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**CORR  
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19 March 2010

**By fax:** 1300 135 638

Company Announcements Office  
Australian Securities Exchange Limited

Dear Sir/Madam

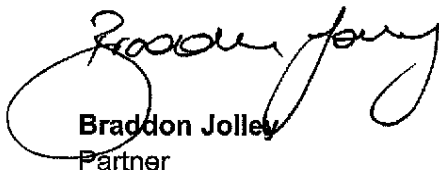
**Takeover offer by Staples Australia Pty Limited for Corporate Express Australia Limited**

We act for Staples Australia Pty Limited ACN 142 352 501, a wholly-owned indirect subsidiary of Staples, Inc.

We **attach**, by way of service pursuant to section 633(1) item 5 of the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of our client's bidder's statement in relation to its off-market takeover bid under Chapter 6 of the Corporations Act for all the shares in Corporate Express Australia Limited ACN 000 728 398 (**Corporate Express**).

The bidder's statement has been lodged with the Australian Securities and Investments Commission and has been sent to Corporate Express.

Yours faithfully



**Braddon Jolley**  
Partner



**Jaclyn Riley-Smith**  
Senior Associate

Offer Information Line  
Australian callers: 1800 645 237  
For international callers: +61 2 8280 7585

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## Bidder's Statement

This is an important document and requires your attention.  
If you are in any doubt about how to deal with this document, you  
should contact your broker, financial adviser or legal adviser.

The Corporate Express Independent Directors unanimously  
recommend that, subject to the conclusion of an independent  
expert and there being no superior proposal, you ACCEPT the

# Cash Offer

by

**Staples Australia Pty Limited**

**ACN 142 352 501**

a wholly-owned indirect subsidiary of

**Staples, Inc**

for your shares in

**Corporate Express Australia Limited**

**ACN 000 728 398**

for

**A\$5.60 a Share**

Please call 1800 645 237 (toll-free within Australia) or +61 2 8280 7585  
(for callers from outside Australia) if you have any questions or require  
assistance with your acceptance.

*Financial Adviser*



*Legal Adviser*

CORRS  
CHAMBERS  
WESTGARTH  
lawyers

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## Key Dates

<b>Announcement Date</b>	17 March 2010
<b>Date that this Bidder's Statement was lodged with ASIC</b>	19 March 2010
<b>Date of the Offer</b>	[•] 2010
<b>Offer closes (unless extended or withdrawn)</b>	[•] 2010

## Key Contacts

<b>Share Registrar for the Offer</b>	Link Market Services Limited
<b>Postal Address</b>	Link Market Services Limited Corporate Express Takeover Locked Bag A14 SYDNEY SOUTH NSW 1235
<b>Delivery Address</b>	Level 12, 680 George Street Sydney NSW 2000
<b>Offer Information Line</b>	1800 645 237 (toll-free within Australia) or +61 2 8280 7585 (for callers from outside Australia)

## Important notice

This Bidder's Statement is given by Staples Australia Pty Limited ACN 142 352 501 (**Staples Australia**), a wholly-owned indirect subsidiary of Staples, Inc (**Staples**), to Corporate Express Australia Limited ACN 000 728 398 (**Corporate Express**) under Part 6.5 of the Corporations Act and sets out certain disclosures required by the Corporations Act, together with the terms of the Offer to acquire Your Shares.

This Bidder's Statement is dated 19 March 2010. It includes an Offer dated [•] 2010 on the terms set out in this Bidder's Statement.

A copy of this Bidder's Statement was lodged with ASIC on 19 March 2010. Neither ASIC nor its officers take any responsibility for the content of this Bidder's Statement.

## Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 13 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

## Investment decisions

In preparing this Bidder's Statement, Staples Australia has not taken into account the individual objectives, financial situation or particular needs of individual Corporate Express shareholders. Accordingly, before making a decision whether or not to accept the Offer, you should consider seeking independent financial and taxation advice.

**Disclaimer as to forward looking statements**

Some of the statements appearing in this Bidder's Statement are in the nature of forward looking statements, including statements of current intention (which include those in section 9 of this Bidder's Statement), statements of opinion and predictions as to possible future events.

You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements and statements in the nature of forward looking statements are only predictions and are subject to inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties are not all within the control of Staples Australia and Staples and cannot be predicted by Staples Australia and Staples and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Staples and Corporate Express and their respective related bodies corporate operate and/or joint-ventures and associated undertakings operate. They also include general economic conditions, acts of terrorism, health epidemics, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised. Although Staples Australia and Staples believe that the expectations reflected in any forward looking statements included in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual outcomes, events or results may differ materially from the outcomes, events or results expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement in this Bidder's Statement.

