



**Corporate Express  
Australia Limited**

ABN 94 000 728 398

163 O'Riordan Street  
MASCOT NSW 2020

Private Bag 16  
Alexandria NSW 1435

**Telephone**  
(02) 9335 0555

**Fax**  
(02) 9335 0763

24 May 2010

## **CORPORATE EXPRESS AUSTRALIA LIMITED: (ASX: CXP)**

### **CORPORATE EXPRESS RECEIVES FAVOURABLE DRAFT TAX RULING FOR SPECIAL DIVIDEND**

#### **Summary**

Corporate Express Australia Limited (Corporate Express) has received a favourable draft Class Ruling<sup>1</sup> from the Australian Tax Office (ATO) that would enable Corporate Express to pay a fully franked dividend to its shareholders.

#### **Special Dividend**

Staples Australia Pty Limited (Staples Australia) is offering \$5.60 in cash for each fully paid ordinary share (Share) in Corporate Express (Offer). After the Offer was announced, Corporate Express sought an Australian tax ruling to facilitate the payment of a fully franked special dividend (Special Dividend) of up to 78 cents per Share (but it may be less than that amount). The Special Dividend will only be payable if the Offer becomes unconditional.

#### **ATO Draft Ruling**

Staples Australia has advised Corporate Express that:

- 1. it intends to establish an Institutional Acceptance Facility (IAF) to facilitate institutional shareholder acceptances of its Offer;**
- 2. it encourages shareholders to accept the Offer as soon as possible. Staples Australia will agree to Corporate Express announcing the record date for the special dividend as soon as Staples Australia receives acceptances that, together with its initial stake, total 90% (Announcement). It agrees to provide funding for the special dividend upon Corporate Express announcing the record date in accordance with Staples' agreement above;**
- 3. it proposes to declare the offer unconditional no later than 15 days after the Announcement. The Offer price will be reduced by the amount of the Special Dividend.**

---

<sup>1</sup> In particular, Shareholders should note that the ATO's current practice is that while it may issue a draft Class Ruling prior to completion of the Offer, it will not issue a final Class Ruling until the transaction is completed. The ATO also states that the draft Class Ruling cannot be relied upon and it is only when the Class Ruling is published by the ATO and the notice appears in the Commonwealth Gazette that the Class Ruling may be relied upon.

Corporate Express notes that at this time, Staples Australia retains its rights under the terms of its Offer.

The draft Class Ruling outlines in further detail, amongst other issues, when a Corporate Express shareholder will be considered to satisfy the relevant “holding period” tests with respect to the Special Dividend under the “45 Day Rule”. Attached is a summary of the draft ruling.

Shareholders should read the Target's Statement for more detailed information on the Offer and the payment of the Special Dividend.

As previously stated, it is recommended that each Corporate Express shareholder seek their own taxation and financial advice applicable to their own specific circumstances.

For further information, please contact:

Corporate Express Australia Limited	
Ian Pollard	Grant Logan
Chairman	Finance Director and Chief Financial Officer
Ph: 02 9335 0648	Ph: 02 9335 0555

Corporate Express Australia Limited  
ABN 94 000 728 398

## SUMMARY OF DRAFT ATO RULING

The draft Class Ruling if issued in final form will confirm eligible shareholders are entitled to a franking credit tax offset from any fully franked Special Dividend that is paid.

The draft Class Ruling outlines in further detail when a shareholder will be considered to satisfy the “45 Day Rule” with respect of the Special Dividend. Consistent with Corporate Express’ announcement on 7 May 2010, the effect of the draft Class Ruling is that the dividend will be fully franked in the hands of a shareholder if a shareholder holds the Shares “at risk” for 45 consecutive days immediately prior to the ex-dividend date for tax purposes which is the day after the Special Dividend Record Date.

If, for example, the Special Dividend Record Date is set as 21 June 2010, then a person who acquired Shares prior to 8 May 2010 and holds the Shares “at risk” over the above mentioned period should be able to satisfy the “45 Day Rule” if they accept the Offer. For shareholders who dispose of their shares under a compulsory acquisition process, franking credits should be available if they hold their shares for 45 consecutive days prior to the compulsory acquisition date. Ultimately, the outcome will depend on the shareholder’s specific circumstances.

**The draft Class Ruling also provides further details as to the calculation of capital proceeds received for Capital Gains Tax purposes in connection with a disposal of shares. It confirms that the capital proceeds received by each participating shareholder for each share disposed of is \$5.60 and is not reduced by the amount of Special Dividend. However, where a capital gain is made, that capital gain may be reduced to the extent of the Special Dividend.**

-Ends-