

OFFICE DEPOT INC  
Form DEFM14A  
May 18, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the SEC Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**OFFICE DEPOT, INC.**

**(Name of Registrant as Specified In Its Charter)**

**N/A**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Stock, par value \$0.01 per share, of Office Depot, Inc.

(2) Aggregate number of securities to which transaction applies:

584,886,129 shares of Office Depot common stock, which includes (i) the number of shares of Office Depot common stock outstanding as of February 21, 2015, plus (ii) the number of shares of Office Depot common stock reserved for issuance under various equity plans in respect of outstanding equity awards as of February 21, 2015 that may be issued in the future pursuant to the terms of the merger agreement described herein

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for purposes of calculating the fee, the maximum aggregate value of the transaction was calculated as the product of 584,886,129 shares of Office Depot common stock multiplied by \$1.99 per share

(4) Proposed maximum aggregate value of transaction:

\$1,163,923,396.71

(5) Total fee paid:

\$135,248

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

\$135,248

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(2) Form, Schedule or Registration Statement No.:

Form S-4 (No. 333-202909)

(3) Filing Party:

Staples, Inc.

(4) Date Filed:

March 20, 2015

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Dear Office Depot, Inc. Stockholder:

You are cordially invited to attend Office Depot's upcoming annual meeting of stockholders of Office Depot, Inc. (referred to as Office Depot) to be held on June 19, 2015, beginning at 8:00 a.m., local time, at the Renaissance Boca Raton Hotel, 2000 NW 19<sup>th</sup> Street, Boca Raton, Florida 33431.

As Office Depot previously announced, on February 4, 2015, Office Depot, Staples, Inc. (referred to as Staples) and Staples AMS, Inc., a wholly owned subsidiary of Staples (referred to as Merger Sub), entered into an Agreement and Plan of Merger that provides for the acquisition of Office Depot by Staples (such agreement, as it may be amended from time to time, is referred to as the merger agreement). Upon the terms and subject to the conditions of the merger agreement, Merger Sub will merge with and into Office Depot (referred to as the merger), with Office Depot surviving the merger as a wholly owned subsidiary of Staples. If the merger is completed, you will be entitled to receive, for each share of Office Depot common stock that you own immediately prior to the merger, \$7.25 in cash, without interest, plus 0.2188 shares of Staples common stock.

Based on the closing stock price of Staples common stock on February 2, 2015, the last full trading day before the publication of press reports that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction, the per share value of Office Depot common stock implied by the per share merger consideration is \$11.00. Based on the closing stock price of Staples common stock on May 13, 2015, the most recent practicable date prior to the date of the accompanying proxy statement/prospectus, the per share value implied by the per share merger consideration is \$10.88. The implied value of the per share merger consideration will fluctuate, however, as the market price of Staples common stock fluctuates, because a portion of the per share merger consideration is payable in a fixed number of shares of Staples common stock. As a result, the value of the per share merger consideration that Office Depot stockholders will receive upon completion of the merger could be greater than, less than or the same as the value of the merger consideration on the date of this proxy statement/prospectus or at the time of the Office Depot annual meeting. Accordingly, Office Depot encourages you to obtain current stock price quotations for Staples common stock and Office Depot common stock before deciding how to vote with respect to the adoption of the merger agreement. Staples common stock and Office Depot common stock trade on The Nasdaq Global Select Market under the symbols SPLS and ODP, respectively.

**The Office Depot board of directors unanimously determined that the merger, the terms of the merger agreement and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of, Office Depot and its stockholders and approved and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement.**

At the annual meeting, you will be asked to adopt the merger agreement, to vote on the election of Office Depot directors and to vote on other merger-related and annual meeting matters. **The Office Depot board of directors unanimously recommends that Office Depot stockholders vote FOR the adoption of the merger agreement and FOR each of the other proposals described in the accompanying proxy statement/prospectus.**

**Your vote is very important. Staples and Office Depot cannot complete the merger without the adoption of the merger agreement by Office Depot stockholders. It is important that your shares of Office Depot common stock be represented and voted regardless of the size of your holdings. Whether or not you plan to attend the annual meeting, Office Depot urges you to submit a proxy in advance of the annual meeting to have your shares voted by using one of the methods described in the accompanying proxy statement/prospectus.**

More information about Staples, Office Depot, the annual meeting, the merger and the other proposals for consideration at the annual meeting is contained in the accompanying proxy statement/prospectus. **Please carefully**

read the entire proxy statement/prospectus, including the section entitled Risk Factors beginning on page 26, for a discussion of the risks relating to the proposed merger, and the Annexes and documents incorporated by reference.

On behalf of the Office Depot board of directors, thank you for your continued support.

Sincerely,

Roland C. Smith

Chairman and Chief Executive Officer

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER OR OTHER TRANSACTIONS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED PURSUANT TO THE MERGER UNDER THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS NOR HAVE THEY DETERMINED IF THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The accompanying proxy statement/prospectus is dated May 15, 2015 and is first being mailed to Office Depot stockholders on or about May 19, 2015.

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**OFFICE DEPOT, INC.**

**6600 North Military Trail**

**Boca Raton, Florida 33496**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 19, 2015**

This is a notice that the annual meeting of stockholders of Office Depot, Inc. (referred to as Office Depot) will be held on June 19, 2015, beginning at 8:00 a.m., local time, at the Renaissance Boca Raton Hotel, 2000 NW 19<sup>th</sup> Street, Boca Raton, Florida 33431, unless postponed to a later date. The annual meeting will be held for the following purposes:

1. to adopt the Agreement and Plan of Merger, dated as of February 4, 2015 (such agreement, as it may be amended from time to time, is referred to as the merger agreement), by and among Office Depot, Staples, Inc. (referred to as Staples) and Staples AMS, Inc., a wholly owned subsidiary of Staples (referred to as Merger Sub), pursuant to which, upon the terms and subject to the conditions of the merger agreement, Merger Sub will merge with and into Office Depot (referred to as the merger), with Office Depot surviving the merger as a wholly owned subsidiary of Staples;
2. to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Office Depot's named executive officers that is based on or otherwise relates to the merger;
3. to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement;
4. to elect ten (10) members of the Office Depot board of directors named in, and for the term described in, this proxy statement/prospectus;
5. to approve the 2015 Long-Term Incentive Plan;
6. to approve the Office Depot Corporate Annual Bonus Plan;
7. to ratify the appointment by Office Depot's audit committee of Deloitte & Touche LLP as Office Depot's independent registered public accounting firm for the current year;
8. to approve on an advisory (non-binding) basis the compensation of Office Depot's named executive officers; and

9. to transact any other business that may properly come before the annual meeting and any adjournment or postponement thereof.

The accompanying proxy statement/prospectus describes the proposals listed above in more detail. Please refer to the accompanying proxy statement/prospectus, including the merger agreement and all other annexes and including any documents incorporated by reference, for further information with respect to the business to be transacted at the annual meeting. You are encouraged to read the entire proxy statement/prospectus carefully before voting. **In particular, see the section entitled Risk Factors beginning on page 26.**

**The Office Depot board of directors recommends that Office Depot stockholders vote FOR the adoption of the merger agreement; FOR the election of each of the director nominees named in Proposal 4 of your proxy card; and FOR each of the other proposals listed above and described in more detail in the accompanying proxy statement/prospectus.**

Under Delaware law, holders of record of Office Depot common stock who do not vote in favor of adoption of the merger agreement have the right to seek appraisal of the fair value of their shares of Office Depot common stock if the merger is completed, but only if they follow the procedures and satisfy the conditions prescribed by Delaware law. To exercise appraisal rights, holders of record of Office Depot common stock must strictly follow the procedures and satisfy the conditions prescribed by Delaware law, including, among other things, submitting

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a written demand for appraisal to Office Depot before the vote is taken on the adoption of the merger agreement and not voting in favor of adoption of the merger agreement. These procedures are summarized in this proxy statement/prospectus in the section entitled "Appraisal Rights of Office Depot Stockholders" beginning on page 247, and the text of the applicable provisions of Delaware law is included as Annex C to this proxy statement/prospectus.

The Office Depot board of directors has fixed the close of business on April 29, 2015 as the record date for determination of Office Depot stockholders entitled to receive notice of, and to vote at, the annual meeting or any adjournments or postponements thereof. Only holders of record of Office Depot common stock as of the close of business on the record date are entitled to receive notice of, and to vote at, the annual meeting.

**YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN.**

The merger cannot be completed unless the merger agreement is adopted by the affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of Office Depot common stock entitled to vote thereon as of the close of business on the record date for the annual meeting.

**Whether or not you expect to attend the annual meeting in person, Office Depot urges you to submit a proxy to have your shares voted as promptly as possible by either: (1) logging onto the website shown on your proxy card and following the instructions to submit a proxy online; (2) dialing the toll-free number shown on your proxy card and following the instructions to submit a proxy by phone; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the annual meeting.** If your shares are held in the name of a bank, brokerage firm or other nominee, please follow the instructions on the voting instruction card furnished by such bank, brokerage firm or other nominee.

If you have any questions concerning the merger, the other meeting matters or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus or need help voting your shares of Office Depot common stock, please contact Office Depot's proxy solicitor:

**Innisfree M&A Incorporated**

**501 Madison Avenue**

**New York, NY 10022**

**Stockholders may call toll-free: (887) 825-8621**

**Banks and brokers may call collect: (212) 750-5833**

By order of the Board of Directors

Elisa D. Garcia C.

Executive Vice President, Chief Legal Officer & Corporate Secretary

Dated: May 15, 2015



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**ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Staples and Office Depot from other documents that Staples and Office Depot have filed with the U.S. Securities and Exchange Commission (referred to in this proxy statement/prospectus as the SEC) and that are contained in or incorporated by reference into this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 255 of this proxy statement/prospectus. This information is available for you to review at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website at [www.sec.gov](http://www.sec.gov).

**You can obtain copies of this proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus free of charge by requesting them in writing or by telephone at the following addresses and telephone numbers:**

**For Information Regarding Staples:**

**Staples, Inc.**

**Five Hundred Staples Drive**

**Framingham, Massachusetts 01702**

**(508) 253-5000**

**For Information Regarding Office Depot:**

**Office Depot, Inc.**

**6600 North Military Trail**

**Boca Raton, Florida 33496**

**(561) 438-7878**

**Attention: Investor Relations**

In addition, if you have questions about the merger, the other proposals or this proxy statement/prospectus, would like additional copies of the proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Innisfree M&A Incorporated, Office Depot's proxy solicitor, at the address and telephone number listed below. You will not be charged for any of these documents that you request.

**Attention: Investor Relations**

**Innisfree M&A Incorporated**

**501 Madison Avenue**

**New York, NY 10022**

**Stockholders may call toll-free: (877) 825-8621**

**Banks and brokers may call collect: (212) 750-5833**

**If you would like to request any documents, please do so by June 12, 2015, which is five business days prior to the date of the annual meeting, in order to receive them before the annual meeting.**

**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

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This proxy statement/prospectus, which forms part of a registration statement on Form S-4 (Registration No. 333-202909) filed with the SEC by Staples, constitutes a prospectus of Staples under the Securities Act of 1933, as amended (referred to in this proxy statement/prospectus as the Securities Act), with respect to the Staples common stock to be issued to Office Depot stockholders pursuant to the merger. This proxy statement/prospectus also constitutes a proxy statement for Office Depot under the Securities Exchange Act of 1934, as amended (referred to in this proxy statement/prospectus as the Exchange Act), and a notice of meeting with respect to the annual meeting of Office Depot stockholders.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated May 15, 2015, and you should assume that the information contained in this proxy statement/prospectus is accurate only as of such date. You should also assume that the information incorporated by reference into this proxy statement/prospectus is only accurate as of the date of such information.

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**This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this proxy statement/prospectus regarding Staples has been provided by Staples and information contained in this proxy statement/prospectus regarding Office Depot has been provided by Office Depot.**

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<b><u>Annex A</u></b>	Agreement and Plan of Merger, dated as of February 4, 2015, by and among Office Depot, Inc., Staples, Inc., and Staples AMS, Inc.
<b><u>Annex B</u></b>	Opinion of Peter J. Solomon Company L.P.
<b><u>Annex C</u></b>	General Corporation Law of the State of Delaware, Section 262
<b><u>Annex D</u></b>	Office Depot, Inc. 2015 Long-Term Incentive Plan

Annex E Office Depot, Inc. Corporate Annual Bonus Plan

Annex F Office Depot, Inc. Reconciliation of Non-GAAP Financial Measures

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**QUESTIONS AND ANSWERS**

*The following questions and answers are intended to briefly address some commonly asked questions regarding the merger, the merger agreement and the annual meeting. These questions and answers may not address all questions that may be important to you as an Office Depot stockholder. Please refer to the section entitled Summary beginning on page 1 of this proxy statement/prospectus and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in this proxy statement/prospectus, which you should read carefully and in their entirety. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled Where You Can Find More Information beginning on page 255 of this proxy statement/prospectus.*

**Q: Why am I receiving this proxy statement/prospectus?**

A: Staples, Inc. (referred to in this proxy statement/prospectus as Staples) and Office Depot, Inc. (referred to in this proxy statement/prospectus as Office Depot) are sending these materials to Office Depot stockholders to help them decide how to vote their shares of Office Depot common stock with respect to the proposed merger of Staples and Office Depot and the other matters to be considered at the annual meeting.

This document constitutes both a proxy statement of Office Depot and a prospectus of Staples. It is a proxy statement because Office Depot is soliciting proxies from its stockholders. It is a prospectus because Staples will issue shares of its common stock in exchange for shares of Office Depot common stock in the merger if the merger is completed.

**Q: What is the merger?**

A: Office Depot has agreed to be acquired by Staples under the terms of the merger agreement that is described in this proxy statement/prospectus. If the merger agreement is adopted by Office Depot stockholders and the other conditions to closing under the merger agreement are satisfied or waived, Staples AMS, Inc., a Delaware corporation and a wholly owned subsidiary of Staples (referred to in this proxy statement/prospectus as Merger Sub), will merge with and into Office Depot (referred to as the merger), with Office Depot surviving the merger as a wholly owned subsidiary of Staples, which is sometimes referred to in this proxy statement/prospectus as the surviving company.

The merger cannot be completed unless the merger agreement is adopted by Office Depot stockholders. Your failing to submit a proxy or vote in person at the annual meeting, or your abstaining from voting or your failing to provide your bank, brokerage firm or other nominee with instructions, as applicable, will have the same effect as a vote

**AGAINST** the adoption of the merger agreement. The Office Depot board of directors unanimously recommends that stockholders vote **FOR** the adoption of the merger agreement. This proxy statement/prospectus includes important information about the merger and the merger agreement, a copy of which is attached as **Annex A** to this proxy statement/prospectus. Office Depot stockholders should read this information carefully and in its entirety.

**Q: Are there any risks that I should consider in deciding whether to vote for the adoption of the merger agreement?**

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled "Risk Factors" beginning on page 26. You also should read and carefully consider the risk factors of Staples and Office Depot contained in the documents that are incorporated by reference into this proxy statement/prospectus.

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**Q: What will Office Depot stockholders receive for their shares if the merger is completed?**

A: If the merger is completed, you will be entitled to receive, for each share of Office Depot common stock that you hold, merger consideration equal to \$7.25 in cash, without interest, plus 0.2188 shares of Staples common stock. Based on the closing stock price of Staples common stock on February 2, 2015, the last full trading day before the publication of press reports that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction, the per share value of Office Depot common stock implied by the per share merger consideration is \$11.00. Based on the closing stock price of Staples common stock on May 13, 2015, the most recent practicable date prior to the date of this proxy statement/prospectus, the per share value of Office Depot common stock implied by the per share merger consideration is \$10.88. The implied value of the per share merger consideration will fluctuate, however, as the market price of Staples common stock fluctuates, because a portion of the per share merger consideration is payable in a fixed number of shares of Staples common stock. As a result, the value of the per share merger consideration that Office Depot stockholders will receive upon completion of the merger could be greater than, less than or the same as the value of the merger consideration on the date of this proxy statement/prospectus or at the time of the Office Depot annual meeting. Accordingly, Office Depot encourages you to obtain current stock price quotations for Staples common stock and Office Depot common stock before deciding how to vote with respect to the adoption of the merger agreement. Staples common stock and Office Depot common stock trade on The Nasdaq Global Select Market under the symbols SPLS and ODP, respectively.

For additional information regarding the consideration to be received in the merger, see the section entitled Proposal I: Adoption of the Merger Agreement Per Share Merger Consideration beginning on page 44.

**Q: What happens if I am eligible to receive a fraction of a share of Staples common stock as part of the per share merger consideration?**

A: If the aggregate number of shares of Staples common stock that you are entitled to receive as part of the per share merger consideration otherwise would include a fraction of a share of Staples common stock, you will receive cash in lieu of that fractional share. See the section entitled Proposal I: Adoption of the Merger Agreement Exchange of Shares beginning on page 94.

**Q: What will holders of Office Depot equity awards receive in the merger?**

A: Each option to purchase Office Depot common stock that was outstanding as of the date of the merger agreement and remains outstanding as of the completion of the merger will, as of the completion of the merger, fully vest and entitle the holder to receive the per share merger consideration for each net option share underlying such stock option. For this purpose, the number of net option shares of Office Depot common stock will equal the number of shares of Office Depot common stock underlying such option minus a number of shares with a fair market value equal to the aggregate exercise price of such stock option, based on the per share merger consideration, the stock consideration component of which will be deemed to be an amount equal to the Staples trading price, as described in The Merger Agreement Closing; Effective Time; Effects of the Merger on Capital Stock below, multiplied by 0.2188 for each such share of Office Depot common stock.

Each award of restricted Office Depot common stock that was outstanding as of the date of the merger agreement and which remains outstanding as of the completion of the merger will, immediately prior to the completion of the merger, fully vest and entitle the holder to receive the per share merger consideration for each share of Office Depot common stock subject to such award.

Each award of restricted stock units (including restricted stock units that are subject to performance-based vesting conditions) and each award of performance shares, in each case that was outstanding as of the date

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of the merger agreement or that has been granted to a non-employee director and remains outstanding as of the completion of the merger, will, immediately prior to the completion of the merger, fully vest with respect to time-based vesting. Performance-based restricted stock unit awards granted with a performance period commencing as of December 29, 2013 and ending December 31, 2016 will fully vest with respect to 133.3% of the target number of shares subject to each such award. Performance-based restricted stock unit awards for which the performance period concluded prior to the date of the merger agreement will vest based on actual performance results. Each holder of a restricted stock unit award will be entitled to receive the merger consideration with respect to each share of Office Depot common stock subject to the vested restricted stock units.

The merger agreement permits, to a limited extent, awards to be made in 2015, after the date of the merger agreement. Any such award made in 2015 that remains outstanding as of the completion of the merger will be converted into an award representing a contingent right, subject to meeting vesting requirements, to receive the merger consideration for each share of Office Depot common stock underlying such award; provided, however, instead of receiving the portion of the merger consideration otherwise payable in Staples common stock, each holder of an award made in 2015 will receive a cash payment, without interest, for each share of Office Depot common stock underlying such award equal to the Staples trading price, as described in The Merger Agreement Closing; Effective Time; Effects of the Merger on Capital Stock below, multiplied by 0.2188.

See The Merger Agreement Treatment of Office Depot Equity Awards beginning on page 102.

**Q: How will I receive the merger consideration to which I am entitled?**

A: After receiving the proper documentation from you, following completion of the merger, the exchange agent for the merger will forward to you the Staples common stock and cash to which you are entitled. More information on the documentation you are required to deliver to the exchange agent may be found in the section entitled The Merger Agreement Exchange and Payment Procedures beginning on page 100.

**Q: What will happen to Office Depot as a result of the merger?**

A: If the merger is completed, Merger Sub will be merged with and into Office Depot, with Office Depot continuing as the surviving company and a wholly owned subsidiary of Staples. As a result of the merger, Office Depot will no longer be a publicly held company. Following the merger, Office Depot common stock will be delisted from The Nasdaq Global Select Market and deregistered under the Exchange Act.

**Q: Will the Staples common stock received at the time of completion of the merger be traded on an exchange?**

A: It is a condition to the consummation of the merger that the shares of Staples common stock to be issued to Office Depot stockholders in the merger be approved for listing on The Nasdaq Global Select Market, subject to official notice of issuance.



**Q: When is the merger expected to be completed?**

A: Staples and Office Depot currently expect the merger to be completed by the end of calendar year 2015, subject to receipt of required approval from Office Depot's stockholders and regulatory approvals and subject to the satisfaction or waiver of the other conditions contained in the merger agreement. However, Staples and Office Depot cannot predict the actual date on which the merger will be completed because completion is subject to conditions beyond their control. See the sections entitled "Proposal I: Adoption of the Merger Agreement" "Regulatory Approvals" beginning on page 92 and "The Merger Agreement" "Conditions to Completion of the Merger" beginning on page 116.

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**Q: What am I being asked to vote on?**

A: Office Depot stockholders are being asked to vote upon the following proposals:

1. to adopt the merger agreement, which is further described in the sections entitled Proposal I: Adoption of the Merger Agreement beginning on page 44 and The Merger Agreement beginning on page 98 and a copy of which is attached to this proxy statement/prospectus as **Annex A**;
2. to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Office Depot's named executive officers that is based on or otherwise relates to the merger;
3. to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement;
4. to elect the ten (10) members of the Office Depot board of directors named in, and for the term described in, this proxy statement/prospectus;
5. to approve Office Depot's 2015 Long-Term Incentive Plan, a copy of which is attached to this proxy statement/prospectus as **Annex D**;
6. to approve the Office Depot Corporate Annual Bonus Plan, a copy of which is attached to this proxy statement/prospectus as **Annex E**;
7. to ratify the appointment by Office Depot's audit committee of Deloitte & Touche LLP as Office Depot's independent registered public accounting firm for the current year;
8. to approve on an advisory (non-binding) basis the compensation of Office Depot's named executive officers; and
9. to transact any other business that may properly come before the annual meeting and any adjournment or postponement thereof.

**Q: Are there any other matters to be addressed at the annual meeting?**

A: At this time, Office Depot does not know of any other matters to be brought before the annual meeting, but if other matters are properly brought before such meeting or at any adjournment or postponement of such meeting,

the persons who the Office Depot board of directors has appointed to vote proxies will vote on such matters in their discretion.

**Q: How does the Office Depot board of directors recommend that I vote at the annual meeting?**

A: The Office Depot board of directors unanimously recommends that Office Depot stockholders vote **FOR** the adoption of the merger agreement, **FOR** each of the director nominees and **FOR** each of the other proposals described in this proxy statement/prospectus.

**Q: What do I need to do now?**

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please submit your proxy as soon as possible so that your shares of Office Depot common stock will be represented at the annual meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in street name by your bank, brokerage firm or other nominee.

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**Q: Should I send in my Office Depot stock certificates now?**

A: No. Please DO NOT send your Office Depot stock certificates with your proxy card. If the merger is completed, you will receive shortly after the time the merger is completed written instructions for exchanging your stock certificates for merger consideration.

**Q: When and where is the annual meeting of the Office Depot stockholders?**

A: The annual meeting will be held on June 19, 2015, beginning at 8:00 a.m., local time, at the Renaissance Boca Raton Hotel, 2000 NW 19<sup>th</sup> Street, Boca Raton, Florida 33431, unless postponed to a later date.

**Q: Who can vote at the annual meeting?**

A: Only Office Depot stockholders who held shares of record as of the close of business on April 29, 2015, the record date for the annual meeting, are entitled to receive notice of and to vote at the annual meeting. Office Depot's official stock ownership records will conclusively determine whether a stockholder is a holder of record as of the record date.

**Q: How many votes do I have?**

A: Each Office Depot stockholder is entitled to one vote on each matter properly brought before the annual meeting for each share of Office Depot common stock held of record as of the close of business on the record date. As of the close of business on the record date, there were 547,411,398 shares of Office Depot common stock outstanding and owned by stockholders (i.e., excluding shares of Office Depot common stock held in treasury by Office Depot), held by 9,675 holders of record.

**Q: What constitutes a quorum for the annual meeting?**

A: The presence in person or represented by proxy of holders of a majority of the outstanding shares of Office Depot common stock entitled to vote constitutes a quorum for the purposes of the annual meeting. Abstentions are considered present for purposes of establishing a quorum, but will not be counted as votes cast FOR any matter. When a bank, brokerage firm or other nominee does not receive instructions from a holder holding shares in street name through a bank, brokerage firm or other nominee (such holder is referred to in this proxy statement/prospectus as a non-record owner) on how to vote shares with respect to a non-routine matter, a broker non-vote occurs. Broker non-votes will be treated as present for purposes of determining whether a quorum is present, but will not be counted as votes cast FOR or AGAINST any matter.

**Q: What vote is required to approve each proposal to be considered at the Office Depot annual meeting?**

A: The votes required for each proposal are as follows:

1. *Adoption of the Merger Agreement:* The affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of Office Depot common stock entitled to vote thereon is required to adopt the merger agreement.
2. *Advisory (Non-Binding) Vote on Merger-Related Compensation:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve, on an advisory (non-binding) basis, the merger-related compensation payments.
3. *Adjournment of the Annual Meeting:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement.

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4. *Election of Directors:* Each nominee must be elected by a majority of the votes cast.
5. *Approval of Office Depot's 2015 Long-Term Incentive Plan:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve Office Depot's 2015 Long-Term Incentive Plan.
6. *Approval of the Office Depot Corporate Annual Bonus Plan:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve the Office Depot Corporate Annual Bonus Plan.
7. *Appointment of Office Depot's Independent Public Accountant:* A majority of the votes cast on the matter is required to ratify the appointment of Office Depot's independent public accountant.
8. *Advisory (Non-Binding) Vote on Executive Compensation:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve, on an advisory (non-binding) basis, the compensation of Office Depot's named executive officers.
9. *Other Proposals:* Approval of any other proposal to be voted upon at the annual meeting requires the affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting.

**Q: How do I vote or have my shares voted?**

- A: Office Depot stockholders of record may vote their shares of Office Depot common stock or have their shares of Office Depot common stock voted at the annual meeting in one of the following ways:

*Internet:* Office Depot stockholders may submit their proxy by using the Internet at [www.proxyvote.com](http://www.proxyvote.com). Internet voting is available 24 hours a day and will be accessible until 11:59 p.m., local time, on June 18, 2015, the day before the annual meeting.

*Telephone:* Office Depot stockholders may submit their proxy by using a touch-tone telephone at (800) 690-6903. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m., local time, on June 18, 2015, the day before the annual meeting.

*Mail:* Office Depot stockholders may submit their proxy by properly completing, signing, dating and mailing their proxy card in the postage-paid envelope (if mailed in the United States) included with this proxy statement/prospectus. Office Depot stockholders who vote this way should mail the proxy card early enough so that it is received before the date of the annual meeting.

*In Person:* Office Depot stockholders may vote in person at the annual meeting or by sending a representative with an acceptable proxy that has been signed and dated. Attendance at the annual meeting will not, however, in and of itself constitute a vote.

If you are a non-record owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a non-record owner and wish to vote in person at the annual meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

**Q: How will my proxy be voted?**

A: If you submit your proxy via the Internet, by telephone or by completing, signing, dating and returning the enclosed proxy card, your shares will be voted in accordance with your instructions contained in the proxy.

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If you submit your proxy without specifying how your shares should be voted in one or more matters, your shares will be voted on those matters as the Office Depot board of directors recommends.

**Q: What must I bring to attend the annual meeting?**

A: Only stockholders of record as of the record date, non-record owners as of the record date, holders of valid proxies for the annual meeting and invited guests of Office Depot may attend the annual meeting. All attendees should be prepared to present picture identification for admittance. The additional items, if any, that attendees must bring depend on whether they are stockholders of record, non-record owners or proxy holders.

Additional information on attending the annual meeting can be found under the section entitled Information About the Office Depot Annual Meeting beginning on page 38. Whether or not you plan to attend the annual meeting, Office Depot urges you to submit your proxy by completing and returning the proxy card as promptly as possible, or by submitting your proxy by telephone or via the Internet, prior to the annual meeting to ensure that your shares of Office Depot common stock will be represented and voted at the annual meeting if you are unable to attend. If you are a non-record owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a non-record owner and wish to vote in person at the annual meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

**Q: If my shares are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee vote my shares for me?**

A: No, except with respect to the proposal to ratify the appointment of Office Depot's independent public accountant. If your shares are held in street name by your bank, brokerage firm or other nominee, you must direct your bank, brokerage firm or other nominee on how to vote and you will receive instructions from your bank, brokerage firm or other nominee describing how to vote your shares of Office Depot common stock. The availability of Internet or telephonic voting will depend on the nominee's voting process. Please check with your bank, brokerage firm or other nominee and follow the voting procedures your bank, brokerage firm or other nominee provides.

