

Staples, Inc.

Calculations for Financial Measures

Adjusted Debt

Represents the sum of current and long-term debt plus the product of 8 times rent expense.

Capital Expenditures (Capex)

Cash disbursed for the acquisition of property and equipment.

Capitalization

Total stockholders' equity plus the current and long-term portions of debt.

Comparable Sales

Comparable sales reflect sales excluding the impact of acquisitions, divestitures, store closures and changes in foreign currency translation.

Comparable Store Sales

Comparable store sales represents a comparison of sales for a particular store in the current period with sales for that same store in the corresponding period in the prior year. Stores become comparable as of the beginning of the 13th full fiscal month in which they are open. For stores that we close, the stores remain comparable through their last full fiscal monthly period of sales. For relocations, if the new store location opens within four days of the closure of the old location, and within a five mile radius of the old location, then the sales for the new location are compared with the sales for the old location; otherwise, the old location is treated as a closure and the new location is treated as an opening of a new store. For foreign locations, comparable stores sales exclude the impact of foreign currency translation. Comparable store sales figures exclude online sales. Transactions at in-store kiosks are included in comparable store sales if payment is made through the Company's point-of-sale systems.

EBITDA

Earnings before interest, taxes, depreciation, amortization, impairment charges, and restructuring and integration expenses.

EBITDAR

Earnings before interest, taxes, depreciation, amortization, rent, impairment charges, and restructuring and integration expenses.

Gross Margin Comps %

The year over year percentage change in gross margin dollars for store locations that were open for business in comparable periods during the prior year. Stores become comparable in the 13th full fiscal month in which they are open. For international locations, the prior year gross margin dollars are translated using the current year's average exchange rates for comparability.

Effects of Foreign Currency Translation

Sales and business unit income excluding the effects of foreign exchange rate changes are calculated by comparing the actual results translated at the current year's exchange rates to the actual results translated at the prior years' exchange rates.

Inventory Turns

Gross cost of goods sold for the most recent 12 fiscal months divided by the average of the most recent 13 fiscal month's gross inventory balance.

Average Inventory Per Open Store

Gross inventory balance for our retail stores and retail distribution centers at the end of the current reporting period divided by the number of open stores on the last day of the reporting period.

Accounts Payable as a % of Inventory

Gross trade accounts payable balance at the end of the current reporting period divided by our gross inventory balance at the end of the current reporting period.

Days Sales Outstanding (DSO)

The average of the most recent 13 months trade receivables balance (including billed and unbilled receivables) divided by total sales for the most recent 12 months multiplied by 364 days.

Free Cash Flow

Net cash provided by operating activities less cash used for the acquisition of property and equipment and lease rights.

Operating Income

Sales less cost of goods sold and occupancy costs and selling, general and operating expenses. For our segments, operating income excludes stock-based compensation, impairment charges, integration and restructuring expenses, non-recurring items and the impact of changes in accounting principles and is equivalent to business unit income as reported in the Company's SEC filings.

Operating Income Rate

Operating income for the period divided by sales for the period.