SN VALUATION [Stocks, Real Estate, Bonds]

Staples, Inc. (SPLS)

Price:	\$12.88
Market Cap:	\$8,876,509,600
Cash:	\$1,204,520,000
Debt:	\$2,034,050,000
Net Cash:	-\$829,530,000
Enterprise Value:	\$9.706.039.600

Price/Book:	1.25
EV/FCF:	8.14
Net Tang. Asset/Share:	\$4.88
Avg. Year 1-5 FCF/Share:	\$1.35
5 Years of FCF:	\$6.76
Net Tang. Asset+5 FCF:	\$11.64
N	

\$10.30
\$1.35
3.0
\$14.36
\$9.48

Net Tang. Asset+5 FCF+ Gain Disposition:	\$21.12
IRR:	10.40%

Staples Inc (SPLS) is a predominantly North America focused office supply company. Office supplies, office machines and computers made up \sim 85% of sales. We assume a 10% annual return in the stock. The company had consistent earnings and revenues held up nicely, albeit it grew only 1% in 2008. Margins have remained the same for the past 4 years. Most of the stores are leased. Primarily a B2B business.

The operation is separated into 3 segments: 1) Delivery, 2) Retail, 3) International. Delivery and Retail generate roughly \$10 BB in sales each, with International accounting for \$5 BB. Income for Delivery and Retail average around 8%, while international is only 1-2%. The growth rates for all the Delivery consists of internet orders and the company is the 2nd largest Internet reseller in the world. 66 centers support the replenishment needs. Retail is comprised of 1,583 stores in the U.S. and 334 in Canada. Reducing size of the superstores from 24,000 sq. ft. to 15,000 sq. ft. 4 large distribution centers support the U.S. International is 331 retail stores in 24 countries worldwide.