If you are a non-record owner and do not provide your bank, brokerage firm or other nominee instructions on how to vote your shares of Office Depot common stock with respect to a non-routine matter, a broker non-vote occurs with respect to those matters. Under applicable stock exchange rules, the organization that holds your shares of Office Depot common stock (i.e., your bank, brokerage firm or other nominee) may generally vote on routine matters at its discretion but cannot vote on non-routine matters. If you are a non-record owner and the organization that holds your shares of Office Depot common stock does not receive instructions from you on how to vote your shares of Office Depot common stock on a non-routine matter, the organization that holds your shares of Office Depot common stock will inform the inspector of elections that it does not have the authority to vote your shares on such matters. The ratification of appointment of Office Depot's independent registered public accountant is a matter Office Depot believes will be designated routine. The adoption of the merger agreement, the advisory (non-binding) approval of Office Depot's merger-related executive compensation, the adjournment of the annual meeting, the election of directors, the approval of Office Depot's 2015 Long-Term Incentive Plan, the approval of the Office Depot Corporate Annual Bonus Plan and the advisory (non-binding) approval of the compensation of Office Depot's named executive officers will be considered non-routine. Accordingly, if you are a non-record owner and do not provide your bank, brokerage firm or other nominee instructions on how to vote your shares of Office Depot common stock, your bank, brokerage firm or other nominee generally will not be permitted to vote your shares on any of the proposals other than



the ratification of appointment of Office Depot's independent registered public accountant. Office Depot strongly encourages you to provide voting instructions to your bank, brokerage firm or other nominee so that your vote will be counted on all matters.

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**Q: What is the difference between holding shares as a stockholder of record and in street name ?**

A: If your shares of Office Depot common stock are registered directly in your name with the transfer agent of Office Depot, Computershare Shareowner Services LLC, you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote or to grant a proxy for your vote directly to Office Depot or to a third party to vote at the annual meeting.

If your shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and, for the purposes of this proxy statement/prospectus, a non-record owner, and your bank, brokerage firm or other nominee is considered the stockholder of record with respect to those shares. If you are a non-record owner, you have a right to direct your bank, brokerage firm or other nominee on how to vote the shares held in your account. The availability of Internet or telephonic voting will depend on the nominee's voting process. Please check with your bank, brokerage firm or other nominee and follow the voting procedures your bank, brokerage firm or other nominee provides. You are invited to attend the annual meeting; however, you may not vote these shares in person at the annual meeting unless you obtain a legal proxy from your bank, brokerage firm or other nominee that holds your shares, giving you the right to vote the shares at the annual meeting.

**Q: What should I do if I receive more than one set of voting materials for the annual meeting?**

A: You may receive more than one set of voting materials for the annual meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your Office Depot common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please submit each separate proxy or voting instruction card that you receive by following the instructions set forth in each separate proxy or voting instruction card.

**Q: What do I do if I am an Office Depot stockholder and I want to revoke my proxy?**

A: Office Depot stockholders of record may revoke their proxies at any time prior to the voting at the annual meeting in any of the following ways:

mailing a request to Office Depot's Corporate Secretary at Office Depot's corporate headquarters, at 6600 North Military Trail, Boca Raton, Florida 33496, so that it is received no later than 4:00 p.m., local time, on June 18, 2015;

properly submitting a later-dated, new proxy card (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

submitting a proxy via Internet or by telephone at a later date (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

attending the annual meeting and voting in person. Attendance at the annual meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

Office Depot non-record owners may change their voting instructions only by following the directions received from their bank, brokerage firm or other nominee for changing their voting instructions.

**Q: What happens if I sell my shares of Office Depot common stock before the annual meeting?**

A: The record date is earlier than both the date of the annual meeting and the closing of the merger. If you transfer your shares of Office Depot common stock after the record date but before the annual meeting, you will, unless the transferee requests a proxy from you, retain your right to vote at the annual meeting but will

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transfer the right to receive the per share merger consideration to the person to whom you transfer your shares. In order to receive the per share merger consideration, you must hold your shares upon completion of the merger.

**Q: Do Office Depot stockholders have appraisal rights?**

A: Yes. Office Depot stockholders are entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware (referred to in this proxy statement/prospectus as the DGCL), provided they follow the procedures and satisfy the conditions set forth in Section 262 of the DGCL. For more information regarding appraisal rights, see the section entitled *Appraisal Rights of Office Depot Stockholders* beginning on page 247. In addition, a copy of Section 262 of the DGCL is attached as **Annex C** to this proxy statement/prospectus. Failure to strictly comply with Section 262 of the DGCL may result in your waiver of, or inability to, exercise appraisal rights.

**Q: Who will solicit and pay the cost of soliciting proxies?**

A: Office Depot will pay for the proxy solicitation costs related to the annual meeting. Office Depot has engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for the annual meeting. Office Depot estimates that it will pay Innisfree M&A Incorporated a fee of approximately \$30,000, plus reasonable out-of-pocket expenses. Office Depot will also reimburse banks, brokerage firms, custodians, trustees, nominees and fiduciaries who hold shares for the benefit of another party for their expenses incurred in sending proxies and proxy materials to non-record owners of Office Depot common stock. Office Depot's directors, officers and employees also may solicit proxies in person, by telephone or over the Internet. They will not be paid any additional amounts for soliciting proxies.

**Q: How can I find more information about Staples and Office Depot?**

A: You can find more information about Staples and Office Depot from various sources described in the section entitled *Where You Can Find More Information* beginning on page 255.

**Q: Who can answer any questions I may have about the annual meeting or the proxy materials?**

A: If you have any questions about the annual meeting, the proxy materials or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or documents incorporated by reference herein, the enclosed proxy card or voting instructions, you should contact:

**Office Depot, Inc.**

**6600 North Military Trail**

**Boca Raton, Florida 33496**

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**(561) 438-7878**

**Attention: Investor Relations**

**or**

**Innisfree M&A Incorporated**

**501 Madison Avenue**

**New York, NY 10022**

**Stockholders may call toll-free: (877) 825-8261**

**Banks and brokers may call collect: (212) 750-5833**

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**SUMMARY**

*The following summary highlights selected information described in more detail elsewhere in this proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus and may not contain all the information that may be important to you. To understand the merger and the matters being voted on by Office Depot stockholders at the annual meeting more fully, and to obtain a more complete description of the legal terms of the merger agreement, you should carefully read this entire proxy statement/prospectus, including the annexes, and the documents to which Staples and Office Depot refer you. Each item in this summary includes a page reference directing you to a more complete description of that topic. See *Where You Can Find More Information* beginning on page 255.*

**The Parties**

(see pages 36 and 37)

*Office Depot, Inc.*

Office Depot, Inc., referred to in this proxy statement/prospectus as Office Depot, together with its subsidiaries, is a global supplier of office products and services to consumers and businesses of all sizes. Office Depot was incorporated in Delaware in 1986 with the opening of its first retail store in Fort Lauderdale. On November 5, 2013, Office Depot merged with OfficeMax Incorporated (referred to in this proxy statement/prospectus as OfficeMax, and the merger of Office Depot and OfficeMax is referred to in this proxy statement/prospectus as the Office Depot/OfficeMax merger). Office Depot has decided to align its business along the three reportable segments (which are referred to in this proxy statement/prospectus as Divisions) historically utilized by Office Depot: North American Retail Division, North American Business Solutions Division and International Division. Following the date of the Office Depot/OfficeMax merger, the former OfficeMax U.S. retail business is included in the North American Retail Division. The former OfficeMax U.S. and Canada contract business is included in the North American Business Solutions Division. The former OfficeMax businesses in Australia and New Zealand are included in the International Division. The former OfficeMax business in Mexico is presented as an Other segment for the period from acquisition until sale in August 2014. Sales for these Divisions are processed through multiple channels, consisting of office supply stores, a contract sales force, an outbound telephone account management sales force, Internet sites, direct marketing catalogs and call centers, all supported by a network of supply chain facilities and delivery operations. Shares of Office Depot common stock are traded on The Nasdaq Global Select Market under the symbol ODP. The principal executive offices of Office Depot are located at 6600 North Military Trail, Boca Raton, Florida 33496, and its telephone number is (561) 438-4800.

*Staples, Inc.*

Staples, Inc., a Delaware corporation and referred to in this proxy statement/prospectus as Staples, is a world-class provider of products and services that serve the needs of business customers and consumers. Staples is committed to providing superior value to its customers through a broad selection of products, easy to use websites and mobile platforms, an integrated retail and online shopping experience and a wide range of copy, print and technology services. Staples opened its first office products superstore in Brighton, Massachusetts in 1986 to serve the needs of small businesses and consumers, and Staples currently serves businesses of all sizes and consumers in North America, Europe, Australia, South America and Asia. Staples' delivery businesses account for a majority of its sales and many of its delivery customers place their orders online, making Staples one of the largest Internet resellers in the world. Shares of Staples common stock are traded on The Nasdaq Global Select Market under the symbol SPLS. The principal executive offices of Staples are located at Five Hundred Staples Drive, Framingham, Massachusetts 01702,

and its telephone number is (508) 253-5000.

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### *Staples AMS, Inc.*

Staples AMS, Inc., a Delaware corporation and referred to in this proxy statement/prospectus as Merger Sub, is a wholly owned subsidiary of Staples. Merger Sub was formed by Staples solely in contemplation of the merger, has not conducted any business and has no assets, liabilities or obligations of any nature other than as set forth in the merger agreement. The principal executive offices of Merger Sub are located at c/o Staples, Inc., Five Hundred Staples Drive, Framingham, Massachusetts 01702, and its telephone number is (508) 253-5000.

### **The Merger and the Merger Agreement**

(see pages 44 and 98)

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as **Annex A** to this proxy statement/prospectus. Office Depot encourages you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger.

The merger agreement provides that, subject to the terms and conditions of the merger agreement, Merger Sub will be merged with and into Office Depot, with Office Depot surviving the merger as a wholly owned subsidiary of Staples.

### **Per Share Merger Consideration**

(see page 44)

Upon completion of the merger, each issued and outstanding share of Office Depot common stock, other than shares held in treasury by Office Depot or owned by Staples, or any direct or indirect subsidiary of Staples or Office Depot, or by stockholders that have validly made a demand for appraisal and not validly withdrawn such demand or otherwise lost their rights of appraisal with respect to such shares pursuant to Section 262 of the DGCL, will be converted into the right to receive \$7.25 in cash, without interest, plus 0.2188 shares of Staples common stock.

Based on the closing stock price of Staples common stock on May 13, 2015, the most recent practicable date prior to the date of this proxy statement/prospectus, the per share value of Office Depot common stock implied by the per share merger consideration is \$10.88. The implied value of the per share merger consideration will fluctuate, however, as the market price of Staples common stock fluctuates, because a portion of the per share merger consideration is payable in a fixed number of shares of Staples common stock. As a result, the value of the per share merger consideration that Office Depot stockholders will receive upon completion of the merger could be greater than, less than or the same as the value of the merger consideration on the date of this proxy statement/prospectus or at the time of the Office Depot annual meeting. Accordingly, Staples and Office Depot encourage you to obtain current stock price quotations for Staples common stock and Office Depot common stock before deciding how to vote with respect to the adoption of the merger agreement. Staples common stock and Office Depot common stock trade on The Nasdaq Global Select Market under the symbols SPLS and ODP, respectively.

### **Office Depot Annual Meeting**

(see page 38)

### ***Purposes of the Annual Meeting***

At the annual meeting, Office Depot stockholders will be asked to vote upon the following proposals:



to adopt the merger agreement;

to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Office Depot's named executive officers that is based on or otherwise relates to the merger;

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to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement;

to elect the ten (10) members of the Office Depot board of directors named in, and for the term described in, this proxy statement/prospectus;

to approve the 2015 Long-Term Incentive Plan;

to approve the Office Depot Corporate Annual Bonus Plan;

to ratify the appointment by Office Depot's audit committee of Deloitte & Touche LLP as Office Depot's independent registered public accounting firm for the current year;

to approve on an advisory (non-binding) basis the compensation of Office Depot's named executive officers; and

to transact any other business that may properly come before the annual meeting and any adjournment or postponement thereof.

***Record Date***

The record date for the determination of stockholders entitled to notice of and to vote at the annual meeting is April 29, 2015. Only Office Depot stockholders who held shares of record as of the close of business on April 29, 2015 are entitled to receive notice of and vote at the annual meeting and any adjournment or postponement of the annual meeting, as long as such shares remain outstanding on the date of the annual meeting.

***Required Vote***

*Adoption of the Merger Agreement:* The affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of Office Depot common stock entitled to vote thereon is required to adopt the merger agreement.

*Advisory (Non-Binding) Vote on Merger-Related Compensation:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve, on an advisory (non-binding) basis, the merger-related compensation payments.

*Adjournment of the Annual Meeting:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the

existence of a quorum) and entitled to vote at the annual meeting is required to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement.

*Election of Directors:* Each nominee must be elected by a majority of the votes cast.

*Approval of Office Depot's 2015 Long-Term Incentive Plan:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve Office Depot's 2015 Long-Term Incentive Plan.

*Approval of the Office Depot Corporate Annual Bonus Plan:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve the Office Depot Corporate Annual Bonus Plan.

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*Appointment of Office Depot's Independent Public Accountant:* A majority of the votes cast on the matter is required to ratify the appointment of Office Depot's independent public accountant.

*Advisory (Non-Binding) Vote on Executive Compensation:* The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve, on an advisory (non-binding) basis, the compensation of Office Depot's named executive officers.

*Other Proposals:* Approval of any other proposal to be voted upon at the annual meeting requires the affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting.

As of the record date, Office Depot directors and executive officers, as a group, owned and were entitled to vote 4,785,045 shares of Office Depot common stock, or approximately 0.9% of the outstanding shares of Office Depot common stock. Office Depot currently expects that these directors and executive officers will vote their shares in favor of the proposal to adopt the merger agreement and each of the other proposals described in this proxy statement/prospectus, although none of them has entered into any agreement obligating them to do so.

## **Office Depot's Reasons for the Merger; Recommendation of the Office Depot Board of Directors**

(see page 55)

**After careful evaluation of the merger agreement and the transactions contemplated thereby, the Office Depot board of directors unanimously determined that the merger, the terms of the merger agreement and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of, Office Depot and its stockholders and approved and declared advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement.**

**The Office Depot board of directors unanimously recommends that Office Depot stockholders vote FOR the adoption of the merger agreement, FOR each of the director nominees and FOR each of the other proposals described in this proxy statement/prospectus.**

In the course of reaching its recommendation, the Office Depot board of directors consulted with Office Depot's senior management and financial advisor, Peter J. Solomon Company L.P. (referred to in this proxy statement/prospectus as PJSC), and outside legal counsel and considered a number of factors.

## **Opinion of Office Depot's Financial Advisor**

(see page 68)

In connection with the merger, PJSC rendered to the Office Depot board of directors its oral opinion on February 3, 2015, subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of Office Depot common stock in connection with the merger was fair from a financial point of view to the holders of Office Depot common stock.

**The full text of PJSC's written opinion, dated February 3, 2015, is attached as Annex B to this proxy statement/prospectus. PJSC's opinion was directed only to the fairness of the merger consideration to be received by the holders of Office Depot common stock in connection with the merger from a financial point of view, was provided to the Office Depot board of directors in connection with its evaluation of the merger, did not address any other aspect or implication of the merger or any other agreement,**

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**arrangement or understanding entered into in connection with the merger, and did not, and does not, constitute a recommendation to any holder of Office Depot common stock as to how any such holder should vote on the merger or act on any matter relating to the merger.**

### **Interests of Office Depot's Directors and Executive Officers in the Merger**

(see page 77)

When considering the recommendation of the Office Depot board of directors with respect to the merger, you should be aware that Office Depot's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Office Depot's stockholders more generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The Office Depot board of directors was aware of these interests during its deliberations on the merits of the merger and in deciding to recommend that Office Depot stockholders vote in favor of the merger agreement. These interests generally include, among others, the special treatment of outstanding equity awards, described in more detail in the summary below, and the right to certain enhanced change in control severance compensation and benefits.

### **Board of Directors and Management of Staples Following Completion of the Merger**

(see page 86)

The merger agreement provides that upon completion of the merger, Staples' board of directors will be expanded to 13 members to be comprised of the directors of Staples as of immediately prior to completion of the merger and two Office Depot directors selected by Staples no earlier than five business days prior to the completion of the merger. Under the merger agreement, the chief executive officer of Staples upon completion of the merger will be Ronald L. Sargent, unless Mr. Sargent is no longer the chief executive officer of Staples at such time, in which case the chief executive officer of Staples as of immediately prior to the completion of the merger will be the chief executive officer of Staples upon completion of the merger.

### **Material United States Federal Income Tax Consequences of the Merger**

(see page 87)

The receipt of the per share merger consideration pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. Generally, for U.S. federal income tax purposes, if a stockholder is a U.S. holder (as defined below in the section entitled "Proposal I: Adoption of the Merger Agreement Material United States Federal Income Tax Consequences" beginning on page 87 of this proxy statement/prospectus), the stockholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference, if any, between (i) the sum of cash received and the fair market value (as of the effective time) of the Staples common stock received and (ii) the stockholder's adjusted tax basis in the Office Depot common stock exchanged pursuant to the merger. Any such gain or loss recognized generally will be treated as capital gain or loss and will be long-term capital gain or loss if your holding period for your Office Depot common stock exceeds one year as of the date of the merger. If a stockholder is a non-U.S. holder (defined below in the section entitled "Proposal I: Adoption of the Merger Agreement Material United States Federal Income Tax Consequences" beginning on page 87 of this proxy statement/prospectus), the merger will generally not result in tax to the stockholder under U.S. federal income tax laws unless the stockholder has certain connections to the United States, and Staples and Office Depot encourage stockholders to seek tax advice regarding such matters.

### **Accounting Treatment of the Merger**

(see page 86)

Staples prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (referred to in this proxy statement/prospectus as GAAP). The merger will be accounted for using the acquisition method of accounting. Staples will be treated as the acquiror for accounting purposes.

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### **Regulatory Approvals Required to Complete the Merger**

(see pages 92 and 111)

Staples and Office Depot have each agreed to use their reasonable best efforts to obtain and maintain all regulatory approvals required to complete the merger and the other transactions contemplated by the merger agreement. The obligations of Staples and Office Depot to consummate the merger are subject to, among other matters, termination or expiration of any waiting period (and any extension thereof) applicable to the transactions contemplated by the merger agreement, and receipt of any approvals, consents or clearances required in connection with the transactions contemplated by the merger agreement under the HSR Act, the New Zealand Overseas Investment Act of 2005, as amended, and under the antitrust and competition laws of the European Union, China, Canada, Australia and New Zealand.

On February 26, 2015, Staples and Office Depot filed Notification and Report Forms with the Antitrust Division of the U.S. Department of Justice (referred to in this proxy statement/prospectus as the Antitrust Division) and the Federal Trade Commission (referred to in this proxy statement/prospectus as the FTC). On March 30, 2015, Staples and Office Depot each received a request for additional information and documentary material, often referred to as a second request, from the FTC in connection with the proposed acquisition of Office Depot by Staples. The effect of the second request is to extend the waiting period imposed by the HSR Act until 30 days after Staples and Office Depot have substantially complied with this request, unless that period is extended voluntarily by the parties or terminated sooner by the FTC. Staples and Office Depot intend to cooperate fully with this request.

Staples and Office Depot are in the process of filing notices and applications to satisfy the filing requirements and to obtain the necessary regulatory clearances in the other relevant jurisdictions. Staples and Office Depot submitted a draft notification to the relevant antitrust agency in the E.U. on April 7, 2015 and are currently engaged in prenotification proceedings. Staples and Office Depot also submitted notifications to the relevant antitrust agencies in Canada on March 10, 2015, Australia on April 7, 2015 and New Zealand on April 2, 2015, and to the New Zealand Overseas Investment Office on April 9, 2015. In China, Staples and Office Depot submitted a notification to the relevant antitrust agency on April 21, 2015, however the notification has not yet been formally accepted by that agency. On April 9, 2015, the Canadian Commissioner of Competition (referred to in this proxy statement/prospectus as the Commissioner) issued a Supplementary Information Request (referred to in this proxy statement/prospectus as an SIR) to each of Staples and Office Depot requesting additional information and documentary material relating to the assessment of the proposed acquisition by Staples of Office Depot. Under the Canadian Competition Act, the proposed merger cannot be completed until 30 days after both Staples and Office Depot substantially comply with their respective SIRs, unless that period is extended voluntarily by the parties or the Commissioner terminates the waiting period at an earlier date.

### **Treatment of Office Depot Equity Awards**

(see pages 95 and 102)

Each option to purchase Office Depot common stock that was outstanding as of the date of the merger agreement and remains outstanding as of the completion of the merger will, as of the completion of the merger, fully vest and entitle the holder to receive the per share merger consideration for each net option share underlying such stock option. For this purpose, the number of net option shares of Office Depot common stock will equal the number of shares of Office Depot common stock underlying such option minus a number of shares with a fair market value equal to the aggregate exercise price of such stock option, based on the per share merger consideration, the stock consideration component of which will be deemed to be an amount equal to the Staples trading price, as described in The Merger



Agreement Closing; Effective Time; Effects of the Merger on Capital Stock below, multiplied by 0.2188 for each such share of Office Depot common stock.

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Each award of restricted Office Depot common stock that was outstanding as of the date of the merger agreement and which remains outstanding as of the completion of the merger will, immediately prior to the completion of the merger, fully vest and entitle the holder to receive the per share merger consideration for each share of Office Depot common stock subject to such award.

Each award of restricted stock units (including restricted stock units that are subject to performance-based vesting conditions) and each award of performance shares, in each case that was outstanding as of the date of the merger agreement or that has been granted to a non-employee director and remains outstanding as of the completion of the merger, will, immediately prior to the completion of the merger, fully vest with respect to time-based vesting. Performance-based restricted stock unit awards granted with a performance period commencing as of December 29, 2013 and ending December 31, 2016 will fully vest with respect to 133.3% of the target number of shares subject to each such award. Performance-based restricted stock unit awards for which the performance period concluded prior to the date of the merger agreement will vest based on actual performance results. Each holder of a restricted stock unit award will be entitled to receive the merger consideration with respect to each share of Office Depot common stock subject to the vested restricted stock units.

The merger agreement permits, to a limited extent, awards to be made in 2015, after the date of the merger agreement. Any such award made in 2015 that remains outstanding as of the completion of the merger will be converted into an award representing a contingent right, subject to meeting vesting requirements, to receive the merger consideration for each share of Office Depot common stock underlying such award; however, instead of receiving the portion of the merger consideration otherwise payable in Staples common stock, each holder of an award made in 2015 after the date of the merger agreement will receive a cash payment, without interest, for each share of Office Depot common stock underlying such award equal to the Staples trading price, as described in *The Merger Agreement Closing; Effective Time; Effects of the Merger on Capital Stock* below, multiplied by 0.2188.

**Financing of the Merger**

(see pages 91 and 113)

Staples anticipates that the funds needed to complete the merger will be derived from a combination of (i) available cash on hand of Staples and Office Depot and (ii) third-party debt financing, including the debt financing described below.

In connection with the execution of the merger agreement, Staples entered into a debt commitment letter, dated as of February 4, 2015, as amended and restated as of February 20, 2015 (referred to in this proxy statement/prospectus as the debt commitment letter), with Bank of America, N.A. (referred to in this proxy statement/prospectus as Bank of America), Merrill Lynch, Pierce, Fenner & Smith Incorporated (referred to in this proxy statement/prospectus as MLPFS), Barclays Bank PLC (referred to in this proxy statement/prospectus as Barclays), Wells Fargo Bank, National Association (referred to in this proxy statement/prospectus as Wells Fargo Bank), Wells Fargo Securities, LLC (referred to in this proxy statement/prospectus as Wells Fargo Securities) HSBC Bank USA, N.A. (referred to in this proxy statement/prospectus as HSBC Bank), HSBC Securities (USA) Inc. (referred to in this proxy statement/prospectus as HSBC Securities), PNC Bank, National Association (referred to in this proxy statement/prospectus as PNC Bank), PNC Capital Markets LLC (referred to in this proxy statement/prospectus as PNCCM), Toronto Dominion (Texas) LLC (referred to in this proxy statement/prospectus as TD Texas), TD Securities (USA) LLC (referred to in this proxy statement/prospectus as TD Securities), U.S. Bank National Association (referred to in this proxy statement/prospectus as U.S. Bank) and Guggenheim Securities Holdings, LLC (referred to in this proxy statement/prospectus as Guggenheim and, together with Bank of America, MLPFS, Barclays, Wells Fargo Bank, Wells Fargo Securities, HSBC Bank, HSBC Securities, PNC Bank, PNCCM, TD Texas, TD

Securities and U.S. Bank, the commitment parties), pursuant to which, among other things, certain commitment parties have committed to provide Staples with a senior secured term loan facility in an aggregate principal amount of \$2,750,000,000 (referred to in this proxy

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statement/prospectus as the term facility) and certain commitment parties have committed to provide Staples with an asset based revolving credit facility in an aggregate principal amount of up to \$3,000,000,000 (referred to in this proxy statement/prospectus as the ABL facility) to finance, in part, the acquisition of Office Depot (referred to in this proxy statement/prospectus collectively as the debt financing).

The commitment parties' commitment to provide the debt financing is subject to certain conditions, including consummation of the merger in accordance with the merger agreement; with respect to the ABL facility, a minimum excess availability threshold for the ABL facility after giving effect to the merger; the negotiation and execution of definitive documentation consistent with the debt commitment letter; delivery of certain audited, unaudited and pro forma financial statements; subject to certain limitations, the absence of a material adverse effect on Office Depot; the accuracy of certain representations and warranties of Office Depot in the merger agreement and certain representations and warranties of Staples and certain subsidiary guarantors to be set forth in the definitive loan documents; the repayment of certain outstanding debt of Office Depot; and other customary closing conditions. The debt financing would replace Staples' and Office Depot's existing revolving credit facilities.

The definitive documentation governing the debt financing has not been finalized and, accordingly, the actual terms of the debt financing may differ from those described in this proxy statement/prospectus. Although the debt financing is not subject to due diligence or a market out, such financing may not be considered assured. The obligation of the commitment parties to provide debt financing under the debt commitment letter is subject to a number of conditions. There is a risk that these conditions will not be satisfied and the debt financing may not be available when required.

Under the merger agreement, Staples has agreed to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, advisable or proper to obtain the debt financing on or prior to the closing date of the merger on the terms and conditions described in the debt commitment letter. In addition, Office Depot has agreed that it will, and will cause its subsidiaries and their respective representatives to, use their reasonable best efforts to provide on a timely basis all cooperation reasonably requested by Staples that is necessary, proper or advisable in connection with any financing by Staples or any of its affiliates in connection with the merger, subject to customary limitations.

The receipt of financing for, or related to, any of the transactions contemplated by the merger agreement is not a condition to the closing of the merger and the other transactions contemplated by the merger agreement.

## **Listing of Staples Common Stock; Delisting of Office Depot Common Stock**

(see page 96)

It is a condition to the consummation of the merger that the shares of Staples common stock to be issued to Office Depot stockholders in the merger be approved for listing on The Nasdaq Global Select Market, subject to official notice of issuance. As a result of the merger, shares of Office Depot common stock will cease to be listed on The Nasdaq Global Select Market.

## **Appraisal Rights**

(see page 247)

Office Depot stockholders who do not vote in favor of the adoption of the merger agreement, who continuously hold their shares of Office Depot common stock through the effective time of the merger and who otherwise comply precisely with the applicable provisions of Section 262 of the DGCL will be entitled to seek appraisal of the fair value

of their shares of Office Depot common stock, as determined by the Delaware Court of Chancery, if the merger is completed. The fair value of your shares of Office Depot common stock as determined by the Delaware Court of Chancery could be greater than, the same as, or less than the value of the merger consideration that you would otherwise be entitled to receive under the terms of the merger agreement.

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Office Depot stockholders who wish to exercise the right to seek an appraisal of their shares must so advise Office Depot by submitting a written demand for appraisal in the form described in this proxy statement/prospectus prior to the vote to adopt the merger agreement, and must otherwise follow the procedures prescribed by Section 262 of the DGCL. A person having a beneficial interest in shares of Office Depot common stock held of record in the name of another person, such as a nominee or intermediary, must act promptly to cause the record holder to follow the steps summarized in this proxy statement/prospectus and in a timely manner to perfect appraisal rights.

The text of Section 262 of the DGCL is included as **Annex C** to this proxy statement/prospectus. You are encouraged to read these provisions carefully and in their entirety. Due to the complexity of the procedures for exercising appraisal rights, Office Depot stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel and their financial advisors. Failure to strictly comply with these provisions may result in the loss of appraisal rights.

## **Litigation Related to the Merger**

(see page 96)

In connection with the merger, purported stockholders of Office Depot have to date filed eleven putative stockholder class action lawsuits against Office Depot, Staples, the Office Depot board of directors, Merger Sub, and Starboard Value LP, among other defendants. Nine lawsuits have been filed in the Court of Chancery of the State of Delaware and have been consolidated by that court. Two lawsuits were filed in the Fifteenth Circuit Court of the State of Florida and have been consolidated by that court. The lawsuits generally allege, among other things, that the directors of Office Depot breached their fiduciary duties to Office Depot stockholders in connection with the merger, by, among other things, failing to fully inform themselves of the market value of Office Depot, maximize stockholder value, obtain the best financial and other terms, disclose material information in this proxy statement/prospectus and act in the best interests of public stockholders, and by seeking to benefit themselves improperly. The lawsuits further allege that Staples, Office Depot, and Starboard Value LP, among others, aided and abetted the Office Depot directors in the breach of their fiduciary duties. The lawsuits seek injunctive relief enjoining the consummation of the merger, rescission of the merger in the event it is consummated, damages, fees, costs and other remedies. In addition, the Florida lawsuits allege that the forum selection amendment to Office Depot's bylaws was adopted in breach of all defendants' fiduciary duties, and seek a declaratory judgment invalidating it.