None of Staples Australia, Staples, or their respective officers, its financial adviser or persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes expressed or implied in any forward looking statement and any statement in the nature of a forward looking statement. You are cautioned not to place undue reliance on any forward looking statement or any statement in the nature of a forward looking statement having regard to the fact that the outcome may not be achieved. The forward looking statements and statements in the nature of forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

**Notice to foreign shareholders**

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

**Information on Corporate Express**

The information on Corporate Express and Corporate Express securities contained in this Bidder's Statement has been prepared by Staples Australia using publicly available information (including information in documents filed by Corporate Express or published by Corporate Express on its website). None of the information in this Bidder's Statement concerning Corporate Express' business has been verified by Corporate Express or the Corporate Express Board or independently verified by Staples Australia or Staples or their respective directors for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, neither of Staples Australia nor Staples makes any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on Corporate Express in this Bidder's Statement should not be considered comprehensive.

Further information relating to Corporate Express' business may be included in Corporate Express' target's statement which Corporate Express must provide to its shareholders in response to this Bidder's Statement.

**Privacy**

Staples Australia has collected your information from the Corporate Express register of shareholders for the purpose of making the Offer and, if accepted, administering your holding of Shares. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Staples Australia's related bodies corporate and external service providers, and may be required to be disclosed to regulators such as ASIC. The registered address of Staples Australia is c/o Corrs Chambers Westgarth of Level 32, Governor Phillip Tower, 1 Farrer Place Sydney NSW 2000.

**Internet**

Both Staples and Corporate Express maintain internet sites. The Staples internet site is <http://investor.staples.com>. The Corporate Express internet site is [www.ce.com.au](http://www.ce.com.au). Information contained in, or otherwise accessible through, these internet sites is not a part of this Bidder's Statement. All references in this Bidder's Statement to these internet sites are inactive textual references to these sites and are for your information only.

**How to accept**

Acceptances of the Offer must be received in sufficient time to be acted upon before the close of the Offer Period. To accept the Offer, you should follow the instructions set out in section 3 of this Bidder's Statement.

**Enquiries**

If you have any queries in relation to the Offer, you can call the Offer Information Line on 1800 645 237 (toll free within Australia) or +61 2 8280 7585 (for callers from outside Australia).

If you are in any doubt as to how to deal with this document, you should contact your broker or your legal, financial or other professional adviser.

## Staples' Chairman & CEO's Letter

19 March 2010

Dear Corporate Express Shareholder,

We have the pleasure of enclosing an Offer by Staples Australia Pty Limited (**Staples Australia**) to acquire all of Your Shares in Corporate Express Australia Limited (**Corporate Express**).

Staples is the world's largest office products company serving customers of all sizes in 25 countries throughout North America, Europe, Asia, South America and Australia. Staples had sales of US\$24.3 billion in 2009. Staples is Corporate Express' largest shareholder, owning 58.64% of the shares issued by Corporate Express.

Under the terms of the Offer, you will receive A\$5.60 cash for each Share you hold. You will also receive the dividend of A\$0.125 a Share announced on 2 March 2010 and expected to be paid on 14 April 2010, with no reduction in the Offer Price. Corporate Express is proposing to pay a special dividend of up to A\$0.78 a Share, subject to a ruling by the Australian Tax Office. The special dividend will be declared and become payable upon the Offer being declared unconditional. The Offer Price will be reduced by the amount of this special dividend.

### RECOMMENDATION FROM THE CORPORATE EXPRESS INDEPENDENT DIRECTORS

Corporate Express has announced that the Corporate Express Independent Directors unanimously recommend the bid by Staples Australia in the absence of a superior proposal, and subject to an independent expert confirming that the Offer is fair and reasonable.

### BENEFITS OF STAPLES' OFFER

Staples believes that its Offer provides shareholders with a number of significant benefits:

- an attractive Offer Price representing;
  - a 25.1% premium to the closing share price on 16 March 2010 of A\$4.60;
  - a 40.2% premium to the 3 month volume weighted average share price of A\$4.12;
  - a 52.0% premium to the 12 month volume weighted average price of A\$3.81; and
  - 10.3x reported FY2009 EBITDA of A\$108.2 million,
- an all cash offer; and
- an opportunity to sell all of Your Shares for an attractive price, where outside the Offer, Corporate Express Shares may suffer from a lack of liquidity.