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SPLS

2012-06-21

Error

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Company Name:	Staples, Inc.	Market Capitalization:	\$8,876,509,600.00	Revenue:	\$24,950,000,000.00	100.0%
Ticker Symbol:	SPLS	Total Debt:	\$2,034,050,000.00	Cost of Goods Sold:	\$18,210,000,000.00	73.0%
Last Price:	\$12.88	Total Cash:	\$1,204,520,000.00	Gross Profit:	\$6,740,000,000.00	27.0%
Net Cash/Share:	-\$1.20	Net Cash/(Debt):	-\$829,530,000.00	EBITDA:	\$2,100,000,000.00	8.4%
Net Cash to Last Price:	-9.35%	Enterprise Value:	\$9,706,039,600.00	Net Income:	\$973,470,000.00	3.9%
Shares Outstanding:	689,170,000	Current EV/Share:	\$14.08			
Industry:	Specialty Retail	EBITDA:	\$2,175,400,000.00	Balance Sheet		
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	4.46	Cash:	\$1,264,150,000.00	
		EV/EBITDA Multiple Average Year 1-5:	4.36	Short Term Investment:	\$0.00	
Institutional Ownership:	#VALUE!	EV/FCF Multiple:	8.14	A/R:	\$1,953,500,000.00	
Mutual Fund Ownership:	#VALUE!	EV/FCF Multiple Average Year 1-5:	8.01	PP&E:	\$2,300,000,000.00	
Insider Ownership:	#VALUE!	EVITOR Manaple Average Teal To.	0.01	Assets:	\$13,627,270,000.00	
Retail Ownership:	#VALUE!	Upper Range		A33613.	Ψ13,027,270,000.00	
Float:	#VALUE!	DCF: EV/EBITDA Terminal Value	•	A/P:	\$2,194,420,000.00	
rioai.	#VALUE!	DCF: EV/EDITDA Terminal value	e	Deferred Tax:	\$2,194,420,000.00	
Tabalada		Install TV forms O.V. EV/EDITO A Marking	AF FOO 700 004 70			
Technicals	_	Implied TV from 3 X EV/EBITDA Multiple	\$5,522,700,364.76	Other Liabilities:	\$2,041,690,000.00	
52 week low:	Error			Short term Debt:	\$438,120,000.00	
Today from 52 week low:	#VALUE!	Enterprise Value	\$5,522,700,364.76	Long Term Debt:	\$1,595,930,000.00	
52 week high:	Error	Cash at Year 5:	\$3,835,501,091.98	Liabilities:	\$6,270,160,000.00	
Today from 52 week high:	#VALUE!	Debt at Year 5:	\$442,170,000.00			
50 day Moving Average:	Error	Equity Value Year 5:	\$8,916,031,456.74	Retained Earnings:	\$7,311,320,000.00	
200 day Moving Average:	Error	Equity/Share at Year 5:	\$12.94	Paid-In Capital:	\$4,586,530,000.00	
		Annualized Return:	0.09%	Treasury Stock:	-\$4,511,940,000.00	
Analyst/Consensus		Lower Range		Stockholder's Equity:	\$7,088,110,000.00	
Analyst Sales Growth FY1:	1.20%	DCF: Net Tangible Asset excluding Cash/Debt	Terminal Value	' '		
Analyst Sales Growth FY2:	0.70%	· ·		Cash Flow		
SN Valuation Estimate FY1:	1.00%	Year 5 Net Tangible Assets excluding cash and debt	\$3,576,910,000.00	Net Income:	983,830,000.00	
SN Valuation Estimate FY2:	1.00%		+-,,,	Depreciation/Amortization:	482,060,000.00	
Ort Valuation Editinato 1 12.	110070	Enterprise Value	\$3,576,910,000.00	Change in Working capital:	-50,590,000.00	
Analyst Earnings Estimate FY1:	\$1.48	Cash at Year 5:	\$3,835,501,091.98	Cash from Operating Activities:	1,576,470,000.00	
Analyst Earnings Estimate FY2:	\$1.60	Debt at Year 5:	\$442,170,000.00	Cash nom operating nativities.	1,070,470,000.00	
SN Valuation Earnings Est. FY1:	\$1.53	Equity Value Year 5:	\$6,970,241,091.98	Capital Expenditures:	-383,650,000.00	
SN Valuation Earnings Est. FY2:	\$1.60	Equity/Share at Year 5:	\$10.11	Cash from Investing Activities:	-383,650,000.00	
Sin Valuation Lamings Est. 1 12.	φ1.00	Annualized Return:	-4.72%	Cash nom investing Activities.	-363,030,000.00	
Baulainles		Annualized Return:	-4.72%	Total Cash Dividends Paid:	077 040 000 00	
Multiples	4.05	EVA			-277,940,000.00	
Market Value to Book:	1.25		* 7 040 040 000 47	Issuance (Retirement) of Stock:	-555,170,000.00	
EV to Book:	1.37	EVA today:	\$7,342,246,980.17	Issuance (Retirement) of Debt:	-518,790,000.00	
Market Value to Tangible Net Assets:	5.77	EVA in 5 Years:	\$9,397,910,963.44	Cash from Financing Activities:	-1,360,090,000.00	
P/E Ratio:	9.12	EVA/Share:	\$13.64			
Trailing P/E Ratio:	9.35	Cash at Year 5:	\$3,835,501,091.98			
Forward P/E Ratio:	8.14	Debt at Year 5:	\$442,170,000.00	Profitability Margins		
Beta:	Error	Equity Value Year 5:	\$12,791,242,055.42	Debt to Equity:	28.70%	
Dividend:	0.44	Equity/Share at Year 5:	\$18.56	Return on Assets:	7.23%	
Dividend Yield:	3.38%			Return on Capital:	10.79%	
Dividend Date:	Jul 11, 2012	Annualized return	5.06%	Return on Equity:	13.89%	
Ex-Dividend Date:	Jun 20, 2012					
		Current Net Tangible Asset				
Competitors		Net Tangible Asset/Share:	\$4.24			
Average EV to EBITDA:	N/A	Net Tangible Asset/Share in Year 5:	\$9.66			
Company EV to EBITDA:	4.46	Annualized return	17.92%			
Average EV to EBIT:	N/A	Current Equity Price:	\$12.88			
Company EV to EBITA:	5.96	Selling at Discount?	Premium			
, .		Appreciation Potential:	-67.09%			
		LL	2.13070			
		Dividend Model				
		Next Year Dividend	\$332,237,574.66			
		WACC:	9.73%			
		Dividend:	\$303,234,800.00			
		Net Income:	\$973,470,000,00			2012-06-21

Net Income:

