia	6	**Portugal**	33
Michigan	42	Wisconsin	11	**Sweden**	11
Minnesota	7	Wyoming	4	**United Kingdom**	112
Mississippi	2	**Total United States**	**1,515**	**China**	27
Missouri	10			**Argentina**	2
Montana	8			**Australia**	12
Nebraska	5				**2,169**

DISTRIBUTION AND FULFILLMENT CENTERS

Country/State/Province/Region/Territory	Number of Centers	Country/State/Province/Region/Territory	Number of Centers
United States		**Canada**	
Arizona	2	Alberta	3
Alaska	1	British Columbia	2
California	6	Manitoba	1
Colorado	1	New Foundland	1
Connecticut	2	Nova Scotia	2
Delaware	1	Ontario	3
Florida	1	Quebec	2
Georgia	2	**Total Canada**	14
Idaho	1		
Illinois	2	**Austria**	1
Indiana	1	**Denmark**	1
Iowa	2	**Finland**	1
Kansas	2	**France**	3
Maryland	2	**Germany**	2
Massachusetts	1	**Italy**	1
Michigan	1	**The Netherlands**	1
Minnesota	2	**Norway**	3
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**	4
Pennsylvania	2	**Argentina**	1
South Carolina	1	**Brazil**	1
Tennessee	1	**Australia**	19
Texas	6		**116**
Virginia	1		
Washington	1		
Wisconsin	2		
Total United States	**55**		

Most of the existing facilities are leased by us with initial lease terms expiring between 2014 and 2026. In most instances, we have renewal options at increased rents. Leases for 148 of the existing stores provide for contingent rent based upon sales.

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

Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

NASDAQ

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

	High	Low
Fiscal Year Ended February 1, 2014		
First Quarter	$ 15.19	$ 12.08
Second Quarter	17.22	13.34
Third Quarter	17.30	13.72
Fourth Quarter	16.34	13.01
Fiscal Year Ended February 2, 2013		
First Quarter	$ 16.93	$ 14.35
Second Quarter	15.73	12.10
Third Quarter	13.62	10.57
Fourth Quarter	13.77	10.94

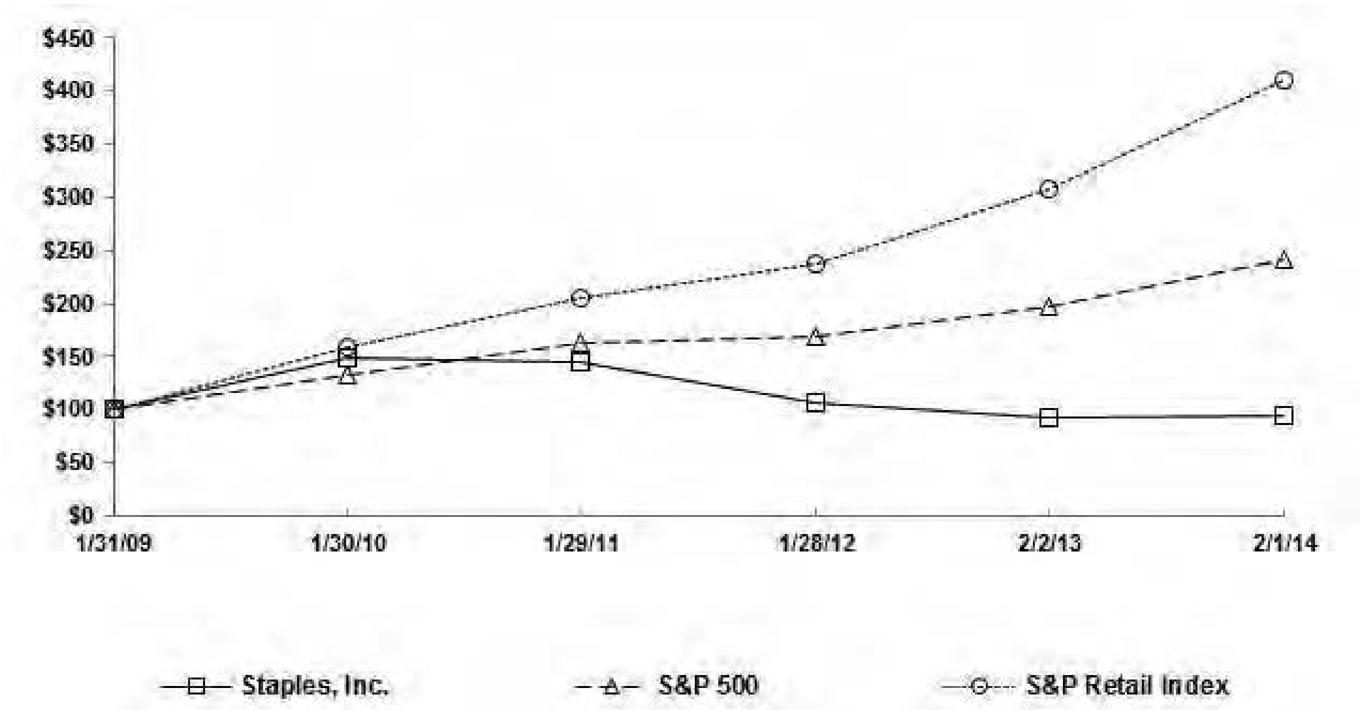
Cash Dividend

Since 2004, we have returned cash to our stockholders through cash dividends. We paid quarterly dividends for fiscal year 2013 of $0.12 per share on April 18, 2013, July 18, 2013, October 17, 2013 and January 16, 2014 resulting in a total dividend payment of $312.5 million or $0.48 per share. We paid quarterly dividends for fiscal year 2012 of $0.11 per share on April 12, 2012, July 12, 2012, October 18, 2012 and December 12, 2012, resulting in a total dividend payment of $294.1 million or $0.44 per share. We paid quarterly dividends for fiscal year 2011 of $0.10 per share on April 14, 2011, July 14, 2011, October 13, 2011 and January 12, 2012, resulting in a total dividend payment of $277.9 million or $0.40 per share.

Our payment of dividends is permitted under our public notes and existing financing agreements, although our revolving credit agreement restricts the payment of dividends in the event we are in default under such agreement or such payout would cause a default under such agreement. While it is our intention to continue to pay quarterly cash dividends in 2014 and beyond, any decision to pay future cash dividends will be made by our Board of Directors and will depend upon our earnings, financial condition and other factors. On March 4, 2014, our Board of Directors approved the payment of a cash dividend of $0.12 per share to be paid on April 17, 2014 for stockholders of record on March 28, 2014.

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 2009 through 2013 fiscal years, assuming the investment of $100.00 on January 31, 2009 with dividends being reinvested.



TOTAL RETURN TO STOCKHOLDERS

	31-Jan-09	30-Jan-10	29-Jan-11	28-Jan-12	2-Feb-13	1-Feb-14
Staples, Inc.	$ 100.00	$ 149.49	$ 144.63	$ 106.48	$ 92.95	$ 93.51
S&P 500 Index	$ 100.00	$ 133.14	$ 162.67	$ 169.54	$ 197.98	$ 240.58
S&P Retail Index	$ 100.00	$ 158.09	$ 205.24	$ 238.26	$ 307.32	$ 410.04

Issuer Purchases of Equity Securities

The following table provides information about our purchases of our common stock during the fourth quarter of fiscal 2013:

Fiscal Period	Total Number of Shares Purchased(1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(3)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(3)
November 3, 2013 - November 30, 2013	681,899	$ 15.67	680,553	$ 588,956,000
December 1, 2013 - January 4, 2014	727,980	15.73	727,828	577,511,000
January 5, 2014 - February 1, 2014	1,063,314	14.14	1,063,147	562,479,000
Total for fourth quarter of 2013	2,473,193	$ 15.03	2,471,528	$ 562,479,000

(1) Includes a total of 1,665 shares of our common stock withheld during the fourth quarter of our 2013 fiscal year to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards granted pursuant to our equity incentive plans.
(2) Average price paid per share includes commissions paid in connection with our publicly announced share repurchase programs and is rounded to the nearest two decimal places.

(3) On September 13, 2011, we announced that our Board of Directors approved the repurchase of up to $1.5 billion of common stock in both open market and privately negotiated transactions. Our repurchase program has no expiration date and may be suspended or discontinued at any time.

Other Information

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

At March 4, 2014, we had 4,744 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 February 1, 2014, 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 February 1, 2014, 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, 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 February 1, 2014. 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 ("COSO") (1992 framework). Based on our assessment, we conclude that, as of February 1, 2014, the Company has maintained effective internal control over financial reporting based on those criteria.

The independent registered public accounting firm, Ernst & Young LLP, has audited the Consolidated Financial Statements and has issued an attestation report on Staples Inc.'s internal controls over financial reporting as of February 1, 2014 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 February 1, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 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 the accompanying 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 February 1, 2014, 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 February 1, 2014 and February 2, 2013 and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended February 1, 2014 of Staples, Inc. and our report dated March 6, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 6, 2014

(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 February 1, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

On March 3, 2014, Elizabeth Smith notified the Board of Directors (the “Board”) that, due to personal commitments, she will not stand for re-election to the Board. She will continue to serve on the Board until the end of her current term, which expires when the Company’s directors are elected at our 2014 annual meeting of stockholders. Our Board voted to reduce its size from 12 members to 11 members, effective upon Ms. Smith’s departure.

On March 3, 2014, the Compensation Committee of the Board of Directors approved a 2013 Reinvention Cash Award for all bonus-eligible associates of the Company, including the Company’s Named Executive Officers, in an amount equal to 16% of each associate’s 2013 target annual cash bonus award. The award was approved in recognition of service, additional responsibilities and workloads, as well as progress against the Company’s strategic plan in 2013. The Committee also recognized the need to address retention of key talent and to continue to motivate associates in light of the fact that the Company did not pay any bonus under its Executive Officer Incentive Plan or Key Management Bonus Plan in 2013 and 2012.

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 2014 Annual Meeting of Stockholders (the "Proxy Statement"), which we will file with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Report.

Item 10. Directors, Executive Officers and Corporate Governance

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

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

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

Item 11. Executive Compensation

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

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

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

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

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

Item 14. Principal Accountant Fees and Services

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

Item 15. Exhibits and Financial Statement Schedules

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

1. *Financial Statements.*

- Consolidated Balance Sheets - February 1, 2014 and February 2, 2013;
- Consolidated Statements of Income - Fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012;
- Consolidated Statements of Comprehensive Income - Fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012;
- Consolidated Statements of Stockholders' Equity - Fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012;
- Consolidated Statements of Cash Flows - Fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012; 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 on page D-1, which is incorporated herein by reference.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 6, 2014.

STAPLES, INC.

By: /s/ RONALD L. SARGENT

Ronald L. Sargent,
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

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

Signature	Capacity	Date
/s/ RONALD L. SARGENT Ronald L. Sargent	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 6, 2014
/s/ BASIL L. ANDERSON Basil L. Anderson	Director	March 6, 2014
/s/ DREW G. FAUST Drew G. Faust	Director	March 6, 2014
/s/ JUSTIN KING Justin King	Director	March 6, 2014
/s/ CAROL MEYROWITZ Carol Meyrowitz	Director	March 6, 2014
/s/ ROWLAND T. MORIARTY Rowland T. Moriarty	Director	March 6, 2014
/s/ ROBERT C. NAKASONE Robert C. Nakasone	Director	March 6, 2014
/s/ ELIZABETH A. SMITH Elizabeth A. Smith	Director	March 6, 2014
/s/ ROBERT E. SULENTIC Robert E. Sulentic	Director	March 6, 2014
/s/ RAUL VAZQUEZ Raul Vazquez	Director	March 6, 2014
/s/ VIJAY VISHWANATH Vijay Vishwanath	Director	March 6, 2014
/s/ PAUL F. WALSH Paul F. Walsh	Director	March 6, 2014
/s/ CHRISTINE T. KOMOLA Christine T. Komola	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 6, 2014
/s/ STEPHEN BACICA Stephen Bacica	Senior Vice President and Corporate Controller (Principal Accounting Officer)	March 6, 2014

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

	Fiscal Year Ended				
	February 1, 2014 (1) (52 Weeks)	February 2, 2013 (2)(3) (53 Weeks)	January 28, 2012(4) (52 Weeks)	January 29, 2011(5) (52 weeks)	January 30, 2010(6) (52 weeks)
Statement of Income Data:					
Sales	$ 23,114,263	$ 24,380,510	$ 24,664,752	$ 24,135,253	$ 23,806,934
Gross profit	6,032,285	6,491,261	6,689,868	6,535,247	6,394,869
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interests	$ 707,004	$ (160,847)	$ 987,397	$ 898,960	$ 768,876
Amounts attributable to Staples, Inc.					
Income (loss) from continuing operations	$ 707,004	$ (160,728)	$ 988,220	$ 892,339	$ 750,436
Loss from discontinued operations	(86,935)	(49,978)	(3,564)	(10,391)	(11,765)
Income (loss) attributed to Staples, Inc.	$ 620,069	$ (210,706)	$ 984,656	$ 881,948	$ 738,671
Basic earnings per common share:					
Continuing operations attributed to Staples, Inc.	$ 1.08	$ (0.24)	$ 1.42	$ 1.24	$ 1.06
Discontinued operations attributed to Staples, Inc.	(0.13)	(0.07)	—	(0.01)	(0.02)
Net income (loss) attributed to Staples, Inc.	$ 0.95	$ (0.31)	$ 1.42	$ 1.23	$ 1.04
Diluted earnings per common share:					
Continuing operations attributed to Staples, Inc.	$ 1.07	$ (0.24)	$ 1.40	$ 1.22	$ 1.04
Discontinued operations attributed to Staples, Inc.	(0.13)	(0.07)	—	(0.01)	(0.02)
Net income (loss) attributed to Staples, Inc.	$ 0.94	$ (0.31)	$ 1.40	$ 1.21	$ 1.02
Dividends	$ 0.48	$ 0.44	$ 0.40	$ 0.36	$ 0.33
Statistical Data:					
Stores open at end of period	2,169	2,215	2,295	2,281	2,243
Balance Sheet Data:					
Working capital (2)	$ 1,871,108	$ 1,740,665	$ 2,216,542	$ 2,174,574	$ 2,392,448
Total assets	11,174,876	12,280,005	13,430,622	13,911,667	13,717,334
Long-term debt, net of current maturities	1,000,205	1,001,943	1,599,037	2,014,407	2,500,329
Noncontrolling interests	8,572	7,941	7,062	7,471	83,054
Total stockholders' equity	$ 6,140,835	$ 6,136,094	$ 7,022,213	$ 6,951,181	$ 6,854,940

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 $64.1 million ($53.6 million, net of taxes) for restructuring activities aimed at further streamlining the Company's operations and general and administration functions. The Loss from discontinued operations for this period reflects an $80.9 million preliminary loss on disposal related to the sale of the Company's European Printing Systems Division business ("PSD").
(2) Working capital in 2012 excludes the current assets and current liabilities of discontinued operations.
(3) Income from continuing operations for this period reflects pre-tax charges of $811.0 million for impairment of goodwill and long-lived assets, $207.0 million for restructuring activities related to a strategic plan announced in September 2012 aimed at accelerating growth, $57.0 million for a loss on early extinguishment of debt, $26.2 million related to the termination of the Company's joint venture agreement in India, and $20.0 million for accelerated tradename amortization related to rebranding the Company's business in Australia.
(4) Income from continuing operations for this period reflects the receipt of a $20.8 million tax benefit related to a refund due to Corporate Express N.V. ("Corporate Express") from the Italian government that was previously deemed uncollectible.
(5) Results of operations for this period reflect $57.8 million ($36.8 million, net of taxes) of integration and restructuring costs associated with the acquisition of Corporate Express.
(6) Results of operations for this period reflect $84.2 million ($55.2 million, net of taxes) of integration and restructuring costs associated with the acquisition of Corporate Express and a $42.0 million ($27.5 million, net of taxes) charge related to the settlement of retail wage and hour class action lawsuits.

General

Our fiscal year is the 52 or 53 weeks ending on the Saturday closest to January 31. Fiscal year 2013 ("2013") consisted of the 52 weeks ended February 1, 2014, fiscal year 2012 ("2012") consisted of the 53 weeks ended February 2, 2013 and fiscal year 2011 ("2011") consisted of the 52 weeks ended January 28, 2012.

Results of Operations

Major contributors to our 2013 results, as compared to the results for 2012, which includes the impact of the 53rd week in that fiscal year, are reviewed in detail in the Consolidated Performance and Segment Performance discussions and are summarized below:

- We generated $23.11 billion in sales, a decrease of 5.2%;
- North American Stores & Online sales decreased 6.1% and business unit income rate decreased to 6.6% from 8.3%;
- North American Commercial sales decreased 0.8% and business unit income rate decreased to 7.5% from 8.4%;
- International Operations sales decreased 10.7%, while business unit loss rate was (0.4)% compared to (0.5)%;
- Income (loss) from continuing operations attributable to Staples Inc. was $707.0 million for 2013 compared with $(160.7) million in 2012;
- Non-GAAP income from continuing operations attributed to Staples, Inc. was $760.6 million in 2013 compared with non-GAAP income from continuing operations of $936.1 million in 2012; and
- Earnings (loss) per diluted share from continuing operations attributable to Staples, Inc. was $1.07 in 2013 compared to $(0.24) in 2012. Non-GAAP earnings per diluted share from continuing operations was $1.16 in 2013 compared with $1.39 in 2012.

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

Outlook

The performance of our retail stores has consistently fallen short of our expectations over the past few years, and we continue to see customer demand shifting online. As a result of these trends, we are developing a plan to close up to 225 stores in North America by the end of 2015. We expect that these closures will improve the performance of our retail portfolio, as we increase our focus on growing our online businesses.

As part of our continuing efforts to transform our business, we are also developing a multi-year cost savings plan which is expected to generate annualized pre-tax cost savings of approximately $500 million by the end of 2015. The savings are expected to come from supply chain, retail store closures and labor optimization, non-product related costs, IT hardware and services, marketing, sales force, and customer service. We plan to reinvest some of these savings in our reinvention initiatives.

In addition to the initiatives outlined above, we will continue to execute other elements of our plan to reinvent Staples, such as investing to drive growth online and in categories beyond office supplies, and reshaping and restructuring underperforming parts of our business. As a result of our reinvention, Staples is going up against new competitors in new markets. Our traditional markets, meanwhile, are evolving due to declines in consumption of office supplies, and the industry is undergoing consolidation, which presents both opportunities and risks. As a result of these changes, the long-term trends in our business have become harder to predict, and therefore we are evolving our guidance practices and will no longer be providing annual sales and earnings per share guidance. Instead, we will help investors and other stakeholders understand our near-term expectations with quarterly financial guidance. For the first quarter of 2014, we expect total Company sales to decrease versus the first quarter of 2013. We expect to achieve diluted earnings per share in the range of $0.17 to $0.22 for the first quarter of 2014. Our guidance for the first quarter of 2014 excludes any potential impact on sales or earnings associated with restructuring activities in 2014. The company also expects to generate more than $600 million of free cash flow for fiscal year 2014, which reflects cash payments related to previously announced restructuring activities as well as our consideration of the potential impact of restructuring activities in 2014.

