

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					
	January 28, 2017					
	GAAP	Impairment of goodwill and long- lived assets	Loss on sale of businesses and assets, net	Costs related to restructuring and strategic plans	Litigation	Non-GAAP
Operating (loss) income	\$ (548)	\$ 766	\$ 5	\$ 23	\$ (3)	\$ 243
Interest and other expense, net	1	—	—	—	\$ —	1
(Loss) income from continuing operations before income taxes	(549)					242
Income tax expense	66					66
Adjustments	—					15
Adjusted income tax expense	66					81
(Loss) income from continuing operations	<u>\$ (615)</u>					<u>\$ 161</u>
Effective tax rate	(12.0)%					33.5%
(Loss) income from continuing operations per common share:						
Diluted earnings per common share	\$ (0.94)					\$ 0.25

52 Weeks Ended

January 28, 2017

	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	\$ 4,758	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ 4,762
Operating (loss) income	(264)	783	272	55	14	45	905
Interest and other expense, net	62		(37)				25
Loss on early extinguishment of debt	26		(26)				—
(Loss) income from continuing operations before income taxes	(352)						880
Income tax expense	107						107
Adjustments	—						187
Adjusted income tax expense	107						294
(Loss) income from continuing operations	\$ (459)						\$ 586
Effective tax rate	(30.5)%						33.5%
(Loss) income from continuing operations per common share:							
Diluted earnings per common share	\$ (0.71)						\$ 0.90
Weighted average common shares outstanding	649						649
Effect of dilutive securities	—						4
Weighted average common shares outstanding assuming dilution	649						653

13 Weeks Ended							
January 30, 2016							
	GAAP	Restructuring charges	Loss on sale of businesses and assets, net	Impairment of long lived assets	Merger-related costs	PNI data security incident costs	Non-GAAP
Operating income	\$ 170	\$ 37	\$ 7	\$ 11	\$ 20	\$ 16	\$ 261
Interest and other expense, net	52	—	—	—	(38)	—	14
Income from continuing operations before income taxes	118						247
Income tax benefit	(12)						(12)
Adjustments	—						91
Adjusted income tax expense	(12)						79
Income from continuing operations	\$ 130						\$ 168
Effective tax rate	(10.7)%						31.8%
Income from continuing operations per common share:							
Diluted earnings per common share	\$ 0.20						\$ 0.26

52 Weeks Ended							
January 30, 2016							
	GAAP	Restructuring charges	Impairment of long-lived assets and accelerated depreciation	Loss on sale of assets, net	Merger-related costs	PNI data security incident costs	Non-GAAP
Operating income	\$ 713	\$ 105	\$ 39	\$ 5	\$ 53	\$ 18	\$ 933
Interest and other expense, net	149	—	—	—	94	—	55
Income from continuing operations before income taxes	564						878
Income taxes	102						102
Adjustments	—						178
Adjusted income taxes	102						280
Income from continuing operations	\$ 462						\$ 598
Effective tax rate	18.1%						31.8%
Income from continuing operations per common share:							
Diluted earnings per common share	\$ 0.71						\$ 0.93

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