\$973,470,000.00

SN VALUATION

LBO Analysis

				Non-LBO For		Non-LBO F	
		Intrinsic Price in 5 Years:	14.97	Year 1 Target	13.27	Desired Return Rate	20.00%
WACC Terminal Value:	N/A	Market Price:	12.88	Year 2 Target	13.68	Implied Today's Price	6.02
EV/EBITDA with 3X Multiple Terminal Value:	\$12.94	LBO Price:	12.88	Year 3 Target	14.10	Overvalued/(Undervalued)	114.05%
Net Tangible Asset Terminal Value:	\$10.11	Premium to Market Price:	0.00%	Year 4 Target	14.53	Overvalued/ (Olidervalued)	114.05 /0
EV/EBITDA with Today's Multiple Terminal Value:	\$18.28	LBO Price/Intrinsic Price Target:	3.06%	Year 5 Target	14.97		
	\$18.56	LBO Price/EV/EBIT Exit Price:	2.91%	Tear 5 Target	14.97		
VA Enterprise Value:				I I' . I IDD (M . d (D)	2.0(0/		
Dividend Discount Model:	N/A	Implied IRR at today's EV/EBITA:	7.25%	Implied IRR (Market Price):	3.06%		
verage (Excluding Dividend Discount):	\$14.97	5 Year Return:	16.25%				
	Current Evalua	ion			I	Exit Evaluation	
ırrent Market Price:	12.88	LBO Price:	12.88	Exit Price:	14.97	Exit Price:	18.28
utstanding Shares:	689,170,000	Outstanding Shares:	689,170,000	Outstanding Shares:	689,170,000	Outstanding Shares:	689,170,000
arket Capitalization:	8,876,509,600	Market Capitalization:	8,876,509,600	Market Capitalization:	10,318,836,576	Market Capitalization:	12,597,831,700
vailable Cash:	1,204,520,000	Available Cash:	1,204,520,000	Available Cash:	3,835,501,092	Available Cash:	3,835,501,092
ebt:	2,034,050,000	Debt:	2,034,050,000	Debt:	442,170,000	Debt:	442,170,000
et Cash:	-829,530,000	Net Cash:	-829,530,000	Net Cash:	3,393,331,092	Net Cash:	3,393,331,092
nterprise Value:	9,706,039,600	Enterprise Value:	9,706,039,600	Enterprise Value:	6,925,505,484	Enterprise Value:	9,204,500,608
riginal EV/EBITA:	5.96	EV/EBITA:	5.96	EV/EBITA at 5 Years:	3.94	EV/EBITA at 5 Years:	5.00
riginal EV/EBITDA:	4.46	EV/EBITDA:	4.60	EV/EBITDA at 5 Years:	4.18	EV/EBITDA at 5 Years:	4.07
ompetitor Average EV/EBIT:	N/A	EV/EDITDA.	4.00	EV/EDITOA at 3 Tears.	4.10	EV/EDITOA at 5 Tears.	4.07
ompetitor Average EV/EBITDA:	N/A						
ompetitor Average EV/EBITDA:	N/A						
			tion Calculation Durin	0 0			
me Period	0	Adjusted for LBO	1	2	3	4	5
nnualized Price Targets based off LBO Price:	12.88	12.88	13.27	13.68	14.10	14.53	14.97
ares Outstanding:	689,170,000	689,170,000	689,170,000	689,170,000	689,170,000	689,170,000	689,170,000
arket Capitalization:	8,876,509,600	8,876,509,600	9,147,868,827	9,427,523,638	9,715,727,633	10,012,742,165	10,318,836,576
vailable Cash:	1,204,520,000	1,204,520,000	1,263,091,716	1,343,201,186	1,897,132,087	2,859,509,733	3,835,501,092
ebt:	2,034,050,000	2,034,050,000	1,672,170,000	837,170,000	442,170,000	442,170,000	442,170,000
et Cash:	-829,530,000	-829,530,000	-409,078,284	506,031,186	1,454,962,087	2,417,339,733	3,393,331,092
terprise Value:	9,706,039,600	9,706,039,600	9,556,947,111	8,921,492,452	8,260,765,546	7,595,402,432	6,925,505,484
BIT	1.628.430.000	1,628,430,000	1,704,068,833	1,716,759,521	1,729,627,117	1,742,673,388	1,755,900,122
V/EBIT:	5.96	5.96	5.61	5.20	4.78	4.36	3.94
BITDA	2,110,490,000	2,110,490,000	2,190,949,433	2,208,508,927	2,226,294,017	2,244,306,957	2,262,550,026
V/EBITDA:	4.60	4.60	4.36	4.04	3.71	3.38	3.06
		Enterprise Valua	tion Calculation Durin	σ Holding Period			
ime Period	0	Adjusted for LBO	1	2	3	4	5
nnualized Price Targets based off LBO Price:	12.88	12.88	14.14	15.58	17.07	18.58	20.11
nares Outstanding:	689,170,000	689,170,000	689,170,000	689,170,000	689,170,000	689,170,000	689,170,000
arket Capitalization:	8,876,509,600	8,876,509,600	9,747,796,482	10,738,547,105	11,764,173,589	12,804,311,793	13,859,139,333