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 sales, income from continuing operations, earnings per share, effective tax rate and free cash flow (which we define as net cash provided by operating activities less expenditures related to the acquisition of property and equipment). 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 better enable 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.

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

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

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

The table below shows sales in 2013 compared with sales in 2012 excluding the impact of the 53rd week. For further discussion, see below under Consolidated Performance and Segment Performance (in thousands):

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

Consolidated Performance

2013 Compared with 2012

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

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

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

Impairment of goodwill and long-lived assets: There were no goodwill or long-lived asset impairment charges incurred in 2013. Goodwill and long-lived asset impairment charges incurred in 2012 were $771.5 million and $39.5 million, respectively. The goodwill impairment charges of $303.3 million and $468.1 million related to our Europe Retail and Europe Catalog reporting units, respectively, which are components of our International Operations segment. The charges stemmed from a strategic decision to reallocate investment resources to areas of the Company with higher growth potential, and they reflected lower projections for sales growth and profitability for these businesses as a result of industry trends and the ongoing economic weakness in Europe.

The $39.5 million of long-lived asset impairment charges primarily related to the closure of 46 retail stores in Europe and 15 retail stores in the United States, and the consolidation of several sub-scale delivery businesses in Europe. As a result of these actions, we recorded long-lived asset impairment charges of $29.6 million and $5.1 million related to the Company's International Operations and North American Retail segments, respectively, primarily relating to leasehold improvements and company-owned facilities. As a result of the reduced long-term sales and profit projections, we also recorded $4.8 million of charges related to long-lived assets held for use in ongoing operations by our Europe Retail reporting unit, primarily relating to leasehold improvements at store locations.

Restructuring charges: As part of our continuing efforts to cut costs, we recognized charges of $78.3 million in the third quarter of 2013 related to a plan to streamline our operations and general and administrative functions. Pursuant to this plan, certain distributed general and administrative functions are being centralized, which we believe will help drive additional synergies across business units. In addition, certain operational resources are being consolidated, which we believe will result in increased efficiencies without negatively impacting customer service. The charges include $75.5 million for employee severance costs related to the elimination of positions throughout the organization and $2.8 million for other associated costs. Of these amounts, $62.7 million relates to our International Operations segment and $15.6 million relates to our corporate headquarters and North American operations. We expect to substantially complete the actions required under this plan by the first half of fiscal 2015. These charges were partly offset by a net $14.2 million adjustment recorded in third quarter of 2013 to reduce the liabilities and estimated costs associated with our 2012 restructuring plan. These adjustments stemmed from changes in facts and circumstances that were identified during 2013.

Restructuring charges incurred in 2012 were $207.0 million, with approximately $177 million related to the International Operations segment and $30 million related to North American Stores & Online. These charges related to a strategic plan to accelerate growth through the integration of our retail and online offerings, the restructuring of our International Operations segment and the reduction of our footprint to improve the productivity of our stores in North America. The charges consisted of $106.4 million for ongoing lease obligations related to facility closures, $75.6 million for severance and benefit costs, and $24.9 million for other associated costs. The charges primarily pertained to the closure of the 46 retail stores in Europe and the 15 retail stores in the United States, the consolidation of the sub-scale delivery businesses in Europe, and the reorganization of certain general and administrative functions in Europe.

For more information regarding the restructuring charges recorded in 2013 and 2012, see Note B - Restructuring Charges in the Notes to the Consolidated Financial Statements.

Amortization of Intangibles: Amortization of intangibles was $55.4 million for 2013 compared to $78.9 million for 2012, primarily reflecting the amortization of customer relationships. Amortization for 2012 included $20.0 million of accelerated amortization related to a strategic decision to rebrand our Australian business from the Corporate Express tradename to the Staples tradename as we continue to move towards one global brand. Prior to the decision to rebrand this business, the carrying value of the tradename was scheduled to be amortized through the end of our fiscal year 2014. Amortization of intangibles resulting from our acquisition of Corporate Express, excluding the accelerated amortization, was $44.1 million for 2013 compared to $48.7 million for 2012.

Interest Income: Interest income decreased to $4.7 million for 2013 from $5.3 million for 2012. This decrease was due to lower global weighted average interest rates and lower average cash balances.

Interest Expense: Interest expense decreased to $119.3 million for 2013 from $162.5 million for 2012. The decrease was primarily the result of the early extinguishment of $633.1 million of our $1.5 billion 9.75% notes (the "January 2014 Notes") in January and February of 2013, the repayment of our $325 million 7.375% notes in October 2012 (the "October 2012 Notes"), and, to a lesser extent, the repayment of the remaining $866.9 million balance of our January 2014 Notes upon their maturity. These favorable items were partly offset by interest expense related to our $500 million 2.75% Notes and our $500 million 4.375% Notes, both of which were issued in January 2013. Our interest rate swap agreements reduced interest expense by $12.1 million in 2013 and by $21.0 million for 2012.

Loss on Early Extinguishment of Debt: In January 2013, the Company repurchased $632.8 million of the January 2014 Notes (see Note F - Debt and Credit Agreements in the Notes to the Consolidated Financial Statements) pursuant to a cash tender offer. As a result of this tender offer, the Company incurred a pre-tax loss on early extinguishment of debt of $57.0 million in 2012 related to debt tender premiums and fees. There were no material losses related to debt extinguishment in 2013.

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

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

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

A reconciliation of the federal statutory tax rate to our effective tax rate on historical net income is as follows:

	2013	2012
Federal statutory rate	35.0 %	35.0 %
State effective rate, net of federal benefit	2.6 %	12.1 %
Effect of foreign taxes	(7.8)%	(3.3)%
Tax credits	(0.4)%	(0.8)%
Goodwill impairment	— %	82.5 %
Change in valuation allowance	3.8 %	37.1 %
Other	0.3 %	(2.0)%
Effective tax rate	33.5 %	160.6 %

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. Income taxes have not been provided on certain undistributed earnings of foreign subsidiaries of approximately $604.0 million because such earnings are considered to be indefinitely reinvested in the business. 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.

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, which operated in five countries in Europe and focused on the sale, rental and servicing of printing machines. The sale resulted in a preliminary loss of $80.9 million, which was included in Loss from discontinued operations, net of income taxes, which is subject to a working capital adjustment that has not yet been finalized. Total loss from discontinued operations, net of tax, was $86.9 million for 2013 compared with a loss of $50.0 million for 2012. The loss in 2012 included $20.1 million of restructuring charges and $4.5 million of incremental tax expense related to the planned sale.

2012 Compared with 2011

Sales: Sales for 2012 were $24.38 billion, a decrease of 1.2% from 2011. Sales for 2012 include $461.2 million of revenue related to the additional week in 2012. Excluding the additional week, sales for 2012 decreased by 3.0% from 2011. Our sales decline for 2012 reflects decreased sales in International Operations, a 2% decline in comparable store sales in North America and a $193.6 million unfavorable impact from foreign exchange rates, partially offset by non-comparable sales from stores opened in the last twelve months and growth in our online businesses. Declines in computers, technology accessories and software were partly offset by growth in facilities and breakroom supplies, tablets and other mobile technology, and copy and print services.

Gross Profit: Gross profit as a percentage of sales was 26.6% for 2012 compared to 27.1% for 2011. The decrease in gross profit rate was primarily driven by lower product margins across all three segments and by deleverage of fixed costs on lower sales in International Operations and North American Stores & Online. The lower product margins reflect inflationary pressures on core office supplies, investments to drive sales and customer loyalty and, with respect to International Operations, adverse product and customer mix in Europe.

Selling, General and Administrative Expenses: Selling, general and administrative expenses in 2012 decreased by $106.9 million or 2.1% from 2011, driven primarily by lower compensation expense due to reduced incentive compensation earned in 2012 and reduced headcount, as well as a reduction in marketing expense. These reductions were partially offset by investments in our online businesses and other initiatives to drive growth and profit improvement and increased costs from legal settlements. As a percentage of sales, selling, general and administrative expenses were 20.0% in 2012 compared to 20.2% for 2011.

Amortization of Intangibles: Amortization of intangibles was $78.9 million for 2012 compared to $64.9 million for 2011, primarily reflecting the amortization of tradenames and customer relationships. Amortization for 2012 included $20.0 million of accelerated amortization related to the rebranding of our Australian business. Amortization of intangibles resulting from our acquisition of Corporate Express, excluding the accelerated amortization, was $48.7 million for 2012 compared to $53.1 million for 2011.

Interest Income: Interest income decreased to $5.3 million for 2012 from $7.4 million for 2011. This decrease was primarily due to lower global weighted average interest rates, partially offset by higher cash balances internationally.

Interest Expense: Interest expense decreased to $162.5 million for 2012 from $173.4 million for 2011. This decrease was primarily due to a reduction in debt balances resulting from the repayment of the $500 million, 7.75% Notes (the "April 2011 Notes") on April 1, 2011, the repayment of the $325 million October 2012 Notes upon their maturity, and the repayment or refinancing of certain debt and liquidity facilities in 2011. Our interest rate swap agreements reduced interest expense by $21.0 million for 2012 compared to $26.3 million for 2011.

Other Income (Expense), Net: Other expense was $30.5 million for 2012 compared to $3.1 million for 2011. The expense in 2012 was primarily driven by the $26.2 million charge related to the termination of our joint venture arrangement in India.

Income Taxes: Our tax rate related to continuing operations was 160.6% in 2012 compared to 32.6% for 2011. The high effective tax rate for 2012 reflects the fact that we incurred charges of $811.0 million for goodwill and long-lived asset impairment, $207.0 million related to restructuring activities and $26.2 million related to the termination of our joint venture arrangement in India, the majority of which do not result in a related income tax benefit. Our tax rate in 2012 also reflects additional tax expense related to establishing valuation allowances for previously recorded deferred tax assets as a result of the closure of certain operations in our Europe Retail and Europe Catalog reporting units. Excluding the impact of these items, our effective tax rate was 32.5% in 2012. Our tax rate in 2011 reflected a tax benefit of $20.8 million related to a refund due to Corporate Express from the Italian government that was previously deemed uncollectible, which was recorded as a discrete item. Excluding the impact of this benefit, our effective tax rate in 2011 was 34.0%. See the non-GAAP reconciliations under the "Non-GAAP Measures" section above.

A reconciliation of the federal statutory tax rate to our effective tax rate on historical net income was as follows:

	2012	2011
Federal statutory rate	35.0 %	35.0 %
State effective rate, net of federal benefit	12.1 %	2.6 %
Effect of foreign taxes	(3.3)%	(5.1)%
Tax credits	(0.8)%	(0.5)%
Italian tax refund (previously deemed uncollectible)	— %	(1.4)%
Goodwill impairment	82.5 %	— %
Change in valuation allowance	37.1 %	0.5 %
Other	(2.0)%	1.5 %
Effective tax rate	160.6 %	32.6 %

The effective tax rate in any year is impacted by the geographic mix of earnings. The earnings generated primarily by our entities in Australia, Canada, Hong Kong and the Netherlands contributed to the foreign tax rate differential noted above. Income taxes have not been provided on certain undistributed earnings of foreign subsidiaries of approximately $902.0 million, net of the noncontrolling interest, because such earnings are considered to be indefinitely reinvested in the business. A 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.

Discontinued Operations: Loss from discontinued operations, net of income taxes, was $50.0 million in 2012 compared with $3.6 million in 2011. The loss in 2012 includes $20.1 million of restructuring charges related to severance and benefit costs associated with a plan to restructure PSD's operations in connection with our ongoing effort to sell this business, as well as $4.5 million of incremental tax expense related to the planned sale.

Segment Performance

Staples has three reportable segments: North American Stores & Online, North American Commercial and International Operations. North American Stores and Online sells products and services to customers in the United States and Canada. North American Commercial consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses and includes Staples Advantage and Quill.com. The International Operations segment consists of businesses that sell and deliver products and services directly to consumers and businesses in 23 countries in Europe, Australia, South America and Asia. Additional geographic information about our sales is provided in Note P - Segment Reporting in the Notes to the Consolidated Financial Statements.

Staples evaluates performance and allocates resources based on business unit income, which represents profit or loss from operations before goodwill and long-lived asset impairment charges, restructuring charges, stock-based compensation, interest and other expense, other non-recurring items and the impact of changes in accounting principles. See a reconciliation of total business unit income to income from continuing operations before income taxes in Note P - Segment Reporting in the Notes to the Consolidated Financial Statements.

	(Amounts in thousands)				
Sales:	**2013**	**2012**	**2011**	**2013 Decrease From Prior Year**	**2012 Increase (Decrease) From Prior Year**
North American Stores & Online	$ 11,103,160	$ 11,827,906	$ 11,741,998	(6.1)%	0.7 %
North American Commercial	8,041,613	8,108,402	7,974,860	(0.8)%	1.7 %
International Operations	3,969,490	4,444,202	4,947,894	(10.7)%	(10.2)%
Total segment sales	$ 23,114,263	$ 24,380,510	$ 24,664,752	(5.2)%	(1.2)%

	(Amounts in thousands)					
Business Unit Income:	**2013**	**2012**	**2011**	**2013 % of Sales**	**2012 % of Sales**	**2011 % of Sales**
North American Stores & Online	$ 733,465	$ 987,025	$ 1,021,442	6.6 %	8.3 %	8.7%
North American Commercial	603,972	680,011	660,822	7.5 %	8.4 %	8.3%
International Operations	(15,219)	(21,146)	103,329	(0.4)%	(0.5)%	2.1%
Business unit income	$ 1,322,218	$ 1,645,890	$ 1,785,593	5.7 %	6.8 %	7.2%

Store Activity		**Stores Open at Beginning of Period**	**Stores Opened**	**Stores Closed**	**Stores Open at End of Period**
2012	North American Stores & Online	1,917	17	48	1,886
2012	International Operations	378	7	56	329
2012	Total	2,295	24	104	2,215
2013	North American Stores & Online	1,886	2	42	1,846
2013	International Operations	329	1	7	323
2013	Total	2,215	3	49	2,169

North American Stores & Online

2013 Compared with 2012

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

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

2012 Compared with 2011

Sales increased 0.7% for 2012 compared to 2011. Sales for 2012 include $221.4 million of revenue related to the additional week in 2012. Excluding the additional week, sales for 2012 decreased by 1.2% from 2011. This decrease was driven by a 2% decline in comparable store sales and, to a much lesser extent, the negative impact of foreign exchange rates of $9.6 million, partly offset by growth in Staples.com and non-comparable sales for new stores opened in the past twelve months. The decrease in sales reflects declines in technology accessories, software and computers. These declines were partially offset by growth in tablets and other mobile technology, facilities and breakroom supplies and copy and print services. The decline in comparable store sales reflects a decrease in customer traffic and flat average order size.

Business unit income as a percentage of sales decreased to 8.3% for 2012 from 8.7% for 2011. The decrease was primarily driven by unfavorable product margins, increased labor expenses, and investments to optimize our pricing, profit improvement and sourcing strategies. These expenses were partially offset by a reduction in incentive compensation and marketing expense.

North American Commercial

2013 Compared with 2012

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

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

2012 Compared with 2011

Sales increased 1.7% for 2012 compared to 2011. Sales for 2012 include $158.9 million of revenue related to the additional week in 2012. Excluding the additional week, sales for 2012 decreased by 0.3% from 2011. This decrease was primarily driven by the decision late in 2011 to not renew two large customers that did not deliver adequate returns and, to a lesser extent, a decline in sales of core supplies, partially offset by increased sales of facilities and breakroom supplies, furniture and copy and print services.

Business unit income as a percentage of sales increased to 8.4% for 2012 from 8.3% for 2011, primarily reflecting reduced incentive compensation as well as lower marketing costs and increased supply chain efficiencies. This increase was partially offset by inflationary pressures on core offset and increased costs associated with legal settlements.

International Operations

2013 Compared with 2012

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

Business unit loss as a percentage of sales was (0.4)% for 2013 compared to (0.5)% for 2012. This change was driven by reduced marketing spend, savings related to headcount reductions in our European and Australian businesses, as well as a favorable comparison to 2012 which included charges for accelerated tradename amortization in Australia, severance and the settlement of a contractual dispute. In addition, to a lesser extent, we experienced improved profitability in our European retail business as a result of closing underperforming stores in 2012. These factors were mostly offset by the negative impact of fixed costs on lower sales in Australia and in our European delivery businesses.

2012 Compared with 2011

Sales decreased 10.2% for 2012 compared to 2011. Sales for 2012 include $80.8 million of revenue related to the additional week in 2012. Excluding the 53rd week, sales decreased 11.8% for 2012 compared to 2011. This decrease was driven by declines in our Australian and European businesses and the negative impact of foreign exchange rates of $180.6 million. Broad-based weakness in the sales environment drove an 8% decrease in comparable store sales in Europe.

Business unit income (loss) as a percentage of sales was (0.5)% for 2012 compared to 2.1% for 2011. The decrease was primarily driven by deleverage of fixed costs on lower sales, $20.0 million of accelerated tradename amortization, declines in European product margins resulting from adverse product and customer mix, an increase in investments to drive sales, and an increase in severance-related costs across our International businesses. These factors were partially offset by savings related to headcount reductions in our European and Australian businesses.

Critical Accounting Policies and Significant Estimates

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

Inventory: We record inventory at the lower of weighted-average cost or market value. We reserve for obsolete, overstocked and inactive inventory based on the difference between the weighted-average cost of the inventory and the estimated market value using assumptions of future demand and market conditions. To estimate the required reserve, we consider factors such as age of the inventory, the nature of the products, the quantity of items on-hand relative to sales trends, current market prices and trends in pricing, our ability to use excess supply in another channel, historical write-offs, expected residual values or other recoveries, contractual terms related to and historical experience with returns to vendors, and new product introductions and other developments in industry. If actual demand or market conditions are less favorable than those projected by management, additional reserves may be required. However, based on historical experience, we do not believe our estimates and assumptions will have a material impact upon the financial statements. Past experience has shown little variability in reserve estimates. Over the past three years, our inventory write-offs have ranged from approximately 60% to 85% of the inventory reserve balance at the prior fiscal year-end.

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: We review 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. It is our policy to allocate goodwill and conduct impairment testing at a reporting unit level based on our most current business plans, which reflect changes we anticipate in the economy and the industry. We established, and continue to evaluate, our reporting units based on our internal reporting structure and define such reporting units at the operating segment level or one level below.

For the annual test in 2013, we performed an initial qualitative assessment for our North American reporting units to determine whether it was more likely than not that their fair values were less than their carrying amounts. This assessment was used as a basis for determining whether it was necessary to perform the two-step goodwill impairment test. These reporting units passed the prior year impairment test by a significant margin. The guidelines for this assessment require 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. This process requires management to exercise a great deal of judgment. 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. 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, and accordingly that it was not necessary to perform the two-step impairment test for these reporting units.