### OTHER INFORMATION ABOUT STAPLES AUSTRALIA'S OFFER

The Offer is subject to certain conditions which are set out in this Bidder's Statement, including obtaining the necessary foreign investment consents (Foreign Investment Review Board approval in Australia and, if required Overseas Investment Office in New Zealand) and Staples having a relevant interest in at least 90% of the total number of Corporate Express Shares on issue.

The Offer is scheduled to close at 7.00pm (Sydney time), [•], unless extended. To accept the Offer, please follow the instructions set out in this Bidder's Statement and in the enclosed Acceptance Form.

As Staples already holds 58.64% of Corporate Express, Corporate Express is required to appoint an independent expert to assess whether, in the expert's opinion, the Offer is fair and reasonable. Corporate Express is also required to formally respond to the Offer by issuing a target statement which will include all the information known to Corporate Express that shareholders would reasonably require to decide whether or not to accept the Offer.

We encourage you to carefully consider our Offer, the information set out in this Bidder's Statement and Corporate Express' target statement (which will include the independent expert's report) before accepting our Offer.

Yours sincerely,

Ronald L. Sargent  
Chairman & Chief Executive Officer



## 1 Features of the Offer

This summary provides an overview of the Offer and is qualified by the detailed information contained in this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

The bidder	<p>Staples is making the Offer through its wholly-owned indirect subsidiary Staples Australia.</p> <p>Staples currently holds through its indirect subsidiary Staples BV, 98,600,656 Shares, comprising 58.64% of Corporate Express.</p> <p>Staples is the world's largest office products company serving businesses of all sizes and retail customers across 25 countries throughout North and South America, Europe, Asia and Australia. Staples had sales of US\$24.3 billion in 2009.</p> <p>Staples is listed on NASDAQ GS.</p> <p>For further details about Staples Australia and Staples, please refer to section 5 of this Bidder's Statement.</p>
Offer price	A\$5.60 cash a Share for all of Your Shares.
Closing date	The Offer closes at [•], unless it is extended or withdrawn by Staples Australia.
Payment timing	On or before 21 days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional.
Conditions	<p>The Offer is subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• approval by the Foreign Investment Review Board;</li> <li>• approval by the Overseas Investment Office;</li> <li>• 90% minimum acceptance;</li> <li>• no prescribed occurrences;</li> <li>• no dividends, except for the Ordinary Dividend and the Special Dividend; and</li> <li>• between the Announcement Date and the end of the Offer Period, the ASX All Ordinaries Index not falling and remaining more than 20% below the closing level on 16 March 2010 of 4809 points for three consecutive trading days.</li> </ul> <p>Full details of all of the conditions are set out in section 12.8 of this Bidder's Statement.</p>

## 2 Why Corporate Express shareholders should ACCEPT the Offer

### Summary

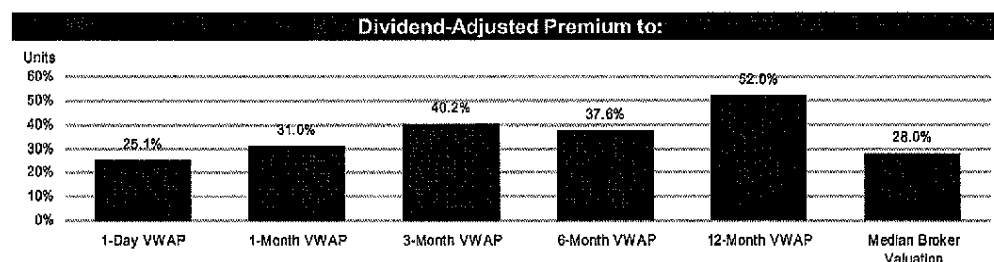
- The Offer is unanimously recommended by the Corporate Express Independent Directors, subject to no superior proposal emerging and an independent expert concluding the Offer is fair and reasonable
- Attractive Offer price
- Cash Offer
- No alternative offer
- Risks involved in remaining a minority shareholder
- No brokerage costs

### 2.1 Recommendation by the Corporate Express Independent Directors

The Corporate Express Independent Directors have welcomed Staples' Offer and unanimously recommend the Offer in the absence of a superior proposal and subject to an independent expert finding that the offer is fair and reasonable.