vailable Cash:	1,204,520,000	1,204,520,000	1,263,091,716	1,343,201,186	1,897,132,087	2,859,509,733	3,835,501,092
	2,034,050,000	2,034,050,000	1,672,170,000	837,170,000		442,170,000	442,170,000
ebt:					442,170,000		
et Cash:	-829,530,000 9,706,039,600	-829,530,000 9,706,039,600	-409,078,284 10,156,874,765	506,031,186	1,454,962,087	2,417,339,733 10,386,973,060	3,393,331,092
terprise Value:	9,706,039,600	9,706,039,600	10,156,874,765	10,232,515,919	10,309,211,502	10,386,972,060	10,465,808,241
OIT .	1,628,430,000	1,628,430,000	1,704,068,833	1,716,759,521	1,729,627,117	1,742,673,388	1,755,900,122
//EBIT:	5.96	5.96	5.96	5.96	5.96	5.96	5.96
SITDA	2,110,490,000	2,110,490,000	2,190,949,433	2,208,508,927	2,226,294,017	2,244,306,957	2,262,550,026
//EBITDA:	4.60	4.60	4.64	4.63	4.63	4.63	4.63
				Weighting			
		E ' D '	10,914,689,600	100.00%			2.040/
	12.88	Equity Partners:			Annualized Ro	Phirn for Equity Partners	') u i v/
ares Outstanding	689,170,000	Debt Partners:	0	0.00%	Annualized Re	eturn for Equity Partners:	2.91%
ares Outstanding	689,170,000 8,876,509,600			0.00% 100.00 %	Annualized Re	eturn for Equity Partners:	2.91%
ares Outstanding arket Capitalization	689,170,000	Debt Partners:	0		Annualized Re	eturn for Equity Partners:	2.91%
ares Outstanding arket Capitalization ebt	689,170,000 8,876,509,600	Debt Partners:	0		Annualized Ro	eturn for Equity Partners:	2.91%
ares Outstanding arket Capitalization bt sh	689,170,000 8,876,509,600 2,038,180,000 1,204,520,000	Debt Partners:	0		Annualized Ro	eturn for Equity Partners:	2.91%
ares Outstanding arket Capitalization ebt sh eterprise Value	689,170,000 8,876,509,600 2,038,180,000	Debt Partners:	0		Annualized Re	eturn for Equity Partners:	2.91%
ares Outstanding arket Capitalization bt sh terprise Value pital Investment	689,170,000 8,876,509,600 2,038,180,000 1,204,520,000 9,710,169,600	Debt Partners: Total Funds for LBO:	0	100.00%	Annualized Re		2.91%
ares Outstanding arket Capitalization ebt sish uterprise Value upital Investment	689,170,000 8,876,509,600 2,038,180,000 1,204,520,000 9,710,169,600 10,914,689,600	Debt Partners: Total Funds for LBO: Enterprise Value	0 10,914,689,600	100.00% Stock Valuation		Debt Reduction	
ares Outstanding arket Capitalization ebt ash atterprise Value apital Investment ook Value ginning Book Value	689,170,000 8,876,509,600 2,038,180,000 1,204,520,000 9,710,169,600 10,914,689,600	Debt Partners: Total Funds for LBO: Enterprise Value Beginning Enterprise Value	0 10,914,689,600 9,706.04	100.00% Stock Valuation Current Market Price	\$12.88	Debt Reduction Starting Debt	1,595.93
3O Price hares Outstanding arket Capitalization ebt hish hterprise Value apital Investment book Value eginning Book Value har 5 Book Value	689,170,000 8,876,509,600 2,038,180,000 1,204,520,000 9,710,169,600 10,914,689,600 7,088.11 11,265.51	Debt Partners: Total Funds for LBO: Enterprise Value Beginning Enterprise Value Year 5 Enterprise Value	0 10,914,689,600 9,706.04 9,204.50	100.00% Stock Valuation Current Market Price Year 5 Market Price	\$12.88 \$18.28	Debt Reduction Starting Debt Debt Repayment	1,595.93 435.00
ares Outstanding arket Capitalization ebt ash atterprise Value apital Investment ook Value ginning Book Value	689,170,000 8,876,509,600 2,038,180,000 1,204,520,000 9,710,169,600 10,914,689,600	Debt Partners: Total Funds for LBO: Enterprise Value Beginning Enterprise Value	0 10,914,689,600 9,706.04	100.00% Stock Valuation Current Market Price	\$12.88	Debt Reduction Starting Debt	1,595.93