For our international reporting units, we proceeded directly to the two-step impairment test. In step one, we determined fair value using discounted cash flow ("DCF") analysis, which requires significant management assumptions and estimates regarding industry and economic factors and the future profitability of our businesses. The key assumptions used in the discounted cash flow approach include:

- The reporting unit's projections of financial results, which range from eight to twelve years depending on the maturity of the underlying business. For more established businesses, such as our European and Australian operations, we used an eight year model, while in our emerging market businesses we used a twelve year model which reflects management's expectations of the development time for these growth-oriented businesses. In general, our reporting units' fair values are most sensitive to our sales growth and operating profit rate assumptions, which represent estimates based on our current and projected sales mix, profit improvement opportunities and market conditions. If the business climate deteriorates, or if we fail to manage our businesses successfully, then actual results may not be consistent with these assumptions and estimates, and our goodwill may become impaired.

- 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 units' WACC's in future periods may be impacted by adverse changes in market and economic conditions and are subject to change based on the facts and circumstances that exist at the time of the valuation, which may increase the possibility of a potential future impairment charge. The discount rates for the majority of our reporting units declined in 2013 versus the prior year, reflecting increased stability in global financial markets.

- 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 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 a greater degree of judgment in 2013 compared with prior years, given that we did not perform step one of the impairment test for our North American reporting units, and therefore we had to estimate their fair values for the purpose of the reconciliation.

Based on the results of our testing in 2013, all of our international reporting units passed step one of the impairment test, and therefore we concluded that no impairment charges were required in 2013. However, two of our reporting units with significant goodwill continue to be at risk for impairment:

- Our Australia reporting unit, which has $362.5 million of goodwill as of the end of 2013, reported declines in revenue and operating profits during 2012 and 2013 as a result of a weak economy and the loss of certain significant customers, and our near-term projections for this business are below our earlier expectations.

- Our China reporting unit, which has $200.6 million of goodwill as of the end of 2013, experienced weaker than expected growth in 2013. The valuation for this reporting unit is predicated on the business achieving significant growth in the future, and therefore it is at risk of impairment if sales growth doesn't begin to accelerate in the near-to-mid term future.

In response to the trends for these two reporting units, we continue to undertake initiatives to help them drive sales, streamline business activities and restructure their business operations, which we believe will enable them to achieve levels of operating performance consistent with our long-term projections for these businesses. However, there is risk that these reporting units may continue to sustain challenging economic, industry, and operating pressures, which in turn would increase the risk associated with their goodwill balances. Additionally, if our stock price were to experience a sustained and significant decline, we could incur impairment charges.

Impairment of Long-Lived Assets: We evaluate long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. Our policy is to evaluate long-lived assets for impairment at the lowest level for which there are clearly identifiable cash flows that are largely independent of the cash flows of other assets and liabilities. Recoverability is measured based upon the estimated undiscounted cash flows expected to be generated from the use of an asset plus any net proceeds expected to be realized upon its eventual disposition. Our cash flow projections are based on historical cash flows and our latest forecasts. An impairment loss is recognized if an asset's carrying value is not recoverable and if it exceeds its fair value. We estimate the undiscounted cash flows that will be generated over the asset's remaining useful life, or, in the case of an asset group, over the remaining useful life of the primary asset from which the group derives its cash flow generating capacity. Upon the occurrence of indicators of impairment, we reassess the remaining useful life of the asset or primary asset in the case of an asset group. The projections, estimates and assumptions reflected in our long-lived asset impairment testing require a significant degree of judgment on the part of management. If actual results are less favorable than management's projections, estimates and assumptions, future write-offs may be necessary.

For long-lived assets that are held for use, we believe our operating results would need to be significantly less favorable than currently projected to result in a material impairment charge. With the exception of a limited number of retail stores in new markets or challenging markets where short and long-term initiatives are underway to improve current cash flows, our projected future cash flows are sufficient to recover the carrying values of the underlying assets. If there was an impairment of these store assets, it would not have a material effect on the Company's consolidated financial results.

For long-lived assets that will be disposed of in connection with an exit or disposal activity, we first reassess the assets' estimated remaining useful lives and evaluate whether the assets are impaired on a held for use basis, and then accelerate depreciation as warranted. Certain exit activities, such as the store closures associated with our 2012 Restructuring Plan and the recently announced commitment to close up to 225 stores in North America by the end of 2015, may result in material impairment charges.

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 February 1, 2014 of a change in discount rate and other assumptions is included in Note L - Pension and Other Post-Retirement Benefit Plans of the Notes to the Consolidated Financial Statements.

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

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

Recently Adopted Accounting Pronouncements

Effective February 3, 2013, we adopted a new pronouncement which requires the disclosure of certain information related to items reclassified from accumulated other comprehensive loss to net income. The adoption of this guidance requires changes in presentation only and, therefore, does not have a significant impact on our consolidated financial statements.

In March 2013, a pronouncement was issued providing guidance with respect to the release of cumulative translation adjustments into net income when a parent company sells either a part or all of an investment in a foreign entity. The guidance requires the release of cumulative translation adjustments when a company no longer holds a controlling financial interest in a foreign subsidiary or a group of assets that constitutes a business within a foreign entity. The pronouncement is effective for fiscal years beginning after December 15, 2013, with early adoption permitted. We elected to adopt this guidance as of February 3, 2013. The adoption of this guidance did not have a significant impact on our consolidated financial statements.

Liquidity and Capital Resources

<u>Cash Flows</u>

2013 Compared to 2012

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

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

Cash used in financing activities was $1.44 billion for 2013 compared to $812.3 million for 2012, an increase of $629.8 million. The increase was primarily attributable to the repayment of the $866.9 million remaining principal balance of our 9.75% notes upon their maturity in January 2014, partly offset by a $143.4 million reduction in cash used in our share repurchase plans. In 2013, the Company paid shareholders cash dividends of $0.48 per share for a total of $312.5 million, an increase from the $0.44 per share for a total of $294.1 million paid in 2012.

2012 Compared to 2011

Cash provided by operations was $1.22 billion for 2012 compared to $1.58 billion for 2011. The decrease in operating cash flow from 2011 was primarily due to a decrease in net income adjusted for non-cash expenses in 2012, and, to as lesser extent, from changes in working capital.

Cash used in investing activities was $342.0 million for 2012 compared to $383.7 million for 2011. The $41.7 million increase in cash used in investing activities from 2011 to 2012 was primarily due to lower capital spending, driven by reductions in system-related investments and fewer new store openings.

Cash used in financing activities was $812.3 million for 2012 compared to $1.36 billion for 2011. The decrease in cash used for financing activities in 2012 compared with 2011 was primarily attributable to the receipt in 2012 of net proceeds of $991.4 million from the issuance of the January 2018 Notes and the January 2023 Notes (each as defined below), which more than offset an increased use of cash in 2012 to retire debt obligations. In 2012, we completed a tender offer in which we repurchased $632.8 million of the January 2014 Notes and we repaid in full the $325 million October 2012 Notes, whereas in 2011 we used $500 million to repay the April 2011 Notes. During 2012, we repurchased 34.8 million shares for $449.2 million compared to 37.3 million shares for $604.5 million in 2011. In 2012, we paid shareholders cash dividends of $0.44 per share for a total of $294.1 million, an increase from the $0.40 per share for a total of $277.9 million paid in 2011.

<u>Sources of Liquidity</u>

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. On May 31, 2013, we 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 replaced the credit agreement dated as of November 4, 2010, which provided for a maximum borrowing of $1.0 billion and was due to expire in November 2014 (the "Prior Agreement"). As of May 31, 2013, no borrowings were outstanding under the Prior Agreement.

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. We will pay a facility fee at rates that range from 0.08% to 0.225% per annum depending on our credit rating and fixed charge coverage ratio. The May 2018 Revolving Credit Facility is unsecured and ranks pari passu with our 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 us to maintain a minimum fixed charge coverage ratio and a maximum adjusted funded debt to total capitalization ratio.

We also have various other lines of credit under which we may borrow a maximum of $160.5 million, and under which we had outstanding borrowings of $100.1 million and outstanding letters of credit of $0.2 million as of February 1, 2014, leaving $60.2 million of available credit at that date.

We have a commercial paper program ("Commercial Paper Program") that allows us to issue up to $1.0 billion of unsecured commercial paper notes ("Notes") from time to time. The May 2018 Revolving Credit Facility serves as a backstop to the Commercial Paper Program. Maturities of the Notes vary but may not exceed 397 days from the date of issue. In 2013, we did not borrow under our Commercial Paper Program. In 2012, we borrowed under our Commercial Paper Program to support our seasonal working capital requirements. In 2012, the weighted-average amount outstanding under the Commercial Paper Program was $7.3 million, with a weighted-average interest rate of 0.4%. The maximum amount outstanding under the Commercial Paper Program during 2012 was $100.0 million. At the end of 2012 there were no outstanding borrowings under the Commercial Paper Program.

At February 1, 2014, we had approximately $1.55 billion in total cash and funds available through credit agreements, which consisted of $1.06 billion of available credit and $492.5 million of cash and cash equivalents. Of the $492.5 million in cash and cash equivalents, approximately $281 million is held in jurisdictions outside the United States. While 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.

Off-Balance Sheet Financing Arrangements

We do not have any off-balance sheet financing arrangements as of February 1, 2014, nor did we utilize any during 2013.

Contractual Obligations and Commercial Commitments

A summary, as of February 1, 2014, of balances available under our credit agreements and contractual obligations is presented below (amounts in thousands):

			Payments Due By Period			
Contractual Obligations and Commercial Commitments (1)(2)(6)	**Available Credit**	**Total Outstanding Obligations**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
January 2018 Notes (5)	—	500,000	—	—	500,000	—
January 2023 Notes (5)	—	500,000	—	—	—	500,000
May 2018 Revolving Credit Facility	1,000,000	—	—	—	—	—
Other lines of credit	160,475	100,100	100,100	—	—	—
Other notes and capital leases	—	6,028	3,882	1,544	373	229
Total (5)	$ 1,160,475	$ 1,106,128	$ 103,982	$ 1,544	$ 500,373	$ 500,229
Interest expense	—	$ 251,875	$ 35,625	$ 71,250	$ 57,500	$ 87,500
Operating leases (3)	—	$ 3,607,915	$ 799,591	$ 1,263,425	$ 766,831	$ 778,068
Purchase obligations (4)	—	$ 564,762	$ 429,991	$ 73,427	$ 28,596	$ 32,748

(1) As of February 1, 2014, we had gross unrecognized tax benefits of $281.0 million, of which $266.0 million, if recognized, would affect the Company's tax rate, and an additional $46.7 million for gross accrued interest and penalties (see Note J - Income Taxes in the Notes to the Consolidated Financial Statements). At this time, we are unable to make a reasonable estimate of the timing of payments in connection with these tax liabilities; therefore, such amounts are not included in the contractual obligation table above.

(2) The above table excludes expected future contributions to our pension and post-retirement benefit plans. See Note L - Pension and Other Post-Retirement Benefit Plans in the Notes to the Consolidated Financial Statements for details about these future contributions.

(3) The operating lease payments reported above do not include common area maintenance or real estate taxes, which are expected to approximate 25% to 28% of the related operating lease payments. Utility costs related to leased facilities have also been excluded from this table because the payments do not represent contractual obligations until the services have been provided. Future annual minimum payments include restructuring related obligations as of February 1, 2014.

(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) The amounts represent the par value of our debt obligations. See Note F - Debt and Credit Agreements in the Notes to the Consolidated Financial Statements for information related to the carrying value of these obligations as of February 1, 2014.

(6) As of February 1, 2014, Staples had open standby letters of credit totaling $105.8 million

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 approximately $991 million. The Notes were issued with original discounts at 99.727% and 99.808%, respectively. The Notes rank equally with all our 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 we or any of our 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. We 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, we 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 our subsidiaries.

January 2014 Notes: We repaid the $866.9 million remaining principal amount of our $1.5 billion, 9.75% notes due January 2014 (the "January 2014 Notes") on their maturity date of January 15, 2014. In January and February 2013, the Company repurchased $633.1 million of the unhedged portion of the January 2014 Notes pursuant to a cash tender offer.

October 2012 Notes: We repaid the $325 million, 7.375% notes due October 2012 (the “October 2012 Notes”) on their maturity date of October 1, 2012. Upon repayment, we took the actions required under the applicable guarantee fall-away provisions to cause Staples the Office Superstore, LLC, Staples the Office Superstore, East Inc., Staples Contract & Commercial, Inc. and Staples the Office Superstore Limited Partnership (collectively, the “Guarantor Subsidiaries”) to be legally released from their guarantees of debt related to the January 2014 Notes, the November 2014 Revolving Credit Facility (as defined below) and the Commercial Paper Program (as defined below). The Guarantor Subsidiaries no longer guarantee repayment of our debt.

See the *Sources of Liquidity* section for information related to our May 2018 Revolving Credit Facility and various other lines of credit, as well as our Commercial Paper Program.

There were no instances of default during 2013 under any of our debt agreements. 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 capital expenditures for at least the next twelve months.

<u>Uses of Capital</u>

We expect a modest increase in capital spending in 2014 compared with 2013, driven by investments in our online businesses and other strategic initiatives, as well as investments aimed at improving the productivity of existing stores. We expect the source of funds for our capital expenditures to come from operating cash flows.

While we have primarily grown organically, we may use capital to engage in strategic acquisitions or joint ventures. We consider many types of acquisitions for their strategic and other benefits.

In addition to investing in our existing businesses and pursuing strategic acquisitions and partnerships, we also expect to continue to return capital to our shareholders through a cash dividend program and our share repurchase program.

We paid quarterly dividends of $0.12 per share on April 18, 2013, July 18, 2013, October 17, 2013 and January 16, 2014, resulting in a total dividend payment for 2013 of $312.5 million or $0.48 per share. We paid quarterly dividends of $0.11 per share on April 12, 2012, July 12, 2012, October 18, 2012 and December 12, 2012, resulting in a total dividend payment for 2011 of $294.1 million or $0.44 per share. We paid quarterly dividends of $0.10 per share on April 14, 2011, July 14, 2011, October 13, 2011 and January 12, 2012, resulting in a total dividend payment for 2011 of $277.9 million or $0.40 per share. While it is our intention to continue to pay quarterly cash dividends for 2014 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.

From time to time, we repurchase our common stock pursuant to programs approved by our Board of Directors. On September 13, 2011, we announced a new repurchase program that had been approved by the Board of Directors (the "2011 Repurchase Plan"). Under this plan, we are authorized to repurchase up to $1.5 billion of common stock in both open market and privately negotiated transactions. The 2011 Repurchase Plan has no expiration date and may be suspended or discontinued at any time. In 2013, we spent $305.8 million to repurchase 20.6 million shares under the 2011 Repurchase Plan. As of February 1, 2014, we have spent a total of $937.5 million to repurchase 68.1 million shares under the 2011 Repurchase Plan, and therefore, the remaining repurchase authorization was $562.5 million as of that date. We consider several factors in determining whether and when to execute share repurchases, including our current and projected operating results, capital expenditure requirements, acquisitions or other strategic initiatives, our capacity for leverage, cost of borrowings and the market price of our common stock.

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 February 1, 2014, we had variable rate debt obligations of approximately $100.1 million. While variable rate debt obligations expose us to the risk of rising interest rates, management does not believe that the potential exposure is material to our overall financial position or results of operations. Based on February 1, 2014 borrowing levels, a 1.0% increase or decrease in current market interest rates would have the effect of causing a $1 million additional pre-tax charge or credit to our statement of operations. In certain instances we may use interest rate swap agreements to modify fixed rate obligations to variable rate obligations, thereby adjusting the interest rates to current market rates and ensuring that the debt instruments are always reflected at fair value. We had no interest rate swap agreements outstanding as of February 1, 2014.

Foreign Currency Risk

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

Revenue and expense transactions in our foreign subsidiaries are primarily denominated in the respective local currencies. The income statements of our international operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency-denominated transactions results in increased revenues and operating expenses for our international operations. Conversely, our revenues and operating expenses will decrease for our international operations when the U.S. dollar strengthens against foreign currencies. While the matching of local currency revenues and local currency expenses provides in effect a natural hedge, such matching does not completely reduce the foreign currency exchange rate exposure. Revenues from our foreign operations accounted for approximately 30% and 31% of consolidated revenues in 2013 and 2012, 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 2013 and 2012, we recorded consolidated foreign currency translation gains (losses) of approximately $(126.8) million and $36.6 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 2013 and 2012, we recorded foreign currency transaction losses of $6.6 million and $3.1 million, respectively, which are recorded in Other income (expense), net in our consolidated statement of income.

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

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

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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 February 1, 2014 and February 2, 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended February 1, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15(a) 2. These financial statements and schedules 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 February 1, 2014 and February 2, 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 1, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Staples, Inc.'s internal control over financial reporting as of February 1, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated March 6, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Boston, Massachusetts
March 6, 2014

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

	February 1, 2014	February 2, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 492,532	$ 1,334,302
Receivables, net	1,838,714	1,815,586
Merchandise inventories, net	2,328,299	2,314,058
Deferred income tax assets	179,566	218,899
Prepaid expenses and other current assets	400,447	346,773
Current assets of discontinued operations	—	170,819
Total current assets	5,239,558	6,200,437
Property and equipment:		
Land and buildings	990,324	1,015,225
Leasehold improvements	1,306,987	1,300,258
Equipment	2,778,294	2,625,949
Furniture and fixtures	1,078,876	1,088,669
Total property and equipment	6,154,481	6,030,101
Less: Accumulated depreciation	4,283,762	4,066,926
Net property and equipment	1,870,719	1,963,175
Intangible assets, net of accumulated amortization	382,700	384,609
Goodwill	3,233,597	3,221,162
Other assets	448,302	510,622
Total assets	$ 11,174,876	$ 12,280,005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,997,494	$ 1,896,040
Accrued expenses and other current liabilities	1,266,974	1,405,752
Debt maturing within one year	103,982	987,161
Current liabilities of discontinued operations	—	129,672
Total current liabilities	3,368,450	4,418,625
Long-term debt, net of current maturities	1,000,205	1,001,943
Other long-term obligations	665,386	723,343
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 938,722,858 and 652,860,207 shares at February 1, 2014 and 932,246,614 shares and 669,182,785 shares at February 2, 2013, respectively	563	559
Additional paid-in capital	4,866,467	4,711,113
Accumulated other comprehensive loss	(507,154)	(388,773)
Retained earnings	7,001,755	6,694,207
Less: Treasury stock at cost, 285,862,651 shares at February 1, 2014 and 263,063,829 shares at February 2, 2013	(5,229,368)	(4,888,953)
Total Staples, Inc. stockholders' equity	6,132,263	6,128,153
Noncontrolling interests	8,572	7,941
Total stockholders' equity	6,140,835	6,136,094
Total liabilities and stockholders' equity	$ 11,174,876	$ 12,280,005

See notes to consolidated financial statements.