### 2.2 Attractive Offer price

The Offer of A\$5.60 cash per Corporate Express Share represents a highly attractive premium to a range of Corporate Express trading prices prior to the Announcement Date. The graph below illustrates the premium reflected in the Offer<sup>1</sup>:



Having regard to the operations, expected future earnings, and growth prospects of Corporate Express, Staples believes that the Offer represents full and fair value for Corporate Express Shares:

- For the full year ended 31 January, 2010, Corporate Express reported a 9.3% drop in sales, a 5.6% drop in EBITDA and a 7.1% drop in EPS; and
- Long-term estimated public research EPS growth rate is estimated to trail Corporate Express' peer average (3.7% vs. 10.5%).

<sup>1</sup> The broker valuations are taken from 7 brokers over dates ranging from 3 February 2010 to 3 March 2010. The range of valuations is from A\$4.14 to A\$5.40 and the median broker valuation is A\$4.50 (dividend adjusted to A\$4.38).

## **2.3 Cash Offer**

The Offer provides you with 100% cash consideration for your Corporate Express Shares at a substantial premium to recent trading levels. By accepting the Offer, you will receive A\$5.60 cash for each Corporate Express Share (subject to the conditions of the Offer being satisfied or waived).

If you are entitled to receive the Ordinary Dividend of A\$0.125 there will be no reduction to the Offer Price, thereby giving you total value of A\$5.725.

## **2.4 The Offer provides liquidity**

The Offer allows Corporate Express minority shareholders to dispose of all of their Corporate Express Shares at a significant premium.

Staples has a total interest in Corporate Express of 58.64%. Accordingly, Corporate Express has a free float which represents only 41.36% of Corporate Express Shares on issue. Corporate Express Shares have historically traded in very small volumes which may make it difficult to divest larger Corporate Express shareholdings:

- The average daily trading volume for Corporate Express Shares for the last twelve months has been approximately 398,100 Shares with an average value of A\$3.68.
- The average daily trading volume for Corporate Express Shares for the last three months has been approximately 258,000 Shares with an average value of A\$3.99.

## **2.5 No alternative offer**

Staples currently controls 58.64% of Corporate Express and considers that the likelihood of another bidder emerging is remote. This stake gives Staples the ability to preclude any other bidder from obtaining control of Corporate Express.

## **2.6 Consequences of not accepting**

If you choose not to accept the Offer, there are certain risks, including:

- Corporate Express' share price may decline if Staples' Offer does not proceed.
- Corporate Express Shares may continue to suffer from a lack of liquidity.
- You will remain exposed to the risks associated with an investment in Corporate Express, including:
  - Economic risks: Demand for Corporate Express' products is correlated with business activity. As a consequence, economic turbulence may be transmitted into weaker revenue levels and profitability at Corporate Express.
  - Market risks: Since the start of the global financial crisis at the end of 2007, financial markets have been particularly volatile. There continues to be speculation surrounding another downward move in the global economy if economic growth slows and markets revise their expectations downwards.
- You will remain exposed to the risks associated with remaining a minority shareholder (see section 9.4 of this Bidder's Statement for details of Staples

Australia's intentions if it acquires interests in less than 90% of the Corporate Express Shares).

**2.7 No brokerage will be payable**

If your Corporate Express Shares are registered on an Issuer Sponsored Holding in your name and you deliver them directly to Staples Australia, you will not incur any brokerage fees in connection with your acceptance of the Offer.

You may incur brokerage costs if you choose to sell your Corporate Express Shares on market or if you instruct your Broker to accept the Offer on your behalf. See section 4 of this Bidder's Statement for more information regarding payment of brokerage fees.

### 3 How to accept the Offer

You may only accept the Offer for all of Your Shares.

How to accept the Offer will depend on whether you hold Your Shares in an Issuer Sponsored Holding or a CHESS Holding.

#### Issuer sponsored shareholders

If there is an "I" appearing next to your holder number on the enclosed Acceptance Form, then Your Shares are in an Issuer Sponsored Holding.

To accept the Offer, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes.

#### CHESS sponsored shareholders

If there is an "X" appearing next to your holder number on the enclosed Acceptance Form, then Your Shares are in a CHESS Holding.

To accept the Offer, you may either:

- complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form; or
- call your broker and instruct your broker to accept the Offer on your behalf,

before the Offer closes.

Full details on how to accept the Offer are set out in section 12.3 of this Bidder's Statement. If you have any questions on how to accept, please call the Offer Information Line on 1800 645 237 (toll free within Australia) or +61 2 8280 7585 (for callers from outside Australia).