SN VALUATION

LBO Pro Forma Income Statement

-0.04%

0.00%

3.49%

-0.08%

0.00%

3.04%

-0.03%

0.00%

3.59%

Staples, Inc. Ticker: SPLS Name: Forecasted 2013 52 weeks ending 2009-01-31 52 weeks ending 2011-01-29 52 weeks ending 2012-01-28 2011 2012 2014 23.083.78 24,275,45 24,545,11 25.022.19 25,272,41 25,525,14 25,780,39 26.038.19 26,298,57 16,836.84 17,801.55 17,938.96 18,280.36 18,448.86 18,633.35 18,819.68 19,007.88 **6,246.94** 4,631.22 **6,606.15** 4,913.19 **6,741.83** 5,048.49 **6,823.55** 5,054.48 **6,891.79** 5,105.03 **6,960.70** 5,156.08 **7,030.31** 5,207.64 **7,100.61** 5,259.71 6.473.90 4,907.24 0.00 57.77 0.00 173.52 84 24 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 100.07 61.68 1,573.51 64.91 65.00 1,704.07 70.00 **1,716.76** 80.00 **1,742.67** 85.00 1,371.93 1.382.35 1.628.43 1.729.63 1.755.90 -121.30 -230.92 -207.09 -166.17 -86.08 -19.28 12.32 12.32 12.32 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 -7.55 4.46 -9.82 -3.12 0.00 0.00 0.00 0.00 0.00 1,243.08 1,155.89 1,356.60 1,459.14 1,617.99 1,697.48 1,741.94 1,754.99 1,768.22 428.86 **814.22** 398.78 **757.11** 468.03 888.57 475.31 983.83 566.30 1.051.69 594.12 1.103.36 609.68 1.132.26 614.25 **1.140.74** 618.88 1.149.34 -8.96 0.00 **805.26** 0.00 **738.67** 0.00 **881.95** 0.00 **984.66** 0.00 0.00 **1,103.36** 0.00 1,132.26 0.00 **1,140.74** 0.00 1,149.34 1,051.69 \$1.17 \$1.07 \$1.28 \$1.43 \$1.53 \$1.60 \$1.64 \$1.66 \$1.67 11.02 12.02 N/A 5.16% 1.11% 1.94% 1.00% 1.00% 1.00% 1.00% 1.00% 34.50% -3.52% 35.00% 3.11% 35.00% 1324.46% 34.50% 34.50% 32.57% 35.00% 35.00% -8.99% -7.96% -8.15% -5.39% -1.61% 1324.46% 72.94% 73.33% 73.09% 73.06% 73.00% 73.00% 73.00% 73.00% 73.00% 27.06% 26.67% 26.91% 26.94% 27.00% 27.00% 27.00% 27.00% 27.00% 20.06% 20.21% 20.02% 20.18% 20.00% 20.00% 20.00% 20.00% 20.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.75% 0.35% 0.24% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.29% 0.30% 0.41% 0.26% 0.26% 5.94% 6.41% 6.51% 6.74% 6.73% 6.71% 6.69% 6.68% -0.53% 0.00% -0.95% 0.00% -0.34% 0.00% -0.08% 0.00% 0.05% 0.05% 0.05% -0.84% -0.66% 0.00% 0.00% -0.03% 0.02% -0.04% -0.01% 0.00% 0.00% 0.00% 0.00% 0.00% 5.39% 4 76% 5.53% 5.83% 6.40% 6 65% 6.76% 6.74% 6.72% 1.86% 1.91% 2.24% 2.33% 2.36% 2.35% 1.64% 1.90% 2.36% 3.53% 3.12% 3.62% 3.93% 4.16% 4.37% 4.48% 4.51% 4.55%

0.00%

0.00%

3.94%

0.00%

0.00%

4.16%

0.00%

0.00%

4.32%

0.00%

0.00%

4.39%

0.00%

0.00%

4.38%

0.00%

0.00%

4.37%

Revenue Gross margin SG&A Unusual expense Other operating expense Depreciation is: Included within COGS
Operating Income (EBITA) Interest income/(expense) Gain (loss) on sale of asset Other Income before tax Income after tax Minority Interest Equity in affiliates Net income *Figures are in millions (\$) EPS (based off today's share count) P/E (historical today's price; forecasted intrinsic price) Revenue Growth Tax Rate Implied Debt Interest Rate Margins COGS Gross margin SG&A R&D Unusual expense Other operating expense Depreciation is: Included within COGS Operating Income (EBITA) Interest income/(expense) Gain (loss) on sale of asset Income before tax Tax Income after tax Minority Interest Equity in affiliates

