

STAPLES, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP Income Statement Disclosures
(Dollar Amounts in Millions, Except Per Share Data)
(Unaudited)

For the non-GAAP measures related to results of operations, reconciliations to the most directly comparable GAAP measures are shown below:

	13 Weeks Ended				
	October 29, 2016				
	GAAP	Impairment of long-lived assets	Loss on sale of businesses and assets, net	Costs related to restructuring and strategic plans	Non-GAAP
Operating income	\$ 298	\$ 44	\$ 2	\$ 11	\$ 355
Interest and other expense, net	14	—	—	—	14
Income before income taxes	284				341
Income tax expense	105				105
Adjustments	—				16
Adjusted income tax expense	105				121
Net income	<u>\$ 179</u>				<u>\$ 220</u>
Effective tax rate	36.9%				35.5%
Income per common share:					
Diluted earnings per common share	\$ 0.27				\$ 0.34

39 Weeks Ended

October 29, 2016

	GAAP	Impairment of goodwill and long-lived assets	Merger-related costs	Loss on sale of businesses and assets, net	Litigation	Costs related to restructuring and strategic plans	Non-GAAP
Gross profit	\$ 3,923	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ 3,927
Operating (loss) income	(419)	704	274	50	17	32	658
Interest and other expense, net	63	—	(37)	—	—	—	26
Loss on early extinguishment of debt	26	—	(26)	—	—	—	—
(Loss) income before income taxes	(508)						632
Income tax expense	37						37
Adjustments	—						188
Adjusted income tax expense	37						225
Net (loss) income	\$ (545)						\$ 407
Effective tax rate	(7.3)%						35.5%
(Loss) income per common share:							
Basic earnings per common share	\$ (0.84)						\$ 0.63
Diluted earnings per common share	\$ (0.84)						\$ 0.63
Weighted average common shares outstanding	648						648
Effect of dilutive securities	—						4
Weighted average common shares outstanding assuming dilution.	648						652

13 Weeks Ended

October 31, 2015

	<u>GAAP</u>	<u>Restructuring charges</u>	<u>Impairment of long-lived assets</u>	<u>Merger-related costs</u>	<u>PNI data security incident costs</u>	<u>Non-GAAP</u>
Operating income	\$ 318	\$ 23	\$ 2	\$ 12	\$ 3	\$ 358
Interest and other expense, net	47	—	—	28	—	19
Income before income taxes	<u>271</u>					<u>339</u>
Income tax expense	73					73
Adjustments	—					40
Adjusted income tax expense	<u>73</u>					<u>113</u>
Net income	<u>\$ 198</u>					<u>\$ 226</u>
Effective tax rate	27.0%					33.5%
Diluted earnings per common share	\$ 0.31					\$ 0.35

39 Weeks Ended

October 31, 2015

	<u>GAAP</u>	<u>Restructuring charges</u>	<u>Impairment of long-lived assets & accelerated depreciation</u>	<u>Gain on sale of assets, net</u>	<u>Merger-related costs</u>	<u>PNI data security incident costs</u>	<u>Non-GAAP</u>
Operating income	\$ 508	\$ 86	\$ 30	\$ (3)	\$ 33	\$ 3	\$ 657
Interest and other expense, net	97	—	—	—	56	—	41
Income before income taxes	<u>411</u>						<u>616</u>
Income tax expense	118						118
Adjustments	—						88
Adjusted income tax expense	<u>118</u>						<u>206</u>
Net income	<u>\$ 293</u>						<u>\$ 410</u>
Effective tax rate	28.8%						33.5%
Diluted earnings per common share	\$ 0.45						\$ 0.63

Note that certain percentage figures shown in the tables above may not recalculate due to rounding.