## 4 Frequently asked questions in relation to the Offer

The table below answers some key questions that you may have about the Offer and is qualified by and should be read in conjunction with the detailed information contained in this Bidder's Statement. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

If you have further questions, please call the Offer Information Line on 1800 645 237 (toll free within Australia) or +61 2 8280 7585 (for callers from outside Australia).

Questions	Answers
What is the Offer?	The Offer is A\$5.60 cash a Share for all of Your Shares.
What is the Special Dividend?	<p>Corporate Express has announced that it will seek an Australian tax ruling to facilitate the payment of a fully franked special dividend of no more than A\$0.78 per Share (<b>Special Dividend</b>). Subject to obtaining a favourable tax ruling, the Special Dividend would be declared and become payable upon the Offer becoming unconditional.</p> <p>If the Special Dividend is declared and paid, the Offer Price will be reduced by the amount of the Special Dividend.</p>
What is this Bidder's Statement?	<p>This Bidder's Statement was prepared by Staples Australia for distribution to Corporate Express shareholders. It sets out the terms of the Offer for Your Shares and information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder's Statement is an important document. If you are in any doubt as to how to deal with this document, you should consult your broker or your legal, financial or other professional adviser as soon as possible.</p>
How do I accept the Offer?	To accept the Offer, you should follow the instructions set out in section 3 of this Bidder's Statement (immediately before these frequently asked questions) and on the enclosed Acceptance Form.
If I accept the Offer, when will I be paid?	If you accept the Offer, Staples Australia will pay you the consideration to which you are entitled on or before 21 days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional.

Questions	Answers
<p><b>Will I need to pay brokerage or stamp duty if I accept the Offer?</b></p>	<p>If Your Shares are registered in an Issuer Sponsored Holding (your SRN starts with an "I") in your name and you deliver them directly to Staples Australia, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If Your Shares are registered in a CHESS Holding (your HIN starts with an "X"), or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer but you should ask your 'Controlling Participant' (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>You may incur brokerage costs if you choose to sell Your Shares on ASX.</p>
<p><b>What are the tax implications of acceptance?</b></p>	<p>A general summary of the likely Australian tax consequences of accepting the Offer is set out in section 10 of this Bidder's Statement. In addition, Staples Australia recommends that you seek independent professional advice in relation to your own particular circumstances.</p>
<p><b>Can I accept the Offer for part of my holding?</b></p>	<p>No. You cannot accept the Offer for part of your holding. You may only accept the Offer for ALL of Your Shares.</p> <p>However, if you hold one or more parcels of Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right. A person holding Shares on trust for, as nominee for, or on account of, another person should refer to section 12.1(f) of this Bidder's Statement.</p>
<p><b>When does the Offer close?</b></p>	<p>The Offer is currently scheduled to close at 7.00 pm (Sydney time) on [•] 2010 unless extended or withdrawn.</p>
<p><b>Can Staples Australia extend the Offer Period?</b></p>	<p>Yes, the Offer Period can be extended at the election of Staples Australia. Corporate Express shareholders will be sent written notice of any extension, and the extension will be announced to ASX.</p>

Questions	Answers
<p><b>Can I withdraw my acceptance?</b></p>	<p>Under the terms and conditions of the Offer, you cannot withdraw your acceptance unless:</p> <ul style="list-style-type: none"> <li>• the FIRB Condition has not been fulfilled;</li> <li>• the OIO Condition has not been fulfilled; or</li> <li>• a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, the bid remains conditional and Staples Australia varies the Offer in a way that postpones, for more than one month, the time when Staples Australia has to meet its obligations under the Offer.</li> </ul>
<p><b>Can I sell my Shares on market?</b></p>	<p>Yes, but you may incur brokerage costs if you do.</p> <p>If you have already accepted the Offer, you will be unable to settle any subsequent sale of Your Shares, subject to you withdraw your acceptance - see "Can I withdraw my acceptance?" above.</p>
<p><b>Who is Staples Australia?</b></p>	<p>Staples Australia is a wholly-owned indirect subsidiary of Staples.</p> <p>Please refer to section 5 of this Bidder's Statement for further information on Staples Australia.</p>
<p><b>Who is Staples?</b></p>	<p>Staples, through its indirect subsidiary Staples BV, is the majority shareholder of Corporate Express, currently holding 98,600,656 Shares representing 58.64% of Corporate Express' issued share capital.</p> <p>Staples is the world's largest office products company serving businesses of all sizes and retail customers across 25 countries throughout North and South America, Europe, Asia and Australia. Staples had sales of US\$24.3 billion in 2009.</p> <p>Staples is listed on NASDAQ GS.</p> <p>Please refer to section 5 of this Bidder's Statement for further information on Staples.</p>