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

	Fiscal Year Ended		
	February 1, 2014	February 2, 2013	January 28, 2012
Sales	$ 23,114,263	$ 24,380,510	$ 24,664,752
Cost of goods sold and occupancy costs	17,081,978	17,889,249	17,974,884
Gross profit	6,032,285	6,491,261	6,689,868
Operating expenses:			
Selling, general and administrative	4,735,294	4,884,284	4,991,195
Impairment of goodwill and long-lived assets	—	810,996	—
Restructuring charges	64,085	207,016	—
Amortization of intangibles	55,405	78,900	64,902
Total operating expenses	4,854,784	5,981,196	5,056,097
Operating income	1,177,501	510,065	1,633,771
Other (expense) income:			
Interest income	4,733	5,340	7,370
Interest expense	(119,329)	(162,477)	(173,394)
Loss on early extinguishment of debt	—	(56,958)	—
Other income (expense), net	(100)	(30,547)	(3,103)
Income from continuing operations before income taxes	1,062,805	265,423	1,464,644
Income tax expense	355,801	426,270	477,247
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interests	707,004	(160,847)	987,397
Discontinued Operations:			
Loss from discontinued operations, net of income taxes	(86,935)	(49,978)	(3,564)
Consolidated net income (loss)	620,069	(210,825)	983,833
Loss attributed to the noncontrolling interests	—	(119)	(823)
Income (loss) attributed to Staples, Inc.	$ 620,069	$ (210,706)	$ 984,656
Amounts attributable to Staples, Inc.:			
Income (loss) from continuing operations	$ 707,004	$ (160,728)	$ 988,220
Loss from discontinued operations	(86,935)	(49,978)	(3,564)
Income (loss) attributed to Staples, Inc.	$ 620,069	$ (210,706)	$ 984,656
Basic Earnings Per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 1.08	$ (0.24)	$ 1.42
Discontinued operations attributed to Staples, Inc.	(0.13)	(0.07)	—
Net income (loss) attributed to Staples, Inc.	$ 0.95	$ (0.31)	$ 1.42
Diluted Earnings per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 1.07	$ (0.24)	$ 1.40
Discontinued operations attributed to Staples, Inc.	(0.13)	(0.07)	—
Net income (loss) attributed to Staples, Inc.	$ 0.94	$ (0.31)	$ 1.40
Dividends declared per common share	$ 0.48	$ 0.44	$ 0.40

See notes to consolidated financial statements.

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

	Fiscal Year Ended		
	February 1, 2014	February 2, 2013	January 28, 2012
Consolidated net income (loss)	$ 620,069	$ (210,825)	$ 983,833
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustments	(126,795)	36,602	(191,972)
Disposal of foreign business, net	8,308	—	—
Changes in the fair value of derivatives, net	—	2,022	(1,505)
Deferred pension and other post-retirement benefit costs, net	737	(106,656)	(27,520)
Other comprehensive loss, net of tax	(117,750)	(68,032)	(220,997)
Consolidated comprehensive income (loss)	502,319	(278,857)	762,836
Comprehensive income attributed to noncontrolling interests	631	879	990
Comprehensive income (loss) attributed to Staples, Inc.	$ 501,688	$ (279,736)	$ 761,846

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

	Equity Attributed to Staples, Inc.							
	Outstanding Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Treasury Stock	Non-controlling Interests	Total Stockholders Equity
Balances at January 29, 2011	720,913	$ 545	$ 4,334,735	$ (96,933)	$ 6,492,340	$ (3,786,977)	$ 7,471	$ 6,951,181
Issuance of common stock for stock options exercised	3,251	2	25,887	—	—	—	—	25,889
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	6,595	4	(4)	—	—	—	—	—
Tax benefit on exercise of options	—	—	1,805	—	—	—	—	1,805
Stock-based compensation	—	—	151,822	—	—	—	—	151,822
Sale of common stock under Employee Stock Purchase Plan and International Savings Plan	3,830	2	47,975	—	—	—	—	47,977
Net income (loss) for the year	—	—	—	—	984,656	—	(823)	983,833
Common stock dividend	—	—	—	—	(277,936)	—	—	(277,936)
Foreign currency translation adjustments	—	—	—	(193,785)	—	—	1,813	(191,972)
Changes in the fair value of derivatives (net of taxes of $1.4 million)	—	—	—	(1,505)	—	—	—	(1,505)
Deferred pension and other post-retirement benefit costs (net of taxes of $0.9 million)	—	—	—	(27,520)	—	—	—	(27,520)
Repurchase of common stock	(38,846)	—	—	—	—	(629,041)	—	(629,041)
Purchase of noncontrolling interest	—	—	(8,602)	—	—	—	(1,398)	(10,000)
Other	—	—	(2,319)	—	—	—	(1)	(2,320)
Balances at January 28, 2012	695,744	$ 553	$ 4,551,299	$ (319,743)	$ 7,199,060	$ (4,416,018)	$ 7,062	$ 7,022,213

	Outstanding Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Treasury Stock	Non-controlling Interests	Total Stockholders Equity
	Equity Attributed to Staples, Inc.							
Issuance of common stock for stock options exercised	2,008	$ 1	$ 3,670	$ —	$ —	$ —	$ —	$ 3,671
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	3,637	2	(2)	—	—	—	—	—
Tax benefit on exercise of options	—	—	185	—	—	—	—	185
Stock-based compensation	—	—	117,813	—	—	—	—	117,813
Sale of common stock under Employee Stock Purchase Plan and International Savings Plan	4,476	3	46,319	—	—	—	—	46,322
Net loss for the year	—	—	—	—	(210,706)	—	(119)	(210,825)
Common stock dividend	—	—	—	—	(294,147)	—	—	(294,147)
Foreign currency translation adjustments	—	—	—	35,604	—	—	998	36,602
Changes in the fair value of derivatives (net of taxes of $1.0 million)	—	—	—	2,022	—	—	—	2,022
Deferred pension and other post-retirement benefit costs (net of taxes of $35.5 million)	—	—	—	(106,656)	—	—	—	(106,656)
Repurchase of common stock	(36,681)	—	—	—	—	(472,935)	—	(472,935)
Purchase of noncontrolling interest	—	—	(7,910)	—	—	—	—	(7,910)
Other	—	—	(261)	—	—	—	—	(261)
Balances at February 2, 2013	669,183	$ 559	$ 4,711,113	$ (388,773)	$ 6,694,207	$ (4,888,953)	$ 7,941	$ 6,136,094
Issuance of common stock for stock options exercised	2,646	2	38,511	—	—	—	—	38,513
Shares issued upon grant of Restricted Stock Awards and vesting of Restricted Stock Units, net of forfeitures	48	—	—	—	—	—	—	—
Net tax expense related to shortfall on exercise of stock options	—	—	(6,154)	—	—	—	—	(6,154)
Stock-based compensation	—	—	80,632	—	—	—	—	80,632
Sale of common stock under Employee Stock Purchase Plan and International Savings Plan	3,782	2	42,742	—	—	—	—	42,744
Net income for the year		—	—	—	620,069	—	—	620,069
Common stock dividend	—	—	—	—	(312,521)	—	—	(312,521)
Foreign currency translation adjustments	—	—	—	(127,426)	—	—	631	(126,795)
Disposal of a foreign business (net of taxes of $3.9 million)	—	—	—	8,308	—	—	—	8,308
Deferred pension and other post-retirement benefit costs (net of taxes of $0.3 million)	—	—	—	737	—	—	—	737
Repurchase of common stock	(22,799)	—	—	—	—	(340,415)	—	(340,415)
Purchase of noncontrolling interest	—	—	(96)	—	—	—	—	(96)
Other	—	—	(281)	—	—	—	—	(281)
Balances at February 1, 2014	652,860	$ 563	$ 4,866,467	$ (507,154)	$ 7,001,755	$ (5,229,368)	$ 8,572	$ 6,140,835

See notes to consolidated financial statements.

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

	Fiscal Year Ended		
	February 1, 2014	**February 2, 2013**	**January 28, 2012**
Operating Activities:			
Consolidated net income (loss)	$ 620,069	$ (210,825)	$ 983,833
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	402,813	408,413	417,154
Amortization of intangibles	55,405	78,900	64,902
Loss on disposal of business	80,887	—	—
Impairment of goodwill and long-lived assets	—	810,996	—
Stock-based compensation	80,632	117,813	151,822
Excess tax benefits from stock-based compensation arrangements	(2,140)	(185)	(1,805)
Deferred income tax expense	104,786	112,148	6,706
Loss on early extinguishment of debt	—	56,958	—
Loss related to equity method investment	—	26,211	—
Other	(4,348)	7,208	4,452
Changes in assets and liabilities:			
(Increase) decrease in receivables	(54,418)	122,628	(73,670)
(Increase) decrease in merchandise inventories	(81,130)	87,246	(82,343)
(Increase) decrease in prepaid expenses and other assets	(39,349)	(48,145)	123,660
Increase (decrease) in accounts payable	108,392	(260,263)	23,677
Decrease in accrued expenses and other liabilities	(89,615)	(111,246)	(117,389)
(Decrease) increase in other long-term obligations	(73,698)	21,331	75,476
Net cash provided by operating activities	1,108,286	1,219,188	1,576,475
Investing Activities:			
Acquisition of property and equipment	(371,229)	(349,574)	(383,654)
Cash paid for termination of joint venture	(34,298)	—	—
Proceeds from the sale of property and equipment	13,350	9,500	—
Disposition of business, net	(12,736)	—	—
Acquisition of businesses, net of cash acquired	(74,632)	(1,941)	—
Net cash used in investing activities	(479,545)	(342,015)	(383,654)
Financing Activities:			
Proceeds from the exercise of stock options and sale of stock under employee stock purchase plans	81,257	49,993	73,866
Proceeds from borrowings	37,811	1,087,843	301,843
Payments on borrowings	(910,225)	(485,554)	(820,631)
Early settlement of debt	—	(689,740)	—
Purchase of noncontrolling interest	(96)	(7,910)	(10,000)
Cash dividends paid	(312,521)	(294,147)	(277,936)
Excess tax benefits from stock-based compensation arrangements	2,140	185	1,805
Repurchase of common stock	(340,415)	(472,935)	(629,041)
Net cash used in financing activities	(1,442,049)	(812,265)	(1,360,094)
Effect of exchange rate changes on cash and cash equivalents	(19,889)	5,245	(29,835)
Net (decrease) increase in cash and cash equivalents	(833,197)	70,153	(197,108)
Cash and cash equivalents at beginning of period	1,334,302	1,264,149	1,461,257
Cash and cash equivalents at end of period	501,105	1,334,302	1,264,149
Less: Net increase in cash and cash equivalents attributed to discontinued operations	(705)	—	—
Less: Cash and cash equivalents attributed to disposal group held for sale	(7,868)	—	—
Cash and cash equivalents at the end of the period	$ 492,532	$ 1,334,302	$ 1,264,149

See notes to consolidated financial statements.

Note A - Summary of Significant Accounting Policies

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

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

The Company completed the sale of its European Printing Systems Division business ("PSD") on October 5, 2013. Accordingly, PSD is being presented as a discontinued operation in the consolidated statement of income and the consolidated balance sheet for all periods presented. 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 2013 ("2013") consisted of the 52 weeks ended February 1, 2014, fiscal year 2012 ("2012") consisted of the 53 weeks ended February 2, 2013 and fiscal year 2011 ("2011") consisted of the 52 weeks ended January 28, 2012.

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

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

Receivables: Receivables include trade receivables financed under regular commercial credit terms and other non-trade receivables. Gross trade receivables were $1.38 billion at February 1, 2014 and $1.36 billion at February 2, 2013. 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 February 1, 2014 and February 2, 2013 was $30.8 million and $33.5 million, respectively.

Other non-trade receivables were $489.5 million at February 1, 2014 and $485.6 million at February 2, 2013 and consisted primarily of purchase and advertising rebates due from vendors under various incentive and promotional programs. Amounts expected to be received from vendors relating to the purchase of merchandise inventories are recognized as a reduction of inventory cost and realized as part of cost of goods sold as the merchandise is sold. Amounts expected to be received from vendors that represent reimbursement for specific, incremental costs incurred by the Company related to selling a vendor's products, such as advertising, are recorded as an offset to those costs when they are recognized in the consolidated statement of income.

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

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

Property and Equipment: Property and equipment are recorded at cost. Expenditures for normal maintenance and repairs are charged to expense as incurred. Depreciation and amortization, which includes the amortization of assets recorded under capital obligations, are provided using the straight-line method over the following useful lives: 40 years for buildings; 3-10 years 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 5 to 40 years. Lease acquisition costs, net of accumulated amortization, at February 1, 2014 and February 2, 2013 were $13.8 million and $16.2 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 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. 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 typically accrued when notification is given to the landlord. 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 $14.3 million and $19.5 million at February 1, 2014 and February 2, 2013, respectively. The cost of communicating an advertisement is expensed when the communication occurs. Total advertising and marketing expense was $498.9 million, $533.6 million and $582.6 million for 2013, 2012 and 2011, 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 stock options is measured based on the estimated fair value of each award on the date of grant using a binomial valuation model. 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. 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.

Foreign Currency: The assets and liabilities of Staples' foreign subsidiaries are translated into U.S. dollars at current exchange rates as of the balance sheet date, and revenues and expenses are translated at average monthly exchange rates. The resulting translation adjustments are recorded as a separate component of stockholders' equity. Foreign currency transaction gains and losses relate to the settlement of assets or liabilities in a currency other than the functional currency. Foreign currency transaction (losses) gains were $(6.6) million, $(3.1) million and $0.5 million for 2013, 2012 and 2011, respectively. These amounts are included in Other income (expense), net.

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

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

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

Recently Adopted Accounting Pronouncements: Effective February 3, 2013, the Company adopted a new pronouncement which requires the disclosure of certain information related to items reclassified from accumulated other comprehensive loss to net income. The adoption of this guidance requires changes in presentation only and, therefore, does not have a significant impact on the Company's consolidated financial statements.

In March 2013, a pronouncement was issued providing guidance with respect to the release of cumulative translation adjustments into net income when a parent company sells either a part or all of an investment in a foreign entity. The guidance requires the release of cumulative translation adjustments when a company no longer holds a controlling financial interest in a foreign subsidiary or a group of assets that constitutes a business within a foreign entity. The pronouncement is effective for fiscal years beginning after December 15, 2013, with early adoption permitted. The Company elected to adopt this guidance as of February 3, 2013. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

Note B — Restructuring Charges

In the third quarter of 2013, as part of the Company's continuing efforts to cut costs, the Company initiated a restructuring plan (“the 2013 Plan”) to streamline its operations and general and administrative functions. Pursuant to the 2013 Plan, certain distributed general and administrative functions are being centralized, which the Company believes will help drive additional synergies across business units. In addition, certain operational resources are being consolidated, which the Company believes will result in increased efficiencies, without negatively impacting customer service.

As a result of actions to be taken under the 2013 Plan, the Company recorded pre-tax restructuring charges of $78.3 million, including $75.5 million for employee severance costs related to the elimination of positions throughout the organization and $2.8 million for other associated costs. Of these amounts, $62.7 million relates to the Company's International Operations segment and $15.6 million relates to the Company’s corporate headquarters and North American operations. The Company does not expect to incur material costs in future periods related to the 2013 Plan. The Company expects to substantially complete the actions required under the 2013 Plan by the first half of fiscal 2015.

The table below shows the restructuring charges recorded during 2013 and the related liability balances as of February 1, 2014 for each major type of cost associated with the 2013 Plan (in thousands):

	2013 Plan		
	Employee Related	Other	Total
Accrued restructuring balance as of February 2, 2013	$ —	$ —	$ —
Charges	75,451	2,839	78,290
Cash payments	(11,396)	(307)	(11,703)
Foreign currency translations	(1,566)	—	(1,566)
Accrued restructuring balance as of February 1, 2014	$ 62,489	$ 2,532	$ 65,021

For the restructuring liabilities associated with the 2013 Plan, $2.1 million of the employee severance costs are included in Other long-term obligations and the remaining balances are included within Accrued expenses and other current liabilities in the Company's consolidated balance sheet as of February 1, 2014. The Company expects that the payments related to the employee related liabilities will be substantially completed by early fiscal 2015.

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

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

In 2012, the Company initiated a strategic plan (the "2012 Plan") aimed at accelerating growth, particularly in the Company's online businesses. Elements of the 2012 Plan included more fully integrating the Company's retail and online offerings, restructuring its International Operations segment and improving the productivity of its stores in North America. Pursuant to the 2012 Plan, the Company took the following actions:

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

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

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

	2012 Plan							
		Contractual Obligation		Employee Related		Other		Total
Accrued restructuring balance as of February 2, 2013	$	102,561	$	68,259	$	6,445	$	177,265
Cash payments		(74,001)		(41,597)		(6,086)		(121,684)
Adjustments		1,754		(12,313)		—		(10,559)
Foreign currency translations		(1,633)		(562)		(180)		(2,375)
Accrued restructuring balance as of February 1, 2014	$	28,681	$	13,787	$	179	$	42,647

The Company expects that payments related to employee related liabilities associated with the 2012 Plan will be substantially completed by the middle of fiscal 2014. The Company anticipates payments related to facility lease obligations will be complete by fiscal year 2024.

In the third quarter of 2013, the Company recorded a net $10.6 million adjustment to reduce the liabilities associated with the 2012 Plan. The adjustment included a $12.3 million reduction of the liability for employee-related costs, partly offset by a $1.8 million increase in the liability related to contractual obligations. These adjustments stemmed from changes in facts and circumstances during 2013. In addition, the Company recorded a $3.6 million adjustment related to other costs associated with the 2012 Plan.

For the restructuring liabilities associated with the 2012 Plan, $10.4 million of the contractual obligations are included in Other long-term obligations and the remaining balances are included within Accrued expenses and other current liabilities in the Company's consolidated balance sheet as of February 1, 2014. As of February 2, 2013, $30.5 million of the contractual obligations and all of the employee-related and other obligations were included within Accrued expenses and other current liabilities, and $72.0 million of the contractual obligations were included in Other long-term obligations.

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

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

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

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

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.

In the third quarter of 2012, the Company determined that indicators of impairment existed for the goodwill related to its Europe Retail and Europe Catalog reporting units, both of which are included in the Company's International Operations segment. These indicators included political and economic instability in Europe, declining sales and profits, a sustained decline of the Company's stock price, and revised outlooks for its European businesses. In September 2012, management presented, and the Board of Directors approved, a strategic plan to accelerate growth across the Company and to reposition its operations and stem losses in Europe. In connection with the development of this plan, the Company analyzed each of its European businesses in light of ongoing industry trends, economic conditions, and long-term sales and profit projections. The Company's management and Board of Directors concluded a strategic shift in the business was crucial to Staples' long-term business prospects in Europe. As a result, the Company made strategic decisions and announced a plan to restructure the Company's operations in Europe (see Note B - Restructuring Charges), divest its printing systems division and more fully integrate its retail and online offerings.