LBO Adjusted Proforma Balance Sheet

Adjustment

	As of 2009-01-31	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2012-04-28	+	-	Adjusted Proforma	2011	2012	2013	2014	2015
Cash	633.77	1,415.82	1,461.26	1,264.15	1,264.15			1,204.52	1,263.09	1,343.20	1,897.13	2,859.51	3,835.50
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	633.77	1,415.82	1,461.26	1,264.15	1,204.52			1,204.52	1,263.09	1,343.20	1,897.13	2,859.51	3,835.50
Accounts Receivable	1,841.23	1,811.37	1,970.48	2,033.68	1,953.50			1,953.50	1,953.50	1,953.50	1,953.50	1,953.50	1,953.50
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	1,841.23	1,811.37	1,970.48	2,033.68	1,953.50			1,953.50	1,953.50	1,953.50	1,953.50	1,953.50	1,953.50
Total Inventory	2,404.17	2,261.15	2,359.17	2,431.84	2,502.83			2,502.83	2,502.83	2,502.83	2,502.83	2,502.83	2,502.83
Prepaid Expenses	636.98	333.11	382.02	255.53	283.45			283.45	283.45	283.45	283.45	283.45	283.45
Other Current Assets	281.10	353.33	295.23	305.61	301.51			301.51	301.51	301.51	301.51	301.51	301.51
Current Assets	5,797.25	6,174.78	6,468.16	6,290.81	6,245.81	0.00	0.00	6,245.81	6.304.38	6.384.49	6,938.42	7,900.80	8,876.79
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PP&E, Gross	5,100.98	5,322.68	5,500.00	5.500.00	5,500.00			5,500.00	5.900.00	6.300.00	6,700.00	7,100.00	7.500.00
Change in Depreciation	.,	552.44	498.86	482.06	482.06			482.06	486.88	491.75	496.67	501.63	506.65
Accumulated Depreciation	2,810.36	3,158.15	3,200,00	3,200.00	3,200.00			3,200.00	3,686.88	4,178.63	4,675.30	5,176.93	5,683.58
PP&E. Net	2.290.62	2,164.53	2,300.00	2.300.00	2.300.00			2,300.00	2,213,12	2.121.37	2.024.70	1.923.07	1.816.42
Goodwill	3,780.17	4,084.12	4,073.16	3,982.13	3,996.31	0.00		3,996.31	3,996.31	3,996.31	3,996.31	3,996.31	3,996.31
Intangibles	701.92	579.92	522.72	449.78	439.69			439.69	439.69	439.69	439.69	439.69	439.69
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	503.08	713.99	699.85	627.53	645.46			645.46	645.46	645.46	645.46	645.46	645.46
Long Term Assets	7,275.79	7,542.56	7,595.73	7,359.44	7,381.46			7,381.46	7,294.58	7,202.83	7,106.16	7,004.53	6,897.88
Total Assets	13,073.04	13,717.34	14,063.89	13,650.25	13,627.27	0.00	0.00	13,627.27	13,598.96	13,587.32	14,044.59	14,905.33	15,774.67
	.0,0.0.0.	,	,000.00	.0,000.20	.0,022.	0.00		1 .0,02	.0,000.00	. 3,001.102	,000	. 1,000.00	. 5,
Accounts Payable	1,967.60	2,111.70	2,208.39	2,220.41	2.194.42			2,194.42	2.194.42	2.194.42	2.194.42	2,194.42	2.194.42
Accrued Expense	1,404.71	1,603.35	1,239.33	1,093.86	1,274.71			1,274.71	1,274.71	1,274.71	1,274.71	1,274.71	1,274.71
Other current Liabilities	0.00	0.00	258.52	320.86	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	3,372.31	3,715.05	3,706.24	3,635.13	3,469.13	0.00	0.00	3,469.13	3,469.13	3,469.13	3,469.13	3,469.13	3,469.13
	5,5. Z.51	5,5.55	J,. JU.LT	0,000.10	5, .55.15	5.50	. 0.00	5, .55.15	0,.00.10	0, .00.10	0,.00.10	0, .00.10	5, .55.15
Notes Payables/Short Term Debt	1,195.56	0.00	0.00	0.00	0.00		l	0.00	38.12	3.12	3.12	3.12	3.12
Current port. Of LT Debt/Capital Leases	277.69	67.27	587.36	439.14	438.12			438.12	438.12	438.12	438.12	438.12	438.12
Long term Debt	1.968.93	2.500.33	2.014.41	1.599.04	1.595.93	0.00	0.00	1.595.93	1.195.93	395.93	0.93	0.93	0.93