Staples, Office Depot and the Office Depot board of directors believe that the claims asserted in these suits are without merit and intend to defend against them vigorously.

## **No Solicitation of Acquisition Proposals**

(see page 109)

In the merger agreement, Office Depot agreed not to solicit proposals relating to certain alternative transactions or, except as described below, engage in discussions or negotiations with respect to, or provide nonpublic information to any person in connection with, any proposal for an alternative transaction. If Office Depot receives a written unsolicited bona fide proposal relating to an alternative transaction that the Office Depot board of directors has determined in good faith (after consultation with its outside legal counsel and financial advisors) constitutes a superior proposal or could reasonably be expected to result in a superior proposal, then Office Depot may, subject to certain conditions, furnish nonpublic information to the third party making the proposal for an alternative transaction and engage in discussions or negotiations with the third party with respect to the proposal for an alternative transaction.



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Except in response to a superior acquisition proposal or to comply with the Office Depot directors' fiduciary duties, Office Depot has also agreed that, prior to the closing, neither its board of directors nor any committee of its board of directors will, directly or indirectly:

withdraw, withhold, modify or qualify, or publicly propose to withdraw, withhold, modify or qualify, in a manner adverse to Staples, its recommendation that Office Depot stockholders adopt the merger agreement;

approve, adopt or recommend, or publicly propose to approve, adopt or recommend, any acquisition proposal;

in the event of the commencement of a tender offer or exchange offer for any outstanding shares of Office Depot's capital stock, fail to recommend against acceptance of such tender offer or exchange offer by Office Depot's stockholders within ten business days of the commencement thereof (for the avoidance of doubt, the taking of no position or a neutral position by the Office Depot board of directors in respect of the acceptance of any tender offer or exchange offer by Office Depot's stockholders as of the end of the ten business day period will constitute a failure to recommend against any such offer); or

recommend that Office Depot stockholders not adopt the merger agreement or approve the merger.

**Conditions to Completion of the Merger**

(see page 116)

The obligations of Staples and Office Depot to consummate the transactions contemplated by the merger agreement are subject to the satisfaction of the following conditions:

adoption of the merger agreement by the affirmative vote of holders of a majority of the outstanding shares of Office Depot common stock;

any waiting period (and any extension thereof) applicable to the transactions contemplated by the merger agreement has been terminated or has expired, and any approvals, consents or clearances required in connection with the transactions contemplated by the merger agreement have been obtained, in each case, under the HSR Act, the New Zealand Overseas Investment Act of 2005, as amended, and under the antitrust and competition laws of the European Union, China, Canada, Australia and New Zealand;

any agreement entered into with a governmental authority under any antitrust laws, which agreement provides that the parties to the merger agreement will not consummate the transactions contemplated by the merger agreement, has expired or been terminated;



no outstanding judgment, injunction, order or decree of a competent governmental authority has been entered and is in effect, and no law has been adopted or is effective, that prohibits, enjoins or makes illegal the consummation of the transactions contemplated by the merger agreement;

the SEC has declared the registration statement on Form S-4, of which this proxy statement/prospectus forms a part, effective under the Securities Act, and no stop order or similar restraining order by the SEC suspending the effectiveness of the registration statement is in effect and no proceedings for that purpose are pending before the SEC; and

the shares of Staples common stock to be issued in the merger have been approved for listing on The Nasdaq Global Select Market, subject to official notice of issuance.

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In addition, each of Staples and Office Depot's obligations to consummate the transactions contemplated by the merger agreement are subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the representations and warranties of the other party:

other than the representations relating to the organization and good standing of such other party, the power and authority of such parties to enter into and deliver the merger agreement, the capitalization of such other party, the absence of conflicts with such parties' organizational documents, the absence of an event having a material adverse effect on such other party between September 27, 2014 (with respect to Office Depot) or November 1, 2014 (with respect to Staples) and the date of the merger agreement, and, in the case of Office Depot only, representations relating to brokerage and finder's fees and certain takeover laws, at and as of the date of the merger agreement and at and as of the closing as though made at and as of such times (without regard to materiality, material adverse effect and similar qualifiers contained in such representations and warranties), except for such failures to be true and correct as would not reasonably be expected to have, in the aggregate, a material adverse effect on such other party;

with respect to the capitalization of such other party, at and as of the date of the merger agreement and at and as of the closing as though made at and as of such times (without regard to materiality, material adverse effect and similar qualifiers contained in such representations and warranties), except for *de minimis* inaccuracies or issuances permitted pursuant to the merger agreement;

with respect to the organization and good standing of such other party, the power and authority of such parties to enter into and deliver the merger agreement, the absence of conflicts with such parties' organizational documents and, in the case of Office Depot only, with respect to brokerage and finder's fees and certain takeover laws, in all material respects at and as of the date of the merger agreement and at and as of the closing as though made at and as of such times (without regard to materiality, material adverse effect and similar qualifiers contained in such representations and warranties), except for issuances permitted pursuant to the merger agreement;

relating to the absence of an event having a material adverse effect on such other party between September 27, 2014 (with respect to Office Depot) or November 1, 2014 (with respect to Staples) and the date of the merger agreement, at and as of the closing as though made at and as of such time, except that representations and warranties made as of a particular date or period must be true and correct only as of such date or period and, with respect to the conditions described under the first, third and fourth sub-bullet points above, such condition will not apply to any failure to be true and correct arising from or relating to such other party failing to receive any approvals under any antitrust law or being subject to any action (or threatened action) challenging any transaction contemplated by the merger agreement as violative of any antitrust law or, in the case of Staples only, taking or agreeing to take any action in compliance with its obligations to seek regulatory approvals pursuant to the merger agreement (these circumstances are referred to in this proxy statement/prospectus as excluded events);

the other party having performed in all material respects the obligations and agreements in the merger agreement and having complied in all material respects with the covenants to be performed and complied with by it under the merger agreement at or prior to the closing (except, in the case of Office Depot, for its obligations and agreements in the merger agreement with respect to the treatment of its existing indebtedness, which must be performed and complied with in all respects at or prior to the closing);

the absence of any events (other than excluded events) that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect on such other party since the date of the merger agreement; and

the other party having furnished a certificate dated as of the closing date signed on its behalf by such other party's chief executive officer and chief financial officer to the effect that the conditions described under the preceding three bullet points have been satisfied.

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**Termination of the Merger Agreement**

(see page 118)

The merger agreement may be terminated and abandoned at any time prior to completion of the merger under the following circumstances:

by mutual written consent of Staples and Office Depot;

by either Staples or Office Depot:

if there is any law or regulation that makes consummation of the merger illegal or otherwise prohibited, or if any judgment, injunction, order or decree of a competent governmental authority enjoining Staples or Office Depot from consummating the merger has become final and nonappealable (the party seeking to terminate the merger agreement must, however, have used its reasonable best efforts to render inapplicable such law or regulation or remove such judgment, injunction, order or decree);

if the merger has not been consummated by 5:00 p.m., Boston time, on November 4, 2015 (referred to in this proxy statement/prospectus, including any extension pursuant to the provision described below, as the end date), except that if, on such date the only conditions to closing that have not been satisfied or waived by that date (other than those conditions that by their nature cannot be satisfied until the closing date, but which would be capable of being satisfied if the closing date occurred on such date) are those related to antitrust approvals, consents or clearances or an outstanding judgment, injunction, order or decree of a competent governmental authority prohibiting or enjoining the consummation of the transactions contemplated by the merger agreement, then the initial end date will be automatically extended without further action of the parties to 5:00 p.m., Boston time, on February 4, 2016, but the right to terminate the merger agreement pursuant to the provision described in this sub-bullet point will not be available to any party whose material breach of any covenant or obligation under the merger agreement has been the cause of or resulted in the failure of the merger to occur on or before the end date;

if the Office Depot stockholders fail to adopt the merger agreement at the annual meeting (unless the meeting has been adjourned or postponed in accordance with the merger agreement, in which case at the adjourned or postponed annual meeting); or

if there was a breach by the other party of any of its representations, warranties, covenants or agreements contained in the merger agreement, or if any event, change or effect has occurred, which breach, event, change or effect would result in the failure of one of the closing conditions described under The Merger Agreement Conditions to Completion of the Merger on page 116 to be satisfied on or prior to the end date, and such breach, event, change or effect is not capable of being cured or has

not been cured before the earlier of the end date or thirty business days after detailed written notice has been received by such other party;

by Staples, if, prior to obtaining the requisite approval of Office Depot's stockholders, (i) the Office Depot board of directors withdraws, modifies or qualifies, in a manner adverse to Staples, its recommendation with respect to the merger or (ii) after the date of the merger agreement an acquisition proposal with respect to Office Depot is publicly announced or disclosed (or any person has publicly announced an intention (whether or not conditional) to make such acquisition proposal with respect to Office Depot) and the Office Depot board of directors fails to affirm its recommendation with respect to the merger within ten business days after receipt of a written request from Staples to do so; and

by Office Depot, at any time prior to obtaining the requisite approval of its stockholders, in order to enter into a definitive written agreement with respect to a superior proposal it receives in accordance with the merger agreement.

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**Expenses and Termination Fees Relating to the Merger**

(see page 119)

Generally, all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, except that Staples and Office Depot will each pay one-half of all filing fees required under the HSR Act. Upon termination of the merger agreement, Office Depot is required to pay Staples a termination fee of \$185 million if the merger agreement is terminated in certain circumstances relating to Office Depot's entry into an agreement for an alternative transaction or a change in the recommendation of the Office Depot board of directors with respect to the merger. In addition, Staples is required to pay Office Depot a termination fee of \$250 million if the merger agreement is terminated in certain circumstances relating to the antitrust regulatory review process (referred to in this proxy statement/prospectus as the regulatory fee). If it is judicially determined that the termination of the merger agreement was caused by a willful or intentional breach of any covenant or agreement set forth in the merger agreement, then, in addition to other remedies for such willful or intentional breach, the breaching party will indemnify, hold harmless and reimburse the other parties to the merger agreement for their respective reasonable out-of-pocket costs, fees and expenses as well as fees and expenses incident to negotiation, preparation and execution of the merger agreement and related documentation and stockholders meetings and consents, except that, upon payment by Office Depot of the termination fee or by Staples of the regulatory fee, such party will no longer be required to so indemnify or hold harmless the other parties.

**Comparison of Rights of Common Stockholders of Staples and Office Depot**

(see page 231)

Office Depot stockholders receiving shares of Staples common stock in the merger will have different rights once they become stockholders of Staples due to differences between the governing corporate documents of Office Depot and Staples.

**Risk Factors**

(see page 26)

You should consider all the information contained in or incorporated by reference into this proxy statement/prospectus in deciding how to vote for the proposals presented in this proxy statement/prospectus.

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**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

**Selected Historical Consolidated Financial Data of Staples**

The following selected historical consolidated financial data of Staples for each of the fiscal years during the three-year period ended January 31, 2015 and the selected historical consolidated balance sheet data as of January 31, 2015 and February 1, 2014 have been derived from Staples' audited consolidated financial statements as of and for the fiscal year ended January 31, 2015 contained in its Annual Report on Form 10-K for the fiscal year ended January 31, 2015, which is incorporated by reference into this proxy statement/prospectus. The selected historical consolidated financial data for each of the fiscal years ended January 28, 2012 and January 29, 2011 and the selected balance sheet data as of February 2, 2013, January 28, 2012 and January 29, 2011 have been derived from Staples' audited consolidated financial statements as of and for such years contained in Staples' other reports filed with the SEC, which are not incorporated by reference into this proxy statement/prospectus.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Staples, including following completion of the merger, and you should read the following information together with Staples' consolidated financial statements, the related notes and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Staples' Annual Report on Form 10-K for the fiscal year ended January 31, 2015, which is incorporated by reference into this proxy statement/prospectus, and in Staples' other reports filed with the SEC. For more information, see the section entitled "Where You Can Find More Information" beginning on page 255.

**Table of Contents****Staples, Inc. and Subsidiaries****Selected Historical Consolidated Financial Data***(dollar amounts in thousands, except per share data)*

	<b>Fiscal Year Ended</b>				
	<b>January 31, 2015<sup>(1)</sup> (52 Weeks)</b>	<b>February 1, 2014<sup>(2)</sup> (52 Weeks)</b>	<b>February 2, 2013<sup>(4)</sup> (53 Weeks)</b>	<b>January 28, 2012<sup>(5)</sup> (52 Weeks)</b>	<b>January 29, 2011<sup>(6)</sup> (52 weeks)</b>
<b>Statement of Income Data:</b>					
Sales	\$ 22,492,360	\$ 23,114,263	\$ 24,380,510	\$ 24,664,752	\$ 24,135,253
Gross profit	5,801,036	6,032,285	6,491,261	6,689,868	6,535,247
Income (loss) from continuing operations, including the portion attributable to the noncontrolling interest	\$ 134,526	\$ 707,004	\$ (160,847)	\$ 987,397	\$ 898,960
<i>Amounts attributable to Staples, Inc.</i>					
Income (loss) from continuing operations	\$ 134,526	\$ 707,004	\$ (160,728)	\$ 988,220	\$ 892,339
Loss from discontinued operations		(86,935)	(49,978)	(3,564)	(10,391)
Net income (loss) attributed to Staples, Inc.	\$ 134,526	\$ 620,069	\$ (210,706)	\$ 984,656	\$ 881,948
<i>Basic earnings per common share:</i>					
Continuing operations attributed to Staples, Inc.	\$ 0.21	\$ 1.08	\$ (0.24)	\$ 1.42	\$ 1.24
Discontinued operations attributed to Staples, Inc.		(0.13)	(0.07)		(0.01)
Net income (loss) attributed to Staples, Inc.	\$ 0.21	\$ 0.95	\$ (0.31)	\$ 1.42	\$ 1.23
<i>Diluted earnings per common share:</i>					
Continuing operations attributed to Staples, Inc.	\$ 0.21	\$ 1.07	\$ (0.24)	\$ 1.40	\$ 1.22
Discontinued operations attributed to Staples, Inc.		(0.13)	(0.07)		(0.01)
Net income (loss) attributed to Staples, Inc.	\$ 0.21	\$ 0.94	\$ (0.31)	\$ 1.40	\$ 1.21
Dividends	\$ 0.48	\$ 0.48	\$ 0.44	\$ 0.40	\$ 0.36



**Statistical Data:**

Stores open at end of period	1,983	2,169	2,215	2,295	2,281
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**Balance Sheet Data:**

Working capital <sup>(3)</sup>	\$ 1,885,852	\$ 1,871,108	\$ 1,740,665	\$ 2,216,542	\$ 2,174,574
Total assets	10,313,728	11,174,876	12,280,005	13,430,622	13,911,667
Long-term debt, net of current maturities	1,023,997	1,000,205	1,001,943	1,599,037	2,014,407
Noncontrolling interests	8,306	8,572	7,941	7,062	7,471
Total stockholders equity	\$ 5,313,365	\$ 6,140,835	\$ 6,136,094	\$ 7,022,213	\$ 6,951,181

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

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

**Selected Historical Consolidated Financial Data of Office Depot**

The following selected historical consolidated financial data of Office Depot for each of the fiscal years during the three-year period ended December 27, 2014 and the selected historical consolidated balance sheet data as of December 27, 2014 and December 28, 2013 have been derived from Office Depot's audited consolidated financial statements contained in its Annual Report on Form 10-K for the fiscal year ended December 27, 2014, which is incorporated by reference into this proxy statement/prospectus. The selected historical consolidated financial data for each of the fiscal years ended December 31, 2011 and December 25, 2010 and the selected balance sheet data as of December 29, 2012, December 31, 2011 and December 25, 2010 have been derived from Office Depot's audited consolidated financial statements as of and for such years contained in Office Depot's other reports filed with the SEC, which are not incorporated by reference into this proxy statement/prospectus.

The selected historical financial information for each of the 13-week periods ended March 28, 2015 and March 29, 2014 and the balance sheet data as of March 28, 2015 have been derived from Office Depot's unaudited consolidated financial statements as of and for the quarterly period ended March 28, 2015 contained in Office Depot's Quarterly Report on Form 10-Q for the quarterly period ended March 28, 2015 filed with the SEC on May 5, 2015, which is incorporated by reference into this proxy statement/prospectus. The balance sheet data as of March 29, 2014 have been derived from Office Depot's unaudited consolidated financial statements as of and for the quarterly period ended March 29, 2014 contained in Office Depot's Quarterly Report on Form 10-Q for the quarterly period ended March 29, 2014 filed with the SEC on May 6, 2014, which is not incorporated by reference into this proxy statement/prospectus. In Office Depot's view, the unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim March 28, 2015 financial information. Interim results for the three months ended and as of March 28, 2015 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 26, 2015.



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The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Office Depot, and you should read the following information together with Office Depot's consolidated financial statements, the related notes and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Office Depot's Annual Report on Form 10-K for the fiscal year ended December 27, 2014 and in its Quarterly Report on Form 10-Q for the quarterly period ended March 28, 2015, which are incorporated by reference into this proxy statement/prospectus, and in Office Depot's other reports filed with the SEC. For more information, see the section entitled "Where You Can Find More Information" beginning on page 255.

**Office Depot, Inc. and Subsidiaries****Selected Historical Consolidated Financial Data**

*(dollar amounts in millions, except per share and statistical data)*

	13 Weeks Ended		Fiscal Year Ended				
	March 28, 2015	March 29, 2014	December 27, 2014	December 28, 2013 <sup>(1)</sup>	December 29, 2012	December 31, 2011 <sup>(2)</sup>	December 25, 2010
<b>Statements of Operations Data:</b>							
Sales	\$ 3,877	\$ 4,354	\$ 16,096	\$ 11,242	\$ 10,696	\$ 11,489	\$ 11,633
Net income (loss)	\$ 45	\$ (108)	\$ (352)	\$ (20)	\$ (77)	\$ 96	\$ (46)
Net income (loss) attributable to Office Depot, Inc. <sup>(3)(4)(5)(6)</sup>	\$ 45	\$ (109)	\$ (354)	\$ (20)	\$ (77)	\$ 96	\$ (45)
Net income (loss) available to common stockholders <sup>(3)(4)(5)(6)</sup>	\$ 45	\$ (109)	\$ (354)	\$ (93)	\$ (110)	\$ 60	\$ (82)
Net earnings (loss) per share:							
Basic	\$ 0.08	\$ (0.21)	\$ (0.66)	\$ (0.29)	\$ (0.39)	\$ 0.22	\$ (0.30)
Diluted	\$ 0.08	\$ (0.21)	\$ (0.66)	\$ (0.29)	\$ (0.39)	\$ 0.22	\$ (0.30)
<b>Statistical Data:</b>							
Facilities open at end of period:							
United States:							
Office supply stores	1,725	1,900	1,745	1,912	1,112	1,131	1,147
Distribution centers and crossdock facilities	66	81	66	81	15	15	16
International <sup>(9)</sup> :							
Office supply stores	144	165	146	163	123	131	97
Distribution centers and crossdock facilities	41	46	43	46	23	27	26
Call centers	14	17	14	19	21	22	25

Total square								
Footage North								
American Retail								
Division	39,177,568	43,215,296	39,614,909	43,642,514	25,518,027	26,556,126	27,559,184	
Percentage of sales								
by segment:								
North American								
Retail Division	42.6%	41.6%	40.6%	41.0%	41.7%	42.4%	42.7%	
North American								
Business Solutions								
Division	38.1%	35.4%	37.4%	31.8%	30.0%	28.4%	28.3%	
International Division	19.3%	21.5%	21.1%	26.8%	28.3%	29.2%	29.0%	
<b>Balance Sheet Data:</b>								
Total assets	\$ 6,548	\$ 7,111	\$ 6,844	\$ 7,477	\$ 4,011	\$ 4,251	\$ 4,569	
Long-term recourse								
debt, excluding								
current maturities	658	685	674	696	485	648	660	
redeemable preferred								
stock, net					386	364	356	

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- (1) On November 5, 2013, Office Depot merged with OfficeMax. Statement of operations data and percentage of sales by segment include OfficeMax's results from the date of the Office Depot/OfficeMax merger through December 28, 2013. Balance sheet and facilities data include OfficeMax data as of December 28, 2013. Sales in 2013 include \$939 million from OfficeMax operations. Additionally, fiscal year net income (loss), net income attributable to Office Depot, and net income available to common stockholders of Office Depot include a \$382 million pre-tax gain on sale of investment, \$70 million of asset impairment charges, and \$201 million of Office Depot/OfficeMax merger-related, restructuring, and other operating expenses. Net income (loss) available to common stockholders of Office Depot includes \$45 million of dividends related to the redemption of the redeemable preferred stock.
- (2) Includes 53 weeks in accordance with Office Depot's 52-53 week reporting convention.
- (3) Thirteen weeks ended March 28, 2015 net income (loss), net income attributable to Office Depot, and net income available to common stockholders of Office Depot include approximately \$5 million of asset impairment charges, and \$43 million of Office Depot/OfficeMax merger-related, Staples acquisition-related, restructuring, and other operating expenses.
- (4) Thirteen weeks ended March 29, 2014 net income (loss), net income attributable to Office Depot, and net income available to common stockholders of Office Depot include approximately \$50 million of asset impairment charges, and \$101 million of Office Depot/OfficeMax merger-related, restructuring, and other operating expenses.
- (5) Fiscal year 2014 net income (loss), net income attributable to Office Depot, and net income available to common stockholders of Office Depot include \$88 million of asset impairment charges, \$403 million of Office Depot/OfficeMax merger-related, restructuring, and other operating expenses, and \$81 million of legal accrual.
- (6) Fiscal year 2012 net income (loss), net income attributable to Office Depot, and net income available to common stockholders of Office Depot include approximately \$139 million of asset impairment charges, \$63 million net gain on purchase price recovery and \$51 million of charges related to closure costs and process improvement activity.
- (7) Fiscal year 2011 net income (loss), net income attributable to Office Depot, and net income available to common stockholders of Office Depot include approximately \$58 million of charges relating to facility closure and process improvement activity. Additionally, approximately \$123 million of tax and interest benefits were recognized associated with settlements and removal of contingencies and valuation allowances.
- (8) Fiscal year 2010 net income (loss), net loss attributable to Office Depot, and net loss available to common stockholders of Office Depot include charges of approximately \$87 million, including approximately \$51 million for the write-off of construction in progress related to developed software. Additionally, tax benefits and interest reversals of approximately \$41 million were recognized from settlements.
- (9) Includes Canadian locations. Fiscal year 2013 includes 144 stores operated by Office Depot's International Division and 19 stores in Canada operated by Office Depot's North American Business Solutions Division. These Canadian stores were closed in 2014.

**Table of Contents****SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following tables present unaudited pro forma condensed combined financial information about Staples consolidated balance sheet and statement of operations, after giving effect to the merger with Office Depot. The information under **Unaudited Pro Forma Condensed Combined Statement of Income Data** in the table below gives effect to the merger as if it had been consummated on February 2, 2014, the beginning of the earliest period presented. The information under **Unaudited Pro Forma Condensed Combined Balance Sheet Data** in the table below assumes the merger had been consummated on January 31, 2015. This unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting, with Staples considered the acquirer of Office Depot for accounting purposes. See the section entitled **Proposal I: Adoption of the Merger Agreement Accounting Treatment of the Merger** beginning on page 86.

In addition, the unaudited pro forma condensed combined financial information includes adjustments which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of results that actually would have occurred or that may occur in the future had the merger been completed on the dates indicated, nor is it necessarily indicative of the future operating results or financial position of Staples after the merger. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled **Risk Factors** beginning on page 26.

The information presented below should be read in conjunction with the historical consolidated financial statements of Staples and Office Depot, including the related notes, filed by each of them with the SEC, and with the pro forma condensed combined financial information of Staples and Office Depot, including the related notes, appearing elsewhere in this proxy statement/prospectus. See the sections entitled **Where You Can Find More Information** and **Unaudited Pro Forma Condensed Combined Financial Information** beginning on pages 255 and 217, respectively.

**Unaudited Pro Forma Condensed Combined Balance Sheet Data****As of January 31, 2015***(in millions)*

	<b>Historical Staples, Inc. (January 31, 2015)</b>	<b>Historical Office Depot, Inc. (December 27, 2014)</b>	<b>Pro Forma Adjustments for Reclassifications</b>	<b>Pro Forma Adjustments for Acquisition</b>	<b>Pro Forma Adjustments for Financing</b>	<b>Pro Forma Condensed Combined</b>
Total assets	\$ 10,313.7	\$ 6,844.0	\$	\$ 501.2	\$ 3,850.6	\$ 21,509.5
Long-term debt, net of current maturities	1,024.0	674.0		15.0	3,934.8	5,647.8
Total liabilities	5,000.3	5,223.0		152.1	3,902.8	14,278.3
Total equity	5,313.4	1,621.0		349.1	(52.2)	7,231.3
Total liabilities and equity	\$ 10,313.7	\$ 6,844.0	\$	\$ 501.2	\$ 3,850.6	\$ 21,509.5





**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Income Data****Twelve Months Ended January 31, 2015***(in millions, except per share data)*

	<b>Historical Staples, Inc. (January 31, 2015)</b>	<b>Historical Office Depot, Inc. (December 27, 2014)</b>	<b>Pro Forma Adjustments for Reclassifications</b>	<b>Pro Forma Adjustments for Acquisition</b>	<b>Pro Forma Adjustments for Financing</b>	<b>Pro Forma Condensed Combined</b>
Sales	\$ 22,492.4	\$ 16,096.0	\$	\$	\$	\$ 38,588.4
Operating income (loss)	309.8	(275.0)		(212.2)		(177.4)
Net income (loss) attributable to controlling shareholders	\$ 134.5	\$ (354.0)	\$	\$ (25.5)	\$ (72.5)	\$ (317.5)
Net income (loss) per share:						
Basic	\$ 0.21	\$ (0.66)				\$ (0.41)
Diluted	\$ 0.21	\$ (0.66)				\$ (0.41)

**Table of Contents****UNAUDITED COMPARATIVE PER SHARE INFORMATION**

The following tables summarize unaudited per share data for (i) Staples on a historical basis for the fiscal year ended January 31, 2015, (ii) Staples on a pro forma combined basis, assuming that the merger occurred on the dates indicated, (iii) Office Depot on a historical basis for the fiscal year ended December 27, 2014, and (iv) Office Depot on a pro forma equivalent basis, which was calculated by multiplying the corresponding pro forma combined data by the exchange ratio of 0.2188 shares of Staples common stock to 1.0 share of Office Depot common stock. It has been assumed for purposes of the pro forma combined financial information provided below that the pro forma events occurred on February 2, 2014 for earnings per share purposes and on January 31, 2015 for book value per share purposes.

The historical earnings per share information should be read in conjunction with the historical consolidated financial statements and notes thereto of Staples and Office Depot incorporated by reference into this proxy statement/prospectus. See **Where You Can Find More Information** on page 255. The unaudited pro forma combined earnings per share information is derived from, and should be read in conjunction with, the section entitled **Unaudited Pro Forma Condensed Combined Financial Information** and related notes included in this proxy statement/prospectus beginning on page 217. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position of Staples following the merger.

	<b>Staples Twelve Months Ended January 31, 2015 Pro Forma Condensed Combined</b>		<b>Office Depot 13 Weeks Ended March 28, 2015 Historical</b>		<b>Office Depot Twelve Months Ended December 27, 2014 Historical Pro Forma Equivalent<sup>(1)</sup></b>	
	<b>Historical</b>	<b>Pro Forma Condensed Combined</b>	<b>Historical</b>	<b>Historical</b>	<b>Historical</b>	<b>Pro Forma Equivalent<sup>(1)</sup></b>
Basic earnings (loss) per share <sup>(2)</sup>	\$ 0.21	\$ (0.41)	\$ 0.08	\$ (0.66)	\$ (0.09)	\$ (0.09)
Diluted earnings (loss) per share <sup>(2)</sup>	\$ 0.21	\$ (0.41)	\$ 0.08	\$ (0.66)	\$ (0.09)	\$ (0.09)
Book value per share <sup>(3)</sup>	\$ 8.30	\$ 9.46	\$ 2.97	\$ 2.97	\$ 2.07	\$ 2.07
Cash dividends per share <sup>(4)</sup>	\$ 0.48	\$ 0.48		\$	\$	\$ 0.11

- (1) The pro forma equivalent share amounts were calculated by multiplying the pro forma condensed combined per share amounts by the exchange ratio of 0.2188 shares of Staples common stock per share of Office Depot common stock. This information shows how each share of Office Depot common stock would have participated in the combined company's earnings (loss) from continuing operations and book value if the pro forma events had occurred on the relevant dates.
- (2) The pro forma earnings (loss) per share of the combined company are calculated by dividing the pro forma income (loss) by the pro forma weighted average number of shares outstanding.
- (3) Historical book value per share is computed by dividing total stockholders' equity by the number of shares of Staples common stock outstanding as of January 31, 2015 or Office Depot common stock outstanding as of March 28, 2015 and December 27, 2014, as applicable. Pro forma combined book value per share is computed by dividing pro forma common stockholders' equity by the pro forma number of shares of Staples common stock that

would have been outstanding as of January 31, 2015.