Questions	Answers
<b>Are there any conditions to the Offer?</b>	<p>Yes, the Offer is subject to conditions, which are set out in detail in section 12.8 of this Bidder's Statement.</p> <p>Note that Staples Australia may choose to waive certain of the conditions in accordance with the terms of the Offer set out in section 12 of this Bidder's Statement. Details as to how these conditions can be waived are set out in section 12.10 of this Bidder's Statement.</p>
<b>What happens if I do not accept the Offer and Staples Australia achieves a relevant interest in 90% of the Shares?</b>	<p>If you do not accept the Offer and Staples acquires a relevant interest in at least 90% of the Shares and the other conditions of the Offer are satisfied or waived, Staples Australia intends to proceed to compulsorily acquire Your Shares. If this occurs, you will be paid the Offer consideration at the conclusion of the compulsory acquisition process. In these circumstances, you would have received the Offer consideration sooner if you had accepted the Offer prior to its close.</p>

## **5 Information on Staples Australia and Staples**

### **5.1 Corporate Information**

#### **(a) Staples Australia**

Staples Australia is an Australian company incorporated in Victoria. It will offer to acquire and hold the shares for Staples, Staples Australia's ultimate parent company. Information on Staples is set out below.

Staples Australia is a wholly-owned subsidiary of Staples Holdings. Staples Holdings is an indirect wholly-owned subsidiary of Staples.

#### **(b) Staples**

Staples is Incorporated in Delaware, United States and is listed on NASDAQ GS.

Staples, through its indirect subsidiary Staples BV, currently holds 98,600,656 Shares comprising 58.64% of Corporate Express.

Staples acquired its interest in Corporate Express in July 2008 via a tender offer for all the outstanding capital stock of Corporate Express NV, a company incorporated in the Netherlands, which owns Staples BV.

### **5.2 Overview of Staples' principal activities**

Staples is the world's largest office products company serving customers of all sizes in 25 countries throughout North America, Europe, Asia, South America and Australia. Staples had sales of US\$24.3 billion in 2009.

Staples is headquartered outside Boston, Massachusetts, USA. It operates more than 2,000 office superstores and also serves its customers through mail order catalogue, e-commerce and contract businesses.

Further details of Staples (NASDAQ GS: SPLS) are available at <http://investor.staples.com>.

### **5.3 History of Staples**

Staples was founded by Thomas G. Stemberg. The idea for Staples stemmed from Mr Stemberg's frustration with his business' reliance on small stores for office supplies which led to his realisation that the world needed a supermarket for office products and his vision for an office supply "superstore". Staples pioneered the office products superstore concept by opening the first office products superstore in 1986 in Brighton, Massachusetts to serve the needs of small businesses. In 1996, Staples became a Fortune 500 company and became only the sixth company in history to have sales exceed US\$3 billion within 10 years of its creation.

Staples entered the Canadian market in 1991 and helped found Canada's first office superstore. Today Staples operates over 300 stores in Canada along with a delivery business.

Staples entered the European marketplace in 1992 by establishing a retail presence in the United Kingdom and Germany. In 1999, Staples acquired Sigma Burowelt stores in Germany and Office Centre stores in The Netherlands and Portugal. In 2002, Staples entered the mail order business in Europe with the acquisition of Guilbert, which became the foundation for Staples' European delivery business. Later in 2004, Staples expanded its

European delivery business with the acquisition of Pressel Versand International GmbH and the office products division of Malling Beck A/S of Denmark.

Staples entered the Chinese market in 2004 through a joint venture investment in Shanghai-based office supplies business, OA 365. Today, Staples' China operations are wholly owned and operate under the Staples brand name. In addition, Staples operates a delivery business in Taiwan through a joint venture with UB Express.

In 2004, Staples entered the Latin American market with its acquisition of Officenet, which has operations in Brazil and Argentina. Staples entered the Indian market in 2007 through a joint venture with Pantaloon Retail Limited in India to operate a multi-channel office products business.

In July 2008, Staples acquired Corporate Express NV, one of the leading suppliers of office products to businesses and institutions. With the acquisition, in addition to expanding its contract delivery presence in the United States, Staples entered the contract delivery business segment in Canada and Europe. Further, Staples entered the Australian market, acquiring a 58.64% interest in Corporate Express through the acquisition of Corporate Express NV.