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	3,442.18	2,567.60	2,601.77	2,038.18	2,034.05	0.00	0.00	2,034.05	1,672.17	837.17	442.17	442.17	442.17
Total interest Larring Debt	3,442.10	2,307.00	2,001.77	2,030.10	2,034.03	0.00	0.00	2,034.03	1,072.17	037.17	442.17	442.17	442.17
Deferred Income tax	0.00	0.00	0.00	0.00	0.00		1	0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	58.22	83.05	7.47	7.06	7.16			7.16	7.16	7.16	7.16	7.16	7.16
Other liabilities	636.14	579.75	652.49	735.09	759.82			759.82	759.82	759.82	759.82	759.82	759.82
Total Liabilities	7,508.85	6,945.45	6,967.97	6,415.46	6,270.16	0.00	0.00	6,270.16	5,908.28	5,073.28	4,678.28	4,678.28	4,678.28
Total Liabilities	7,300.03	0,343.43	0,307.37	0,413.40	0,270.10	0.00	0.00	0,270.10	3,300.20	3,073.20	4,070.20	4,070.20	4,070.20
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.53	0.54	0.55	0.55	0.55		0.00	0.55	0.55	0.55	0.55	0.55	0.55
Additional Paid-in capital	4.048.40	4.379.94	4.334.73	4.551.30	4.585.98	0.00	0.00	4,585.98	4.585.98	4.585.98	4,585.98	4,585.98	4.585.98
Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-280.00	-560.00	-840.00	-1,120.00	-1,400.00
Retained Earnings	5,367.34	5,869.14	6,492.34	7,199.06	7,311.32		0.00	7,311.32	8,363.01	9,466.37	10,598.64	11,739.38	12,888.72
Treasury Stock	-3,357.73	-3,388.39	-3,786.98	-4,416.02	-4,511.94		0.00	-4,511.94	-4,511.94	-4,511.94	-4,511.94	-4,511.94	-4,511.94
Other Equity	-3,337.73	-3,366.39	-96.93	-4,416.02	-4,511.94		0.00	-4,511.94	-4,511.94	-4,511.94	-4,511.94	-4,511.94	-4,511.94
Total Equity	5,564.21	6,771.89	6,943.71	7,015.15	7,088.11	0.00	0.00	7,088.11	7,859.80	8.683.16	9,535.43	10,396.17	11,265.51
Liability + Equity	13,073.06	13,717.34	13,911.68	13,430.61	13,358.27	0.00	0.00	13,358.27	13,768.08	13,756.44	14,213.71	15,074.45	15,943.79
Liability + Equity	13,073.00	13,717.34	13,911.00	13,430.01	13,330.21	0.00	0.00	13,330.21	13,700.00	13,730.44	14,213.71	15,074.45	15,945.79
Variance	-0.02	0.00	152.21	219.64	269.00			269.00	-169.12	-169.12	-169.12	-169.12	-169.12
	0.02	0.00	102.21	213.07	203.00			203.00	100.12	100.12	100.12	103.12	100.12
Debt/Equity	0.62	0.38	0.37	0.29	0.29			0.29	0.21	0.10	0.05	0.04	0.04
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Inventory Turnover	9.60	10.74	10.40	10.29	10.10			10.00	10.10	10.20	10.30	10.40	10.51
Inventory Turnover Days	38.01	34.00	35.08	35.47	36.15			36.51	36.15	35.79	35.44	35.08	34.74
Days Inventory Outstanding	52.12	46.36	48.00	48.56	49.52			49.97	49.52	49.03	48.54	48.06	47.58
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Accounts Receivable Turnover	12.54	13.40	12.46	12.30	12.94			12.81	12.94	13.07	13.20	13.33	13.46
Accounts Receivalbe Turnover Days	29.11	27.24	29.30	29.67	28.21			28.50	28.21	27.93	27.66	27.38	27.11
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Days Payable Outstanding	42.65	43.30	44.93	44.33	43.42			43.82	43.42	42.99	42.56	42.14	41.72
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Days Sales Outstanding	29.11	27.24	29.30	29.67	28.21			29.67	28.50	28.21	27.93	27.66	27.38
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Cash Conversion Cycle	38.58	30.30	32.37	33.89	34.32			35.82	34.60	34.25	33.92	33.58	33.25
Net tangible assets/share					4.24				4.72	5.92	7.15	8.40	9.66
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SN VALUATION