- (4) In the last fiscal year, Staples paid a cash dividend of \$0.48 per share to its stockholders. The pro forma dividends per share are based solely on Staples' historical dividends.

Table of Contents**COMPARATIVE STOCK PRICE DATA AND DIVIDENDS****Stock Prices**

Staples common stock is listed on The Nasdaq Global Select Market under the symbol SPLS. Office Depot's common stock is listed on The Nasdaq Global Select Market under the symbol ODP. Prior to September 26, 2014, Office Depot's common stock was listed on The New York Stock Exchange under the symbol ODP.

The following table sets forth the closing sales prices per share of Staples common stock and Office Depot common stock on The Nasdaq Global Select Market, and the implied value per share of one share of Office Depot common stock, on the following dates:

February 2, 2015, the last full trading day before the publication of press reports that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction,

February 3, 2015, the last full trading day before the public announcement of the merger by the parties, and

May 13, 2015, the last full trading day for which this information could be calculated before the date of this proxy statement/prospectus.

	<b>Staples Common Stock</b>	<b>Office Depot Common Stock</b>	<b>Implied Value Per Share<sup>(1)</sup></b>
February 2, 2015	\$ 17.14	\$ 7.63	\$ 11.00
February 3, 2015	\$ 19.01	\$ 9.28	\$ 11.41
May 13, 2015	\$ 16.60	\$ 9.21	\$ 10.88

- (1) The implied value per share, as of each date, is equal to (i) \$7.25, the cash portion of the merger consideration, plus (ii) 0.2188, the exchange ratio for the merger, multiplied by the closing market price of one share of Staples common stock on such date.

The following table sets forth, for the periods indicated, the high and low sales prices per share of Staples common stock as reported on The Nasdaq Global Select Market and of Office Depot common stock as reported on The Nasdaq Global Select Market (for periods after September 25, 2014) or The New York Stock Exchange (for periods through September 25, 2014).

**Staples Common Stock**

**Price Range**  
**High            Low**

			<b>Cash Dividends</b>
<b>Fiscal Year ending January 30, 2016</b>			
Second Quarter (through May 13, 2015)	\$ 16.84	\$ 16.27	\$
First Quarter	\$ 19.40	\$ 15.72	\$ 0.12
<b>Fiscal Year ended January 31, 2015</b>			
Fourth Quarter	\$ 18.33	\$ 12.55	\$ 0.12
Third Quarter	\$ 13.28	\$ 10.82	\$ 0.12
Second Quarter	\$ 13.50	\$ 10.70	\$ 0.12
First Quarter	\$ 13.78	\$ 11.04	\$ 0.12
<b>Fiscal Year ended February 1, 2014</b>			
Fourth Quarter	\$ 16.34	\$ 13.01	\$ 0.12
Third Quarter	\$ 17.30	\$ 13.72	\$ 0.12
Second Quarter	\$ 17.22	\$ 13.34	\$ 0.12
First Quarter	\$ 15.19	\$ 12.08	\$ 0.12

**Table of Contents****Office Depot Common Stock**

	Price Range		Cash Dividends
	High	Low	
<b>Fiscal Year ending December 26, 2015</b>			
Second Quarter (through May 13, 2015)	\$ 9.41	\$ 9.14	\$
First Quarter	\$ 9.77	\$ 7.40	\$
<b>Fiscal Year ended December 27, 2014</b>			
Fourth Quarter	\$ 8.90	\$ 4.26	\$
Third Quarter	\$ 5.91	\$ 4.83	\$
Second Quarter	\$ 5.85	\$ 3.84	\$
First Quarter	\$ 5.45	\$ 3.97	\$
<b>Fiscal Year ended December 28, 2013</b>			
Fourth Quarter	\$ 5.85	\$ 4.53	\$
Third Quarter	\$ 4.85	\$ 3.86	\$
Second Quarter	\$ 4.51	\$ 3.55	\$
First Quarter	\$ 6.10	\$ 3.40	\$

As of May 13, 2015, the last date before the date of this proxy statement/prospectus for which it was practicable to obtain this information, there were 640,653,554 shares of Staples common stock outstanding and approximately 4,497 holders of record of Staples common stock, and 547,705,049 shares of Office Depot common stock outstanding and approximately 9,679 holders of record of Office Depot common stock.

Because the number of shares of Staples common stock issuable for each share of Office Depot Common Stock in the merger will not be adjusted for changes in the market price of either Staples common stock or Office Depot common stock, the market value of the shares of Staples common stock that holders of Office Depot common stock will have the right to receive on the date the merger is completed may vary significantly from the market value of the shares of Staples common stock that holders of Office Depot common stock would receive if the merger were completed on the date of this proxy statement/prospectus. As a result, you should obtain recent market prices of Staples common stock and Office Depot common stock prior to voting your shares. See **Risk Factors Risks Relating to the Merger** beginning on page 26.

**Dividends**

Staples currently pays regular quarterly cash dividends on its common stock. Staples most recently paid a cash dividend on April 16, 2015, of \$0.12 per share. While Staples currently intends to continue to pay quarterly cash dividends for the remainder of 2015 and beyond, any decision to pay future cash dividends will be made by Staples board of directors and will depend upon Staples' earnings, financial condition and other factors, including the terms of the definitive agreements that will govern the term facility and the ABL facility, which Staples expects will restrict it from paying dividends in certain circumstances and otherwise in an amount in excess of \$0.15 per share per quarter, subject to certain exceptions. Any payment of dividends by Staples would require approval by Staples' board of directors and its board of directors may change its dividend policy at any time.

Pursuant to an indenture, dated as of March 14, 2012, Office Depot is subject to restrictions on the amount of cash dividends it can pay. Office Depot has never declared or paid cash dividends on its common stock and does not anticipate declaring or paying any cash dividends on its common stock in the foreseeable future.

Under the terms of the merger agreement, during the period before the closing of the merger, Staples is not permitted to pay any dividends or make any distributions on its capital stock other than regular quarterly cash dividends not exceeding \$0.12 per share and Office Depot is not permitted to pay any dividends or make any distributions on its capital stock.

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**CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts but reflect Staples and Office Depot's current beliefs, expectations or intentions regarding future events. Words such as anticipate, believe, continue, could, estimate, expect, forecast, guidance, intend, may, plan, possible, potential, predict, project, and other similar words, phrases or expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, Staples and Office Depot's expectations with respect to the synergies, costs and other anticipated financial impacts of the merger; future financial and operating results of the combined company; the combined company's plans, objectives, expectations and intentions with respect to future operations and services; required adoption of the merger agreement by Office Depot stockholders; required approvals of the merger by governmental regulatory authorities; the satisfaction of the closing conditions to the merger; and the timing of the completion of the merger.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, many of which are generally outside the control of Staples and Office Depot and difficult to predict. These risks and uncertainties include, among others, those set forth under Risk Factors beginning on page 26, as well as risks and uncertainties relating to:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement or the failure to satisfy the closing conditions;

the risk that the financing required to complete the merger is not obtained or is obtained on terms other than those currently anticipated, including financing less favorable to Staples than its current commitments, due to the absence of a financing condition in connection with the merger;

the possibility that the consummation of the merger is delayed or does not occur, including due to the failure of Office Depot stockholders to adopt the merger agreement;

the ability to obtain the regulatory approvals required to complete the merger, and the timing and conditions for such approvals, including conditions that could reduce the expected synergies and other benefits of the merger, result in a material delay or the abandonment of the merger or otherwise have an adverse effect on Staples;

the taking of governmental action (including the passage of legislation) to block the merger or otherwise adversely affecting Staples and Office Depot;

the outcome of any legal proceedings that have been or may be instituted against Staples, Office Depot or others following announcement of the merger;



the possibility that the expected synergies from the merger will not be realized or will take longer to realize than expected;

the ability of Staples to successfully integrate the business of Office Depot;

unexpected costs or unexpected liabilities that may arise from the merger, whether or not consummated;

the uncertainty of the value of the merger consideration that Office Depot stockholders will receive in the merger due to a fixed exchange ratio and a potential fluctuation in the market price of Staples common stock;

the possibility of Office Depot's directors and officers having interests in the merger that are different from, or in addition to, the interests of Office Depot stockholders more generally;

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the possibility of changes in circumstances between the date of the signing of the merger agreement and the closing of the merger that is not reflected in the fairness opinion obtained by the Office Depot board of directors;

the effect of restrictions placed on Staples, Office Depot or their respective subsidiaries' business activities and the limitations put on Office Depot's ability to pursue alternatives to the merger pursuant to the merger agreement;

the disruption from the merger making it more difficult for Staples and Office Depot to maintain relationships with their respective customers, employees or suppliers;

the response of activist stockholders to the merger;

the inability of Staples and Office Depot to retain key personnel;

the effect of the substantial additional indebtedness that Staples will incur in connection with the merger;

the possibility of actual results of operations, cash flows and financial position after the merger materially differing from the unaudited pro forma condensed combined financial information contained in this proxy statement/prospectus; and

the impact of global economic conditions, fluctuations in exchange rates, labor relations, competitive actions taken by other office solutions businesses or other competitors, terrorist attacks or natural disasters.

Staples and Office Depot caution that the foregoing list of factors is not exhaustive. Additional information concerning these and other risk factors is contained in Staples' and Office Depot's most recently filed Annual Reports on Form 10-K and subsequently filed Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other SEC filings, as such filings may be amended from time to time. All of the forward-looking statements made by Staples or Office Depot contained or incorporated by reference in this proxy statement/prospectus and all subsequent written and oral forward-looking statements concerning Staples, Office Depot, the merger or other matters attributable to Staples or Office Depot or any person acting on either of their behalf are expressly qualified in their entirety by the cautionary statements above.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date such statements were made. Neither Staples nor Office Depot undertakes any obligation to update or revise any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof, even if experience or future changes make it clear that projected results expressed or implied in such statements will not be realized, except as may be required by applicable law. Neither Staples nor Office Depot intends to make any update or other revision to these forward-looking statements publicly available, except as may be required by applicable law.



**Table of Contents****RISK FACTORS**

*In addition to the other information included and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statements Regarding Forward-Looking Statements** beginning on page 24, you should carefully consider the following risk factors before deciding whether to vote for the proposal to adopt the merger agreement and the other proposals described in this proxy statement/prospectus. In addition, you should read and consider the risk factors associated with each of the businesses of Staples and Office Depot because these risk factors will relate to the combined company following the completion of the merger. These risk factors may be found in Staples' Annual Report on Form 10-K for the fiscal year ended January 31, 2015 and Office Depot's Annual Report on Form 10-K for the fiscal year ended December 27, 2014 and, in each case, any amendments thereto, as such risk factors may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this proxy statement/prospectus. You should also consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 255.*

**Risks Relating to the Merger**

***Because the exchange ratio is fixed and the market price of Staples common stock has fluctuated and will continue to fluctuate, you cannot be sure of the value of the merger consideration you will receive.***

Upon completion of the merger, each issued and outstanding share of Office Depot common stock, other than shares held in treasury by Office Depot or owned by Staples, or any direct or indirect subsidiary of Staples or Office Depot, or by stockholders that have validly made a demand for appraisal and not validly withdrawn such demand or otherwise lost their rights of appraisal with respect to such shares pursuant to Section 262 of the DGCL, will be converted into the right to receive \$7.25 in cash, without interest, plus 0.2188 shares of Staples common stock. Based on the closing stock price of Staples common stock on February 2, 2015, the last full trading day before the publication of press reports that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction, the per share value of Office Depot common stock implied by the per share merger consideration is \$11.00. Based on the closing stock price of Staples common stock on May 13, 2015, the most recent practicable date prior to the date of this proxy statement/prospectus, the per share value of Office Depot common stock implied by the per share merger consideration is \$10.88. The implied value of the per share merger consideration will fluctuate, however, as the market price of Staples common stock fluctuates, because a portion of the per share merger consideration is payable in a fixed number of shares of Staples common stock. The value of the stock portion of the merger consideration has fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the annual meeting and the date the merger is completed and thereafter. Accordingly, at the time of the annual meeting, Office Depot stockholders will not know or be able to determine the market value of the merger consideration they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including, among others, general market and economic conditions, changes in Staples' and Office Depot's respective businesses, operations and prospects, market assessments of the likelihood that the merger will be completed, the timing of the merger, regulatory considerations and other risk factors set forth or incorporated by reference in this proxy statement/prospectus. Many of these factors are beyond Staples' and Office Depot's control. You are urged to obtain current market quotations for Staples common stock before deciding whether to vote for the adoption of the merger agreement.

***The market price of Staples common stock after the merger will continue to fluctuate and may be affected by factors different from those affecting shares of Office Depot common stock currently.***

Upon completion of the merger, holders of Office Depot common stock will become holders of Staples common stock. The market price of Staples common stock may fluctuate significantly following completion of the merger and holders of Office Depot common stock could lose the value of their investment in Staples

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common stock. In addition, any significant price and volume fluctuations of the stock markets could have a material adverse effect on the market for, or liquidity of, the Staples common stock, regardless of Staples' actual operating performance. In addition, Staples' business differs in important respects from that of Office Depot, and accordingly, the results of operations of the combined company and the market price of Staples common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of Staples and Office Depot. For a discussion of the businesses of Staples and Office Depot and of some important factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus and referred to under "Where You Can Find More Information" beginning on page 255.

***Sales of shares of Staples common stock after the completion of the merger may cause the market price of Staples common stock to fall.***

Based on the number of outstanding shares of Office Depot common stock as of May 13, 2015 (which does not account for shares that may become issuable under equity awards), Staples would issue approximately 119,837,865 shares of Staples common stock to Office Depot stockholders in the merger. Many Office Depot stockholders may decide not to hold the shares of Staples common stock they will receive in the merger. Other Office Depot stockholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of Staples common stock that they receive in the merger. Such sales of Staples common stock could have the effect of depressing the market price for Staples common stock and may take place promptly following the merger.

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

The obligations of Staples and Office Depot to complete the merger are subject to the satisfaction or waiver of a number of conditions, including the following:

adoption of the merger agreement by the affirmative vote of holders of a majority of the outstanding shares of Office Depot common stock;

expiration or earlier termination of any waiting period (and any extension thereof) applicable to the transactions contemplated by the merger agreement, and receipt of any approvals, consents or clearances required in connection with the transactions contemplated by the merger agreement, in each case, under the HSR Act, the New Zealand Overseas Investment Act of 2005, as amended, and under the antitrust and competition laws of the European Union, China, Canada, Australia and New Zealand;

expiration or termination of any agreement entered into with a governmental authority under any antitrust laws, which agreement provides that the parties to the merger agreement will not consummate the transactions contemplated by the merger agreement;

the absence of any judgment, injunction, order or decree of a competent governmental authority or law prohibiting, enjoining or making illegal the consummation of the transactions contemplated by the merger agreement;

effectiveness of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part; and

the absence of any stop order or similar restraining order by the SEC suspending the effectiveness of the registration statement; and approval for listing on The Nasdaq Global Select Market of the shares of Staples common stock to be issued to Office Depot stockholders in the merger, subject to official notice of issuance.

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In addition, each of Staples and Office Depot's obligations to consummate the merger are subject to the satisfaction or waiver of the following additional conditions:

the accuracy of the other party's representations and warranties, subject to certain qualifications and exceptions;

the absence of any events that, individually or in the aggregate, have had or would reasonably be expected to have a material adverse effect on the other party since the date of the merger agreement;

the other party having performed and complied in all material respects with its obligations and agreements under the merger agreement at or prior to the closing (except, in the case of Office Depot, for its obligations and agreements with respect to the treatment of its existing indebtedness, which must be performed and complied with in all respects at or prior to the closing); and

receipt of a certificate, dated as of the closing date, from the other party, signed on the other party's behalf by such other party's chief executive officer and chief financial officer to the effect that the preceding conditions described in this sentence have been satisfied.

Many of the conditions to closing of the merger are not within Staples or Office Depot's control, and neither company can predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to November 4, 2015, which date will automatically be extended to February 4, 2016 under certain limited circumstances, it is possible that the merger agreement will be terminated. Although Staples and Office Depot have agreed in the merger agreement to use their reasonable best efforts, subject to certain limitations, to complete the merger as soon as practicable, these and other conditions to the completion of the merger may not be satisfied. The failure to satisfy all of the required conditions could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger could cause Staples not to realize some or all of the benefits that Staples expects to achieve if the merger is successfully completed within its expected timeframe. There can be no assurance that the conditions to the closing of the merger will be satisfied or waived or that the merger will be completed. See the risk factor entitled "Failure to complete the merger could negatively affect the stock price and the future business and financial results of Office Depot," below.

***The merger is subject to the expiration of applicable waiting periods and the receipt of approvals, consents or clearances from domestic and foreign regulatory authorities that may impose conditions that could have an adverse effect on Staples, Office Depot or the combined company or, if not obtained, could prevent completion of the merger.***

Before the merger may be completed, any waiting period (or extension thereof) applicable to the merger must have expired or been terminated, and any approvals, consents or clearances required in connection with the merger must have been obtained, in each case, under the HSR Act, the New Zealand Overseas Investment Act of 2005, as amended, and under the antitrust and competition laws of the European Union, China, Canada, Australia and New Zealand. In addition, the merger may be reviewed under antitrust statutes of other governmental authorities, including U.S. state laws. In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental entities will consider the effect of the merger on competition within their relevant jurisdiction. The terms and conditions of the approvals, consents and clearances that are granted may impose requirements, limitations



or costs or place restrictions on the conduct of the combined company's business. Under the merger agreement, Staples and Office Depot have agreed to use their reasonable best efforts to obtain such approvals, consents and clearances and therefore may be required to comply with conditions or limitations imposed by governmental authorities, except that Office Depot may not, however, without Staples' written consent, offer or agree to any divestiture, license, hold separate order or other antitrust restraint and Staples will not be required to agree to or effect any such antitrust restraint with respect to any of its own businesses, services or assets or any of Office Depot's businesses, services or assets, except as described below. If necessary to avoid the commencement of any action by any governmental authority challenging the transactions under the merger agreement under antitrust laws or, if already commenced, to avoid the entry of, or

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to effect the dissolution of, any order that would prohibit, prevent or restrict the consummation of the transactions contemplated by the merger agreement, Staples will offer, negotiate and agree to, and will effect, any such antitrust restraint with respect to Office Depot's businesses, services or assets, except that Staples will not be required to agree to or effect any such antitrust restraint with respect to any of Office Depot's businesses, services or assets other than, to the extent necessary to avoid the commencement of any such action or to avoid the entry of, or to effect the dissolution of, any such order, (i) any such antitrust restraint with respect to businesses, services or assets of Office Depot in the United States that, in the aggregate, generated or were reasonably necessary to service no more than \$1,250,000,000 of Office Depot's revenues in calendar year 2014, and (ii) any such antitrust restraint with respect to businesses, services or assets of Office Depot outside the United States that would not reasonably be expected to have a material adverse effect on the businesses of Office Depot outside the United States, taken as a whole. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the merger or imposing additional material costs on or materially limiting the revenues of the combined company following the completion of the merger. In addition, neither Staples nor Office Depot can provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. See the sections entitled "Proposal I: Adoption of the Merger Agreement Regulatory Approvals" and "The Merger Agreement Conditions to Completion of the Merger" beginning on pages 92 and 116, respectively, of this proxy statement/prospectus.

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

Office Depot and Staples have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on Staples' ability to successfully combine and integrate the businesses of Staples and Office Depot. It is possible that the pendency of the merger and/or the integration process could result in the loss of key employees, higher than expected costs, diversion of management attention of both Office Depot and Staples, the disruption of either company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with customers, vendors and employees or to achieve the anticipated benefits and cost savings of the merger. As part of the integration process Staples may also attempt to divest certain assets of the combined company, which may not be possible on favorable terms, or at all, or if successful, may change the profile of the combined company. If Staples experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected. Staples management continues to refine its integration plan. These integration matters could have an adverse effect on (i) each of Staples and Office Depot during this transition period and (ii) the combined company for an undetermined period after completion of the merger. In addition, the actual cost savings of the merger could be less than anticipated.

***Office Depot's directors and executive officers have interests in the merger that may be different from, or in addition to, your interests as a stockholder of Office Depot more generally.***

When considering the recommendation of the Office Depot board of directors that Office Depot stockholders adopt the merger agreement, Office Depot stockholders should be aware that directors and executive officers of Office Depot have certain interests in the merger that may be different from, or in addition to, the interests of Office Depot stockholders more generally. These interests generally include, among others, the special treatment of outstanding equity awards and the right to certain enhanced change in control severance compensation and benefits. In addition, the merger agreement provides that upon completion of the merger, Staples' board of directors will be expanded to 13 members to be comprised of the directors of Staples as of immediately prior to completion of the merger and two Office Depot directors selected by Staples no earlier than five business days prior to the completion of the merger. See the sections entitled "Proposal I: Adoption of the Merger Agreement Interests of Office Depot's Directors and Executive

Officers in the Merger and Proposal I: Adoption of the Merger Agreement Board of Directors and Management of Staples Following

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Completion of the Merger beginning on pages 77 and 86, respectively, for a more detailed description of these interests. As a result of these interests, these directors and executive officers of Office Depot might be more likely to support and to vote in favor of the adoption of the merger agreement than if they did not have these interests.

***The merger agreement limits Office Depot's ability to pursue alternatives to the merger and may discourage other companies from trying to acquire Office Depot.***

The merger agreement contains provisions that make it more difficult for Office Depot to sell its business to a party other than Staples. These provisions include a general prohibition on Office Depot soliciting any acquisition proposal or offer for a competing transaction. Further, there are only limited exceptions to (i) Office Depot's agreement that the Office Depot board of directors will not withdraw or modify in a manner adverse to Staples the recommendation of the Office Depot board of directors that Office Depot stockholders vote in favor of the adoption of the merger agreement and (ii) Office Depot's agreement not to enter into an agreement with respect to a competing acquisition proposal. In addition, upon termination of the merger agreement, Office Depot is required to pay Staples a termination fee of \$185 million if the merger agreement is terminated in certain circumstances relating to Office Depot's entry into an agreement for an alternative transaction or a change in the recommendation of the Office Depot board of directors with respect to the merger.

These provisions could discourage a third party that might have an interest in acquiring all or a significant part of Office Depot from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per share value than the value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

***The merger agreement subjects Office Depot to restrictions on its business activities.***

The merger agreement subjects Office Depot to restrictions on its business activities and obligates Office Depot to generally operate its businesses in all material respects in the ordinary course. These restrictions could have an adverse effect on Office Depot's results of operations, cash flows and financial position.

***The business relationships of Staples and Office Depot and their respective subsidiaries may be subject to disruption due to uncertainty associated with the merger, which could have an adverse effect on the results of operations, cash flows and financial position of Staples, Office Depot and, following the completion of the merger, the combined company.***

Parties with which Staples and Office Depot, or their respective subsidiaries, do business may experience uncertainty associated with the merger and related transactions, including with respect to current or future business relationships with Staples, Office Depot, their respective subsidiaries or the combined company. Staples and Office Depot's relationships may be subject to disruption as customers, suppliers and other persons with whom Staples and Office Depot have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with Staples or Office Depot, as applicable, or consider entering into business relationships with parties other than Staples, Office Depot, their respective subsidiaries or the combined company. These disruptions could have an adverse effect on the results of operations, cash flows and financial position of Office Depot, Staples or the combined company following the completion of the merger, including an adverse effect on Staples' ability to realize the expected synergies and other benefits of the merger. The risk, and adverse effect, of any disruption could be exacerbated by a delay in completion of the merger or termination of the merger agreement.



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***Failure to complete the merger could negatively affect the stock price and the future business and financial results of Office Depot.***

If the merger is not completed for any reason, including as a result of Office Depot stockholders failing to adopt the merger agreement, the ongoing business of Office Depot may be adversely affected and, without realizing any of the benefits of having completed the merger, Office Depot would be subject to a number of risks, including the following:

Office Depot may experience negative reactions from the financial markets, including negative impacts on its stock price;

Office Depot may experience negative reactions from its customers and suppliers;

Office Depot may experience negative reactions from its employees and may not be able to retain key management personnel and other key employees;

the merger agreement places certain restrictions on the conduct of Office Depot's business prior to completion of the merger, the waiver of which is subject to the consent of Staples (not to be unreasonably withheld, conditioned or delayed in certain circumstances), which may prevent Office Depot from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the merger that may be beneficial to Office Depot (see the section entitled "The Merger Agreement - Conduct of Businesses of Office Depot and Staples Prior to Completion of the Merger" beginning on page 105 for a description of the restrictive covenants applicable to Office Depot); and

matters relating to the merger (including integration planning) will require substantial commitments of time and resources by Office Depot management, which could otherwise be devoted to day-to-day operations and other opportunities that may be beneficial to Office Depot as an independent company.

In addition, upon termination of the merger agreement, Office Depot is required to pay Staples a termination fee of \$185 million if the merger agreement is terminated in certain circumstances relating to Office Depot's entry into an agreement for an alternative transaction or a change in the recommendation of the Office Depot board of directors with respect to the merger. Finally, Office Depot could be subject to litigation related to any failure to complete the merger or related to any enforcement proceeding commenced against Office Depot to perform its obligations under the merger agreement. If the merger is not completed, these risks may materialize and may adversely affect Office Depot's businesses, financial condition, financial results and stock price.

***The shares of Staples common stock to be received by Office Depot stockholders as a result of the merger will have rights different from the shares of Office Depot common stock.***

Upon completion of the merger, Office Depot stockholders will no longer be stockholders of Office Depot but will instead become Staples stockholders, and their rights as stockholders will be governed by the terms of the Staples charter and by-laws and by the DGCL. The terms of the Staples charter and by-laws are in some respects different from the terms of the Office Depot charter and bylaws, which currently govern the rights of Office Depot stockholders. See the section entitled "Comparison of Rights of Common Stockholders of Staples and Office Depot

beginning on page 231 for a discussion of the different rights associated with Staples common stock.

***After the merger, Office Depot stockholders will have a significantly lower ownership and voting interest in Staples than they currently have in Office Depot and will exercise less influence over management.***

Based on the number of shares of Office Depot common stock outstanding as of May 13, 2015 (which does not account for shares that may become issuable under equity awards), and the number of shares of Staples common stock outstanding as of May 13, 2015, it is expected that, immediately after completion of the merger,

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former Office Depot stockholders will own approximately 15.8% of the outstanding shares of Staples common stock. Consequently, former Office Depot stockholders will have less influence over the management and policies of Staples than they currently have over the management and policies of Office Depot.

***In connection with the merger, Staples will incur significant indebtedness, which could adversely affect Staples, including by decreasing Staples' business flexibility, and will increase its interest expense.***

Staples' consolidated indebtedness as of January 31, 2015 was approximately \$1.1 billion. Staples' pro forma indebtedness as of January 31, 2015, after giving effect to the merger and the anticipated incurrence and extinguishment of indebtedness in connection therewith, will be as much as \$5.8 billion. Staples will have substantially increased indebtedness following completion of the merger in comparison to Staples' indebtedness on a recent historical basis. In particular, in order to consummate the merger, Staples expects to incur \$2.75 billion of indebtedness under the term facility and approximately \$1.5 billion of indebtedness under the ABL facility, with the ability to incur up to a total of \$3.0 billion under the ABL facility, subject to the borrowing base formula.

This indebtedness could have the effect, among other things, of reducing Staples' flexibility to respond to changing business and economic conditions and increasing Staples' interest expense. The amount of cash required to pay interest on Staples' increased indebtedness levels following completion of the merger, and thus the demands on Staples' cash resources, will be greater than the amount of cash flows required to service the indebtedness of Staples prior to the transaction. The cash resources required to service the increased levels of indebtedness following completion of the merger could also reduce funds available for working capital, capital expenditures, acquisitions and other general corporate purposes and may create competitive disadvantages for Staples relative to other companies with lower debt levels. If Staples does not achieve the expected benefits and cost savings from the merger, or if the financial performance of the combined company does not meet current expectations, then Staples' ability to service its indebtedness may be adversely impacted.

Certain of the indebtedness to be incurred in connection with the merger may bear interest at variable interest rates. If interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect Staples' cash flows. In addition, under certain circumstances the margin could be increased or changes to other terms or covenants could be made which could adversely affect Staples' cash flows.

The agreements that will govern the term facility and the ABL facility expected to be incurred by Staples to finance the merger are also expected to be subject to several restrictive covenants and contain certain events of default. Any acceleration of indebtedness that arises from an event of default under the term facility or the ABL facility could have a material adverse effect on Staples' business following completion of the merger.

In addition, Staples' credit ratings affect the cost and availability of future borrowings and, accordingly, Staples' cost of capital. Staples' ratings reflect each rating organization's opinion of Staples' financial strength, operating performance and ability to meet Staples' debt obligations. In connection with the debt financing, Staples has sought ratings of its indebtedness from certain nationally recognized statistical rating organizations. On April 6, 2015, Standard & Poor's Rating Services announced that it had assigned Staples a BBB rating on the term facility with a recovery rating of 1, and that it expects to lower Staples' corporate credit rating from BBB- to BB+ with a stable outlook upon closing of the merger. On April 14, 2015, Moody's Investor Service announced that it had assigned a Baa2 rating to the term facility, and noted that all ratings of Staples remain on review for downgrade. There can be no assurance that Staples will receive or maintain a particular credit rating.