## **5.4 Directors of Staples Australia and Staples**

### **(a) Directors of Staples Australia**

The following are the directors of Staples Australia.

Nicholas P. Hotchkin;

Christine T. Komola; and

John M. Slattery.

### **(b) Executive Officers and Directors of Staples**

The following are the executive officers and directors of Staples. Further details about the qualifications and experience of the executive officers and directors are available from <http://investor.staples.com>.

#### *Executive officers*

Ronald L. Sargent – Chairman and Chief Executive Officer;

Kristin A. Campbell – Senior Vice President, General Counsel and Secretary;

Joseph G. Doody – President, North American Delivery;

Christine T. Komola – Senior Vice President and Corporate Controller;

John J. Mahoney – Vice Chairman and Chief Financial Officer;

Michael A. Miles, Jr – President and Chief Operating Officer; and

Demos Parneros – President, U.S. Retail.

#### *Directors*

Basil L. Anderson;

Arthur M. Blank;

Mary Elizabeth Burton;

Justin King;  
Carol Meyrowitz;  
Rowland T. Moriarty;  
Robert C. Nakasone;  
Ronald L. Sargent;  
Elizabeth A. Smith;  
Robert Sulentic;  
Vijay Vishwanath; and  
Paul F. Walsh.

Mr Michael Miles is currently a director of Corporate Express. Mr Miles and the other Staples nominee directors on the Corporate Express Board have had no involvement in the planning of the Offer and appropriate corporate governance measures are in place to deal with the nominee directorships.

## **5.5 Publicly available information**

The shares of Staples are listed on NASDAQ GS. As such, Staples is subject to the continuous disclosure obligations of NASDAQ GS. A substantial amount of information concerning Staples is publicly available and may be accessed at <http://investor.staples.com>.

## **6 Information on Corporate Express**

### **6.1 Overview of Corporate Express and its principal activities**

Corporate Express is a leading supplier of business essentials with 50 fully integrated sales and distribution facilities throughout Australia and New Zealand. Corporate Express' specialised lines include office products, IT solutions, business furniture, print services, canteen and catering, promotional marketing, facility and educational supplies.

Listing on ASX in 1995, Corporate Express was formed to be a distributor of office products and stationery to medium and large corporate and government users.

In July 2008, Corporate Express' majority shareholder, Staples BV (formerly known as Corporate Express International BV) became a subsidiary of Staples. As a result, Corporate Express is now a partly-owned 58.64% subsidiary of Staples.

Further details about Corporate Express are available at its website [www.ce.com.au](http://www.ce.com.au).

### **6.2 Publicly available information about Corporate Express**

Corporate Express is a listed disclosing entity for the purposes of the Corporations Act and as such, is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Corporate Express is subject to the ASX Listing Rules, which require continuous disclosure of any information Corporate Express has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

The ASX website lists all announcements issued by Corporate Express. These documents are available in electronic form from [www.asx.com.au](http://www.asx.com.au).

The Corporate Express 2009 annual report was released on 2 March 2010 and is available on the ASX website. If you do not have internet access, you can obtain a copy of the Corporate Express Annual Report by contacting the Offer Information Line on 1800 645 237 (toll free within Australia) or +61 2 8280 7585 (for callers from outside Australia).

Corporate Express is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Corporate Express may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about Corporate Express is also available in electronic form from [www.ce.com.au](http://www.ce.com.au).

## **7 Information on Corporate Express' securities**

### **7.1 Corporate Express' issued securities**

According to documents provided by Corporate Express to the ASX, as at the date of this Bidder's Statement, Corporate Express' securities consisted of:

- 168,132,810 Shares;
- 16,000 Options entitling the holder to two Shares for each Option; and
- 1,321,080 Options entitling the holder to one Share for each Option.

The Options have been issued pursuant to a Long Term Incentive Plan (LTIP) for executive directors and senior management. All benefits under the LTIP are subject to a minimum holding period and satisfaction of certain performance hurdles.

### **7.2 Interests in Corporate Express' securities**

As at the date of this Bidder's Statement:

- Staples' voting power in Corporate Express was 58.64%; and
- Staples had a relevant interest in 98,600,656 Shares.

Staples acquired its interest in Corporate Express in July 2008.

As at the date of the Offer:

- Staples Australia's voting power in Corporate Express was [•]%; and
- Staples Australia had a relevant interest in [•] Shares.