The outcome of this strategic review was significant changes in the long-range financial projections for Europe Retail and Europe Catalog compared with previous projections. The revised projections reflected long-term sales declines for Europe Retail, stemming from a decision, in light of industry trends, to allocate more resources and capital to the expansion of online capabilities. The revised projections also reflected declines in the Company's European catalog business, which is projected to be replaced with the growing, but less profitable, online business.

To derive the fair value of these reporting units in step one of the impairment test, the Company used the income approach, specifically the discounted cash flow ("DCF") method. Based on the results of this first step, the Company determined that the carrying values of Europe Retail and Europe Catalog exceeded their respective fair values, and accordingly, the Company proceeded to step two of the impairment test.

In the second step, the Company assigned the reporting unit's fair value to all of its assets and liabilities, including any unrecognized intangible assets, 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 third-party appraisals and the income approach, specifically the relief from royalty and the multi-period excess earnings methods. Based on the results of this second step, the Company recorded impairment charges of $303.3 million related to Europe Retail and $468.1 million related to Europe Catalog during the third quarter of 2012.

During the fourth quarters of 2012 and 2013, the Company performed its annual goodwill impairment testing, and determined that no further impairment charges were required at those times.

The changes in the carrying amounts of goodwill during fiscal 2012 and 2013 are as follows (in thousands):

	Goodwill at January 28, 2012	2012 Impairment Charges	2012 Adjustments	Foreign Exchange Fluctuations	Goodwill at February 2, 2013
North American Commercial	$ 1,245,034	$ —	$ —	$ —	$ 1,245,034
North American Stores & Online	629,554	—	(3,103)	222	626,673
International Operations	2,107,542	(771,493)	(414)	13,820	1,349,455
Consolidated	$ 3,982,130	$ (771,493)	$ (3,517)	$ 14,042	$ 3,221,162

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

As of February 1, 2014, the Company has taken $771.5 million of accumulated goodwill impairment charges.

Long-Lived Assets

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

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

See Note G - Fair Value Measurements for disclosures related to fair value measurements incorporated in the calculations of the goodwill and long-lived asset impairment charges.

Also during 2012, the Company rebranded its Australian business, a component of the Company's International Operations segment, pursuant to which the Company accelerated the transition from the legacy Corporate Express tradename to the exclusive use of the Staples brand name. As a result, the Company accelerated the remaining amortization totaling $20.0 million in 2012. This amount was recorded in Amortization of intangibles in the consolidated statement of income. Prior to the decision to rebrand this business, the carrying value of the tradename was scheduled to be amortized through the end of the Company's fiscal year 2014.

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

	Weighted Average Amortization Period	February 1, 2014			February 2, 2013		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	12.2 years	$ 686,399	$ (357,239)	$ 329,160	$ 680,846	$ (305,245)	$ 375,601
Technology	5.0 years	48,193	(862)	47,331	—	—	—
Tradenames	16.0 years	204,598	(198,389)	6,209	208,449	(199,441)	9,008
Total	11.8 years	$ 939,190	$ (556,490)	$ 382,700	$ 889,295	$ (504,686)	$ 384,609

Estimated future amortization expense associated with the intangible assets at February 1, 2014 is as follows (in thousands):

Fiscal Year	Total
2014	$ 59,767
2015	63,114
2016	61,617
2017	61,278
2018	57,694
Thereafter	79,230
	$ 382,700

Note D — Divestitures

On October 5, 2013, the Company completed the sale of PSD, a former component of the Company's International Operations segment, which operated in five countries in Europe and focused on the sale, rental and servicing of printing machinery. The Company recognized a preliminary loss on disposal of $80.9 million in the third quarter of 2013, which was included in Loss from discontinued operations, net of income taxes in the consolidated statements of income, and which is subject to a working capital adjustment, which has not yet been finalized. The loss reflects an insignificant amount of curtailment and settlement gains and losses associated with the defined benefit pension plans related to PSD.

The following table details PSD's results of operations for 2013, 2012 and 2011, which have been reported in discontinued operations (in thousands):

	35 Weeks Ended October 5, 2013	53 Weeks Ended February 2, 2013	52 Weeks Ended January 28, 2012
Sales	$ 199,224	$ 291,428	$ 357,440
Restructuring Charges	—	20,064	—
Loss from discontinued operations, before income taxes (including loss on disposal of $80.9 million in 2013)	(88,301)	(51,074)	(5,503)
Income tax benefit	(1,366)	(1,096)	(1,939)
Loss from discontinued operations, net of income taxes	$ (86,935)	$ (49,978)	$ (3,564)

During the fourth quarter of 2013, the Company classified certain assets and liabilities of one of its business units as a disposal group and accounted for the group as held-for-sale in the consolidated balance sheet as of February 1, 2014. The results of operations for this business unit have not been material to the Company's consolidated results of operations nor to its segment reporting, and therefore this business has not been presented as a discontinued operation in the Company's consolidated financial statements. Given the Company expects to complete the sale within one year, the Company has presented the assets and liabilities of this disposal group within Prepaid expenses and other current assets and Accrued expenses and other current liabilities, respectively, on the consolidated balance sheet. The following table shows the carrying amounts of the major classes of the assets and liabilities included in the disposal group held for sale as of February 1, 2014 (in thousands):

		February 1, 2014
ASSETS		
Cash and cash equivalents	$	7,868
Receivables, net		3,375
Merchandise inventories, net		6,123
Prepaid expenses and other current assets		1,398
Goodwill		11,163
Intangible assets, net of accumulated amortization		743
Property and equipment, net		4,058
Total assets	$	34,728
LIABILITIES		
Accounts payable	$	815
Accrued expenses and other current liabilities		883
Other long-term obligations		50
Total liabilities	$	1,748

Note E — Accrued Expenses and Other Current Liabilities

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

		February 1, 2014		February 2, 2013
Taxes	$	232,676	$	288,264
Employee related		321,736		351,910
Acquisition and restructuring reserves		100,425		127,758
Advertising and marketing		109,213		97,992
Other		502,924		539,828
Total	$	1,266,974	$	1,405,752

Note F — Debt and Credit Agreements

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

	February 1, 2014		February 2, 2013
January 2014 Notes		—		879,454
January 2018 Notes		498,919		498,635
January 2023 Notes		499,140		499,040
Other lines of credit		100,100		103,734
Capital lease obligations and other notes payable		6,028		8,241
		1,104,187		1,989,104
Less: current portion		(103,982)		(987,161)
Net long-term debt	$	1,000,205	$	1,001,943

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

Fiscal Year:		Total
2014	$	103,982
2015		1,229
2016		315
2017		500,258
2018		115
Thereafter		500,229
	$	1,106,128
Unamortized discounts on January 2018 Notes and January 2023 Notes		(1,941)
	$	1,104,187

Future minimum lease payments under capital leases of $2.5 million are included in aggregate annual maturities shown above. Staples did not incur any new capital lease obligations in 2013 or 2012.

Interest paid by Staples totaled $128.0 million, $171.6 million and $184.5 million for 2013, 2012 and 2011, respectively. There was no interest capitalized in 2013, 2012 and 2011.

January 2018 Notes and January 2023 Notes: In January 2013, the Company issued $500 million aggregate principal amount of 2.75% senior notes due January 2018 (the "January 2018 Notes") and $500 million aggregate principal amount of 4.375% senior notes due January 2023 (the "January 2023 Notes", or collectively "the Notes"), for total net proceeds after the original issue discount and the underwriters' fees of $991.4 million. The Notes were issued with original discounts at 99.727% and 99.808%, respectively. The Notes rank equally with all of the Company's other unsecured and unsubordinated indebtedness. The indenture governing the notes contains covenants that will limit the Company's ability to create certain liens and engage in certain sale and leaseback transactions. The indenture does not limit the amount of debt that the Company or any of the Company's subsidiaries may incur. Interest on these Notes is payable in cash on a semi-annual basis on January 12 and July 12 of each year. The interest rate payable on the Notes will be subject to adjustments from time to time if Moody's Investors Service, Inc. or Standard & Poor's Ratings Services downgrades (or downgrades and subsequently upgrades) the rating assigned to the Notes. The Company may redeem the Notes at any time at certain redemption prices specified in the indenture governing the Notes. Upon the occurrence of both (a) a change of control of Staples, Inc., as defined in the indenture, and (b) a downgrade of the Notes below an investment grade rating by both of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services within a specified period, the Company will be required to make an offer to purchase the Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. The Notes are not guaranteed by any of the Company's subsidiaries.

January 2014 Notes: On January 15, 2009, Staples issued $1.5 billion aggregate principal amount of notes due January 15, 2014 (the "January 2014 Notes"), with a fixed interest rate of 9.75% payable semi-annually. In January 2013, the Company repurchased $632.8 million of the unhedged portion of the January 2014 Notes pursuant to a cash tender offer, leaving an $867.2 million aggregate principal balance. As a result of this tender offer, the Company incurred a pre-tax loss on early extinguishment of debt of $57.0 million in 2012, which primarily included debt tender premiums and which was included within Loss on early extinguishment of debt on the consolidated statement of income. The Company also wrote off the related unamortized debt issuance costs of $1.0 million to interest expense in 2013. The tender offer period remained open until February 4, 2013, and on February 5, 2013 the Company paid an additional $0.3 million to repurchase January 2014 Notes and incurred a related loss on early settlement of $33.7 thousand. On January 15, 2014, the Company repaid the remaining $866.9 million balance of the January 2014 Notes in full.

October 2012 Notes: The Company repaid the $325 million, 7.375% notes due October 2012 (the "October 2012 Notes") on their maturity date of October 1, 2012. Upon repayment, the Company took the actions required under the applicable guarantee fall-away provisions to cause its subsidiaries Staples the Office Superstore, LLC, Staples the Office Superstore, East Inc., Staples Contract & Commercial, Inc. and Staples the Office Superstore Limited Partnership (collectively, the "Guarantor Subsidiaries") to be legally released from their guarantees of debt related to the January 2014 Notes, the Prior Agreement (as defined below) and the Commercial Paper Program (as defined below). The Guarantor Subsidiaries are no longer legally guaranteeing the repayment of the debt; therefore, the Guarantor Subsidiaries note included in the Company's previous financial statement filings is no longer required.

Revolving Credit Facility: To cover seasonal fluctuations in cash flows and to support our various initiatives, the Company utilizes cash generated from operations and borrowings available under various credit facilities and a commercial paper program. 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 replaced the credit agreement dated as of November 4, 2010, which provided for a maximum borrowing of $1.0 billion and was due to expire in November 2014 (the "Prior Agreement"). As of May 31, 2013, no borrowings were outstanding under the Prior Agreement, and the Company did not borrow under the May 2018 Revolving Credit Facility during 2013.

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.

Commercial Paper Program: The Company has a commercial paper program ("Commercial Paper Program") which 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. Maturities of the Commercial Paper Notes vary but may not exceed 397 days from the date of issue. In 2012, the Company borrowed under the Commercial Paper Program to support the Company's seasonal working capital requirements, with a weighted-average amount outstanding of $7.3 million and a weighted-average interest rate of 0.4%. The maximum amount outstanding under the Commercial Paper Program during 2012 was $100.0 million, and there were no borrowing outstanding at the end of 2012. The Company did not borrow under the Commercial Paper Program during 2013.

Other Lines of Credit: The Company had $160.5 million in borrowing capacity under various other lines of credit as of February 1, 2014 with outstanding borrowings of $100.1 million and outstanding letters of credit of $0.2 million, leaving $60.2 million of available credit at that date.

There were no instances of default during 2013 under any of the Company's debt agreements.

Deferred Financing Fees

In connection with the issuance of certain debt instruments, the Company incurred financing fees which are being amortized over the terms of the related debt instruments. Amortization of the financing fees is classified as interest expense. Deferred financing fees amortized to interest expense were $3.4 million, $4.8 million and $4.2 million for 2013, 2012 and 2011, respectively. The amount for 2012 includes $1.0 million of accelerated amortization related to the early extinguishment of $632.8 million of the January 2014 Notes. At February 1, 2014, unamortized financing fees of $2.0 million were included in Prepaid expenses and other current assets and $8.4 million were included in Other assets. At February 2, 2013, unamortized financing fees of $1.3 million were included in Prepaid expenses and other current assets and $10.0 million were included in Other assets.

Note G — Fair Value Measurements

Recurring Fair Value Measurements

ASC Topic 820 *Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement), then priority to quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market (Level 2 measurement), then the lowest priority to unobservable inputs (Level 3 measurement).

The fair values of cash and cash equivalents, receivables, accounts payable, accrued expenses, other current liabilities, and short-term debt approximate their carrying values because of their short-term nature.

The following table shows the difference between the financial statement carrying value and fair value of the Company's debt obligations (see Note F - Debt and Credit Agreements) as of February 1, 2014 and February 2, 2013 (in thousands). The fair values of these notes were determined based on quoted market prices and are classified as Level 1 measurements.

	February 1, 2014		February 2, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
January 2018 Notes	$ 498,919	$ 505,189	$ 498,635	$ 502,202
January 2023 Notes	499,140	486,947	499,040	496,369

The following table shows the Company’s assets and liabilities as of February 1, 2014 and February 2, 2013 that are measured and recorded in the financial statements at fair value on a recurring basis (in thousands):

	February 1, 2014		
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Unobservable Inputs
	Level 1	Level 2	Level 3
Assets			
Money market funds	$ 37,288	$ —	$ —
Liabilities			
Derivative liabilities	—	(4,688)	—

	February 2, 2013		
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Unobservable Inputs
	Level 1	Level 2	Level 3
Assets			
Money market funds	$ 585,479	$ —	$ —
Liabilities			
Derivative liabilities	—	(20,153)	—

The fair values of the Company’s money market funds are based on quotes received from third-party banks. The fair values of the Company’s derivative liabilities are based on quotes received from third-party banks and represent the estimated amount the Company would receive or pay to terminate the agreements taking into consideration current interest and forward exchange rates as well as the creditworthiness of the counterparty.

The fair values of the assets in the Company's pension plans are described in detail in Note L - Pension and Other Post-Retirement Benefit Plans.

Non-Recurring Fair Value Measurements

During 2012, the Company recognized goodwill impairment charges of $771.5 million and long-lived asset impairment charges of $39.5 million. These charges were based on fair value measurements derived using the income approach, specifically the discounted cash flow, relief from royalty, and multi-period excess earnings methods. The valuation methodologies incorporated unobservable inputs reflecting significant estimates and assumptions made by management. Accordingly, the Company classified these measurements as Level 3 within the fair value hierarchy. The charges were also based, in part, on property appraisals prepared by third-party valuation specialists. The appraisals incorporate a significant amount of judgment on the part of the valuation specialists regarding appropriate comparable properties and an assessment of current market conditions. The Company has also classified these measurements as Level 3 within the fair value hierarchy. Refer to Note C - Goodwill and Long-Lived Assets for further detailed information related to the significant unobservable inputs.

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.

The table below presents the fair value of the Company's derivative financial instruments that qualify for hedge accounting as well as their classification on the consolidated balance sheet as of February 1, 2014 and February 2, 2013 (in thousands):

		Fair Value	
	Consolidated Balance Sheet Location	February 1, 2014	February 2, 2013
Liability derivatives:			
Foreign currency forwards	Other long-term liabilities	$ —	$ (9,967)
Total		$ —	$ (9,967)

The tables below present pre-tax gains and losses recognized in Other Comprehensive Income ("OCI") during 2013, 2012 and 2011 related to derivative financial instruments designated as cash flow hedges or net investment hedges, as well as the amount of gains and losses reclassified into earnings during those periods (in thousands). There were no net investment or cash flow hedges outstanding during 2013.

Derivative Type	Hedge Designation	Gain (loss) recognized in OCI 2013	Gain (loss) recognized in OCI 2012	Gain (loss) recognized in OCI 2011	(Loss) gain reclassified into earnings 2013	(Loss) gain reclassified into earnings 2012	(Loss) gain reclassified into earnings 2011	Location of gain (loss) recognized in earnings
Interest rate swaps	Cash flow	$ —	$ 705	$ —	$ —	$ —	$ (300)	Interest expense
Foreign currency swaps	Cash flow	—	—	—	—	—	948	Other expense
Foreign currency swaps	Net investment	—	(505)	(2,904)	—	—	—	—
Foreign currency forward	Net investment	—	2,795	—	—	—	—	—

Interest Rate Swaps:

During 2012, Staples entered into a series of interest rate swap agreements for an aggregate notional amount of $325 million. These swaps were designated as cash flow hedges of interest rate risk, and were used to hedge the Company's exposure to the variability in future cash flows associated with the forecasted issuances of the January 2018 Notes and the January 2023 Notes (see Note F - Debt and Credit Agreements). Upon issuance of these notes in January 2013, the Company terminated these swaps, realizing a gain of $1.3 million. Of this amount, $0.7 million is being amortized to interest expense over the terms of the January 2018 Notes and January 2023 Notes and $0.6 million was recognized as a gain in Other income (expense), net in the consolidated statement of income in 2012 due to ineffectiveness associated with these cash flow hedges.

In March 2010, Staples entered into interest rate swaps for an aggregate notional amount of $750 million. These swaps were designated as a fair value hedge and designed to convert half of the aggregate principal amount of the January 2014 Notes into a variable rate obligation. In September 2011, the Company terminated the $750 million interest rate swaps, realizing a gain of $30.3 million which was recorded as an adjustment to the carrying value of the debt and was amortized to interest expense over the remaining term of the hedged portion of the January 2014 Notes.

In connection with Staples' acquisition of Corporate Express, the Company assumed interest rate swaps designed to convert Corporate Express' variable rate credit facilities into fixed rate obligations. On May 5, 2011, the Company repaid the outstanding balance on these variable rate credit facilities and terminated the related interest rate swap agreements. As a result of the termination of these interest rate swap agreements, the Company recognized a loss of $0.3 million in Other income (expense), net in the consolidated statement of income in 2011.

Foreign Currency Swaps and Forwards:

In August 2007, the Company entered into a series of foreign currency swaps with an aggregate notional amount of $300 million that had been designated as a foreign currency hedge on Staples' net investment in Canadian dollar denominated subsidiaries. In 2012, the Company terminated these swaps, recognizing a loss of $14.9 million which was recorded as a foreign currency translation loss within other comprehensive income. No amounts were included in the consolidated statements of income related to ineffectiveness associated with this net investment hedge.

In May 2011, the Company entered into a foreign currency swap designed to convert a 75 million intercompany loan denominated in Australian dollars into a fixed Euro amount. The intercompany loan had a fixed interest rate of 6.65%. The agreement was accounted for as a cash flow hedge. No amounts were included in the consolidated statement of income related to ineffectiveness associated with this cash flow hedge. Upon maturity of the agreement in August 2011, Staples paid 76.4 million Australian dollars and recognized a gain of $0.9 million.