Moreover, Staples may be required to raise substantial additional financing to fund working capital, capital expenditures, acquisitions or other general corporate requirements. Staples' ability to arrange additional financing or



refinancing will depend on, among other factors, Staples' financial position and performance, as well as prevailing market conditions and other factors beyond Staples' control. Staples cannot assure you that it will be able to obtain additional financing or refinancing on terms acceptable to Staples or at all.

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***The agreements that will govern the indebtedness to be incurred in connection with the merger will contain various covenants that impose restrictions on Staples and certain of its subsidiaries that may affect their ability to operate their businesses.***

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

***The unaudited pro forma condensed combined financial information included in this proxy statement/prospectus is preliminary and the actual financial condition and results of operations after the merger may differ materially from them.***

The unaudited pro forma condensed combined financial information included in this proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what Staples' actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma condensed combined financial information reflects adjustments, which are based upon assumptions, preliminary estimates and accounting reclassifications, to record the Office Depot identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this proxy statement/prospectus is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Office Depot as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this proxy statement/prospectus. For more information, see Unaudited Pro Forma Condensed Combined Financial Information beginning on page 217.

***The fairness opinion obtained by the Office Depot board of directors from PJSC does not reflect changes, circumstances, developments or events that may have occurred or may occur after the date of the opinion.***

At the meeting of the Office Depot board of directors on February 3, 2015, PJSC rendered its oral opinion, subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of Office Depot common stock in connection with the merger was fair from a financial point of view to the holders of Office Depot common stock.

The Office Depot board of directors has not obtained an updated fairness opinion as of the date of this proxy statement/prospectus from PJSC, and the Office Depot board of directors does not expect to receive an updated fairness opinion prior to the closing of the merger.

PJSC's opinion does not reflect changes, circumstances, developments or events that may have occurred or may occur after the date of its opinion, including changes in the operations and prospects of Office Depot and Staples or their

respective operating companies, regulatory or legal changes, general market and economic conditions and other factors that may be beyond the control of Office Depot and Staples, and on which PJSC's opinion was based, and that may alter the value of Office Depot or Staples or the prices of shares of Office Depot

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or Staples common stock by the time the merger is completed. The value of the stock portion of the merger consideration has fluctuated since, and could be materially different from its value as of, the date of PJSC's opinion, and PJSC's opinion does not address the prices at which shares of Office Depot common stock or Staples common stock may have traded or trade since the date of its opinion. PJSC's opinion does not speak as of the time the merger will be completed or as of any date other than the date of its opinion. Office Depot does not anticipate asking PJSC to update its opinion, and PJSC does not have any obligation or responsibility to update, revise or reaffirm its opinion based on circumstances, developments or events that may have occurred or may occur after the date of its opinion. PJSC's opinion is attached as **Annex B** to this proxy statement/prospectus. For a summary of PJSC's opinion, see

Proposal I: Adoption of the Merger Agreement Opinion of Office Depot's Financial Advisor beginning on page 68 of this proxy statement/prospectus.

***The merger will be dilutive to Staples' earnings per share, measured on a GAAP basis.***

Because shares of Staples common stock will be issued in the merger, the merger will be dilutive to Staples earnings per share, measured on a GAAP basis. Future events and conditions could increase the dilution that is currently projected, including adverse changes in market conditions, additional transaction and integration-related costs and other factors such as the failure to realize some or all of the benefits anticipated in the merger. Any dilution of, or delay of any accretion to, Staples' earnings per share could cause the price of shares of Staples common stock to decline or grow at a reduced rate.

***The merger will involve substantial costs.***

Office Depot and Staples have incurred, and expect to continue to incur, a number of non-recurring costs associated with the merger and combining the operations of the two companies. The substantial majority of non-recurring expenses will be comprised of transaction and regulatory costs related to the merger.

Staples also will incur transaction fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs. Staples continues to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the merger and the integration of the two companies' businesses. Although Staples expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow Staples to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. See the risk factor entitled "Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized" above.

***A number of lawsuits have been filed against Office Depot, its directors, Staples and Merger Sub challenging the merger, and an adverse ruling in any such lawsuit may prevent the merger from becoming effective or from becoming effective within the expected timeframe.***

Eleven putative class action lawsuits challenging the merger have been filed to date on behalf of a putative class consisting of Office Depot stockholders in the Court of Chancery of the State of Delaware and in the Fifteenth Circuit Court of the State of Florida. The lawsuits name Office Depot, Staples, the directors of Office Depot, Merger Sub, and Starboard Value LP, among others, as defendants. The lawsuits generally allege, among other things, that the directors of Office Depot breached their fiduciary duties to Office Depot stockholders in connection with the merger, by, among other things, failing to fully inform themselves of the market value of Office Depot, maximize stockholder value, obtain the best financial and other terms, disclose material information in this proxy statement/prospectus and act in the best interests of public stockholders, and by seeking to benefit themselves improperly. The lawsuits further allege that Staples, Office Depot and Starboard Value LP, among others, aided and abetted the Office Depot directors

in the breach of their fiduciary duties.

The lawsuits seek, in general, (i) injunctive relief enjoining, preliminarily and permanently, the merger, (ii) in the event that the merger is consummated, rescission or an award of rescissory damages, (iii) an award of

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plaintiffs' costs, including fees, expenses of attorneys, fees for experts, and interest, (iv) punitive damages, and (v) additional disclosure related to the merger in this proxy statement/prospectus, among other relief. In addition to the allegations raised and the relief sought in the Delaware lawsuits, the Florida lawsuits allege that the forum selection amendment to Office Depot's bylaws was adopted in breach of all defendants' fiduciary duties, and seek a declaratory judgment invalidating it.

One of the conditions to the completion of the merger is that no injunction by any court or other tribunal of competent jurisdiction will be in effect that prohibits or makes illegal the consummation of the merger. As such, if any of the plaintiffs are successful in obtaining an injunction prohibiting the consummation of the merger, that injunction may prevent the merger from becoming effective or from becoming effective within the expected timeframe. See Proposal I: Adoption of the Merger Agreement - Litigation Related to the Merger beginning on page 96 for more information about the lawsuits related to the merger that have been filed.

***Uncertainties associated with the merger may cause a loss of management personnel and other key employees of Office Depot or Staples, which could adversely affect the future business and operations of the combined company following the merger.***

Office Depot and Staples are dependent on the experience and industry knowledge of their officers and other key employees to execute their business plans. The combined company's success after the merger will depend in part upon its ability to retain key management personnel and other key employees of Office Depot and Staples. Current and prospective employees of Office Depot and Staples may experience uncertainty about their future roles with the combined company following the merger, which may materially adversely affect the ability of each of Office Depot and Staples to attract and retain key personnel during the pendency of the merger. Accordingly, no assurance can be given that the combined company will be able to retain key management personnel and other key employees of Office Depot and Staples.

**Other Risk Factors of Staples and Office Depot**

Staples' and Office Depot's businesses are and will be subject to the risks described above. In addition, Staples and Office Depot are, and will continue to be, subject to the risks described in Staples' Annual Report on Form 10-K for the fiscal year ended January 31, 2015 and Office Depot's Annual Report on Form 10-K for the fiscal year ended December 27, 2014, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. The risks described above and in those filings represent all known material risks with respect to Staples' and Office Depot's businesses. See Where You Can Find More Information beginning on page 255 for the location of information incorporated by reference into this proxy statement/prospectus.

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**INFORMATION ABOUT OFFICE DEPOT**

*Office Depot, Inc.*

Office Depot, Inc., referred to in this proxy statement/prospectus as Office Depot, together with its subsidiaries, is a global supplier of office products and services to consumers and businesses of all sizes. Office Depot was incorporated in Delaware in 1986 with the opening of its first retail store in Fort Lauderdale. On November 5, 2013, Office Depot merged with OfficeMax Incorporated (referred to in this proxy statement/prospectus as OfficeMax, and the merger of Office Depot and OfficeMax is referred to in this proxy statement/prospectus as the Office Depot/OfficeMax merger). Office Depot has decided to align its business along the three reportable segments (which are referred to in this proxy statement/prospectus as Divisions) historically utilized by Office Depot: North American Retail Division, North American Business Solutions Division and International Division. Following the date of the Office Depot/OfficeMax merger, the former OfficeMax U.S. retail business is included in the North American Retail Division. The former OfficeMax U.S. and Canada contract business is included in the North American Business Solutions Division. The former OfficeMax businesses in Australia and New Zealand are included in the International Division. The former OfficeMax business in Mexico is presented as an Other segment for the period from acquisition until sale in August 2014. Sales for these Divisions are processed through multiple channels, consisting of office supply stores, a contract sales force, an outbound telephone account management sales force, Internet sites, direct marketing catalogs and call centers, all supported by a network of supply chain facilities and delivery operations. Shares of Office Depot common stock are traded on The Nasdaq Global Select Market under the symbol ODP. The principal executive offices of Office Depot are located at 6600 North Military Trail, Boca Raton, Florida 33496, and its telephone number is (561) 438-4800.

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**INFORMATION ABOUT STAPLES**

*Staples, Inc.*

Staples, Inc., a Delaware corporation and referred to in this proxy statement/prospectus as Staples, is a world-class provider of products and services that serve the needs of business customers and consumers. Staples is committed to providing superior value to its customers through a broad selection of products, easy to use websites and mobile platforms, an integrated retail and online shopping experience and a wide range of copy, print and technology services. Staples opened its first office products superstore in Brighton, Massachusetts in 1986 to serve the needs of small businesses and consumers, and Staples currently serves businesses of all sizes and consumers in North America, Europe, Australia, South America and Asia. Staples' delivery businesses account for a majority of its sales and many of its delivery customers place their orders online, making Staples one of the largest internet resellers in the world. Shares of Staples common stock are traded on The Nasdaq Global Select Market under the symbol SPLS. The principal executive offices of Staples are located at Five Hundred Staples Drive, Framingham, Massachusetts 01702, and its telephone number is (508) 253-5000.

*Staples AMS, Inc.*

Staples AMS, Inc., a Delaware corporation and referred to in this proxy statement/prospectus as Merger Sub, is a wholly owned subsidiary of Staples. Merger Sub was formed by Staples solely in contemplation of the merger, has not conducted any business and has no assets, liabilities or obligations of any nature other than as set forth in the merger agreement. The principal executive offices of Merger Sub are located at c/o Staples, Inc. Five Hundred Staples Drive, Framingham, Massachusetts 01702, and its telephone number is (508) 253-5000.



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**INFORMATION ABOUT THE OFFICE DEPOT ANNUAL MEETING**

**General**

This proxy statement/prospectus is being provided to Office Depot stockholders as part of a solicitation of proxies by the board of directors of Office Depot for use at the 2015 annual meeting of Office Depot stockholders and at any adjournments or postponements of such annual meeting. This proxy statement/prospectus provides Office Depot stockholders with information about the annual meeting and should be read carefully in its entirety.

**Date, Time and Place of the Annual Meeting**

The annual meeting will be held on June 19, 2015, beginning at 8:00 am, local time, at the Renaissance Boca Raton Hotel, 2000 NW 19<sup>th</sup> Street, Boca Raton, Florida 33431, unless postponed to a later date.

**Purposes of the Annual Meeting**

At the annual meeting, Office Depot stockholders will be asked to vote upon the following proposals:

***Proposal 1:*** to adopt the merger agreement, which is further described in the sections entitled **Proposal I: Adoption of the Merger Agreement** beginning on page 44 and **The Merger Agreement** beginning on page 98 and a copy of which is attached to this proxy statement/prospectus as **Annex A**;

***Proposal 2:*** to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Office Depot's named executive officers that is based on or otherwise relates to the merger;

***Proposal 3:*** to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement;

***Proposal 4:*** to elect the ten (10) members of the Office Depot board of directors named in, and for the term described in, this proxy statement/prospectus;

***Proposal 5:*** to approve the 2015 Long-Term Incentive Plan, a copy of which is attached to this proxy statement/prospectus as **Annex D**;

***Proposal 6:*** to approve the Office Depot Corporate Annual Bonus Plan, a copy of which is attached to this proxy statement/prospectus as **Annex E**;

***Proposal 7:*** to ratify the appointment by Office Depot's audit committee of Deloitte & Touche LLP as Office Depot's independent registered public accounting firm for the current year;

**Proposal 8:** to approve on an advisory (non-binding) basis the compensation of Office Depot's named executive officers; and

**Proposal 9:** to transact any other business that may properly come before the annual meeting and any adjournment or postponement thereof.

**Only the approval of Proposal 1 is required for completion of the merger.**

#### **Attendance at the Annual Meeting**

Only Office Depot stockholders of record as of the record date, non-record owners as of the record date, holders of valid proxies for the annual meeting and invited guests of Office Depot may attend the annual meeting.

All attendees should be prepared to present picture identification for admittance. The additional items, if any, that attendees must bring depend on whether they are stockholders of record, non-record owners or proxy holders.

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An Office Depot stockholder who holds shares directly registered in such stockholder's name with Office Depot's transfer agent, Computershare Shareowner Services LLC (referred to in this proxy statement/prospectus as a stockholder of record), who wishes to attend the annual meeting in person should bring picture identification.

A person who holds shares in street name through a bank, brokerage firm or other nominee (referred to in this proxy statement/prospectus as a non-record owner) who wishes to attend the annual meeting in person should bring:

picture identification; and

a letter from such person's bank, brokerage firm or other nominee, or a current brokerage statement, to indicate that such bank, brokerage firm or other nominee is holding shares of Office Depot common stock for such person's benefit.

A person who holds a validly executed proxy entitling such person to vote on behalf of a stockholder of record of Office Depot shares (referred to in this proxy statement/prospectus as a proxy holder) who wishes to attend the annual meeting in person should bring:

picture identification;

the validly executed proxy naming such person as the proxy holder, signed by the Office Depot stockholder of record; and

proof of the signing stockholder's record ownership as of the record date.

Cameras, recording devices and other electronic devices, signs and placards will not be permitted at the annual meeting. Failure to provide the requested documents at the door or failure to comply with the procedures for the annual meeting may prevent stockholders of record, non-record owners or proxy holders from being admitted to the annual meeting. Office Depot reserves the right to request any person to leave the annual meeting who is disruptive, refuses to follow the rules established for the annual meeting or for any other reason.

**Record Date**

The record date for the determination of stockholders entitled to notice of and to vote at the annual meeting is April 29, 2015. Only Office Depot stockholders who held shares of record as of the close of business on April 29, 2015 are entitled to receive notice of and vote at the annual meeting and any adjournment or postponement of the annual meeting, as long as such shares remain outstanding on the date of the annual meeting. Office Depot's official stock ownership records will conclusively determine whether a stockholder is a holder of record as of the record date.

**Outstanding Shares as of Record Date**

As of April 29, 2015, the record date for the annual meeting, there were 547,411,398 shares of Office Depot common stock outstanding and owned by stockholders (i.e., excluding shares of Office Depot common stock held in treasury by Office Depot), held by 9,675 holders of record. Each share of Office Depot common stock is entitled to one vote on each matter considered at the annual meeting.

A list of Office Depot stockholders entitled to vote at the annual meeting will be available at the annual meeting and for ten days prior to the annual meeting between the hours of 9:00 a.m. and 5:00 p.m., local time, at Office Depot's corporate headquarters at Boca Raton, Florida.

#### **Shares and Voting of Office Depot's Directors and Executive Officers**

As of the record date, Office Depot directors and executive officers, as a group, owned and were entitled to vote 4,785,045 shares of Office Depot common stock, or approximately 0.9% of the outstanding shares of Office Depot common stock. Office Depot currently expects that these directors and executive officers will vote their

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shares in favor of the proposal to adopt the merger agreement and each of the other proposals described in this proxy statement/prospectus, although none of them has entered into any agreement obligating them to do so.

**Quorum and Broker Non-Votes**

In order for Office Depot to transact business at the annual meeting, the holders of a majority of the outstanding shares of Office Depot common stock entitled to vote must be present in person or represented by proxy. Stockholders choosing to abstain from voting will be treated as present for purposes of determining whether a quorum is present, but will not be counted as votes cast FOR any matter.

Banks, brokerage firms and other nominees who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion on routine matters. When a broker does not receive instructions from a non-record owner on how to vote shares with respect to a non-routine matter, a broker non-vote occurs. Broker non-votes will be treated as present for purposes of determining whether a quorum is present, but will not be counted as votes cast FOR or AGAINST any matter.

**Required Vote**

The votes required for each proposal are as follows:

***Proposal 1 (Adoption of the Merger Agreement).*** The affirmative vote, in person or by proxy, of holders of a majority of the outstanding shares of Office Depot common stock entitled to vote thereon is required to adopt the merger agreement. Failure to submit a vote (i.e., not submitting a proxy and not voting in person), abstentions and broker non-votes will have the same effect as a vote against Proposal 1.

***Proposal 2 (Advisory (Non-Binding) Vote on Merger-Related Compensation).*** The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve, on an advisory (non-binding) basis, the merger-related compensation payments. Failure to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of Proposal 2. Abstentions and broker non-votes will have the same effect as a vote against Proposal 2.

***Proposal 3 (Adjournment of the Annual Meeting).*** The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve the adjournment of the annual meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement. Failure to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of Proposal 3. Abstentions and broker non-votes will have the same effect as a vote against Proposal 3.

***Proposal 4 (Election of Directors).*** Each director nominee must be elected by a majority of the votes cast. This means that the number of votes cast FOR a director nominee must exceed the number of votes cast AGAINST the director nominee. Failure to submit a vote (i.e., not submitting a proxy and not voting in person), abstentions and broker non-votes will have no effect on the outcome of Proposal 4.

***Proposal 5 (Approval of Office Depot's 2015 Long-Term Incentive Plan).*** The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve Office Depot's 2015 Long-Term Incentive Plan. Failure to submit a vote (i.e., not submitting a proxy and not voting in

person) will have no effect on the outcome of Proposal 5. Abstentions and broker non-votes will have the same effect as a vote against Proposal 5.

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**Proposal 6 (Approval of the Office Depot Corporate Annual Bonus Plan).** The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve the Office Depot Corporate Annual Bonus Plan. Failure to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of Proposal 6. Abstentions and broker non-votes will have the same effect as a vote against Proposal 6.

**Proposal 7 (Appointment of Office Depot's Independent Public Accountant).** A majority of the votes cast on the matter is required to ratify the appointment of Office Depot's independent public accountant. Failure to submit a vote (i.e., not submitting a proxy and not voting in person) and abstentions will have no effect on the outcome of Proposal 7.

**Proposal 8 (Advisory (Non-Binding) Vote on Executive Compensation).** The affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting is required to approve, on an advisory (non-binding) basis, the compensation of Office Depot's named executive officers. Failure to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of Proposal 8. Abstentions and broker non-votes will have the same effect as a vote against Proposal 8.

**Proposal 9 (Other Proposals).** Approval of any other proposal to be voted upon at the annual meeting requires the affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the annual meeting. Failure to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of any such proposal. Abstentions and broker non-votes will have the same effect as a vote against any such proposal.

## **How To Vote or Have Your Shares Voted**

Office Depot stockholders of record may vote their shares of Office Depot common stock or have their shares of Office Depot common stock voted at the annual meeting in one of the following ways:

**Internet:** Office Depot stockholders may submit their proxy by using the Internet at [www.proxyvote.com](http://www.proxyvote.com). Internet voting is available 24 hours a day and will be accessible until 11:59 p.m., local time, on June 18, 2015, the day before the annual meeting.

**Telephone:** Office Depot stockholders may submit their proxy by using a touch-tone telephone at (800) 690-6903. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m., local time, on June 18, 2015, the day before the annual meeting.

**Mail:** Office Depot stockholders may submit their proxy by properly completing, signing, dating and mailing their proxy card in the postage-paid envelope (if mailed in the United States) included with this proxy statement/prospectus. Office Depot stockholders who vote this way should mail the proxy card early enough so that it is received before the date of the annual meeting.

***In Person:*** Office Depot stockholders may vote in person at the annual meeting or by sending a representative with an acceptable proxy that has been signed and dated. Attendance at the annual meeting will not, however, in and of itself constitute a vote.

Whether or not you plan to attend the annual meeting, Office Depot urges you to submit your proxy by completing and returning the proxy card as promptly as possible, or by submitting your proxy by telephone or via the Internet, prior to the annual meeting to ensure that your shares of Office Depot common stock will be represented and voted at the annual meeting if you are unable to attend.

The Office Depot board of directors has appointed certain persons as proxy holders to vote proxies in accordance with the instructions of Office Depot stockholders. If you are a stockholder of record and you



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authorize these proxy holders to vote your shares of Office Depot common stock with respect to any matter to be acted upon, your shares will be voted in accordance with your instructions in your proxy. If you are a stockholder of record and you authorize these proxy holders to vote your shares but do not specify how your shares should be voted in one or more matters, these proxy holders will vote your shares on those matters as the Office Depot board of directors recommends, except if you indicate that you wish to vote against Proposal 1 (adoption of the merger agreement), in which case your shares of Office Depot common stock will only be voted in favor of Proposal 3 (adjournment of the annual meeting) if you indicate that you wish to vote in favor of that proposal. If any other matter properly comes before the annual meeting, these proxy holders will vote on that matter in their discretion.

If you are a non-record owner, you must direct your bank, brokerage firm or other nominee on how to vote the shares of Office Depot common stock held in your account and you will receive instructions from your bank, brokerage firm or other nominee describing how to vote your shares of Office Depot common stock. The availability of Internet or telephonic voting will depend on the nominee's voting process. Please check with your bank, brokerage firm or other nominee and follow the voting procedures your bank, brokerage firm or other nominee provides.

If you are a non-record owner and do not provide your bank, brokerage firm or other nominee instructions on how to vote your shares of Office Depot common stock with respect to non-routine matters, a broker non-vote occurs with respect to those matters. Under applicable stock exchange rules, the organization that holds your shares of Office Depot common stock (i.e., your bank, brokerage firm or other nominee) may generally vote on routine matters at its discretion but cannot vote on non-routine matters. If you are a non-record owner and the organization that holds your shares of Office Depot common stock does not receive instructions from you on how to vote your shares of Office Depot common stock on a non-routine matter, the organization that holds your shares of Office Depot common stock will inform the inspector of elections that it does not have the authority to vote your shares on such matters. Proposal 7 (ratification of appointment of the independent registered public accountant) is a matter Office Depot believes will be designated routine. Proposal 1 (adoption of the merger agreement), Proposal 2 (advisory (non-binding) approval of Office Depot's merger-related executive compensation), Proposal 3 (adjournment), Proposal 4 (election of directors), Proposal 5 (approval of the 2015 Long-Term Incentive Plan), Proposal 6 (approval of the Office Depot Corporate Annual Bonus Plan) and Proposal 8 (advisory (non-binding) approval of the compensation of Office Depot's named executive officers) will be considered non-routine. Accordingly, if you are a non-record owner and do not provide your bank, brokerage firm or other nominee instructions on how to vote your shares of Office Depot common stock, your bank, brokerage firm or other nominee generally will not be permitted to vote your shares on Proposal 1, 2, 3, 4, 5, 6 or 8, but generally will have discretion to vote your shares on Proposal 7. Whether or not your bank, brokerage firm or other nominee has the authority to vote your shares on Proposal 9 (Other Proposals) depends upon whether or not such proposal will be considered a routine or non-routine matter. Office Depot strongly encourages you to provide voting instructions to your bank, brokerage firm or other nominee so that your vote will be counted on all matters.

If you are a non-record owner, you are invited to attend the annual meeting; however, you may not vote your shares in person at the annual meeting unless you obtain a legal proxy from your bank, brokerage firm or other nominee that holds your shares, giving you the right to vote the shares at the annual meeting.

## **Revocation of Proxies**

Office Depot stockholders of record may revoke their proxies at any time prior to the voting at the annual meeting in any of the following ways:

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mailing a request to Office Depot's Corporate Secretary at Office Depot's corporate headquarters, at 6600 North Military Trail, Boca Raton, Florida 33496, so that it is received no later than 4:00 p.m., local time, on June 18, 2015;

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properly submitting a new, later-dated proxy card (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

submitting a proxy via Internet or by telephone at a later date (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

attending the annual meeting and voting in person. Attendance at the annual meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

Office Depot non-record owners may change their voting instruction only by following the directions received from their bank, brokerage firm or other nominee for changing their voting instructions.

## **Inspector of Election**

The board of directors of Office Depot expects to appoint a representative of Broadridge Financial Solutions, Inc. to act as the inspector of election at the annual meeting.

## **Solicitation of Proxies**

Office Depot will pay for the proxy solicitation costs related to the annual meeting. In addition to sending and making available these materials, some of Office Depot's directors, officers and employees may solicit proxies in person by contacting Office Depot stockholders by telephone or over the Internet. Office Depot stockholders may also be solicited by press releases issued by Office Depot, postings on Office Depot's websites and advertisements in periodicals. None of Office Depot's directors, officers or employees will receive additional compensation for their solicitation services. Office Depot has engaged Innisfree M&A Incorporated to assist in the solicitation of proxies for the annual meeting. Office Depot estimates that it will pay Innisfree M&A Incorporated a fee of approximately \$30,000, plus reasonable out-of-pocket expenses. Certain banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries who hold shares for the benefit of another party may solicit proxies for Office Depot. If so, they will mail proxy information to, or otherwise communicate with, the non-record owners of shares of Office Depot common stock held by them. Office Depot will also reimburse banks, brokerage firms, custodians, trustees, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to non-record owners of Office Depot common stock.

## **Adjournments**

The annual meeting may be adjourned in the absence of a quorum by the chairman of the meeting or the affirmative vote of holders of a majority of the shares of Office Depot common stock present in person or represented by proxy and entitled to vote at the annual meeting.

Even if a quorum is present, the annual meeting may also be adjourned in order to provide more time to solicit additional proxies in favor of adoption of the merger agreement if sufficient votes are cast in favor of Proposal 3.

If the adjournment is for more than 30 days or if after the adjournment a new record date is set for the adjourned meeting, a notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the annual meeting.

## **Questions and Additional Information**

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Office Depot stockholders may contact Office Depot's proxy solicitor, Innisfree M&A Incorporated, with any questions about the proposals or how to vote or to request additional copies of any materials at Innisfree M&A Incorporated, 501, Madison Avenue, New York, NY 10022. Stockholders may call toll-free at (877) 825-8621, and banks and brokers may call collect at (212) 750-5833.

**Table of Contents****PROPOSAL I: ADOPTION OF THE MERGER AGREEMENT**

*This section of the proxy statement/prospectus describes the material aspects of the proposed merger. This section may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus, including the full text of the merger agreement, a copy of which is attached to this proxy statement/prospectus as **Annex A**, for a more complete understanding of the proposed merger. In addition, important business and financial information about each of Staples and Office Depot is included in or incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 255.*

**Per Share Merger Consideration**

The merger agreement provides that, subject to the terms and conditions of the merger agreement, Merger Sub will be merged with and into Office Depot, with Office Depot surviving the merger as a wholly owned subsidiary of Staples. Upon completion of the merger, each issued and outstanding share of Office Depot common stock, other than shares held in treasury by Office Depot or owned by Staples, or any direct or indirect subsidiary of Staples or Office Depot, or by stockholders that have validly made a demand for appraisal and not validly withdrawn such demand or otherwise lost their rights of appraisal with respect to such shares pursuant to Section 262 of the DGCL, will be converted into the right to receive \$7.25 in cash, without interest, plus 0.2188 shares of Staples common stock.

Based on the number of shares of Office Depot common stock outstanding as of May 13, 2015 (which does not account for shares that may become issuable under equity awards), Staples would issue approximately 119,837,865 shares of Staples common stock to Office Depot stockholders pursuant to the merger. The actual number of shares of Staples common stock to be issued pursuant to the merger will be determined at completion of the merger based on the exchange ratio and the number of shares of Office Depot common stock outstanding at such time. Based on the number of shares of Office Depot common stock outstanding as of May 13, 2015 (which does not account for shares that may become issuable under equity awards), and the number of shares of Staples common stock outstanding as of May 13, 2015, immediately after completion of the merger, former Office Depot stockholders would own approximately 15.8% of the outstanding shares of Staples common stock.

Based on the closing stock price of Staples common stock on May 13, 2015, the most recent practicable date prior to the date of this proxy statement/prospectus, the per share value of Office Depot common stock implied by the per share merger consideration is \$10.88. The implied value of the per share merger consideration will fluctuate, however, as the market price of Staples common stock fluctuates, because a portion of the per share merger consideration is payable in a fixed number of shares of Staples common stock. As a result, the value of the per share merger consideration that Office Depot stockholders will receive upon completion of the merger could be greater than, less than or the same as the value of the merger consideration on the date of this proxy statement/prospectus or at the time of the Office Depot annual meeting. Accordingly, Office Depot encourages you to obtain current stock price quotations for Staples common stock and Office Depot common stock before deciding how to vote with respect to the adoption of the merger agreement.

**Background of the Merger**

During the two years preceding the events and discussions described below leading to the announcement of the proposed transaction, there was no material business relationship between Staples and Office Depot, and Staples and Office Depot had not conducted any material business with each other.