LBO Adjusted Proforma Cash Flow

	52 weeks ending 2009-01-31	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	2011	2012	2013	2014	2015
Net Income	814.22	757.11	888.57	983.83	1,051.69	1,103.36	1,132.26	1,140.74	1,149.34
Depreciation	548.91	552.44	498.86	482.06	486.88	491.75	496.67	501.63	506.65
Net Income + Depreciation	1,363.13	1,309.55	1,387.43	1,465.89	1,538.57	1,595.11	1,628.93	1,642.38	1,655.99
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	33.37	-89.75	172.63	6.71	0.00	0.00	0.00	0.00	0.00
Non Cash Items	350.12	148.75	152.30	154.47	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-60.80	715.66	-265.87	-50.59	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	29.86	-159.11	-63.20	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	143.02	-98.02	-72.67	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	303.87	-48.91	126.49	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	144.10	96.69	12.02	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	1,685.82	2,084.21	1,446.49	1,576.48	1,538.57	1,595.11	1,628.93	1,642.38	1,655.99
Capital Expenditures Expenditures	-378.33	-313.23	-408.89	-383.65	-400.00	-400.00	-400.00	-400.00	-400.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	-4,354.80	0.00	-63.07	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-4,733.13	-313.23	-471.96	-383.65	-400.00	-400.00	-400.00	-400.00	-400.00
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Financing Cash flow items	5.85	8.76	-360.60	-8.20	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-231.47	-236.87	-258.75	-277.94	280.00	280.00	280.00	280.00	280.00
Issuance (Retirement) of Stock	63.37	120.30	-313.15	-555.17	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	-400.00	-35.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	2,668.29	-929.47	-5.91	-518.79	-400.00	-800.00	-395.00	0.00	0.00
Cash from Financing Activities	2,506.04	-1,037.28	-938.41	-1,360.10	-1,080.00	-1,115.00	-675.00	-280.00	-280.00
Foreign Exchange effect	-70.42	48.34	9.31	-29.84	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	1,245.44	633.77	1,415.82	1,461.26	1,204.52	1,263.09	1,343.20	1,897.13	2,859.51
Net Change in Cash	-611.67 633.77	782.04 1.415.82	45.44 1.461.26	-197.11 1.264.15	58.57 1.263.09	80.11 1.343.20	553.93	962.38 2.859.51	975.99 3.835.50
Ending Cash Balance	633.77	1,415.82	1,461.26	1,264.15	1,263.09	1,343.20	1,897.13	2,859.51	3,835.50
Capex to Revenue	1.64%	1.29%	1.67%	1.53%	1.58%	1.57%	1.55%	1.54%	1.52%
Depreciation to Sales	2.38%	2.28%	2.03%	1.93%	1.93%	1.93%	1.93%	1.93%	1.93%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%				0.00%	0.00%
Amortization to Sales A/R to Sales	7.98%	7.46%	8.03%		0.00%	0.00% 7.97%	0.00%		
A/R to Sales	7.98%	7.46%	8.03%	8.13%	8.05%	7.97%	7.89%	7.81%	7.73%
Distributable FCF Yield	-31.40%	18.25%	10.04%	12.29%	11.73%	12.31%	12.66%	12.80%	12.94%
Dividend Yield	-2.61%	-2.67%	-2.91%	-3.13%	3.15%	3.15%	3.15%	3.15%	3.15%
	2.0.70	2.0.70	2.0170	0.1070	0.1070	0.1070	0.1070	0.1070	0.1070
FCF (Ops-Investing-Dividends)	-2,815.84	2,007.85	1,233.28	1,470.77	858.57	915.11	948.93	962.38	975.99
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SN VALUATION LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-197.11	58.57	80.11	553.93	962.38	975.99
Current Portion Debt Repayment		400.00	35.00			
Long Term Debt Repayment		400.00	800.00	395.00		
Outstanding Debt	2034.05	1234.05	399.05	4.05	4.05	4.05
Current Portion Debt Balance	438.12	38.12	3.12	3.12	3.12	3.12
Long Term Debt Balance	1595.93	1195.93	395.93	0.93	0.93	0.93
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		98.72	31.92	0.32	0.32	0.32
Cash Balance		1264.15				
Interest @ 1.0%		12.64	12.64	12.64	12.64	12.64
Net Interest Expense/(Income)		86.08	19.28	(12.32)	(12.32)	(12.32)
Net Interest Rate		5.39%	1.61%	-3.11%	-1324.46%	-1324.46%
EBITDA		1704.07	1716.76	1729.63	1742.67	1755.90
EBITDA/Interest Expense Coverage		17.26	53.78	5338.36	5378.62	5419.44

Interest Rate Coverage Table

Debt Rating					
AAA	AAA	AAA	AAA	AAA	AAA
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
В					
B-					
CCC					
CC					
С					
D					

^{*}Source: NYU; Professor Damodaran

Altman Z S	core	Company Nar	ne:		Staples, Inc.			Ticker:	SPLS
Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	2,424.94	2,459.73	2,761.92	2,776.68	2,835.25	2,915.36	3,469.29	4,431.67	5,407.66
Total Assets	13,073.04	13,717.34	14,063.89	13,627.27	13,598.96	13,587.32	14,044.59	14,905.33	15,774.67
X1	0.19	0.18	0.20	0.20	0.21	0.21	0.25	0.30	0.34
Retained Earnings	5,367.34	5,869.14	6,492.34	7,311.32	8,363.01	9,466.37	10,598.64	11,739.38	12,888.72
Total Assets	13,073.04	13,717.34	14,063.89	13,627.27	13,598.96	13,587.32	14,044.59	14,905.33	15,774.67
X2	0.41	0.43	0.46	0.54	0.61	0.70	0.75	0.79	0.82
EBITDA	1,442.20	1,482.42	1,635.19	1,693.34	1,769.07	1,786.76	1,804.63	1,822.67	1,840.90
Total Assets	13,073.04	13,717.34	14,063.89	13,627.27	13,598.96	13,587.32	14,044.59	14,905.33	15,774.67
Х3	0.11	0.11	0.12	0.12	0.13	0.13	0.13	0.12	0.12
Market Value of Equity	8,876.51	8,876.51	8,876.51	8,876.51	9,147.87	9,427.52	9,715.73	10,012.74	10,318.84
Total Liabilities	7,508.85	6,945.45	6,967.97	6,270.16	5,908.28	5,073.28	4,678.28	4,678.28	4,678.28
X4	1.18	1.28	1.27	1.42	1.55	1.86	2.08	2.14	2.21
Net Sales	23,083.78	24,275.45	24,545.11	25,022.19	25,272.41	25,525.14	25,780.39	26,038.19	26,298.57
Total Assets	13,073.04	13,717.34	14,063.89	13,627.27	13,598.96	13,587.32	14,044.59	14,905.33	15,774.67
X5	1.77	1.77	1.75	1.84	1.86	1.88	1.84	1.75	1.67
Altman Z Score	3.64	3.71	3.78	4.09	4.33	4.66	4.86	4.89	4.93

Z = 1.2*X1 + 1.4*X2 + 3.3*X3 + 0.6*X4 + 1.0*X5

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red