In August 2011, the Company entered into a foreign currency swap designed to convert a 75 million intercompany loan denominated in Australian dollars into a fixed Euro amount. The intercompany loan had a fixed interest rate of 6.65%. The agreement was accounted for as a fair value hedge. No amounts were included in the consolidated statement of income related to ineffectiveness associated with this cash flow hedge. Upon maturity of the agreement in October 2011, Staples paid AUD 76.4 million and recognized a loss of $4.1 million.

In October 2011, the Company entered into a foreign currency swap designed to convert a 118.3 million intercompany loan denominated in Canadian dollars into a fixed U.S. dollar amount. The intercompany loan had a fixed interest rate of 1.8%. The agreement was accounted for as a fair value hedge. No amounts were included in the consolidated statement of income related to ineffectiveness associated with this cash flow hedge. Upon maturity of the agreement in December 2011, Staples paid $112.1 million and recognized a gain of $2.2 million.

Also in October 2011, the Company entered into a foreign currency swap designed to convert a 79.5 million intercompany loan denominated in Canadian dollars into a fixed Euro amount. The intercompany loan had a fixed interest rate of 1.32%. The agreement was accounted for as a fair value hedge. No amounts were included in the consolidated statement of income related to ineffectiveness associated with this cash flow hedge. Upon maturity of the agreement in December 2011, Staples paid 79.5 million Canadian dollars and recognized a loss of $2.1 million.

In December 2011, the Company entered into a foreign currency forward designed to convert a series of intercompany loans denominated in Canadian dollars into a fixed U.S. dollar amount. The loans totaled 750 million Canadian dollars in the aggregate and matured at various dates between October 2012 and October 2013. Staples, upon full maturity of the agreements in October 2013, had collected $720 million and paid 750 million Canadian dollars per the terms of the contracts. The forward agreements were accounted for as a fair value hedge. In 2012, the Company settled 500 million Canadian dollars of the notional amount relating to this forward, realizing a loss of $24.2 million which was recorded within Other income (expense), net. In 2013, the Company settled the remaining 250 million Canadian dollars of notional amount relating to this forward, realizing a loss of $4.2 million, which was recorded within Other income (expense), net. During 2013, 2012 and 2011, unrealized gains (losses) of $5.8 million, $12.2 million and $(22.0) million, respectively, were recognized in Other income (expense), net related to the outstanding portion of this fair value hedge. No amounts were included in the consolidated statements of income related to ineffectiveness associated with this fair value hedge. At February 2, 2013, the outstanding portion of the foreign currency forward had a fair value loss of $10.0 million which was included in other long-term obligations.

In 2012, the Company entered into a series of short-term foreign currency forwards with notional amounts of 150 million Canadian dollars that were designated as foreign currency hedges on Staples' net investment in Euro-denominated subsidiaries. Upon settlement of these forwards, the Company recognized a net gain of $2.8 million in 2012 which was recorded as a foreign currency translation gain within other comprehensive income. No amounts were included in the consolidated statements of income related to ineffectiveness associated with these net investment hedges. These forwards were fully settled as of February 2, 2013.

Note I — Commitments and Contingencies

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 February 1, 2014 include $94.9 million relating to future rent escalation clauses and lease incentives under certain existing operating lease arrangements. These rent obligations are recognized on a straight-line basis over the respective terms of the leases. Future minimum lease commitments due for retail, distribution, fulfillment and support facilities (including restructured facilities and lease commitments for two retail stores not yet opened at February 1, 2014) and equipment leases under non-cancelable operating leases are as follows (in thousands):

Fiscal Year:	Total
2014	$ 799,591
2015	690,828
2016	572,597
2017	450,745
2018	316,086
Thereafter	778,068
	$ 3,607,915

Future minimum lease commitments exclude the impact of $43.0 million of minimum rentals due under non-cancelable subleases.

Rent expense was $801.4 million, $838.9 million and $839.6 million for 2013, 2012 and 2011, respectively.

As of February 1, 2014, Staples had contractual purchase obligations that are not reflected in the Company's consolidated balance sheets totaling $564.8 million. Many of the Company's purchase commitments may be canceled by the Company without advance notice or payment and, accordingly, the Company has excluded such commitments from the following schedule. Contracts that may be terminated by the Company without cause or penalty, but that require advance notice for termination, are valued on the basis of an estimate of what the Company would owe under the contract upon providing notice of termination. Expected payments related to such purchase obligations are as follows (in thousands):

Fiscal Year:	Total
2014	$ 429,991
2015	42,516
2016	30,911
2018	16,852
2019	11,744
Thereafter	32,748
	$ 564,762

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 February 1, 2014, Staples had open standby letters of credit totaling $105.8 million.

Legal Proceedings

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 February 1, 2014 would have a material adverse effect on its business, results of operations or financial condition.

Note J — Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The approximate tax effect of the significant components of Staples' deferred tax assets and liabilities, including those related to discontinued operations, are as follows (in thousands):

	February 1, 2014	February 2, 2013
Deferred income tax assets:		
Deferred rent	$ 34,953	$ 39,410
Foreign tax credit carryforwards	6,775	66,422
Net operating loss carryforwards	333,920	335,604
Capital loss carryforwards	18,231	20,388
Employee benefits	124,356	134,959
Bad debts	16,356	15,978
Inventory	39,111	33,598
Insurance	36,312	38,588
Deferred revenue	16,143	52,025
Depreciation	56,768	29,652
Financing	30,629	31,220
Accrued expenses	18,505	21,475
Other—net	18,408	50,852
Total deferred income tax assets	750,467	870,171
Total valuation allowance	(414,258)	(410,128)
Net deferred income tax assets	$ 336,209	$ 460,043
Deferred income tax liabilities:		
Intangibles	$ (142,772)	$ (124,951)
Other—net	(2,048)	(3,125)
Total deferred income tax liabilities	(144,820)	(128,076)
Net deferred income tax assets	$ 191,389	$ 331,967

The deferred tax asset from tax loss carryforwards of $333.9 million represents approximately $1.30 billion of net operating loss carryforwards, $658.2 million of which are subject to expiration beginning in 2014. The remainder has an indefinite carryforward period. The deferred tax asset from foreign tax credit carryforwards of $6.8 million is subject to expiration beginning in 2018. The valuation allowance increased by $4.1 million during 2013, primarily due to the establishment of valuation allowances in certain foreign jurisdictions and current year operating losses generated in foreign jurisdictions that the Company has determined are not more-likely-than-not realizable, partially offset by a decrease in the the valuation allowance associated with the expiration of net operating loss carryforwards against which a valuation allowance had been maintained.

For financial reporting purposes, income from continuing operations before income taxes includes the following components (in thousands):

	2013	2012	2011
Pretax income (loss):			
United States	$ 881,204	$ 1,027,547	$ 1,009,978
Foreign	181,601	(762,124)	454,666
Income from continuing operations before income taxes	$ 1,062,805	$ 265,423	$ 1,464,644

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

	2013	2012	2011
Current tax expense:			
Federal	$ 192,875	$ 240,230	$ 253,078
State	36,818	43,661	59,877
Foreign	21,322	30,231	159,872
Deferred tax expense (benefit):			
Federal	72,721	77,824	75,233
State	5,551	5,837	(4,666)
Foreign	26,514	28,487	(66,147)
Total income tax expense	$ 355,801	$ 426,270	$ 477,247

See Note D - Divestitures for the losses from discontinued operations before income taxes and related income taxes reported in 2013, 2012 and 2011. 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:

	2013	2012	2011
Federal statutory rate	35.0%	35.0%	35.0%
State effective rate, net of federal benefit	2.6	12.1	2.6
Effect of foreign taxes	(7.8)	(3.3)	(5.1)
Tax credits	(0.4)	(0.8)	(0.5)
Italian tax refund (previously deemed uncollectible)	—	—	(1.4)
Goodwill impairment	—	82.5	—
Change in valuation allowance	3.8	37.1	0.5
Other	0.3	(2.0)	1.5
Effective tax rate	33.5%	160.6%	32.6%

The effective tax rate in any year is impacted by the geographic mix of earnings. Additionally, certain foreign operations are subject to both U.S. and foreign income tax regulations, and as a result, income before tax by location and the components of income tax expense by taxing jurisdiction are not directly related. The 2012 effective tax rate was unfavorably impacted by the goodwill impairment charges recorded in 2012 relating to the Company's Europe Retail and Europe Catalog reporting units (see Note C - Goodwill and Long-Lived Assets).

The tax impact of the unrealized gain or loss on instruments designated as hedges of net investments in foreign subsidiaries is reported in accumulated other comprehensive loss in stockholders' equity.

The Company operates in multiple jurisdictions and could be subject to audit in these jurisdictions. These audits can involve complex issues that may require an extended period of time to resolve and may cover multiple years. In the Company's opinion, an adequate provision for income taxes has been made for all years subject to audit.

Income tax payments were $265.9 million, $402.9 million and $308.9 million during 2013, 2012 and 2011, respectively.

Income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries presented in continuing operations of approximately $604 million because such earnings are considered to be indefinitely reinvested in the business. 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 February 1, 2014, the Company had $281.0 million of gross unrecognized tax benefits, of which $266.0 million, if recognized, would affect the Company's tax rate. At February 2, 2013, the Company had $254.7 million of gross unrecognized tax benefits, of which $242.9 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 2014.

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

	2013	2012	2011
Balance at beginning of fiscal year	$ 254,724	$ 250,397	$ 254,167
Additions for tax positions related to current year	28,390	39,989	48,032
Additions for tax positions of prior years	4,350	11,058	15,361
Reduction for statute of limitations expiration	(6,240)	(30,116)	(13,441)
Settlements	(265)	(16,604)	(53,722)
Balance at end of fiscal year	$ 280,959	$ 254,724	$ 250,397

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 2007. All material state, local and foreign income tax matters for years through 2002 have been substantially concluded.

Staples' continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. The Company recognized interest and penalties related to income tax matters of $9.1 million, $7.2 million and $2.6 million in 2013, 2012 and 2011, respectively. The Company had $46.7 million and $37.7 million accrued for gross interest and penalties as of February 1, 2014 and February 2, 2013, respectively.

Note K — Equity Based Employee Benefit Plans

Staples offers its associates share ownership through certain equity-based employee compensation and benefit plans. In connection with these plans, Staples recognized approximately $80.6 million, $117.8 million and $151.8 million of compensation expense for 2013, 2012 and 2011, respectively. The total income tax benefit related to stock-based compensation was $22.7 million, $36.0 million, $46.3 million for 2013, 2012 and 2011, respectively. As of February 1, 2014, Staples had $88.3 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.

Employee Stock Purchase Plan

Staples offers its associates the opportunity for share ownership pursuant to the 2012 Employee Stock Purchase Plan. U.S. and International associates may purchase shares of Staples common stock at 85% of the lower of the market price of the common stock at the beginning or end of an offering period through payroll deductions in an amount not to exceed 10% of an employee’s annual base compensation. During 2013, 2012 and 2011 the Company issued 3.8 million, 4.5 million, and 3.8 million shares, respectively, pursuant to the 2012 Employee Stock Purchase Plan.

Stock Award Plan

Under the Amended and Restated 2004 Stock Incentive Plan, the Company grants restricted stock and restricted stock units (collectively, “Restricted Shares”) and nonqualified stock options to associates. 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. Nonqualified 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

The Company changed its executive compensation program for fiscal year 2013 by replacing annual grants of time-based stock options and restricted stock awards with stock-based awards now consisting exclusively of performance shares. The Company has entered into long-term performance share agreements with certain executives relating to fiscal years 2013, 2014 and 2015. Vesting will be based on performance in each fiscal year, not cumulative performance, with metrics established at the beginning of each year. Payout may range from 25% to 200% of target, depending on actual performance. Any award earned based on performance will be increased or decreased by 25% if the Company's cumulative total shareholder return ("TSR") over the three year performance period is in the top or bottom one-third of the S&P 500 TSR, respectively. Shares earned, if any, will be issued on a fully-vested basis at the conclusion of the three-year performance period only if the grantee is still actively employed by or serving as a consultant to the Company at that time, with certain exceptions for retirement, death, disability, and termination without cause. The tranche relating to 2013 comprises 0.5 million shares at target with a grant-date fair value of $6.9 million. Vesting for the 2013 tranche is 50% based on satisfaction of certain sales growth metrics and 50% based on achievement of certain return on net assets percentage targets in 2013. For fiscal year 2013, 56% of the target shares were earned based on the extent to which the objectives were achieved.

Stock Options

Information with respect to stock options granted under the above plans is as follows:

	Number of Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (1) (in thousands)
Outstanding at February 2, 2013	41,747,699	$ 19.83		
Granted	—	—		
Exercised	(2,645,940)	13.21		
Canceled	(1,214,730)	15.63		
Expired	(1,634,507)	22.01		
Outstanding at February 1, 2014	36,252,522	$ 20.35	4.19	$ 1,001
Exercisable at February 1, 2014	31,935,266	$ 21.04	3.73	$ 248
Vested or expected to vest at February 1, 2014	35,809,380	$ 20.41	4.16	$ 964

(1) The intrinsic value of the nonqualified 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 2013, 2012 and 2011 were $5.5 million, $5.2 million and $14.6 million, respectively.

The weighted-average fair values of options granted (for 2012 and 2011) and employee stock purchase plan shares purchased during 2013, 2012 and 2011 were $3.16, $2.97 and $3.58, respectively.

The fair value of each award is estimated on the date of grant using a binomial valuation model. The binomial model takes into account variables such as volatility, dividend yield rate, risk free interest rate, the contractual term of the option, the probability that the option will be exercised prior to the end of its contractual life, and the probability of termination or retirement of the option holder in computing the value of the option.

The fair values of options granted in 2012 and 2011 were estimated at the date of grant using the following weighted-average assumptions (no options were granted in 2013):

	2012	2011
Risk free interest rate	1.0%	2.1%
Expected dividend yield	1.7%	1.4%
Expected stock volatility	30%	28%
Expected life of options	5.6 years	5.5 years

The risk free interest rate was based on the implied yield curve for zero coupon U.S. Treasury securities over the expected term of the options. The expected dividend yield was calculated as the average of the dividend yields for each period the Company paid a dividend. The expected stock volatility factor was calculated using an average of historical and implied volatility measures to reflect the different periods in the Company's history that would impact the value of the stock options granted to employees. The expected life of options was calculated using the simplified assumption that all outstanding options will be exercised at the midpoint of the vesting date (if unvested) or the valuation date (if vested) and the full contractual term, which the Company believes to yield a reasonable approximation of the expected term of the options. The fair value of stock options is expensed over the applicable vesting period using the straight line method.

Restricted Shares

The following table summarizes the Company's grants of Restricted Shares in 2013 (amounts exclude unvested performance shares):

	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Nonvested at February 2, 2013	14,549,213	$ 15.54
Granted	3,961,377	15.60
Vested	(6,102,874)	17.28
Canceled	(2,233,284)	14.89
Nonvested at February 1, 2014	10,174,432	$ 14.66

The total market value of Restricted Shares vested during 2013, 2012 and 2011 was $96.2 million, $71.4 million and $73.3 million, respectively.

Shares Available for Issuance

At February 1, 2014, 52.9 million shares of common stock were reserved for issuance under Staples' 2004 Plan, 401(k) Plan and employee stock purchase plans.

Note L — Pension and Other Post-Retirement Benefit Plans

The company sponsors pension plans that cover certain employees in Europe and the United States. The benefits due to U.S. plan participants are frozen. A number of the defined benefit plans outside the U.S. are funded with plan assets that have been segregated in trusts. Contributions are made to these trusts, as necessary, to meet legal and other requirements.

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, certain former and and current employees of PSD participate in a pension plan in the Netherlands along with participants from other business units of Staples, and as a result of the transaction there was a curtailment in the plan. The Company updated the valuations of the related pension plan assets and liabilities during the third quarter of 2013, and based on these measurements determined that the curtailment and settlement gains and losses related to these plan obligations were insignificant. See Note D - Discontinued Operations for additional information regarding PSD.

In August 2010, the Company began sponsoring an unfunded post-retirement life insurance benefit plan, which provides benefits to eligible U.S. executives based on earnings, years of service and age at termination of employment.

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 February 1, 2014 and February 2, 2013 (in thousands):

	February 1, 2014			February 2, 2013		
	Projected Benefit Obligations	Fair Value of Plan Assets	Funded Status	Projected Benefit Obligations	Fair Value of Plan Assets	Funded Status
Overfunded Plans:						
International Plans	$ (954,826)	$ 1,042,370	$ 87,544	$ (968,196)	$ 1,054,904	$ 86,708
Total Overfunded Plans	$ (954,826)	$ 1,042,370	$ 87,544	$ (968,196)	$ 1,054,904	$ 86,708
Underfunded Plans:						
U.S. Plans	$ (38,183)	$ 33,379	$ (4,804)	$ (40,661)	$ 32,273	$ (8,388)
International Plans	(121,275)	98,776	(22,499)	(155,116)	110,654	(44,462)
Total Underfunded Plans	$ (159,458)	$ 132,155	$ (27,303)	$ (195,777)	$ 142,927	$ (52,850)

The following tables present a summary of the total net cost recorded in the consolidated statement of income for the pension and post-retirement life insurance benefit plans for 2013, 2012 and 2011 (in thousands):

	2013			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 16,142	$ 16,142	$ 1,999
Interest cost	1,687	33,479	35,166	2,007
Expected return on plan assets	(1,924)	(61,571)	(63,495)	—
Amortization of unrecognized losses and prior service costs	378	11,668	12,046	2,432
Total cost (benefit)	$ 141	$ (282)	$ (141)	$ 6,438

	2012			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 11,579	$ 11,579	$ 2,282
Interest cost	1,772	38,156	39,928	1,811
Expected return on plan assets	(1,750)	(55,418)	(57,168)	—
Amortization of unrecognized losses and prior service costs	331	1,276	1,607	2,135
Total cost (benefit)	$ 353	$ (4,407)	$ (4,054)	$ 6,228

	2011			
	Pension Plans			Post-retirement Benefit Plan
	U.S. Plans	International Plans	Total	Total
Service cost	$ —	$ 9,987	$ 9,987	$ 1,765
Interest cost	1,864	42,934	44,798	1,479
Expected return on plan assets	(1,686)	(58,903)	(60,589)	—
Amortization of unrecognized losses and prior service costs	—	1,461	1,461	1,716
Total cost (benefit)	$ 178	$ (4,521)	$ (4,343)	$ 4,960

The total net cost disclosed above for 2013, 2012 and 2011 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, 2012 and 2011 related to discontinued operations pension plans only (in thousands):

	Discontinued Operations		
	Pension Plans		
	35 Weeks Ended October 5, 2013	53 Weeks Ended February 2, 2013	52 Weeks Ended January 28, 2012
Service cost	$ 4,299	$ 2,487	$ 3,521
Interest cost	2,141	1,940	2,236
Expected return on plan assets	(2,279)	(1,836)	(2,430)
Amortization of unrecognized losses and prior service costs	354	95	126
Total cost	$ 4,515	$ 2,686	$ 3,453

The following table presents the changes in benefit obligations during 2012 and 2013 (in thousands):

	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Projected benefit obligation at January 28, 2012	$ 38,618	$ 915,790	$ 954,408	$ 37,298
Service cost	—	11,579	11,579	2,282
Interest cost	1,772	38,156	39,928	1,811
Plan participants' contributions	—	1,183	1,183	—
Actuarial losses	1,903	165,236	167,139	5,220
Benefits paid	(1,632)	(54,815)	(56,447)	(562)
Currency translation adjustments	—	46,183	46,183	—
Projected benefit obligation at February 2, 2013	$ 40,661	$ 1,123,312	$ 1,163,973	$ 46,049
Service cost	—	16,142	16,142	1,999
Interest cost	1,687	33,479	35,166	2,007
Plan participants' contributions	—	1,041	1,041	—
Actuarial (gains) losses	(2,458)	675	(1,783)	(8,544)
Benefits paid	(1,707)	(55,765)	(57,472)	(2,783)
Divestiture	—	(35,069)	(35,069)	—
Currency translation adjustments	—	(7,714)	(7,714)	—
Projected benefit obligation at February 1, 2014	$ 38,183	$ 1,076,101	$ 1,114,284	$ 38,728

The accumulated benefit obligation for the U.S. Plans and International Plans at February 1, 2014 was $38.2 million and $1.06 billion, respectively. The accumulated benefit obligation for the U.S. Plans and International Plans at February 2, 2013 was $40.7 million and $1.10 billion, respectively. The accumulated benefit obligation for the post-retirement benefit obligation was $38.7 million and $46.0 million at February 1, 2014 and February 2, 2013, respectively.