The Office Depot board of directors, together with Office Depot's senior management, has in the ordinary course regularly evaluated business development strategies and reviewed Office Depot's strategic alternatives in pursuing its objective of enhancing stockholder value.

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On March 20, 2014, the Office Depot board of directors held a meeting in Boca Raton, Florida, during which the Office Depot board of directors discussed, among other matters, potential strategic alternatives, including a potential merger transaction with Staples, and decided to review the possibility of a potential merger transaction with Staples at a subsequent meeting.

On August 1, 2014, the Office Depot board of directors met in Boca Raton, Florida, at a regularly scheduled meeting with representatives of Office Depot's senior management, Peter J. Solomon Company, L.P. (referred to in this proxy statement/prospectus as PJSC) and Simpson Thacher & Bartlett LLP (referred to in this proxy statement/prospectus as Simpson Thacher), Office Depot's financial and legal advisors, to discuss, among other matters, a potential merger transaction with Staples. In light of the then current regulatory environment, the relative stock prices of Staples and Office Depot, the perceived potential to enhance value for Office Depot stockholders and the transformational opportunity that a potential business combination with Staples could present, the Office Depot board of directors discussed, among other matters, the merits of exploring such a transaction. During this meeting, the representatives of PJSC reviewed and discussed with the Office Depot board of directors, among other matters, certain preliminary financial analyses regarding such a transaction, including, among other matters, Office Depot's historical stock price performance and operating results, certain valuation multiples based on Office Depot's then current stock price, certain valuation analyses of Office Depot, a comparison of certain financial data of Office Depot and Staples, and a review of hypothetical per share prices for Office Depot common stock on a standalone basis and Staples on a pro forma basis assuming a transaction. In addition, PJSC discussed a number of other considerations associated with the process of exploring potential strategic alternatives generally, including certain key milestones and the timing of such process. Simpson Thacher reviewed with the Office Depot board of directors the regulatory implications of a potential business combination of Office Depot with Staples. Following discussion, the Office Depot board of directors authorized and instructed Office Depot's senior management to obtain the perspectives of another legal counsel regarding the regulatory implications of such a potential business combination transaction. The closing prices per share of Office Depot common stock and Staples common stock on August 1, 2014 were \$5.02 and \$11.44, respectively.

On August 26, 2014, the Office Depot board of directors met telephonically with representatives of Office Depot's senior management. Office Depot's senior management provided an update regarding the review by another legal counsel of the regulatory implications of a potential business combination transaction of Office Depot and Staples. Following discussion and in light of, among other things, the ongoing integration of Office Depot's and OfficeMax's businesses and the current operating performance of the Office Depot business, the Office Depot board of directors asked Office Depot's senior management to continue to provide the directors with additional data and information to permit the Office Depot board of directors to review a potential transaction with Staples at a subsequent meeting.

On September 9, 2014, the Staples board of directors met in Framingham, Massachusetts, at a regularly scheduled meeting. From time to time prior to September 2014, the Staples board of directors and management had considered the possibility of exploring a business combination with Office Depot. During the summer of 2014, Staples management evaluated the benefits and risks of such a business combination, including the significant synergies that might be achieved from a business combination and the increased indebtedness that would be necessary to finance such a transaction. At the September 9 meeting, after consideration of the benefits and risks presented by management, the Staples board of directors authorized Ronald L. Sargent, the chairman and chief executive officer of Staples, to contact Roland C. Smith, the chairman and chief executive officer of Office Depot, to express interest in having a discussion to explore the possibility of a business combination of Staples and Office Depot.

On September 10, 2014, Office Depot announced that Jeffrey Smith, the chief executive officer and chief investment officer of Starboard Value LP, an investment management firm (referred to in this proxy statement/prospectus as Starboard) had resigned from the Office Depot board of directors.





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On September 15, 2014, Mr. Sargent called Mr. Roland C. Smith to express interest in having a discussion to explore the possibility of a business combination of Staples and Office Depot.

On September 17, 2014, Messrs. Sargent and Smith spoke via telephone. During their discussion, Mr. Sargent provided his views on the current regulatory environment and expressed an interest in exploring a potential business combination of Staples and Office Depot if Office Depot were willing to engage in such discussions. Mr. Sargent did not discuss a potential purchase price or any other specifics regarding a potential business combination transaction, although he did indicate that he was comfortable with the consideration in such a transaction consisting of some combination of cash and stock. Mr. Smith indicated he would discuss the merits of engaging in such discussions with the other members of the Office Depot board of directors, but that, in light of the successful ongoing integration of Office Depot's and OfficeMax's businesses, he would recommend engaging in such discussions to the other Office Depot directors only if the value to be received by Office Depot's stockholders in such a transaction were sufficiently attractive. Mr. Sargent stated he currently was not prepared to make a proposal regarding the specific terms or parameters of such a transaction because he did not have sufficient information and asked that Mr. Smith identify the key parameters of a potential transaction structure for Office Depot to be willing to explore the merits of such a transaction.

On September 23, 2014, the Office Depot board of directors held a telephonic meeting with representatives of Office Depot's senior management, PJSC and Simpson Thacher, during which Mr. Smith summarized his discussions with Mr. Sargent on September 17, 2014. Simpson Thacher reviewed with the Office Depot board of directors, among other legal matters, the directors' fiduciary duties under applicable law. Following discussion, the Office Depot board of directors determined to consider the merits of exploring a potential business combination of Office Depot and Staples and other potential strategic alternatives for Office Depot at its next regularly scheduled in-person meeting in October 2014. The Office Depot board of directors requested that, for purposes of its further consideration of engaging in discussions with Staples, Office Depot's senior management and PJSC review and analyze certain preliminary financial data regarding Office Depot and strategic alternatives to a potential business combination transaction with Staples. Following further discussion, the Office Depot board of directors established a committee to meet with, and interview, PJSC and another investment bank for purposes of potentially assisting Office Depot with the review of its potential strategic alternatives, including a potential transaction with Staples. The Office Depot board of directors also authorized Mr. Smith to inform Mr. Sargent that the Office Depot board of directors was going to review the possibility of a potential transaction with Staples at its board meetings on October 15-16, 2014.

On September 26, 2014, Mr. Smith called Mr. Sargent and informed him of the September 23, 2014 meeting of the Office Depot board of directors. Mr. Smith indicated that the Office Depot board of directors was potentially interested in exploring a potential business combination transaction of Office Depot and Staples, and that the Office Depot board of directors was scheduled to meet and discuss this opportunity in further detail at its next regularly scheduled meetings on October 15-16, 2014.

On October 8, 2014, upon recommendation of the committee of the Office Depot board of directors that had met with, and interviewed, PJSC and another investment bank, Office Depot retained PJSC as financial advisor in connection with the review of Office Depot's potential strategic alternatives, including a potential transaction with Staples.

On October 15-16, 2014, the Office Depot board of directors met with representatives of Office Depot's senior management, PJSC and Simpson Thacher in Boca Raton, Florida, to review and discuss, among other matters, a potential business combination transaction with Staples and other potential strategic alternatives for Office Depot. During this meeting, the representatives of PJSC reviewed and discussed with the Office Depot board of directors, among other matters, certain preliminary financial analyses relating to a potential business combination transaction of Staples and Office Depot, including, among other matters, for both of Office Depot and Staples, historical stock price

performance and operating results, certain valuation multiples based on then current stock prices, certain valuation analyses, a comparison of certain financial data of Office Depot and

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Staples, and a review of hypothetical per share prices for Office Depot and Staples common stock on a standalone basis and Staples on a pro forma basis assuming a transaction. PJSC also reviewed and discussed with the Office Depot directors their views of Office Depot's strategic alternatives to a proposed transaction with Staples, including maintaining the status quo and operating as an independent company, instituting regular dividends or a share repurchase program, paying a special dividend or effecting a large, one-time special share repurchase, the acquisition by Office Depot of potential target companies, or a potential sale of Office Depot to another strategic partner or, in a leveraged buy-out transaction, to a financial investor. The Office Depot board of directors considered the strategic, business and legal considerations relating to a potential transaction with Staples and the risks and benefits of a potential transaction compared to other potential alternatives, including, among other things, that PJSC's analyses preliminarily indicated that, while each of such other potential alternatives had a variety of qualitative factors that could make it attractive or cause concerns, a potential transaction with Staples could, under certain circumstances, deliver stockholder value that was higher than the illustrative stockholder values that could be achieved in each of the other potential strategic alternatives. Simpson Thacher then reviewed with the Office Depot board of directors, among other legal matters, the directors' fiduciary duties under applicable law and certain regulatory aspects relating to a business combination of Office Depot and Staples. Following discussion, the Office Depot board of directors authorized Mr. Smith, with the assistance of other members of Office Depot's senior management and PJSC, to engage in preliminary discussions with representatives of Staples and its financial advisor to explore the parameters of a potential business combination transaction.

On October 20, 2014, Mr. Smith telephoned and informed Mr. Sargent that the Office Depot board of directors was supportive of holding exploratory discussions regarding a potential transaction. Messrs. Sargent and Smith agreed to meet, together with other representatives of Office Depot and Staples, to discuss certain potential transaction parameters, including value, transaction structure, regulatory matters and governance.

Between October 20, 2014 and October 30, 2014, Messrs. Sargent and Smith had a series of conversations to plan, and agree to the agenda of, such meeting, which was scheduled for November 11, 2014.

Beginning on October 20, 2014 and continuing throughout the week of October 27, 2014, representatives of Wilmer Cutler Pickering Hale and Dorr LLP, counsel to Staples (referred to in this proxy statement/prospectus as WilmerHale) and Simpson Thacher negotiated the terms of a mutual confidentiality agreement.

On October 31, 2014, Office Depot and Staples entered into a mutual confidentiality agreement, which included mutual standstill and non-solicitation covenants.

On October 31, 2014, the Office Depot board of directors held a telephonic meeting with representatives of Office Depot's senior management and PJSC. During this meeting, Mr. Smith summarized his discussions with Mr. Sargent and reviewed and discussed with the other directors, among other matters, the agenda for the November 11, 2014 meeting with the representatives of Staples and some of the key messages that were proposed to be communicated to Staples at the November 11, 2014 meeting. As part of this discussion, Mr. Smith and the representatives of PJSC noted that, in light of Office Depot's then perceived prospects as a stand-alone company and the fact that Staples stockholders would likely benefit more than Office Depot's stockholders from any stock price accretion that could result from, among other things, the synergies that could potentially be achieved in a transaction with Staples, the value to be received by Office Depot's stockholders in a transaction with Staples should include a substantial premium.

On November 11, 2014, Mr. Sargent, Ms. Christine T. Komola, executive vice president and chief financial officer of Staples, Messrs. Smith, Stephen E. Hare, executive vice president and chief financial officer of Office Depot, and representatives of Simpson Thacher and Weil Gotshal & Manges LLP, counsel to Staples regarding certain regulatory matters, met at the offices of Simpson Thacher in Washington, D.C., to discuss, among other matters, the regulatory

implications of a potential business combination of Staples and Office Depot, certain financial information regarding Office Depot and Staples, the synergies that could potentially be achieved in

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various functional areas in connection with such a transaction, potential transaction structures, and certain governance-related matters. Mr. Smith also conveyed to Mr. Sargent that Office Depot was not interested in pursuing exploratory talks concerning a combination with Staples unless the Office Depot common stock was valued at least in the low double digits in any such transaction. The closing prices per share of Office Depot common stock and Staples common stock on November 11, 2014 were \$6.66 and \$13.04, respectively.

On November 12, 2014, Mr. Smith provided the other directors of Office Depot with an update on the November 11, 2014 meeting with the representatives of Staples. In his update, Mr. Smith indicated that, among other things, Staples continued to analyze the synergies that could potentially be achieved in a transaction between Office Depot and Staples and that Office Depot had agreed to provide Staples with certain financial and other information to assist Staples in its analysis.

Between November 11, 2014 and November 21, 2014, at the request of Staples, Office Depot provided Staples with certain financial and other due diligence information.

On November 19, 2014, Mr. Smith telephoned Mr. Sargent to confirm that, because Office Depot expected that at least a portion of the consideration in a potential transaction would be paid in common stock of Staples, the exchange of due diligence information should be reciprocal and that Staples should provide Office Depot the opportunity to conduct due diligence regarding Staples' businesses.

On December 3, 2014, Mr. Sargent telephoned Mr. Smith to convey a preliminary, non-binding acquisition proposal, pursuant to which Staples offered to pay Office Depot stockholders \$9.25-\$9.75 per share of Office Depot common stock, of which 80% would be paid in cash and 20% would be paid in newly issued shares of Staples common stock. On that same date, Barclays Capital Inc., Staples' financial advisor (referred to in this proxy statement/prospectus as Barclays), communicated Staples' acquisition proposal to PJSC and noted that Staples' proposal also provided for proportionate representation of the Office Depot stockholders on the post-closing Staples board of directors, which Staples proposed would be expanded to 13 members.

On December 3-4, 2014, the Office Depot board of directors met with representatives of Office Depot's senior management in person in Boca Raton, Florida, and with representatives of PJSC and Simpson Thacher participating via teleconference to review and discuss, among other matters, Staples' acquisition proposal as presented orally by Mr. Sargent during his telephone conversation with Mr. Smith on December 3, 2014. During these meetings, Mr. Smith provided the Office Depot board of directors with a summary of the discussions regarding a potential business combination transaction with Staples since the October 31, 2014 telephonic meeting of the board. Representatives of PJSC reviewed and discussed with the Office Depot board of directors certain preliminary financial analyses relating to Staples' December 3, 2014 acquisition proposal, including, among other matters, for both of Office Depot and Staples, historical stock price performance and operating results, certain valuation multiples based on then current stock prices, certain valuation analyses, a comparison of certain financial data of Office Depot and Staples, and a review of hypothetical per share prices for Office Depot and Staples common stock on a standalone basis and Staples on a pro forma basis assuming a transaction. As part of this discussion, PJSC noted that, under Staples' December 3, 2014 proposal and based on the 20-day volume weighted average price per share of Staples common stock, Office Depot stockholders would own approximately 10.8%-11.3% of the outstanding Staples common stock. Simpson Thacher then reviewed with the Office Depot board of directors the directors' fiduciary duties under applicable law in connection with the board's consideration of Staples' proposal. Following discussion, the Office Depot board of directors concluded that further exploratory discussions were warranted in light of Staples' December 3, 2014 proposal and authorized Mr. Smith, with the assistance of PJSC, to continue their exploratory discussions with Staples within the pricing, structure and other parameters discussed at this meeting with a view to having Staples improve its offer, including with respect to the value to be received by Office Depot's stockholders in

any transaction and certainty relative to regulatory considerations.

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On December 8, 2014, following discussions with Office Depot's financial and legal advisors and consistent with the transaction parameters reviewed with the Office Depot board of directors, Mr. Smith telephoned Mr. Sargent and indicated that he could recommend to the Office Depot board of directors a proposal from Staples consisting of \$6.60-\$6.90 in cash and 0.3228-0.3375 of newly issued shares of Staples common stock and representing a 60% / 40% mix of cash and stock consideration and an implied per share value of Office Depot common stock of \$11.00-\$11.50 based on the 20-day volume weighted average price per share of Staples common stock on December 4, 2014. Such proposal would give Office Depot stockholders a pro forma ownership of between 22.4% and 23.2% of Staples common stock upon completion of the proposed transaction. In addition, Mr. Smith requested that, among other things, Staples agree to a regulatory efforts standard consistent with what Office Depot had agreed to with OfficeMax in their 2013 merger transaction, which required the parties to undertake all necessary efforts to obtain regulatory approval except to the extent that such efforts would have a material adverse effect on the combined company, and pay Office Depot a \$300 million regulatory fee if such transaction could not be completed due to the failure to obtain the required antitrust regulatory approvals. On the same date, representatives of PJSC separately communicated Office Depot's counterproposal to Barclays.

On December 10, 2014, Starboard spoke with Office Depot's chief legal officer to inform Office Depot that Starboard, together with its managed funds and accounts, had acquired approximately 5.1% of Staples common stock and increased its ownership of Office Depot common stock from 8.6% to 9.9%.

Later on December 10, 2014, Starboard filed a statement on Schedule 13D and an amendment to its previous statements on Schedule 13D with the SEC (referred to in this proxy statement/prospectus as the Starboard SEC filings) disclosing its ownership of Staples common stock and its increased ownership of Office Depot common stock, respectively. The closing price per share of Office Depot common stock and Staples common stock on December 10, 2014, prior to Starboard's Schedule 13D filings, was \$6.73 and \$14.82, respectively.

On December 11, 2014, Mr. Smith telephoned Mr. Sargent to discuss their respective views regarding Starboard's stakebuilding in both companies. During their discussion, Mr. Sargent indicated that the Staples board of directors was going to discuss Office Depot's December 8, 2014 counterproposal.

On December 16, 2014, the Office Depot board of directors held a telephonic update call with representatives of PJSC and Simpson Thacher, during which Mr. Smith provided the other directors with a summary of the status of the discussions with Staples and its advisors regarding a potential transaction, among other matters.

Later on December 16, 2014, Mr. Sargent telephoned Mr. Smith to deliver a revised acquisition proposal from Staples, pursuant to which Staples would offer \$10.00 per share of Office Depot common stock, of which 75% would be paid in cash and 25% would be paid in newly issued shares of Staples common stock. Mr. Sargent also indicated that Staples would be willing to pay Office Depot a regulatory fee of \$50 million and that Staples and Office Depot's legal advisors should further discuss the allocation of antitrust risk and the regulatory efforts standard.

On December 19, 2014, the Office Depot board of directors held a telephonic meeting with representatives of Office Depot's senior management, PJSC and Simpson Thacher to review and discuss Staples' December 16, 2014 proposal. Mr. Smith provided the Office Depot board of directors with a detailed summary of his discussions and negotiations with Mr. Sargent on December 16, 2014. The representatives of PJSC reviewed and discussed with the Office Depot board of directors certain preliminary financial analyses regarding Staples' December 16, 2014 proposal (including, among other matters, for both of Office Depot and Staples, historical stock price performance and operating results, certain valuation multiples based on then current stock prices, certain valuation analyses, a comparison of certain financial data of Office Depot and Staples, and a review of hypothetical per share prices for Office Depot and Staples common stock on a standalone basis and Staples on a





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pro forma basis assuming a transaction) and provided the Office Depot board of directors with their perspectives on valuation and the impact of changes in the market price of Staples and Office Depot common stock since the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot. Simpson Thacher then discussed with the Office Depot board of directors a potential allocation of regulatory risk in a transaction of this type and provided an overview of the regulatory fees that had been agreed to in recent precedent transactions. Following discussion, the Office Depot board of directors authorized Mr. Smith, with the assistance of PJSC, to continue the discussions with Staples and its financial advisor within the valuation, structural and other parameters discussed at this meeting with a view to obtaining the best price reasonably attainable and enhancing certainty relative to regulatory considerations.

Later on December 19, 2014, Mr. Smith telephoned Mr. Sargent and informed him of the Office Depot board of directors meeting on that date and the Office Depot directors' views of Staples' December 16, 2014 proposal, including that Staples' proposal of a \$50 million regulatory fee was unacceptable for Office Depot. Mr. Smith then suggested that Staples' and Office Depot's respective financial and legal advisors continue to discuss certain terms of Staples' revised proposal and that Office Depot would deliver a counterproposal the following week.

Following discussions with Mr. Smith and other representatives of Office Depot's senior management and Simpson Thacher, and consistent with the transaction parameters reviewed with the Office Depot board of directors, on December 24, 2014, representatives of PJSC delivered to Barclays Office Depot's counterproposal, pursuant to which Staples would acquire Office Depot for \$6.85 per share in cash and 0.2640 shares of Staples common stock, representing a 65% / 35% mix of cash and stock consideration and an implied offer value of \$10.52 per share of Office Depot common stock based on the 20-day volume weighted average price per share of Staples common stock on December 10, 2014 (the last trading day before the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot) of \$13.92. Alternatively, the implied value of the proposal was \$11.51 per share of Office Depot common stock based on the \$17.64 closing price per share of Staples common stock on December 18, 2014, the day before the December 19, 2014 meeting during which the Office Depot board of directors discussed the parameters of Office Depot's December 24, 2014 counterproposal. Pursuant to this counterproposal, Office Depot's stockholders would own 18.9% of the outstanding Staples common stock upon completion of a proposed transaction. PJSC also informed Barclays that the \$50 million regulatory fee proposed by Staples was unacceptable to Office Depot and that Office Depot requested a response to its proposal that the regulatory efforts standard be consistent with that utilized in the Office Depot/OfficeMax merger transaction, which required the parties to undertake all necessary efforts to obtain regulatory approval except to the extent that such efforts would have a material adverse effect on the combined company.

Between December 24, 2014 and January 5, 2015, representatives of Office Depot's and Staples' respective financial and legal advisors and senior management teams engaged in a series of discussions regarding, among other things, the regulatory efforts standard and the appropriate size of the regulatory fee.

On December 26, 2014, WilmerHale presented to Simpson Thacher a proposal regarding the regulatory efforts standard. Under the proposal, in order to obtain antitrust approval, Staples would not be required to agree to a divestiture or any other action with respect to businesses, services or assets other than businesses, services or assets of Office Depot in the United States that generated not more than \$750 million of revenue in calendar year 2014.

On December 29, 2014, Simpson Thacher communicated to WilmerHale that Office Depot was not willing to consider any regulatory efforts proposal that did not include also a revised proposal regarding the regulatory fee.

On December 31, 2014, WilmerHale communicated to Simpson Thacher a revised regulatory efforts proposal that increased the regulatory fee to \$175 million and retained a \$750 million limit on required divestitures or other commitments in the United States in order to obtain antitrust approval.



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On January 6, 2015, Mr. Smith and other members of Office Depot's senior management met telephonically with representatives of PJSC and Simpson Thacher. During this meeting, PJSC and Simpson Thacher provided Office Depot's senior management with an update regarding their respective discussions with Staples' advisors.

On January 7, 2015, the Office Depot board of directors held a telephonic meeting with representatives of Office Depot's senior management, PJSC and Simpson Thacher. During this meeting, Mr. Smith, PJSC and Simpson Thacher provided the Office Depot board of directors with their respective summaries and perspectives of the discussions with Staples and its advisors regarding a potential transaction since the December 19, 2014 board meeting.

Also on January 7, 2015, PJSC and Simpson Thacher informed Barclays and WilmerHale, respectively, that the Office Depot board of directors had scheduled a meeting for January 9, 2015 and that Office Depot requested that Staples submit an updated comprehensive proposal for consideration by the Office Depot board of directors at its January 9, 2015 meeting.

On January 8, 2015, Barclays informed PJSC that Staples was not prepared to deliver a revised proposal before receiving a counterproposal from Office Depot.

On January 9, 2015, the Office Depot board of directors held a meeting with representatives of Office Depot's senior management, PJSC and Simpson Thacher at the offices of Simpson Thacher in Washington, D.C. Messrs. Smith and Hare provided the Office Depot board of directors with an update regarding Office Depot's results of operations and other financial information for the last quarterly period in fiscal year 2014. Mr. Smith reported on the status of the negotiations and discussions with Staples regarding a potential business combination transaction. Simpson Thacher then reviewed with the Office Depot board of directors, among other matters, the directors' fiduciary duties under applicable law in connection with the board's consideration of Staples' proposal and other potential strategic alternatives, and certain regulatory matters with respect to the proposed transaction with Staples. The representatives of PJSC reviewed and discussed with the Office Depot board of directors certain preliminary financial analyses relating to a potential transaction with Staples (including, among other matters, for both of Office Depot and Staples, historical stock price performance and operating results, certain valuation multiples based on then current stock prices, certain valuation analyses, a comparison of certain financial data of Office Depot and Staples, and a review of hypothetical per share prices for Office Depot and Staples common stock on a standalone basis and Staples on a pro forma basis assuming a transaction) and compared the terms of Staples' December 16, 2014 proposal and Office Depot's December 24, 2014 counterproposal and Staples' and Office Depot's previous proposals and counterproposals. In addition, PJSC also reviewed and discussed with the Office Depot directors their views of Office Depot's strategic alternatives to the proposed transaction with Staples, including maintaining the status quo and operating as an independent company, instituting regular dividends or a share repurchase program, paying a special dividend or a effecting a large, one-time special share repurchase, the acquisition by Office Depot of certain potential target companies or a potential sale of Office Depot to a strategic partner or, in a leveraged buy-out transaction, a financial investor. The Office Depot board of directors discussed the strategic, business and legal considerations relating to a potential transaction with Staples and the risks and benefits of a potential transaction compared to other potential alternatives. As part of this discussion, it was also observed that, although there had been speculation in press and analyst reports following a report issued by research analysts of Credit Suisse AG on September 2, 2014, which suggested that a merger of Staples and Office Depot made significant financial and operational sense (referred to in this proxy statement/prospectus as the Credit Suisse report), and the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot (which speculation increased the likelihood that other potentially interested parties would have already approached Office Depot if they had been interested in a transaction with Office Depot), Office Depot had not received any inquiries concerning alternative transactions and that such other potentially interested parties would still have the ability to submit an acquisition proposal following the announcement of any potential transaction with Staples. As a result of such factors, the Office Depot board of directors concluded that soliciting interest from

other potential parties at this stage was unlikely to generate competitive tension and help maximize the value for Office Depot stockholders in a potential transaction with

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Staples and that the benefits of soliciting interest from other potential parties were outweighed by the risk that such solicitation could jeopardize or, at a minimum, delay a potential transaction with Staples. Mr. Smith and the representatives of PJSC then reviewed and discussed with the Office Depot board of directors the terms of another counteroffer proposed to be delivered to Staples. Following discussion, the Office Depot board of directors authorized Mr. Smith, with the assistance of PJSC, to deliver a counterproposal to Staples and to continue to negotiate the terms of a proposed transaction within the parameters discussed at this meeting.

On January 12, 2015, representatives of PJSC and Simpson Thacher delivered to Barclays and WilmerHale, respectively, Office Depot's revised counterproposal, the terms of which were identical with Office Depot's December 24, 2014 proposal, with the following exceptions. The Staples board of directors would be expanded upon the closing of the transaction to 14 directors, of which three would be designated by Office Depot. In addition, to obtain antitrust approval, Staples would not be required to agree to a divestiture or take any other action with respect to businesses, services or assets other than businesses, services or assets of Office Depot in the United States that generated or serviced not more than \$1.5 billion of revenue in calendar year 2014, and businesses, services or assets of Office Depot that would not be reasonably expected to result in a material adverse effect on Office Depot's businesses outside the United States. Office Depot also reiterated its proposal for a \$300 million regulatory fee if a transaction could not be completed due to the failure to obtain the required antitrust regulatory approvals.

On January 15, 2015, representatives of Barclays and WilmerHale delivered to PJSC and Simpson Thacher, respectively, Staples' revised acquisition proposal, pursuant to which Staples offered \$7.00 in cash and 0.2024 shares of newly issued shares of Staples common stock for each share of Office Depot common stock. Based on Staples closing share price of \$14.82 on December 10, 2014 (the last trading day before the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot), this offer represented an implied price of \$10.00 per share of Office Depot common stock and a 70% / 30% mix of cash and stock consideration. Pursuant to this revised offer, Office Depot stockholders would own approximately 15.2% of the outstanding Staples common stock upon completion of the proposed transaction. Staples' revised offer also included a \$235 million regulatory fee, a \$1.1 billion limit on divestitures or other commitments in the United States required to obtain antitrust approvals, acceptance of a material adverse effect standard for divestitures or other commitments outside the United States and the election of two Office Depot directors, approved by Staples, to the expanded post-closing Staples board of directors.

Later on January 15, 2015, the Office Depot board of directors held an update call with representatives of Office Depot's senior management, PJSC and Simpson Thacher. During this meeting, Mr. Smith summarized Staples' January 15, 2015 proposal and indicated that he, with the assistance of PJSC and Simpson Thacher, would provide the Office Depot board of directors with a more detailed analysis of Staples' revised proposal at the meeting that had been scheduled for January 17, 2015.

On January 17, 2015, the Office Depot board of directors held a telephonic meeting with representatives of Office Depot's senior management, PJSC and Simpson Thacher to discuss Staples' January 15, 2015 proposal in further detail. Representatives of PJSC reviewed with the Office Depot board of directors the financial elements of Staples' January 15, 2015 offer compared to Staples' previous proposals and Office Depot's previous counterproposals. Simpson Thacher reviewed with the Office Depot board of directors Staples' January 15, 2015 proposal regarding the proposed regulatory efforts standard and the Staples regulatory fee proposal. Mr. Smith and the representatives of PJSC and Simpson Thacher then discussed with the Office Depot board of directors the terms of a proposed counterproposal by Office Depot. Under the proposed counterproposal, Office Depot stockholders would receive \$7.25 in cash and 0.2188 shares of newly issued shares of Staples common stock for each share of Office Depot common stock. Based on the 15-day volume weighted average price per share of Staples common stock as of December 10, 2014 (the last trading day before the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot), this offer represented an implied price of \$10.35 per share of Office Depot common stock and a 70% /

30% mix of cash and stock consideration. The Office Depot board of directors concluded that it would be acceptable that Staples' newly constituted board of directors would increase

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in size from 11 members to 13 members and include two Office Depot directors approved by Staples. Pursuant to this proposed counterproposal, Office Depot stockholders would own approximately 16.2% of the outstanding Staples common stock upon completion of the proposed transaction. In addition, the proposed counterproposal provided for a \$265 million regulatory fee and a regulatory efforts standard that required the parties to undertake all necessary efforts to obtain regulatory approval, except that Staples would not be required to agree to a divestiture or take any other action with respect to businesses, services or assets other than businesses, services or assets of Office Depot in the United States that generated not more than \$1.3 billion of revenue in calendar year 2014 and any businesses, services or assets of Office Depot that would not be reasonably expected to result in a material adverse effect on Office Depot's businesses outside the United States. Following discussion, the Office Depot board of directors authorized Mr. Smith to deliver such counterproposal to Staples and its advisors and try and negotiate the terms of such counterproposal within the parameters discussed at this meeting.