The following table presents the changes in pension plan assets for each of the defined benefit pension plans during 2012 and 2013 (in thousands):

	U.S. Plans	International Plans	Total
Fair value of plan assets at January 28, 2012	$ 29,640	$ 1,064,669	$ 1,094,309
Actual return on plan assets	3,301	92,975	96,276
Employer's contributions	1,295	14,048	15,343
Plan participants' contributions	—	1,183	1,183
Benefits paid	(1,632)	(54,815)	(56,447)
Other	—	2,819	2,819
Amortization of unrecognized losses	(331)	(1,276)	(1,607)
Currency translation adjustments		45,955	45,955
Fair value of plan assets at February 2, 2013	$ 32,273	$ 1,165,558	$ 1,197,831
Actual return on plan assets	2,451	44,619	47,070
Employer's contributions	740	14,701	15,441
Plan participants' contributions	—	1,041	1,041
Benefits paid	(1,707)	(55,765)	(57,472)
Other	—	3,677	3,677
Divestiture	—	(14,116)	(14,116)
Amortization of unrecognized losses	(378)	(11,668)	(12,046)
Currency translation adjustments	—	(6,901)	(6,901)
Fair value of plan assets at February 1, 2014	$ 33,379	$ 1,141,146	$ 1,174,525

The funded status for the U.S. Plans and International Pension Plans at February 1, 2014 was $4.8 million underfunded and $65.0 million overfunded, respectively. The funded status for the U.S. Plans and International Pension Plans at February 2, 2013 was $8.4 million underfunded and $42.2 million overfunded, respectively.

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

	February 1, 2014			
	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Prepaid benefit cost (included in other assets)	$ —	$ 87,544	$ 87,544	$ —
Current liability from discontinued operations	—	—	—	—
Accrued benefit liability (included in other long-term obligations)	(4,804)	(22,499)	(27,303)	(38,729)
Accumulated other comprehensive loss	5,383	223,378	228,761	22,989
Net amount recognized	$ 579	$ 288,423	$ 289,002	$ (15,740)

	February 2, 2013			
	Pension Plans			Post-retirement Benefit Plans
	U.S. Plans	International Plans	Total	Total
Prepaid benefit cost (included in other assets)	$ —	$ 86,708	$ 86,708	$ —
Current liability from discontinued operations	—	(10,915)	(10,915)	—
Accrued benefit liability (included in other long-term obligations)	(8,388)	(33,547)	(41,935)	(46,049)
Accumulated other comprehensive loss	7,990	222,175	230,165	33,895
Net amount recognized	$ (398)	$ 264,421	$ 264,023	$ (12,154)

Amounts recognized in accumulated other comprehensive loss that have not yet been recognized as components of net periodic pension and post-retirement costs at February 1, 2014 and February 2, 2013 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 2014 is approximately $9.8 million and $1.8 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 2013 or 2012 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 2013, 2012 and 2011:

	2013		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	4.3%	3.0%	5.4%
Expected return on plan assets	6.0%	5.4%	—%
Rate of compensation increase	—%	2.1%	2.0%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	4.8%	2.9%	5.4%
Rate of compensation increase	—%	2.0%	2.0%
Rate of pension increase	—%	1.1%	—%

	2012		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	4.7%	4.4%	4.9%
Expected return on plan assets	6.0%	5.4%	—%
Rate of compensation increase	—%	2.1%	3.0%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	4.3%	3.0%	4.4%
Rate of compensation increase	—%	2.0%	2.5%
Rate of pension increase	—%	1.1%	—%

	2011		
	Pension Plans		
	U.S. Plans	International Plans	Post-retirement Benefit Plan
Weighted-average assumptions used to measure net periodic pension cost:			
Discount rate	5.7%	4.8%	4.9%
Expected return on plan assets	7.0%	6.4%	—%
Rate of compensation increase	—%	2.2%	3.0%
Weighted-average assumptions used to measure benefit obligations at year-end:			
Discount rate	4.7%	4.3%	4.9%
Rate of compensation increase	—%	2.1%	3.0%
Rate of pension increase	—%	1.1%	—%

The following table shows the effect on pension obligations at February 1, 2014 of a change in discount rate and other assumptions (in thousands):

	Change in Discount Rate		
	(0.25)%	No change	0.25%
Change in rate of compensation increase:			
(0.25)%	$ 35,776	$ (1,573)	$ (36,730)
No change	37,387	—	(35,188)
0.25%	39,272	1,646	(33,763)
Change in rate of pension increase:			
(0.25)%	$ 5,205	$ (30,516)	$ (64,161)
No change	37,387	—	(35,188)
0.25%	71,530	32,162	(4,869)

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 February 1, 2014 and February 2, 2013 are as follows:

	February 1, 2014					
	Actual			Target		
	U.S. Plans	International Plans	Total	U.S. Plans	International Plans	Total
Asset allocation:						
Equity securities	43%	27%	27%	40%	25%	26%
Debt securities	54%	62%	62%	60%	62%	61%
Real estate	3%	7%	7%	—%	7%	7%
Cash	—%	2%	2%	—%	—%	—%
Other	—%	2%	2%	—%	6%	6%
Total	100%	100%	100%	100%	100%	100%

	February 2, 2013					
	Actual			Target		
	U.S. Plans	International Plans	Total	U.S. Plans	International Plans	Total
Asset allocation:						
Equity securities	38%	27%	27%	40%	25%	26%
Debt securities	54%	57%	57%	60%	61%	60%
Real estate	8%	7%	7%	—%	7%	7%
Cash	—%	4%	4%	—%	—%	—%
Other	—%	5%	5%	—%	7%	7%
Total	100%	100%	100%	100%	100%	100%

No pension plan assets are expected to be returned to the Company during 2014.

Information on Fair Value of Plan Assets

The fair values of the Company's pension plan assets at February 1, 2014 and February 2, 2013 by asset category are as follows (in thousands):

	February 1, 2014							
	U.S. Pension Plans				International Plans			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Unobservable Inputs
Asset Category:	Fair Market Value	Level 1	Level 2	Level 3	Fair Market Value	Level 1	Level 2	Level 3
Equity securities (1)	$ 14,451	$ 14,451	$ —	$ —	$ 304,902	$ 220,149	$ 61,131	$ 23,622
Debt securities (2)	17,785	8,900	—	8,885	707,082	484,888	216,087	6,107
Real estate (3)	1,131	1,131	—	—	80,604	77,803	2,801	—
Cash	12	12	—	—	25,939	15,120	10,819	—
Other (4)	—	—	—	—	22,619	2,760	(785)	20,644
Total	$ 33,379	$ 24,494	$ —	$ 8,885	$1,141,146	$ 800,720	$ 290,053	$ 50,373

	February 2, 2013							
	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)	$ 12,283	$ 12,283	$ —	$ —	$ 313,213	$ 291,260	$ —	$ 21,953
Debt securities (2)	17,460	7,742	—	9,718	660,775	534,212	119,576	6,987
Real estate (3)	2,438	2,438	—	—	82,217	79,021	3,196	—
Cash	92	92	—	—	52,112	27,970	24,142	—
Other (4)	—	—	—	—	57,241	12,523	22,617	22,101
Total	$ 32,273	$ 22,555	$ —	$ 9,718	$1,165,558	$ 944,986	$ 169,531	$ 51,041

(1) This category includes investments in equity securities of large, small and medium sized companies in the U.S. and in foreign companies, including those in developing countries. The funds are valued using the net asset value method in which an average of the market prices for the underlying investments is used to value the fund. For securities with unobservable inputs, the value is based on audited statements for the underlying fund.

(2) This category includes investments in investment grade fixed income instrument, U.S. dollar denominated debt securities of emerging market issuers and high yield fixed-income securities that are rated below investment grade. The funds are valued using the net asset value method in which an average of the market prices for the underlying investments is issued to value the fund. For securities with unobservable inputs, the value is based on discounted future cash flows.

(3) This category includes investments in mortgage-backed and asset-backed securities. The funds are valued using the net asset value method in which an average of the market prices for the underlying investments is used to value the fund.

(4) This category includes commodities of approximately $(1.3) million and $22.8 million and non-separated investments with insurance companies of approximately $2.6 million and $12.4 million for the years ended February 1, 2014 and February 2, 2013 respectively. Commodities are valued using the net asset value method in which an average of the market prices for the underlying investments is used; the insurance contracts are based on discounted future cash flows.

The change in the fair value for the pension assets valued using significant unobservable inputs (Level 3) was due to the following:

	U.S. Plans	International Plans
Balance at February 2, 2013	$ 9,718	$ 51,041
Actual return on plan assets still held at the reporting date	(833)	(1,675)
Translation adjustments	—	1,007
Balance at February 1, 2014	$ 8,885	$ 50,373

Expected Benefit Payments and Contributions

The following table presents the expected benefit payments to pension plan participants for the next five years, and the aggregate for the following five years (in thousands):

	Pension Plans		
	U.S. Plans	International Plans	Total
2014	$ 1,858	$ 52,315	$ 54,173
2015	1,921	51,501	53,422
2016	2,027	51,120	53,147
2017	2,183	51,222	53,405
2018	2,257	50,972	53,229
2019-2023	12,818	247,946	260,764

These payments have been estimated based on the same assumptions used to measure the plans' projected benefit obligation at February 1, 2014 and include benefits attributable to estimated future compensation increases for the pension plans.

The 2014 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.

The following table presents, based on current assumptions, the Company's expected contributions for the next five years and the aggregate for the following five years (in thousands):

	Pension Plans		
	U.S. Plans	International Plans	Total
2014	$ 1,095	$ 11,620	$ 12,715
2015	1,285	11,665	12,950
2016	1,504	11,655	13,159
2017	863	11,964	12,827
2018	356	12,260	12,616
2019-2023	850	60,766	61,616

There are no expected benefit payments and contributions associated with the other post-retirement benefit plans.

Employees' 401(k) Savings Plan and Other Defined Contribution Plans

Staples' Employees' 401(k) Savings Plan (the "401(k) Plan") is available to all United States based employees of Staples who meet minimum age and length of service requirements. Contributions by the Company to the 401(k) Plan are made in cash and vest ratably over a five year period. The Company's Supplemental Executive Retirement Plan (the "SERP Plan"), which is similar in many respects to the 401(k) Plan, is available to certain Company executives and other highly compensated employees, whose contributions to the 401(k) Plan are limited, and allows such individuals to supplement their contributions to the 401(k) Plan by making pre-tax contributions to the SERP Plan. Company contributions to the SERP Plan are based on a matching formula and vesting period similar to the 401(k) Plan.

The expense associated with the Company's match for the Staples 401(k) Savings Plan and for contributions related to certain foreign defined contribution plans for 2013, 2012 and 2011 was $40.7 million, $40.9 million and $41.2 million, respectively.

Note M - Accumulated Other Comprehensive Loss

Amounts included in accumulated other comprehensive loss related to the Company's cash flow hedges and minimum pension and other post-retirement liabilities are recorded net of the related income tax effects. The following table details the changes in accumulated other comprehensive loss for 2013, 2012 and 2011 (in thousands):

	Foreign Currency Translation Adjustment	Derivative instruments	Deferred Benefit Costs	Accumulated Other Comprehensive Loss
Balance at January 29, 2011	$ 33,468	$ (517)	$ (129,884)	$ (96,933)
Foreign currency translation adjustment	(193,785)	—	—	(193,785)
Changes in fair value of derivatives (net of taxes of $1.4 million)	—	(897)	—	(897)
Deferred pension and other post-retirement benefit costs (net of taxes of $2.0 million)	—	—	(29,617)	(29,617)
Reclassification adjustments:				
Realized gain on derivatives (net of taxes of $40 thousand)	—	(608)	—	(608)
Amortization of deferred benefit costs (net of taxes of $1.1 million)	—	—	2,097	2,097
Balance at January 28, 2012	$ (160,317)	$ (2,022)	$ (157,404)	$ (319,743)
Foreign currency translation adjustment	35,604	—	—	35,604
Changes in fair value of derivatives (net of taxes of $1.0 million)	—	2,022	—	2,022
Deferred pension and other post-retirement benefit costs (net of taxes of $36.4 million)	—	—	(109,464)	(109,464)
Reclassification adjustments:				
Amortization of deferred benefit costs (net of taxes of $0.9 million)	—	—	2,808	2,808
Balance at February 2, 2013	$ (124,713)	$ —	$ (264,060)	$ (388,773)
Foreign currency translation adjustment	(127,426)	—	—	(127,426)
Curtailment of pension plans (net of taxes of $3.9 million)	—	—	11,573	11,573
Deferred pension and other post-retirement benefit costs (net of taxes of $4.4 million)	—	—	(9,036)	(9,036)
Reclassification adjustments:				
Release of cumulative translation adjustments ("CTA") to earnings upon disposal of a foreign business	(3,265)	—	—	(3,265)
Amortization of deferred benefit costs (net of taxes of $4.7 million)	—	—	9,773	9,773
Balance at February 1, 2014	$ (255,404)	$ —	$ (251,750)	$ (507,154)

The following table details the line items in the consolidated statements of income affected by the reclassification of deferred benefit costs, realized gains on derivatives and CTA from AOCL during 2013, 2012 and 2011 (in thousands):

	Amount reclassified from AOCL		
	52 Weeks Ended February 1, 2014	53 Weeks Ended February 2, 2013	52 Weeks Ended January 28, 2012
Selling, general and administrative	$ 14,478	$ 3,742	$ 3,177
Other income (expense), net	—	—	648
Income before tax	(14,478)	(3,742)	(2,529)
Income tax benefit	(4,705)	(934)	(1,040)
Income (loss) from continuing operations	(9,773)	(2,808)	(1,489)
Loss from discontinued operations	3,265	—	—
Net income	$ (6,508)	$ (2,808)	$ (1,489)

Note N — Share Repurchase Plans

In 2007, the Company's Board of Directors approved a share repurchase program which went into effect in the second quarter of 2007 (the "2007 Repurchase Plan"), allowing for the repurchase of $1.5 billion of Staples' common stock. Under the 2007 Repurchase Plan, a total of $1.28 billion was used to repurchase shares and $218.4 million was remaining when the plan was terminated and replaced by a new program in September 2011.

On September 13, 2011, the Company announced a new repurchase program that had been approved by the Board of Directors in September 2011 (the "2011 Repurchase Plan"). Under the 2011 Repurchase Plan, the Company is authorized to repurchase up to $1.5 billion of common stock in both open market and privately negotiated transactions. The program has no expiration date and may be suspended or discontinued at any time. Under the 2011 Repurchase Plan, a total of $937.5 million has been spent to repurchase 68.1 million shares as of February 1, 2014, and therefore the remaining repurchase authorization was $562.5 million as of that date.

Note O — Computation of Earnings per Common Share

The computation of basic and diluted earnings per share for 2013, 2012 and 2011 is as follows (in thousands, except per share data):

	52 Weeks Ended February 1, 2014	53 Weeks Ended February 2, 2013	52 Weeks Ended January 28, 2012
Numerator:			
Income (loss) from continuing operations	$ 707,004	$ (160,728)	$ 988,220
Loss from discontinued operations	(86,935)	(49,978)	(3,564)
Income (loss) attributed to Staples, Inc.	$ 620,069	$ (210,706)	$ 984,656
Denominator:			
Weighted-average common shares outstanding	651,931	669,479	694,986
Effect of dilutive securities:			
Employee stock options and restricted shares	6,511	—	9,033
Weighted-average common shares outstanding assuming dilution	658,442	669,479	704,019
Basic Earnings Per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 1.08	$ (0.24)	$ 1.42
Discontinued operations attributed to Staples, Inc.	(0.13)	(0.07)	—
Net income (loss) attributed to Staples, Inc.	$ 0.95	$ (0.31)	$ 1.42
Diluted Earnings Per Common Share:			
Continuing operations attributed to Staples, Inc.	$ 1.07	$ (0.24)	$ 1.40
Discontinued operations attributed to Staples, Inc.	(0.13)	(0.07)	—
Net income (loss) attributed to Staples, Inc.	$ 0.94	$ (0.31)	$ 1.40

For 2013 and 2011, approximately 35.7 million and 41.3 million, respectively, potentially dilutive equity instruments were excluded from the calculation of diluted earnings per share as their inclusion would have been anti-dilutive. For 2012, approximately 58.6 million potentially dilutive equity instruments were excluded from the calculation of diluted earnings per share as the Company recorded a net loss for that period.

Note P — Segment Reporting

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

Staples evaluates performance and allocates resources based on profit or loss from operations before goodwill and long-lived asset impairment charges, restructuring costs, stock-based compensation, interest and other expense, other non-recurring items and the impact of changes in accounting principles ("business unit income"). Intersegment sales and transfers are recorded at Staples' cost; therefore, there is no intercompany profit or loss recognized on these transactions. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note A - Summary of Significant Accounting Policies.

Staples' North American Stores & Online and North American Commercial segments are managed separately because the way they sell and market products is different and the classes of customers they service are different. The International Operations are considered a separate reportable segment because of the significant differences in the operating environment from the North American operations.

The following is a summary of sales, business unit income, and significant accounts and balances by reportable segment (in thousands):

	2013	2012	2011
Sales:			
North American Stores & Online	$ 11,103,160	$ 11,827,906	$ 11,741,998
North American Commercial	8,041,613	8,108,402	7,974,860
International Operations	3,969,490	4,444,202	4,947,894
Total segment sales	$ 23,114,263	$ 24,380,510	$ 24,664,752
Business Unit Income (Loss):			
North American Stores & Online	$ 733,465	$ 987,025	$ 1,021,442
North American Commercial	603,972	680,011	660,822
International Operations	(15,219)	(21,146)	103,329
Total business unit income	$ 1,322,218	$ 1,645,890	$ 1,785,593
Depreciation & Amortization:			
North American Stores & Online	$ 225,506	$ 222,381	$ 225,019
North American Commercial	123,625	123,890	124,692
International Operations	109,087	141,042	132,345
Total depreciation & amortization	$ 458,218	$ 487,313	$ 482,056
Capital Expenditures:			
North American Stores & Online	$ 211,581	$ 197,025	$ 193,958
North American Commercial	106,533	94,976	106,989
International Operations	53,115	57,573	82,707
Total capital expenditures	$ 371,229	$ 349,574	$ 383,654

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

	2013	2012	2011
Total business unit income	$ 1,322,218	$ 1,645,890	$ 1,785,593
Stock-based compensation	(80,632)	(117,813)	(151,822)
Impairment of goodwill and long-lived assets	—	(810,996)	—
Restructuring costs	(64,085)	(207,016)	—
Interest and other expense, net	(114,696)	(244,642)	(169,127)
Income from continuing operations before income taxes	$ 1,062,805	$ 265,423	$ 1,464,644

The following table shows the Company's assets by reportable segment (in thousands):

	February 1, 2014	February 2, 2013	January 28, 2012
Assets:			
North American Stores & Online	$ 3,704,907	$ 4,240,597	$ 4,037,508
North American Commercial	3,951,973	4,124,246	4,001,207
International Operations	3,517,996	3,744,343	5,220,421
Total segment assets	11,174,876	12,109,186	13,259,136
European Printing Systems Division	—	170,819	171,486
Total consolidated assets	$ 11,174,876	$ 12,280,005	$ 13,430,622

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		
	February 1, 2014	February 2, 2013	January 28, 2012
Core office supplies	27.5%	28.1%	29.4%
Ink and toner	20.2%	19.7%	19.5%
Business technology	15.2%	16.6%	18.0%
Paper	9.0%	9.0%	9.0%
Facilities and breakroom	8.7%	7.4%	6.5%
Computers and mobility	6.9%	6.9%	6.8%
Services	6.9%	6.7%	5.7%
Office furniture	5.6%	5.6%	5.1%
	100.0%	100.0%	100.0%

Geographic Information:

	2013	2012	2011
Sales:			
United States	$ 16,211,640	$ 16,783,592	$ 16,643,255
Canada	2,933,133	3,152,716	3,073,603
International	3,969,490	4,444,202	4,947,894
Total consolidated sales	$ 23,114,263	$ 24,380,510	$ 24,664,752

	February 1, 2014	February 2, 2013	January 28, 2012
Long-lived Assets:			
United States	$ 1,236,841	$ 1,248,732	$ 1,293,378
Canada	192,467	226,417	232,071
International	441,411	488,026	554,912
Total consolidated long-lived assets	$ 1,870,719	$ 1,963,175	$ 2,080,361

Note Q — Subsequent Events

The performance of the Company's retail stores has consistently fallen short of management's expectations over the past few years, and the Company continues to see customer demand shifting to online channels. As a result of these trends, on March 4, 2014 the Company's Board of Directors approved the closure of up to 225 retail stores in North America by the end of fiscal year 2015. The Company expects that these closures will improve the performance of its retail portfolio, as the Company increases its focus on growing its online businesses.

As part of the Company's continuing efforts to transform its business, on March 4, 2014 the Board of Directors also approved the initiation of a cost savings plan to generate annualized pre-tax savings of approximately $500 million by the end of fiscal 2015. The Company expects the savings to come from supply chain, retail store closures and labor optimization, non-product related costs, IT hardware and services, marketing, sales force, and customer service. The Company plans to reinvest some of the savings in its strategic initiatives.

In connection with these plans the Company expects to incur material charges related to lease obligations, severance costs, long-lived asset impairments, inventory write-downs, and other associated costs. As of the date these financial statements were filed, the Company was in the process of developing the detailed elements of these plans, and as such it did not yet have reliable estimates of the costs that will be incurred, nor did it yet have specifics regarding the courses of action to be undertaken.

Note R — Quarter Summary (Unaudited)

The following table summarizes quarterly information for 2013 and 2012 (in thousands, except for per share data):

	(In thousands, except per share amounts)			
	First Quarter	Second Quarter	Third Quarter (1)	Fourth Quarter
Fiscal Year Ended February 1, 2014				
Sales	$ 5,814,571	$ 5,314,724	$ 6,111,695	$ 5,873,273
Gross profit	1,511,010	1,359,496	1,654,726	1,507,053
Consolidated net income	169,927	102,531	135,228	212,383
Amounts attributed to Staples, Inc.:				
Income from continuing operations	$ 170,421	$ 104,115	$ 220,085	$ 212,383
Loss from discontinued operations	(494)	(1,584)	(84,857)	—
Income attributed to Staples, Inc.	$ 169,927	$ 102,531	$ 135,228	$ 212,383
Basic earnings per common share (5):				
Continuing operations attributed to Staples, Inc.	$ 0.26	$ 0.16	$ 0.34	$ 0.33
Discontinued operations attributed to Staples, Inc.	—	—	(0.13)	—
Income attributed to Staples, Inc.	$ 0.26	$ 0.16	$ 0.21	$ 0.33
Diluted earnings per common share (5):				
Continuing operations attributed to Staples, Inc.	$ 0.26	$ 0.16	$ 0.34	$ 0.33
Discontinued operations attributed to Staples, Inc.	—	—	(0.13)	—
Income attributed to Staples, Inc.	$ 0.26	$ 0.16	$ 0.21	$ 0.33

	First Quarter	Second Quarter	Third Quarter (2)	Fourth Quarter (3)(4)
Fiscal Year Ended February 2, 2013				
Sales	$ 6,025,421	$ 5,433,969	$ 6,353,140	$ 6,567,980
Gross profit	1,600,583	1,419,415	1,751,854	1,719,409
Consolidated net income (loss)	187,013	120,395	(596,291)	78,058
Amounts attributed to Staples, Inc.:				
Income (loss) from continuing operations	$ 192,873	$ 125,142	$ (568,693)	$ 89,950
Loss from discontinued operations	(5,814)	(4,713)	(27,559)	(11,892)
Income (loss) attributed to Staples, Inc.	$ 187,059	$ 120,429	$ (596,252)	$ 78,058
Basic earnings per common share (5):				
Continuing operations attributed to Staples, Inc.	$ 0.28	$ 0.19	$ (0.85)	$ 0.14
Discontinued operations attributed to Staples, Inc.	(0.01)	(0.01)	(0.04)	(0.02)
Income (loss) attributed to Staples, Inc.	$ 0.27	$ 0.18	$ (0.89)	$ 0.12
Diluted earnings per common share (5):				
Continuing operations attributed to Staples, Inc.	$ 0.28	$ 0.19	$ (0.85)	$ 0.14
Discontinued operations attributed to Staples, Inc.	(0.01)	(0.01)	(0.04)	(0.02)
Income (loss) attributed to Staples, Inc.	$ 0.27	$ 0.18	$ (0.89)	$ 0.12

(1) Income from continuing operations for this period includes a $64.1 million restructuring charge (see Note B - Restructuring Charges). Loss from discontinued operations, net of income taxes includes a loss on disposal of $80.9 million (see Note D - Divestitures).

(2) Income from continuing operations for this period includes an $811.0 million charge for impairment of goodwill and long-lived assets (see Note C - Goodwill and Long-Lived Assets), a $30.4 million restructuring charge (see Note B - Restructuring Charges) and $15.6 million of accelerated tradename amortization related to rebranding the Company's business in Australia.

(3) Income from continuing operations for this period includes a $176.6 million restructuring charge (see Note B - Restructuring Charges), $4.5 million of accelerated tradename amortization related to rebranding the Company's business in Australia, a $57.0 million loss on early extinguishment of debt and a $26.2 million charge related to the termination of the Company's joint venture arrangement in India.

(4) The Company's fourth quarter of fiscal 2012 includes 14 weeks of operating results, while other quarterly periods presented include 13 weeks.

(5) The sum of the quarterly earnings per common share may not tie to the year-to-date earnings per common share due to rounding.

(9) Item 15(a)2

Staples, Inc.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

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

Accounts Receivable Allowance for Doubtful Accounts

	Balance at Beginning of Period	Additions Charged to Expense	Deductions— Write-offs, Payments and Other Adjustments (1)	Balance at End of Period
Fiscal year ended:				
January 28, 2012	55,348	23,622	33,008	45,962
February 2, 2013	45,962	34,167	46,584	33,545
February 1, 2014	33,545	23,292	26,015	30,822

(1) Amount for fiscal year 2012 includes $14.7 million relating to the Company's European Printing Systems Division business which was reclassified to Current assets of discontinued operations in 2012.

EXHIBIT INDEX

Exhibit No.	Description
3.1^	Restated Certificate of Incorporation, dated as of September 29, 2008. Filed as Exhibit 3.1 to the Company's Form 10-Q for the quarter ended November 1, 2008.
3.2^	Amendment to Restated Certificate of Incorporation, dated June 4, 2012. Filed as Exhibit 3.1 to the Company's Form 8-K filed on June 8, 2012.
3.3^	Amended and Restated By-laws of the Company, dated June 4, 2012. Filed as Exhibit 3.2 to the Company's Form 8-K filed on June 8, 2012.
4.1^	Indenture, dated January 15, 2009, by and among the Company and HSBC Bank USA, National Association. Filed as Exhibit 4.1 to the Company's Form 8-K filed on January 21, 2009.
4.2^	Form of 2.750% Senior Note due 2018. Filed as Exhibit 4.1 to the Company's Form 8-K filed on January 13, 2013.
4.3^	Form of 4.375% Senior Note due 2023. Filed as Exhibit 4.2 to the Company's Form 8-K filed on January 13, 2013.
10.1^	Credit Agreement, dated May 31, 2013, by and among Staples, Inc., Bank of America, N.A., and the other lenders named therein, Bank of America, N.A., as administrative agent for the lenders, as the lender of Swing Line Loans, and as an Issuing Bank, Barclays Bank PLC and HSBC Bank USA, National Association, as co-syndication agents for the Lenders and as Issuing Banks, and Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as co-documentation agents for the lenders. (Including schedules and exhibits). Filed as Exhibit 10.1 to the Company's Form 8-K filed June 4, 2013.
10.2^	Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company, and Banc of America Securities LLC. Filed as Exhibit 10.4 to the Company's Form 10-Q for the quarter ended August 2, 2008.
10.3^	Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company and Lehman Brothers Inc. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended August 2, 2008.
10.4^	Letter, dated as of September 29, 2008, assigning Lehman Brothers Inc. interests to Barclays Capital Inc., for the Amended and Restated Commercial Paper Dealer Agreement, dated as of August 6, 2008, among the Company and Lehman Brothers Inc. Filed as Exhibit 10.5 to the Company's Form 10-Q for the quarter ended November 1, 2008.
10.5^	Commercial Paper Dealer Agreement, dated as of September 19, 2008, among the Company, JP Morgan Securities Inc. Filed as Exhibit 10.6 to the Company's Form 10-Q for the quarter ended November 1, 2008.
10.6*^	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.
10.7*+	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan.
10.8*^	Form of Non-Employee Director Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended April 30, 2011.

Exhibit No.	Description
10.9*+	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2004 Stock Incentive Plan.
10.10*^	Form of Performance Share Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended August 3, 2013.
10.11*^	Form of Special Performance Share Award Agreement under the Amended and Restated 2004 Stock Incentive Plan. Filed as Exhibit 10.1 to the Company's Form 10-Q for the quarter ended July 31, 2010.
10.12*^	1997 United Kingdom Company Share Option Scheme. Filed as Exhibit 10.3 to the Company's Form 10-K for the fiscal year ended January 31, 1998.
10.13*^	1997 UK Savings Related Share Option Scheme. Filed as Exhibit 10.5 to the Company's Form 10-K for the fiscal year ended February 1, 2003.
10.14*^	2012 Employee Stock Purchase Plan. Filed as Exhibit 10.23 to the Company's Form 10-K for the fiscal year ended January 28, 2012.
10.15*^	Non-Management Director Compensation Summary. Filed as Exhibit 10.2 to the Company's Form 10-Q for the quarter ended November 2, 2013.
10.16*^	Form of Severance Benefits Agreement signed by executive officers of the Company. Filed as Exhibit Exhibit 10.23 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.17*^	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.
10.18*^	Amended and Restated Executive Officer Incentive Plan. Filed as Exhibit 10.2 to the Company's Form 8-K filed on June 8, 2012.
10.19*^	Form of Proprietary Interest Protection Agreement. Filed as Exhibit 10.1 to the Company Form 10-Q for the quarter ended November 2, 2013.
10.20*^	Form of Non-Compete and Non-Solicitation Agreement. Filed as Exhibit Exhibit 10.27 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.21*^	Form of Proprietary and Confidential Information Agreement. Filed as Exhibit Exhibit 10.28 to the Company's Form 10-K for the fiscal year ended February 2, 2013.
10.22*^	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.
10.23*^	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.
10.24*^	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.
10.25*^	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.
10.26*^	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.
10.27*^	Survivor Benefit Plan. Filed as Exhibit 10.24 to the Company's Form 10-K for the fiscal year ended on January 29, 2005.
10.28*^	Executive Life Insurance Plans Summary of Provisions. Filed as Exhibit 10.42 to the Company's Form 10-K for the fiscal year ended January 28, 2012.
10.29*^	Amended and Restated Supplemental Executive Retirement Plan. Filed as Exhibit 10.2 to the Company's Form 8-K filed on June 11, 2010.
10.30*^	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.
10.31*^	Senior Executive Long Term Disability Supplemental Coverage Reimbursement Policy. Filed as Exhibit 10.45 to the Company's Form 10-K for the fiscal year ended January 28, 2012.
10.32*^	Tax Services Reimbursement. Filed as Exhibit 10.45 to the Company's Form 10-K for the fiscal year ended January 29, 2011.

Exhibit No.	Description
12.1+	Ratio of Earnings to Fixed Charges.
14.1^	Code of Ethics. Filed as Exhibit 14.1 to the Company's 10-Q for the quarter ended on May 4, 2013.
21.1+	Subsidiaries of the Company.
23.1+	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
31.1+	Principal Executive Officer-Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Principal Financial Officer-Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Principal Executive Officer-Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2++	Principal Financial Officer-Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS+	XBRL Instance Document.
101.SCH+	XBRL Taxonomy Extension Schema Document.
101.CAL+	XBRL Taxonomy Calculation Linkbase Document
101.DEF+	XBRL Taxonomy Definition Linkbase Document.
101.LAB+	XBRL Taxonomy Label Linkbase Document.
101.PRE+	XBRL Taxonomy Presentation Linkbase Document.

* A management contract or compensatory plan or arrangement required to be filed as an exhibit to this annual report pursuant to Item 15(b) of Form 10-K.

** Portions of the exhibit have been omitted pursuant to a grant of confidential treatment.

^ An exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Unless otherwise indicated, such exhibit was filed under Commission File Number 0-17586.

+ Filed herewith.

++ Furnished herewith.

Exhibit 31.1

Principal Executive Officer Certification

I, Ronald L. Sargent, certify that:

1. I have reviewed this Annual Report on Form 10-K of Staples, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2014

/s/ Ronald L. Sargent

Ronald L. Sargent
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Principal Financial Officer Certification

I, Christine T. Komola, certify that:

1. I have reviewed this Annual Report on Form 10-K of Staples, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 6, 2014

/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 February 1, 2014 as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), the undersigned, Ronald L. Sargent, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 6, 2014

/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 February 1, 2014 as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), the undersigned, Christine T. Komola, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 6, 2014

/s/ Christine T. Komola

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

Corporate Information

Corporate Offices

Staples, Inc.
500 Staples Drive
Framingham, MA 01702
Telephone: 508-253-5000
Internet Address: staples.com

Transfer Agent and Registrar

Computershare is the Transfer Agent and Registrar for the Staples, Inc. common stock and maintains stockholder accounting records. Please contact the Transfer Agent directly concerning changes in address, name or ownership, lost certificates and consolidation of multiple accounts. When corresponding with the Transfer Agent, stockholders should reference the exact name(s) in which the Staples stock is registered as well as the certificate number.

Computershare

P.O. Box 30170
College Station, TX 77842-3170
Telephone:
Domestic Shareowners: 888-875-9002
Foreign Shareowners: 201-680-6578
Hearing Impaired:
Domestic Shareowners: 800-231-5469
Foreign Shareowners: 201-680-6610
Internet Address: computershare.com/investor

Financial Information

To request financial documents such as this Annual Report, which contains Staples' Form 10-K for the fiscal year ended February 1, 2014, as filed with the Securities and Exchange Commission, please visit Staples' Web site, staples.com, call our toll-free investor hotline at 800-INV-SPL1 (800-468-7751), or send a written request to the attention of Investor Relations at Staples' corporate address.

Investor Relations

Investor inquiries may be directed to:
Christopher Powers
Vice President, Investor Relations
Telephone: 800-468-7751
Email: investor@staples.com

General Information

Members of the media or others seeking general information about Staples should contact the Corporate Communications Department at 508-253-8530

Independent Registered Public Accounting Firm

Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116

Dividend

On March 6, 2014, Staples, Inc. announced that its Board of Directors had declared a quarterly cash dividend on Staples, Inc. common stock of $0.12 per share. On an annualized basis, the quarterly dividend is equal to $0.48 per share. The first quarter 2014 cash dividend was paid on April 17, 2014, to shareholders of record on March 28, 2014.

Direct Stock Purchase Plan and Dividend Reinvestment

Purchases of Staples, Inc. common stock can be made through a Direct Stock Purchase Plan administered by Computershare. Dividends on Staples, Inc. common stock may be automatically invested in additional shares. Contact Computershare at 888-875-9002 for more information.

Board of Directors

Basil L. Anderson
Chief Executive Officer
Anderson Investments

Drew G. Faust
President
Harvard University

Justin King
Chief Executive Officer
J Sainsbury plc

Carol Meyrowitz
Chief Executive Officer
The TJX Companies, Inc.

Rowland T. Moriarty
Chairman of the Board
Charles River Associates

Robert C. Nakasone
Chief Executive Officer
NAK Enterprises and
Lead Director, Staples, Inc.

Ronald L. Sargent
Chairman and Chief Executive Officer
Staples, Inc.

Elizabeth A. Smith
Chairman and Chief Executive Officer
Bloomin' Brands Inc.

Robert E. Sulentic
President and Chief Executive Officer
CBRE Group, Inc.

Raul Vazquez
Chief Executive Officer
Progreso Financiero

Vijay Vishwanath
Partner
Bain & Company

Paul F. Walsh
Former Chairman and Chief Executive Officer
eFunds Corporation

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