On January 18, 2015, Mr. Smith called Mr. Sargent to deliver Office Depot's counterproposal to Staples' January 15, 2015 proposal. Following discussion and negotiation, Messrs. Smith and Sargent agreed to recommend to their respective boards of directors that the parties move forward with due diligence and negotiation of a definitive agreement with respect to a merger transaction pursuant to which Office Depot's stockholders would receive \$7.25 in cash and 0.2188 shares of Staples common stock per share of Office Depot common stock; Staples would pay Office Depot a \$250 million regulatory fee if a transaction could not be completed due to the failure to obtain the required antitrust regulatory approval; and that the regulatory efforts standard would be as described under "The Merger Agreement - Efforts to Complete the Merger" beginning on page 111 of this proxy statement/prospectus.

Also on January 18, 2014, the Office Depot board of directors held a telephonic update call, during which, among other things, Mr. Smith provided a summary of his January 18, 2015 discussion with Mr. Sargent.

From January 19, 2014 through February 4, 2015, representatives of Staples and Office Depot, with the assistance of their respective legal and financial advisors, engaged in a reciprocal due diligence investigation of the companies' businesses.

On January 20, 2015, WilmerHale provided a draft merger agreement to Simpson Thacher. From January 21, 2015 through February 4, 2015, legal counsel to Staples and Office Depot, with the assistance of Staples' and Office Depot's senior management teams and financial advisors, engaged in extensive negotiations concerning, and exchanged numerous drafts of, the proposed merger agreement. Significant issues discussed during these negotiations included, among other things, the size of the Office Depot termination fee (Staples originally proposed \$220 million), the treatment of Office Depot equity-based awards in the merger, the treatment of certain existing Office Depot indebtedness in connection with the closing of the merger, including Office Depot's obligations to cooperate with refinancing efforts by Staples, and a proposal that Staples be entitled to expense reimbursement from Office Depot if the Office Depot stockholders voted against the transaction (which was ultimately not included in the definitive agreement).

On January 21, 2015, the Office Depot board of directors met telephonically with representatives of Office Depot's senior management, PJSC, Simpson Thacher and representatives of Covington & Burling LLP (referred to in this proxy statement/prospectus as Covington), who had been retained as additional outside counsel to the Office Depot board of directors in connection with their consideration of a potential transaction with Staples. During this meeting, Mr. Smith provided the Office Depot board of directors with an update regarding the due diligence process and certain compensation and retention matters.

Also on January 21, 2015, Staples received two term sheets containing proposed terms for the debt financing that would be used to finance the merger and to refinance certain existing indebtedness of Office Depot, one from Barclays

and one from Bank of America and MLPFS. After reviewing the terms proposed by each institution, Staples preliminarily selected Barclays to serve as the administrative agent for the term facility and Bank of America to serve as the administrative agent for the ABL facility. On January 26, 2015, counsel to



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the commitment parties provided an initial draft of the debt commitment letter to WilmerHale. From January 26, 2015 through February 4, 2015, WilmerHale and Staples' senior management engaged in negotiations regarding the terms of the debt commitment letter with representatives from Barclays, Bank of America and MLPFS and their counsel.

On January 28, 2015, Messrs. Smith and Sargent telephonically discussed, among other matters, certain matters relating to the communications to be made in connection with the announcement of a potential transaction.

On January 31, 2015, the Office Depot board of directors met at the offices of Simpson Thacher in New York, New York, with representatives of Office Depot's senior management, PJSC, Simpson Thacher, Covington and a representative of Frederic W. Cook, Office Depot's compensation consultant. Simpson Thacher reviewed with the Office Depot board of directors, among other legal matters, the directors' fiduciary duties under applicable law in connection with the proposed transaction and discussed the process in connection with the reciprocal legal due diligence investigation, including the results of Office Depot's legal due diligence investigation of Staples. Mr. Hare then reviewed with the Office Depot board of directors the results of the companies' financial and business due diligence investigation, including the results of Office Depot's due diligence investigation of Staples' businesses. Simpson Thacher then discussed with the Office Depot board of directors its analysis of antitrust matters related to the proposed transaction, including the regulatory approval process and timing considerations. Simpson Thacher also reviewed with the Office Depot board of directors the material terms and provisions of the proposed merger agreement with Staples. As part of their review, the representatives of Simpson Thacher also discussed the issues that were still being negotiated between Staples and Office Depot, including the treatment of Office Depot's equity-based awards in the merger, the proposal that Staples be entitled to expense reimbursement from Office Depot if the Office Depot stockholders voted against the transaction and the amount of the termination fee payable by Office Depot. The representatives of PJSC then discussed with the Office Depot board of directors, among other matters, certain preliminary financial analyses regarding Staples' revised January 18, 2015 proposal, including that this proposal implied a per share purchase price of \$10.98 based on Staples' closing share price of \$17.05 on January 30, 2015 and represented a premium of approximately 63.2% to Office Depot's closing share price of \$6.73 on December 10, 2014, the last trading day before the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot. PJSC also noted that, of the implied value of the merger consideration offered by Staples, 66% and 34% would be paid in cash and shares of Staples common stock, respectively, and that the Office Depot stockholders would own approximately 16.2% of the total outstanding Staples common stock upon completion of the proposed transaction. The representatives of PJSC also discussed with the Office Depot board of directors the terms and conditions of Staples' proposed financing that was required to finance the acquisition, including that, upon completion of the proposed transaction, Staples would have a substantial amount of indebtedness and that there could be no assurance that Staples could maintain its current credit ratings following completion of the proposed transaction. Michael Allison, executive vice president and chief people officer of Office Depot, provided the Office Depot board of directors with an update regarding certain transaction-related compensation and retention matters and the analysis of Office Depot's compensation consultant of such matters. The representatives of Simpson Thacher and Covington then reviewed and discussed with the Office Depot board of directors the potential adoption of a forum selection bylaw that would designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain legal actions, unless Office Depot consented in writing to the selection of an alternative forum. Following discussion, the Office Depot board of directors authorized and instructed Mr. Smith and the other members of Office Depot's senior management to try and resolve, with the assistance of Office Depot's advisors, any remaining outstanding issues and promptly present the Office Depot board of directors with a definitive agreement that was ready for approval.

In the late evening of February 2, 2015, the online edition of The Wall Street Journal reported that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction. The closing prices per share of Office Depot and Staples on February 2, 2015 prior to this report were \$7.63 and \$17.14, respectively.



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In the afternoon of February 3, 2015, the Office Depot board of directors met by telephone with representatives of Office Depot's management, PJSC, Simpson Thacher and Covington, during which Mr. Smith provided an update to the Office Depot board of directors regarding the status of the discussions with respect to the proposed transaction, including that the Staples board of directors was going to meet later that evening to consider and formally approve the proposed transaction. The representatives of Simpson Thacher then reviewed with the Office Depot board of directors the final material terms of the proposed merger agreement. Simpson Thacher also reviewed, and Simpson Thacher and the representatives of Covington subsequently discussed, with the Office Depot board of directors the proposed adoption by Office Depot of a forum selection bylaw. Mr. Smith then updated the Office Depot board of directors on certain transaction-related compensation matters, including with respect to certain retention matters, and the various communications to be made in connection with the announcement of the proposed transaction. Representatives of PJSC then reviewed with the Office Depot board of directors their financial analyses of the merger consideration, which included some of the financial analyses previously discussed with the Office Depot board of directors on a preliminary basis at the in-person meeting in New York, New York, on January 31, 2015, and noted that, as of the close of business on February 2, 2015 (the last full trading day before the publication of press reports that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction), the implied purchase price of the proposed transaction with Staples was \$11.00 per share of Office Depot common stock, consisting of 65.9% in cash and 34.1% stock and representing an implied equity value of Office Depot of approximately \$6.25 billion and an overall enterprise value of Office Depot of \$6.23 billion (the calculation of which included certain contingent obligations and tax-related obligations of Office Depot less certain of Office Depot's key assets, including non-operating investments and tax credits). Following discussion with the Office Depot board of directors, PJSC then rendered its oral opinion, which was subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of Office Depot common stock in connection with the merger was fair from a financial point of view to the holders of Office Depot common stock. For a summary of PJSC's opinion, see "Opinion of Office Depot's Financial Advisor" on page 68 of this proxy statement/prospectus. Mr. Smith then provided the Office Depot board of directors with his perspective on the proposed transaction. The Office Depot board of directors discussed the strategic, business and legal considerations relating to the proposed merger, the risks and benefits of the transaction compared to other alternatives available to Office Depot and the terms of the merger agreement and the proposed forum selection bylaw. Following further discussion, the Office Depot board of directors unanimously voted to approve the merger agreement and the transactions contemplated thereby, including the proposed merger, and to adopt the forum selection bylaw and authorized Office Depot's management to take certain actions to complete the transactions contemplated by the merger agreement.

On February 4, 2015, before the opening of trading on The Nasdaq Global Select Market, Staples and Office Depot executed the merger agreement and issued a joint press release announcing the transaction. Concurrently with the execution of the merger agreement, Staples entered into the debt commitment letter with Bank of America, MLPFS and Barclays.

**Office Depot's Reasons for the Merger; Recommendation of the Office Depot Board of Directors**

The Office Depot board of directors carefully evaluated the merger agreement and the transactions contemplated thereby. The Office Depot board of directors unanimously determined that the merger, the terms of the merger agreement and the other transactions contemplated by the merger agreement were advisable, fair to, and in the best interests of, Office Depot and its stockholders. At a meeting held on February 3, 2015, the Office Depot board of directors unanimously resolved to approve and declare advisable the merger agreement, the merger and the other transactions contemplated by the merger agreement and to recommend to Office Depot stockholders that they vote to adopt the merger agreement.

In the course of reaching its recommendation, the Office Depot board of directors consulted with Office Depot's senior management and PJSC and outside legal counsel and considered a number of substantive factors,

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both positive and negative, and potential benefits and detriments of the merger to Office Depot and its stockholders. The Office Depot board of directors believed that, taken as a whole, the following factors supported its decision to approve the proposed merger:

*Merger Consideration.* The value of the merger consideration to be received by Office Depot stockholders in relation to (1) the market prices of Office Depot common stock prior to the Office Depot board of directors approval of the merger agreement and prior to the time Office Depot first considered the possibility of a business combination with Staples in August 2014; (2) the Office Depot board of directors' assessment, based on the directors' and Office Depot management's experience and knowledge of the industry and advice from PJSC, of the value of Office Depot as an independent entity; and (3) the value that could potentially be obtained through other strategic alternatives available to Office Depot.

*Premium to Trading Price of Office Depot Common Stock.* The fact that the implied value of the merger consideration of \$11.00 per share, based on the \$17.14 closing price per share of Staples common stock on February 2, 2015, the last full trading day before the publication of press reports that Staples and Office Depot were in advanced negotiations regarding a potential business combination transaction, represented a significant premium over the market prices at which Office Depot common stock had previously traded, including a premium of approximately:

44.2% over the closing price per share of Office Depot common stock on February 2, 2015;

38.4% over the 20-day average closing price per share of Office Depot common stock as of February 2, 2015;

47.0% over the 60-day average closing price per share of Office Depot common stock as of February 2, 2015;

64.8% over the 90-day average closing price per share of Office Depot common stock as of February 2, 2015;

63.5% over the closing price per share of Office Depot common stock on December 10, 2014, the last trading day before the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot;

67.4% over the 15-day volume weighted average price per share of Office Depot common stock as of December 10, 2014;

114.8% over the closing price per share of Office Depot common stock on August 29, 2014, the last trading day before the date the Credit Suisse report was issued; and

119.1% over the closing price per share of Office Depot common stock on August 1, 2014, the date when the Office Depot board of directors first considered the possibility of a potential business combination transaction with Staples.

*Uncertainty of Future Common Stock Market Price.* The Office Depot board of directors considered Office Depot's business, assets, financial condition, results of operations, management, competitive position and prospects, as well as current industry, economic and stock and credit market conditions. The Office Depot board of directors also considered Office Depot's financial plan and the initiatives and the potential execution risks associated with such plan. In connection with these considerations, the Office Depot board of directors considered the attendant risk that, if Office Depot did not enter into the merger agreement with Staples, the price that might be received by Office Depot stockholders selling shares of Office Depot common stock in the open market could be less than the merger consideration.

*Negotiations with Staples.* The benefits that Office Depot and its advisors were able to obtain during its extensive negotiations with Staples, including a significant increase in Staples' offer price per share from the beginning of the process to the end of the negotiations. The Office Depot board of directors believed that the consideration reflected in the merger agreement was the best transaction that could be

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obtained by Office Depot stockholders from Staples at the time, and that there was no assurance that a more favorable opportunity to sell Office Depot would arise later or through any alternative transaction.

*Significant Portion of Merger Consideration in Cash.* The fact that a large portion of the merger consideration will be paid in cash, giving Office Depot stockholders the opportunity to immediately realize value for a significant portion of their investment and providing certainty of value. The Office Depot board of directors also considered the fact that Office Depot stockholders would be able to reinvest the cash consideration received in the merger in Staples common stock if they desired to do so.

*Fixed Stock Portion of Merger Consideration.* The fact that because the stock portion of the merger consideration is a fixed number of shares of Staples common stock, Office Depot stockholders will have the opportunity to benefit from any increase in the trading price of shares of Staples common stock between the announcement of the merger agreement and the completion of the merger and that the significant cash portion of the merger consideration will limit the impact of a decline in the trading price of Staples common stock on the aggregate value of the merger consideration.

*Balance of Stock and Cash Merger Consideration.* The fact that the mixed stock and cash nature of the merger consideration offers Office Depot stockholders a balance of immediate certain value and the opportunity to participate in future earnings and growth of the combined company.

*Participation in Potential Upside.* The benefits of the combined company that could result from the merger, including the potential to realize significant synergies. The fact that, since a portion of the merger consideration will be paid in Staples common stock, Office Depot stockholders will benefit from an approximately 16.2% pro forma continuing equity ownership in Staples (based on share prices of Office Depot and Staples on February 2, 2015) and have the opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of Staples common stock following the merger should they determine to retain the Staples common stock payable in the merger.

*Expected Cost Synergies.* The expectation that the combined company will recognize significant annualized cost synergies following consummation of the proposed transaction, which Office Depot stockholders will benefit from as continuing stockholders of Staples. The Office Depot board of directors also considered that there could be no assurance that any particular amount of such synergies would be achieved following completion of the merger or the time frame in which they would be achieved.

*Financial Advisor's Financial Analyses and Opinion.* The financial analyses presented by PJSC to the Office Depot board of directors, as well as the oral opinion rendered by PJSC to the Office Depot board of directors on February 3, 2015, which was subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of Office Depot common stock in connection with the merger was fair from a financial point of view to the holders of Office Depot common stock. For a summary of PJSC's opinion, please see *Opinion of Office Depot's Financial Advisor* beginning on page 68 of this proxy statement/prospectus.

*Regulatory Efforts to Consummate the Merger.* The obligation of Staples in the merger agreement (a) to use reasonable best efforts to obtain the required regulatory approvals and clearances and (b) to the extent necessary to avoid any injunction or order by a governmental entity that would prevent closing of the merger, to offer, negotiate and agree to any divestiture or other commitment with respect to assets, businesses or services of Office Depot that (i) with respect to assets, business or services in the United States, generated or were reasonably necessary to service no more than \$1.25 billion of Office Depot's revenues in calendar year 2014 and (ii) with respect to assets, business or services outside the United States, would not reasonably be expected to have a material adverse effect on the businesses of Office Depot outside the United States taken as a whole.



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*Likelihood of Consummation.* The likelihood that the merger would be completed, in light of, among other things, the conditions to the merger, the absence of a financing condition, the efforts required to obtain regulatory approvals, and the provisions of the merger agreement in the event of various breaches by Staples.

*Terms of the Merger Agreement.* The terms and conditions of the merger agreement, including:

the representations, warranties and covenants of the parties, the conditions to the parties' obligations to complete the merger and their ability to terminate the merger agreement;

the provisions of the merger agreement that allow Office Depot to engage in negotiations with, and provide information to, a third party that makes an unsolicited written bona fide proposal relating to an alternative transaction, if the Office Depot board of directors has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such proposal constitutes or could reasonably be expected to result in a transaction that is superior to the proposed transaction with Staples;

the provisions of the merger agreement that allow the Office Depot board of directors to change its recommendation in favor of the adoption of the merger agreement in response to a superior proposal and/or terminate the merger agreement in order to accept a superior proposal if the Office Depot board of directors has determined in good faith, after consultation with its outside legal counsel and financial advisors, that failure to take such action would reasonably be expected to be inconsistent with the directors' fiduciary duties, subject to certain conditions (including taking into account any modifications to the terms of the transactions that are proposed by Staples and, in connection with the termination of the merger agreement, payment to Staples of a \$185 million termination fee);

the provisions of the merger agreement that allow the Office Depot board of directors to change its recommendation in favor of the adoption of the merger agreement (other than in response to the receipt of a written unsolicited bona fide proposal relating to an alternative transaction, which is subject to the preceding sub-bullet above) if the Office Depot board of directors has determined in good faith, after consultation with its outside legal counsel, that failure to take such action would be inconsistent with its directors' fiduciary duties, subject to certain conditions (including taking into account any modifications to the terms of the transactions that are proposed by Staples);

the belief of the Office Depot board of directors that the termination fee provisions were not likely to unduly discourage competing third-party proposals or reduce the price of such proposals, that such provisions are customary for transactions of this size and type, and that the \$185 million termination fee, representing approximately 2.96% of the equity value implied by the proposed transaction, was reasonable in the context of comparable transactions;

the ability of Office Depot to specifically enforce the terms of the merger agreement; and

the fact that, if either Office Depot or Staples terminated the merger agreement as a result of a failure to obtain regulatory approvals (subject, in certain circumstances, to the satisfaction of other closing conditions), Staples would be obligated to pay Office Depot a \$250 million termination fee.

*Strategic Alternatives.* The Office Depot board of directors, with the assistance of PJSC, considered the strategic, business and legal considerations relating to a potential transaction with Staples and the risks and benefits of a potential transaction compared to other potential strategic alternatives and concluded that while each of such other potential alternatives had a variety of qualitative factors that could make it attractive or cause concerns, a potential transaction with Staples would likely deliver value to Office Depot stockholders that was higher than the values that could be achieved for Office Depot stockholders in other potential strategic alternatives.

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*Absence of Competing Offers.* The Office Depot board of directors noted that, although there had been speculation in press and analyst reports following the Credit Suisse report and the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot, Office Depot had not received any inquiries concerning alternative transactions. The Office Depot board of directors also believed that the benefits of soliciting interest from other potential parties were outweighed by the risk that such solicitation could jeopardize or, at a minimum, delay the proposed transaction with Staples. The Office Depot board of directors also observed that, in the event that any third party were to seek to make such proposal, Office Depot retained the ability to consider unsolicited proposals after the execution of the merger agreement until the meeting of the Office Depot stockholders to vote on the merger and to enter into an agreement with respect to an acquisition proposal under certain circumstances (concurrently with terminating the merger agreement and paying a \$185 million termination fee to Staples).

*Staples Business and Reputation.* The results of the due diligence investigation that Office Depot's senior management conducted with the assistance of its advisors on Staples with respect to certain matters and Staples' business reputation and capabilities of Staples and its management.

*Financing Strength of Staples.* The likelihood that Staples would be able to finance the merger given Staples' financial resources, financial profile and the financing commitments that it obtained from Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC.

*Availability of Appraisal Rights.* The fact that appraisal rights would be available to holders of Office Depot common stock under Delaware law and that there was no condition in the merger agreement relating to the number of shares of Office Depot common stock that could dissent from the merger.

*Stockholders Ability to Reject the Merger.* The Office Depot board of directors considered the fact that the merger is subject to approval by Office Depot stockholders, who would be free to reject the merger.

The Office Depot board of directors also considered certain potentially negative factors in its deliberations concerning the merger, including the following:

*Fixed Stock Portion of Merger Consideration.* The fact that because the stock portion of the merger consideration is a fixed exchange ratio of shares of Staples common stock to Office Depot common stock, Office Depot stockholders could be adversely affected by a decrease in the trading price of Staples common stock during the pendency of the merger, and the fact that the merger agreement does not provide Office Depot with a price-based termination right or other similar protection. The Office Depot board of directors determined that this structure was appropriate and the risk acceptable in view of factors such as:

the Office Depot board of directors' review of the relative intrinsic values and financial performance of Staples and Office Depot; and

the fact that a substantial portion of the merger consideration will be paid in a fixed cash amount which limits the impact of a decline in the trading price of Staples common stock on the value of the merger consideration.

*Possible Failure to Achieve Synergies.* The risk that the potential benefits and synergies sought in the merger will not be realized or will not be realized within the expected time period, and the risk associated with the integration by Staples of Office Depot.

*Smaller Ongoing Equity Participation in the Combined Company by Office Depot Stockholders.* The fact that because only a limited portion of the merger consideration will be in the form of Staples common stock, Office Depot stockholders will have a smaller ongoing equity participation in the combined company (and, as a result, a smaller opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of Staples common stock following the merger) than they have in Office Depot. The Office Depot board of directors considered, however, that Office Depot stockholders would be able to reinvest the cash received in the merger in Staples common stock if they desired to do so.

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*Substantial Indebtedness of the Combined Company.* The substantial amount of indebtedness that the combined company is expected to have upon completion of the merger compared to the current level of indebtedness of Staples, which may negatively impact the combined company's credit ratings as compared to Staples' current credit ratings.

*Regulatory Risk.* The risk that necessary regulatory approvals may be delayed, conditioned or denied.

*Terms of Staples' Financing Commitments.* The fact that the financing commitment letters obtained by Staples contain closing conditions similar to those found in the merger agreement, including (1) the absence of a material adverse effect on Staples, and (2) the absence of a material adverse effect on Office Depot.

*Risk of Non-Completion.* The possibility that the merger might not be completed, including as a result of the failure to obtain regulatory approvals or the failure of Office Depot stockholders to adopt the merger agreement, and the effect the resulting public announcement of the termination of the merger agreement may have on:

the trading price of Office Depot's common stock; and

Office Depot's business and operating results, particularly in light of the costs incurred in connection with the transaction.

*Possible Deterrence of Competing Offers.* The risk that various provisions of the merger agreement, including the requirement that Office Depot must pay to Staples a termination fee of \$185 million if the merger agreement is terminated under certain circumstances, may discourage other parties potentially interested in an acquisition of, or combination with, Office Depot from pursuing that opportunity.

*Possible Disruption of the Business and Costs and Expenses.* The possible disruption to Office Depot's business that may result from the merger, including with respect to the ongoing integration of the businesses of Office Depot and OfficeMax, the resulting distraction of Office Depot's management and potential attrition of Office Depot's employees, as well as the costs and expenses associated with completing the merger.

*Restrictions on Operation of Office Depot's Business.* The requirement that Office Depot conduct its business in all material respects in the ordinary course prior to completion of the merger and subject to specified restrictions unless Staples provides its prior written consent (which consent, subject to certain specified exceptions, may not be unreasonably withheld, delayed or conditioned), which might delay or prevent Office Depot from undertaking certain business opportunities that might arise pending completion of the merger.

*Merger Consideration Taxable.* The fact that any gains arising from the receipt of the merger consideration would be taxable to Office Depot stockholders for U.S. federal income tax purposes.

*Other Risks.* The risks described under *Risk Factors* beginning on page 26 of this proxy statement/prospectus.

The Office Depot board of directors concluded that the potentially negative factors associated with the proposed merger were significantly outweighed by the potential benefits that it expected the Office Depot stockholders would achieve as a result of the merger, including the belief of the Office Depot board of directors that the proposed merger would maximize the immediate value of Office Depot stockholders' shares and minimize the risks and uncertainty affecting the future prospects of Office Depot, including the potential execution risks associated with its stand-alone financial plan. Accordingly, the Office Depot board of directors determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable, fair to, and in the best interests of, Office Depot and Office Depot stockholders.

In addition, the Office Depot board of directors was aware of and considered the interests that Office Depot's directors and executive officers may have with respect to the merger that differ from, or are in addition

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to, their interests as stockholders of Office Depot generally, as described under **Interests of Office Depot's Directors and Executive Officers in the Merger** beginning on page 77 of this proxy statement/prospectus.

The foregoing discussion of the information and factors considered by the Office Depot board of directors is not exhaustive, but Office Depot believes it includes all the material factors considered by the Office Depot board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Office Depot board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. Rather, the Office Depot board of directors viewed its position and recommendation as being based on an overall analysis and on the totality of the information presented to and factors considered by it. In addition, in considering the factors described above, individual directors may have given different weights to different factors. After considering this information, the Office Depot board of directors approved the merger agreement and the transactions contemplated thereby, including the proposed merger, and recommended that Office Depot stockholders adopt the merger agreement.

This explanation of Office Depot's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under **Cautionary Statements Regarding Forward-Looking Statements** beginning on page 24 of this proxy statement/prospectus.

**THE OFFICE DEPOT BOARD OF DIRECTORS RECOMMENDS THAT OFFICE DEPOT STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.**

**Staples Reasons for the Merger**

At a meeting held on February 3, 2015, after due consideration and consultation with Staples' management and its legal and financial advisors, the Staples board of directors unanimously resolved to approve entry into the merger agreement. In doing so, the Staples board of directors considered a number of substantive factors, both positive and negative, and potential benefits and detriments of the merger to Staples and its stockholders. In making its determination, the Staples board of directors focused on the following material factors:

*Strategic Rationale.* The Staples board of directors considered that the combination of Staples and Office Depot was expected to create a combined company better positioned to provide more value to customers and compete against a large and diverse set of competitors. In particular, the Staples board of directors expected the combined company to benefit from:

significant annualized cost synergies following consummation of the merger;

the opportunity to realize operational efficiencies and cost savings to accelerate Staples' strategic reinvention;

the ability to optimize its retail footprint, minimize redundancy and reduce costs; and

the expectation that the transaction would be accretive to earnings per share in the first year post-closing after excluding one-time integration and restructuring costs and purchase accounting adjustments.

*Additional Considerations.* In the course of reaching its decision to approve the merger agreement, the Staples board of directors considered the following additional factors as generally supporting its decision:

the per share merger consideration, the fact that the stock portion of the per share merger consideration is fixed, and the resulting percentage ownership interest that current Office Depot stockholders would have in Staples following the merger;

the terms and conditions of the merger agreement, including the conditions to the completion of the merger; the circumstances under which the merger agreement could be terminated and the impact of such a termination; and the potential payment by Office Depot of a termination fee of \$185 million;



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historical information concerning Staples and Office Depot's respective businesses, financial condition, results of operations, earnings, managements and prospects on a stand-alone basis and forecasted combined basis;

current financial market conditions;

availability of financing for the cash portion of the purchase price, including a financing commitment for a senior secured term loan facility in an aggregate principal amount of \$2.75 billion and an asset based revolving credit facility in an aggregate principal amount of up to \$3 billion;

the current and prospective business environment in which Staples and Office Depot operate, including international, national and local economic conditions, the competitive and regulatory environment, and the likely effect of these factors on Staples and the combined company;

Staples' growing and diverse set of competitors, including other office supplies distributors, wholesalers, networks of regional suppliers, managed print service companies, contract stationers, electronic commerce distributors, regional and local dealers, direct manufacturers of the products Staples distributes, companies from adjacent categories, such as maintenance, repair and operation providers, that have expanded into office supplies, mass merchants such as Walmart, Target and Tesco, warehouse clubs such as Costco and Sam's Club, computer and electronic retail stores such as Best Buy, specialty technology stores such as Apple, copy and print businesses such as FedEx Office, and a wide range of other retailers;

the impact of the merger on the customers and employees of Staples; and

the likelihood that the merger would be completed, in light of, among other things, the conditions to the merger, the efforts required to obtain regulatory approvals, and the provisions of the merger agreement in the event of various breaches by Office Depot.

The Staples board of directors also considered the following potentially negative factors in its deliberations concerning the merger agreement:

the risk that, because the stock consideration under the merger agreement would not be adjusted for changes in the market price of Staples common stock, the value of the per share merger consideration to be paid to holders of shares of Office Depot common stock upon the consummation of the merger could be significantly more than the value of the per share merger consideration immediately prior to the announcement of the proposed merger;

the risk that the merger might not receive all necessary regulatory approvals, or that any governmental authority could attempt to condition their approval of the merger on the companies' compliance with certain

conditions, including the divestiture of assets, and the fact that under certain circumstances, termination of the merger agreement for reasons relating to the failure to obtain certain regulatory approvals may require Staples to pay Office Depot a regulatory fee of \$250 million;

the difficulties and management challenges inherent in completing the merger and integrating the businesses, operations and workforce of Office Depot with those of Staples;

the inherent possibility of encountering difficulties in achieving expected cost savings;

the risk that Office Depot's future financial performance may not meet Staples' expectations;

the risk that Staples' potential lower cash balance and increased indebtedness resulting from the financing for the merger could adversely affect Staples' business, increase Staples' vulnerability to sustained, adverse macroeconomic weakness and limit Staples' ability to obtain further financing and pursue operational and strategic opportunities;

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the fact that Staples has incurred and will continue to incur significant transaction costs and expenses in connection with the proposed transaction, regardless of whether the merger is completed;

the inherent risk that the potential benefits and synergies sought in the merger will not be realized or will not be realized within the expected time period;

the adverse impact that business uncertainty pending the effective time of the merger could have on Staples ability to attract, retain and motivate key personnel until the effective time of the merger;

the possibility that business uncertainty pending the effective time of the merger will negatively affect Staples ability to win new commercial customers and prevent customer losses to competitors; and

the risks described under Risk Factors beginning on page 26 of this proxy statement/prospectus.

The foregoing discussion of the information and factors considered by the Staples board of directors is not intended to be exhaustive, but rather is meant to include all of the material factors that the Staples board of directors considered. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Staples board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. Rather, the Staples board of directors based its approval on an overall analysis and on the totality of the information presented to and factors considered by it. In addition, in considering the factors described above, individual directors may have given different weights to different factors.

This explanation of Staples reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors described under Cautionary Statements Regarding Forward-Looking Statements beginning on page 24 of this proxy statement/prospectus.

**Certain Financial Projections Utilized by the Office Depot Board of Directors and Office Depot's Financial Advisor**

**The unaudited financial projections referred to in this section of the proxy statement/prospectus were prepared solely for internal use by Office Depot, PJSC and Staples, as the case may be, and not with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data or published guidelines of the SEC regarding forward-looking statements and the use of non-GAAP measures. In the view of Office Depot management and Staples management, the forecasts prepared by them were prepared on a reasonable basis based on the best information available to Office Depot management or Staples management, as applicable, at the time of their preparation. The unaudited financial projections, however, are not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on this information.**

All of the unaudited financial projections summarized in this section of the proxy statement/prospectus were prepared by and are the responsibility of the management of Office Depot and Staples. No independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to these projections and, accordingly, no independent registered public accounting firm has expressed any opinion or given any other form of

assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for, and any such independent registered public accounting firm disclaims any association with, the prospective financial information. The reports of the independent registered public accounting firms, Ernst & Young LLP and Deloitte & Touche LLP, incorporated by reference into this proxy statement/prospectus relate to the historical financial information of Staples and Office Depot, respectively. Such reports do not extend to the unaudited financial projections and should not be read to do so.

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***Financial Projections Related to Office Depot***

Office Depot does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to the unpredictability of the underlying assumptions and estimates. In connection with the discussions regarding the proposed merger, Office Depot management prepared, however, certain unaudited financial projections regarding Office Depot's forecasted operating results for fiscal years 2014 through 2018 (referred to in this proxy statement/prospectus as the Office Depot management case). Office Depot provided the Office Depot management case to the Office Depot board of directors, PJSC and Staples.

Office Depot management also prepared unaudited financial projections regarding Office Depot's forecasted operating results for fiscal years 2014 through 2018 to reflect the potential impact on its capital structure and cash flows if the projected results in the Office Depot management case were lower than anticipated due to macroeconomic and other conditions affecting Office Depot's business (referred to in this proxy statement/prospectus as the Office Depot management sensitivity case). As such, the Office Depot management sensitivity case reflects revenue growth and margin expansion that were assumed to be lower than in the Office Depot management case. Office Depot management provided the Office Depot management sensitivity case to the Office Depot board of directors and PJSC. The Office Depot management sensitivity case was not made available to Staples.

The inclusion of any financial projections or assumptions in this proxy statement/prospectus should not be regarded as an indication that Office Depot or its board of directors considered, or now considers, these projections to be a reliable predictor of future results. You should not place undue reliance on the unaudited financial projections contained in this proxy statement/prospectus. Please read carefully **Important Information About the Unaudited Financial Projections** beginning on page 67 of this proxy statement/prospectus.

Office Depot uses a variety of financial measures that are not in accordance with GAAP, including those shown in the tables below (other than net sales), as supplemental measures to evaluate its operational performance. While Office Depot believes that these non-GAAP financial measures provide useful supplemental information, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of Office Depot's competitors and may not be directly comparable to similarly titled measures of Office Depot's competitors due to potential differences in the exact method of calculation.

The financial projections included in the Office Depot management case and the Office Depot management sensitivity case include EBIT, which is defined as net earnings (loss), plus (a) interest expense and taxes, and (b) charges or credits associated with impairments and restructuring activities that are not considered part of core operations. The Office Depot management case and the Office Depot management sensitivity case also include EBITDA, which is defined as net earnings (loss), plus (a) interest expense and taxes, (b) depreciation and amortization expenses, and (c) charges or credits associated with impairments and restructuring activities that are not considered part of core operations.

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The following tables summarize the Office Depot management case and the Office Depot management sensitivity case prepared by Office Depot as described above, as used by the Office Depot board of directors for purposes of its consideration of the merger and considered by PJSC in connection with its financial analyses:

**Office Depot Management Case**

	Year ended December 27,	Year ended December 26,	Year ended December 31,	Year ended December 30,	Year ended December 29,
	2014	2015	2016	2017	2018
<i>(Amounts in millions, except per share amounts)</i>					
<b>Net Sales</b>	\$ 15,941	\$ 15,408	\$ 15,420	\$ 15,441	\$ 15,568
<b>EBITDA</b>	\$ 604	\$ 825	\$ 1,008	\$ 1,061	\$ 1,073
<b>EBIT</b>	\$ 291	\$ 545	\$ 732	\$ 796	\$ 821
<b>EPS<sup>(1)</sup></b>	\$ 0.24	\$ 0.40	\$ 0.57	\$ 0.72	\$ 0.74

(1) EPS refers to the most dilutive earnings per share of Office Depot common stock, adjusted for charges or credits not indicative of Office Depot's core operations and the related income tax impact.

**Office Depot Management Sensitivity Case**

	Year ended December 27,	Year ended December 26,	Year ended December 31,	Year ended December 30,	Year ended December 29,
	2014	2015	2016	2017	2018
<i>(Amounts in millions, except per share amounts)</i>					
<b>Net Sales</b>	\$ 15,941	\$ 15,155	\$ 14,667	\$ 14,491	\$ 14,357
<b>EBITDA</b>	\$ 604	\$ 751	\$ 812	\$ 788	\$ 723
<b>EBIT</b>	\$ 291	\$ 476	\$ 550	\$ 539	\$ 491
<b>EPS<sup>(1)</sup></b>	\$ 0.24	\$ 0.35	\$ 0.42	\$ 0.47	\$ 0.42

(1) EPS refers to the most dilutive earnings per share of Office Depot common stock, adjusted for charges or credits not indicative of Office Depot's core operations and the related income tax impact.

***Financial Projections Related to Staples***

Staples does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to the unpredictability of the underlying assumptions and estimates. However, in connection with the discussions regarding the proposed merger, Staples provided to Office Depot certain unaudited financial projections regarding Staples' forecasted operating results for fiscal years 2014 through 2019 (referred to in this proxy statement/prospectus as the Staples case), which each end on the Saturday closest to January 31 in the following year. Based on the Staples case, Office Depot management derived certain non-GAAP financial measures and other financial data, in each case, projected for fiscal years 2014 through 2018 (referred to in this proxy statement/prospectus as the Staples base case). Office Depot provided the Staples base case to the Office Depot board of directors and PJSC. The Staples base case derived by Office Depot was not made available to Staples or Barclays.

Based on the Staples case and the Staples base case, Office Depot management also prepared certain unaudited financial projections regarding Staples' forecasted operating results for fiscal years 2014 through 2018 to reflect the potential impact on Staples' capital structure and cash flows if the projected results in the Staples base case were lower than anticipated assuming similar macroeconomic and other conditions that Office Depot management assumed for purposes of preparing the Office Depot management sensitivity case affected Staples (referred to in this proxy statement/prospectus as the Staples sensitivity case). As such, the Staples sensitivity case reflects revenue growth and margin expansion that were assumed to be lower than in the Staples base case. Office Depot management provided the Staples sensitivity case to the Office Depot board of directors and PJSC. The Staples sensitivity case was not made available to Staples or Barclays.

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The inclusion of any financial projections or assumptions in this proxy statement/prospectus should not be regarded as an indication that Staples, Office Depot or its board of directors considered, or now considers, these projections to be a reliable predictor of future results. You should not place undue reliance on the unaudited financial projections contained in this proxy statement/prospectus. Please read carefully **Important Information About the Unaudited Financial Projections** beginning on page 67 of this proxy statement/prospectus.

Office Depot uses a variety of financial measures that are not in accordance with GAAP, including those shown in the tables below (other than net sales), as supplemental measures to evaluate operational performance, including for purposes of the Staples base case and the Staples sensitivity case. While Office Depot believes that these non-GAAP financial measures provide useful supplemental information, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of Office Depot's or Staples' competitors and may not be directly comparable to similarly titled measures of Office Depot's or Staples' competitors due to potential differences in the exact method of calculation.

The financial projections included in the Staples base case and the Staples sensitivity case include EBIT, which is defined as net earnings (loss), plus (a) interest expense and taxes, and (b) charges or credits associated with impairments and restructuring activities that are not considered part of core operations. The Staples base case and the Staples sensitivity case also include EBITDA, which is defined as net earnings (loss), plus (a) interest expense and taxes, (b) depreciation and amortization expenses, and (c) charges or credits associated with impairments and restructuring activities that are not considered part of core operations.

The following tables summarize the Staples base case and the Staples sensitivity case derived or prepared by Office Depot as described above, as used by the Office Depot board of directors for purposes of its consideration of the merger and considered by PJSC in connection with its financial analyses:

**Staples Base Case**

	<b>Year ended January 31, 2015</b>	<b>Year ended January 30, 2016</b>	<b>Year ended January 28, 2017</b>	<b>Year ended February 3, 2018</b>	<b>Year ended February 2, 2019</b>
<i>(Amounts in millions, except per share amounts)</i>					
<b>Net Sales</b>	\$ 22,594	\$ 22,691	\$ 23,174	\$ 24,111	\$ 25,098
<b>EBITDA</b>	\$ 1,432	\$ 1,479	\$ 1,561	\$ 1,612	\$ 1,649
<b>EBIT</b>	\$ 954	\$ 977	\$ 1,053	\$ 1,107	\$ 1,138
<b>EPS<sup>(1)</sup></b>	\$ 0.96	\$ 0.96	\$ 1.04	\$ 1.10	\$ 1.13

(1) EPS refers to the dilutive earnings per share of Staples common stock, adjusted for charges or credits that are not believed to be indicative of Staples' core operations.

**Staples Sensitivity Case**

	<b>Year ended January 31,</b>	<b>Year ended January 30,</b>	<b>Year ended January 28,</b>	<b>Year ended February 3,</b>	<b>Year ended February 2,</b>
<i>(Amounts in millions, except per share amounts)</i>					



	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Net Sales</b>	\$ 22,594	\$ 22,178	\$ 21,940	\$ 21,940	\$ 21,940
<b>EBITDA</b>	\$ 1,432	\$ 1,401	\$ 1,389	\$ 1,389	\$ 1,389
<b>EBIT</b>	\$ 954	\$ 949	\$ 959	\$ 959	\$ 959
<b>EPS<sup>(1)</sup></b>	\$ 0.96	\$ 0.93	\$ 0.94	\$ 0.95	\$ 0.95

- (1) EPS refers to the dilutive earnings per share of Staples common stock, adjusted for charges or credits that are not believed to be indicative of Staples core operations.

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***Important Information About the Unaudited Financial Projections***

While the unaudited financial projections summarized above in the sections titled **Certain Financial Projections Utilized by the Office Depot Board of Directors and Office Depot's Financial Advisor** were prepared in good faith and based on information available at the time of preparation, no assurance can be made regarding future events. The estimates and assumptions underlying the unaudited financial projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, risks and uncertainties described under **Risk Factors** and **Cautionary Statements Regarding Forward-Looking Statements** beginning on pages 26 and 24, respectively, of this proxy statement/prospectus all of which are difficult to predict and many of which are beyond the control of Office Depot and Staples, respectively, and will be beyond the control of the combined company. There can be no assurance that the underlying assumptions will prove to be accurate or that the projected results will be realized, and actual results will likely differ, and may differ materially, from those reflected in the unaudited financial projections, whether or not the merger is completed. As a result, the unaudited financial projections cannot be considered a reliable predictor of future operating results, and this information should not be relied on as such.

The inclusion of the financial projections in this proxy statement/prospectus should not be regarded as an indication that Office Depot, Staples or PJSC or anyone who received the financial projections then considered, or now considers, the financial projections to be material information of Office Depot or Staples or a reliable prediction of future events, and the financial projections should not be relied upon as such.

Because the financial projections were developed by Office Depot and Staples on a standalone basis without giving effect to the merger, the financial projections do not give effect to the merger or any changes in Office Depot's or Staples' operations or strategy that may be implemented following completion of the merger, including any potential cost synergies realized as a result of the merger, or to any costs related to or that may arise in connection with the merger.

By including in this proxy statement/prospectus a summary of certain of the unaudited financial projections regarding the operating results of Office Depot and Staples, neither Office Depot, Staples nor any of their respective representatives has made or makes any representation to any person regarding the ultimate performance of Office Depot or Staples compared to the information contained in the financial projections or that forecasted results will be achieved. Office Depot and Staples have not made representations to each other, in the merger agreement or otherwise, concerning the financial projections. The unaudited financial projections cover multiple years and such information by its nature becomes less predictive with each succeeding year. Neither Office Depot, Staples nor, following completion of the merger, the combined company undertakes any obligation, except as required by law, to update or otherwise revise or reconcile the unaudited financial projections contained in this proxy statement/prospectus to reflect circumstances existing since their preparation or to reflect the occurrence of future or unanticipated events or to reflect changes in general economic or industry conditions, even in the event that any or all of the underlying assumptions are shown to be in error. Neither Office Depot nor Staples intends to make any update or other revision to the financial projections publicly available, except as required by law.

The summaries of the unaudited financial projections are included because they were provided to the Office Depot board of directors and to PJSC; they are not included in this proxy statement/prospectus in order to induce any Office Depot stockholder to vote in favor of the proposal to adopt the merger agreement or any of the other proposals to be voted on at the Office Depot annual meeting of stockholders.



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**Opinion of Office Depot's Financial Advisor**

Office Depot retained PJSC to provide it with financial advisory services in connection with the merger. PJSC is an internationally recognized investment banking firm which is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions. Office Depot selected PJSC to act as its financial advisor in connection with the merger on the basis of PJSC's experience in transactions of this type, its reputation in the investment community and its familiarity with Office Depot and its business.

At the meeting of the Office Depot board of directors on February 3, 2015, PJSC rendered its oral opinion, subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the merger consideration to be received by the holders of Office Depot common stock in connection with the merger was fair from a financial point of view to the holders of Office Depot common stock.

**The full text of the written opinion of PJSC, dated February 3, 2015, which sets forth the assumptions made, procedures followed, matters considered, limitations on and scope of the review undertaken by PJSC in rendering PJSC's opinion, is attached to this proxy statement/prospectus as Annex B and incorporated by reference into this section of the proxy statement/prospectus. PJSC's opinion was directed only to the fairness of the merger consideration to be received by the holders of Office Depot common stock in connection with the merger from a financial point of view, was provided to the Office Depot board of directors in connection with its evaluation of the merger, did not address any other aspect or implication of the merger or any other agreement, arrangement or understanding entered into in connection with the merger, and did not, and does not, constitute a recommendation to any holder of Office Depot common stock as to how any such holder should vote on the merger or act on any matter relating to the merger. The summary of PJSC's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion. Holders of Office Depot common stock are urged to read PJSC's opinion carefully and in its entirety. PJSC has consented to the use of PJSC's opinion in this proxy statement/prospectus.**

For the purposes of its opinion, PJSC:

reviewed certain publicly available financial statements and other information of Staples and Office Depot, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Staples and Office Depot prepared and provided to PJSC by the management of Staples and Office Depot, respectively;

reviewed certain financial projections for Staples and Office Depot, notably under two alternative business scenarios, one which reflects revenue growth and profitability which was prepared and provided to PJSC by the management of Staples and Office Depot, respectively (referred to in this proxy statement/prospectus as the management case), and one which reflects lower revenue growth and profitability prepared and provided to PJSC by the management of Office Depot (referred to in this proxy statement/prospectus as the sensitivity case), and reviewed estimates of certain potential benefits of the proposed business combination prepared and provided to PJSC by the management of Office Depot (together with the management case and the sensitivity case referred to in this proxy statement/prospectus as the projections);

discussed the past and current operations, financial condition and prospects of Staples and Office Depot with management of Staples and Office Depot, respectively;

reviewed the reported prices and trading activity of Staples common stock and Office Depot common stock;

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compared the financial performance and condition of Staples and Office Depot and the reported prices and trading activity of Staples common stock and Office Depot common stock with that of certain other publicly traded companies that PJSC deemed relevant;

reviewed publicly available information regarding the financial terms of certain transactions that PJSC deemed relevant, in whole or in part, to the merger;

participated in certain discussions among management and other representatives of each of Staples and Office Depot;

reviewed the merger agreement described above and certain related financing documents; and

performed such other analyses as PJSC has deemed appropriate.

For purposes of its opinion, PJSC assumed and relied upon the accuracy and completeness of the information reviewed by PJSC for the purposes of this opinion and PJSC did not assume any responsibility for independent verification of such information and relied on such information being complete and correct. PJSC relied on assurances of the management of Office Depot and Staples that they were not aware of any facts or circumstances that would make such information provided by such party inaccurate or misleading in any respect material to PJSC's opinion. PJSC assumed that the projections, including the estimates made by Office Depot's management of certain potential benefits of the proposed business combination, were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Staples and Office Depot, respectively. PJSC did not conduct a physical inspection of the facilities or property of Staples or Office Depot. PJSC did not assume any responsibility for any independent valuation or appraisal of the assets or liabilities of Staples or Office Depot, nor was PJSC furnished with any such valuation or appraisal. Furthermore, PJSC did not consider any tax, accounting or legal effects of the merger or the transaction structure on any person or entity.

PJSC assumed that the final form of the merger agreement would be substantially the same as the last draft dated February 3, 2015 reviewed by PJSC and would not vary in any respect material to its analysis. PJSC also assumed that the merger will be consummated in accordance with the terms of the merger agreement, without waiver, modification or amendment of any material term, condition or agreement (including, without limitation, the merger consideration proposed to be received by the holders of Office Depot common stock in connection with the merger), and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect material to its analysis on Staples or Office Depot or the contemplated benefits of the merger. PJSC has further assumed that all representations and warranties set forth in the merger agreement are and will be true and correct as of all the dates made or deemed made and that all parties to the merger agreement will comply with all covenants of such parties under the merger agreement.

PJSC's opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, February 2, 2015. In particular, PJSC did not express any opinion as to the prices at which shares of either Staples common stock or Office Depot common stock may trade at any future time. Furthermore, PJSC's opinion did not address Office Depot's underlying business decision to undertake the merger, and PJSC's opinion did not address the relative merits of the merger as compared to any alternative transactions that might be available to Office Depot. PJSC's opinion did not address any other aspect or implication of the merger or any other

agreement, arrangement or understanding entered into in connection with the merger or otherwise except as expressly identified in PJSC's opinion.

No limitations were imposed by the Office Depot board of directors upon PJSC with respect to investigations made or procedures followed by PJSC in rendering PJSC's opinion.

The following summarizes the significant financial analyses performed by PJSC and reviewed with the Office Depot board of directors on February 3, 2015 in connection with the delivery of PJSC's opinion. The

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order of the financial analyses does not represent relative importance or weight given to those analyses by PJSC. The financial analyses summarized below include information presented in tabular format. In order to fully understand PJSC's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of PJSC's financial analyses.

For purposes of its analyses, PJSC included certain net liabilities, as estimated by PJSC, in Office Depot's enterprise value. These net liabilities include certain contingent obligations and tax-related obligations less certain key assets, including non-operating investments and tax credits.

Furthermore, PJSC assumed for purposes of its analyses that the merger consideration represented \$11.00 in value per share of Office Depot common stock, based on the closing price per share of Staples common stock of \$17.14 on the Nasdaq Global Select Market on February 2, 2015, the last trading day prior to the date PJSC rendered its opinion.

*Historical Stock Trading*

PJSC reviewed historical data with regard to the closing prices of shares of Office Depot common stock and Staples common stock for the 52-week period to and including February 2, 2015. During this period, the closing price of shares of Office Depot common stock and Staples common stock ranged from a low of \$3.94 to a high of \$8.84 per share, and a low of \$10.75 to a high of \$18.12 per share, respectively. PJSC noted that (i) the Office Depot closing price on February 2, 2015 was \$7.63 per share, (ii) the merger consideration represented \$11.00 in value per share of Office Depot common stock based on the Staples closing price on February 2, 2015 of \$17.14 per share and (iii) the closing price per share of Staples common stock was \$14.82 on December 10, 2014, the last trading day prior to the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot.

*Equity Research Analyst Price Targets*

PJSC reviewed selected public market trading price targets for Office Depot common stock prepared and published by ten Wall Street research analysts that published or confirmed price targets as of February 2, 2015. PJSC reviewed the most recent 12-month price target published by each analyst. These targets reflect each analyst's estimate of the public market trading price of Office Depot common stock within 12 months from the time the price target was published. At February 2, 2015, the range of selected equity analyst price targets for Office Depot common stock was from \$6.00 to \$11.00 per share. PJSC noted that the Office Depot closing price on February 2, 2015 was \$7.63 per share and the merger consideration represented \$11.00 in value per share of Office Depot common stock based on the Staples closing price on February 2, 2015 of \$17.14 per share.

PJSC reviewed selected public market trading price targets for Staples common stock prepared and published by eleven Wall Street research analysts that published or confirmed price targets as of February 2, 2015. PJSC reviewed the most recent 12-month price target published by each analyst. These targets reflect each analyst's estimate of the future public market trading price of Staples common stock within 12 months from the time the price target was published. At February 2, 2015, the range of nine of the eleven selected equity analyst price targets for Staples common stock was from \$12.00 to \$15.00 per share. The remaining two selected equity analyst price targets were \$18 and \$21, which price targets were significantly higher than the other nine. PJSC noted that the Staples closing price on February 2, 2015 was \$17.14 per share and was \$14.82 per share on December 10, 2014, the last trading day prior to the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot.



The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for shares of Office Depot common stock and current market trading prices for shares of Staples common stock, and these estimates are subject to uncertainties, including the future financial performance of Office Depot and Staples and future financial market conditions.

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*Selected Publicly Traded Company Analysis*

PJSC reviewed and compared selected financial information of Office Depot and Staples with similar information using publicly available information of the following publicly traded companies of reasonably similar size that share similar business characteristics to Office Depot and Staples, and that PJSC deemed relevant:

Office Depot;

Staples;

Bed Bath & Beyond Inc.;

Best Buy Co., Inc.;

GameStop Corp.;

United Stationers Inc.;

Barnes & Noble Inc.; and

Conn's, Inc.

PJSC calculated and compared various financial multiples and ratios, including, among other things:

the most recent stock price per share as a multiple of earnings per share (referred to in this proxy statement/prospectus as EPS) estimated for fiscal year 2014 and projected for fiscal year 2015 based upon (i) the closing stock prices as of February 2, 2015 and (ii) the median of Wall Street analysts' EPS estimates and projections for fiscal years 2014 and 2015, respectively, as reported by ThomsonOne on January 30, 2015 (two trading days prior to the date PJSC rendered its opinion); and

enterprise value (which represents equity value plus book values of total debt, including preferred stock and minority interest less cash) as a multiple of net sales, earnings before interest, taxes, depreciation and amortization (referred to in this proxy statement/prospectus as EBITDA) and earnings before interest and taxes (referred to in this proxy statement/prospectus as EBIT), in each case, estimated for fiscal year 2014 and projected for the fiscal year 2015, using the same median estimates from the sources described above.

Based on this data, as of February 2, 2015, PJSC developed the following reference ranges of trading valuation multiples and ratios for selected publicly traded companies based on its professional judgment:

<u>Enterprise Value as a Ratio of:</u>	<u>Reference Range of Multiples</u>	
2014E Net Sales	0.25x	0.45 <sup>(1)</sup>
2015P Net Sales	0.25x	0.40x
2014E EBITDA	4.5x	8.0x
2015P EBITDA	4.0x	8.0x
2014E EBIT	5.5x	10.0 <sup>(2)</sup>
2015P EBIT	5.0x	10.5x

<u>Stock Price as a Multiple of:</u>	<u>Reference Range of Multiples</u>	
2014E EPS	8.5x	15.5x
2015P EPS	7.5x	15.5x

(1) 0.25x 0.40x for Staples

(2) 5.5x 14.0x for Staples

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Using the reference ranges described above, and based on each management case and sensitivity case, PJSC estimated the following ranges of implied values per share of Office Depot common stock and Staples common stock on a fully diluted basis:

Management Case	Office Depot		Staples	
2014E Net Sales	\$7.10	\$12.70	\$8.12	\$13.33
2015P Net Sales	\$6.87	\$10.93	\$8.16	\$13.38
2014E EBITDA	\$4.87	\$8.58	\$9.34	\$17.02
2015P EBITDA	\$5.89	\$11.69	\$8.54	\$17.60
2014E EBIT	\$2.88	\$5.20	\$7.51	\$19.92
2015P EBIT	\$4.88	\$10.16	\$6.95	\$15.19
2014E EPS	\$2.02	\$3.68	\$8.13	\$14.82
2015P EPS	\$3.02	\$6.24	\$7.21	\$14.90
<b>Sensitivity Case</b>				
2014E Net Sales	\$7.10	\$12.70	\$8.12	\$13.33
2015P Net Sales	\$6.75	\$10.75	\$7.96	\$13.07
2014E EBITDA	\$4.87	\$8.58	\$9.34	\$17.02
2015P EBITDA	\$5.37	\$10.66	\$8.06	\$16.65
2014E EBIT	\$2.88	\$5.20	\$7.51	\$19.92
2015P EBIT	\$4.27	\$8.88	\$6.74	\$14.74
2014E EPS	\$2.02	\$3.68	\$8.13	\$14.82
2015P EPS	\$2.65	\$5.48	\$7.01	\$14.49

Based on this data, PJSC selected, based on its professional judgment, a valuation range for shares of Office Depot common stock from \$4.75 to \$11.75 using both the management case and the sensitivity case. PJSC noted that the Office Depot closing price on February 2, 2015 was \$7.63 per share and the merger consideration represented \$11.00 in value per share of Office Depot common stock based on the Staples closing price on February 2, 2015 of \$17.14 per share.

Based on this data, PJSC selected, based on its professional judgment, a valuation range for shares of Staples from \$8.00 to \$17.50 using both the management case and the sensitivity case. PJSC noted that the Staples closing price on February 2, 2015 was \$17.14 per share and was \$14.82 per share on December 10, 2014, the last trading day prior to the Starboard SEC filings disclosing its stakebuilding in Staples and Office Depot.

PJSC also calculated a range of implied values per share of Office Depot common stock using the range of values from the selected publicly traded company analysis and applying to them a control premium. For these purposes, PJSC used a control premium of 35%, which reflects the mean control premium over the closing price thirty days prior to announcement in all announced transactions for U.S. based public targets involving mixed consideration of cash and stock with enterprise values ranging from \$4 billion to \$8 billion since 2012, excluding financial services and real estate companies. This analysis yielded a range of implied values per share from \$6.41 to \$15.86. PJSC noted that the Office Depot closing price on February 2, 2015 was \$7.63 per share and that the merger consideration represented \$11.00 in value per share of Office Depot common stock based on the Staples closing price on February 2, 2015 of \$17.14 per share.

**Table of Contents***Selected Precedent Transactions*

Using publicly available information, PJSC reviewed selected mergers and acquisitions transactions (referred to in this proxy statement/prospectus as the selected precedent transactions) in the office products and hardline retailers industry which PJSC deemed relevant, in whole or in part, to the merger. The list of transactions reviewed was as follows:

*Selected Office Products Transactions*

<u>Acquiror</u>	<u>Target</u>
Office Depot	OfficeMax
Staples	Corporate Express Australia
Staples	Corporate Express N.V.
Corporate Express N.V.	Andvord Tybring-Gjedde ASA
Office Depot	Allied Office Products
Boise Cascade Corp.	OfficeMax
Office Depot	Guilbert S.A.
Staples	Guilbert S.A. (Mail Order Business)
Staples	Medical Arts Press, Inc.
Boise Cascade Corporation	Boise Cascade Office Products
Pinault-Printemps-Redoute (PPR)	Guilbert S.A.
Office Depot	Viking Office Products Inc.

*Selected Hardline Retailers Transactions*

<u>Acquiror</u>	<u>Target</u>
BC Partners	PetSmart
Dollar Tree	Family Dollar
Signet Jewelers Limited	&nb