### **7.3 Dealings in Shares and Options**

#### **(a) Previous four months**

None of Staples Australia, Staples, or any of their associates has provided, or agreed to provide, consideration for Shares or Options under any purchase or agreement during the four months before the date of this Bidder's Statement.

#### **(b) Period before Offer**

None of Staples Australia, Staples, or any of their associates has provided, or agreed to provide, consideration for Shares or Options under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

### **7.4 Recent share price performance of Corporate Express**

The closing share price of Corporate Express Shares on ASX on 16 March 2010, being the last full day of trading before the Announcement Date, was A\$4.60.

The closing share price of Corporate Express Shares on ASX on 18 March 2010, being the last full day of trading before the date on which this Bidder's Statement was lodged with ASIC, was A\$5.57.

## **7.5 Effect of the Offer on Options**

The Offer extends to Shares that are issued on the exercise of Options during the period from the Register Date to the end of the Offer Period.

Staples Australia intends to offer to acquire (or cancel) the Options. If Staples Australia has relevant interests in at least 90% of the Shares during or at the end of the Offer Period, Staples Australia will give a notice of compulsory acquisition to all outstanding Corporate Express shareholders, even if the Shares to which those notices relate are issued on exercise of the Options:

- after the Offer closes but before the notices are given (under section 661A(4)(b) of the Corporations Act); or
- up to 6 weeks after the notices are given (under section 661A(4)(c) of the Corporations Act).

If all Options are not acquired by Staples Australia or cancelled pursuant to agreements or other arrangements, and Staples Australia is entitled to compulsorily acquire any outstanding Shares, Staples Australia intends to seek to compulsorily acquire or cancel any outstanding Options under Part 6A.2 of the Corporations Act.

## **7.6 No pre-Offer benefits**

During the period of four months before the date of this Bidder's Statement, none of Staples Australia, Staples, or any associate of either company gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Shares,

and which is not offered to all holders of the Shares under the Offer.

During the period from the date of this Bidder's Statement to the date immediately before the date of the Offer, none of Staples Australia, Staples, or any associate of either company gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Shares,

and which is not offered to all holders of Shares under the Offer.

## **7.7 No escalation agreements**

None of Staples Australia, Staples, or any associate of either company has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

## **8 Funding**

### **8.1 Total cash consideration**

The Offer is a 100% cash offer.

The maximum amount of cash that Staples Australia would be required to pay under the Offer if acceptances are received in respect of all the Shares on issue (other than those Shares in which Staples Australia already has a relevant interest) as at the date of this Bidder's Statement would be approximately A\$389 million.

In addition, if holders of all Options on issue at the date of this Bidder's Statement exercise those Options and accept the Offer, then the additional consideration payable in respect of the Shares resulting from such exercise would be approximately A\$7.1 million.

### **8.2 Staples Australia internal borrowing arrangements**

Staples has agreed to provide, and will procure that its subsidiaries will provide, Staples Australia with all amounts Staples Australia is required to pay for the acquisition of Shares pursuant to the Offer (as and when those payments are required to be made) together with the acquisition of the Options.

Staples and its subsidiaries will make such amounts available to Staples Australia for the period of the Offer, together with any period during which compulsory acquisition is proceeding and not yet complete, through a subscription for equity or intercompany loans, as appropriate.

### **8.3 Overview of funding arrangements**

The necessary funds to pay the consideration for the acquisition of the Shares pursuant to the Offer together with the acquisition of the Options will be met through Staples' cash reserves, supplemented, as required, by Staples' existing committed facilities, as further described in section 8.5 below (the **Facilities**).

In aggregate, the funds available from Staples' existing cash reserves and undrawn amounts under the Facilities are more than sufficient to fund the maximum consideration payable pursuant to the Offer together with the acquisition of the Options and all associated transaction costs. Staples has more than sufficient funds for the acquisition of Shares even if there were to be significant foreign exchange movements.

Staples is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of Shares pursuant to the Offer to satisfy its obligations under the Offer.

The Offer is not subject to any conditions relating to financing.

### **8.4 Particulars of cash reserves**

As at the date of this Bidder's Statement, Staples has cash reserves of approximately US\$1.4 billion on deposit with international financial institutions with a credit rating of not less than BBB (or equivalent).

Sufficient cash reserves are available to Staples Australia pursuant to subscriptions for equity or intercompany loans, as applicable. The cash on deposit held by Staples is principally denominated in US Dollars.



Having had regard to its estimated future cash flows, Staples expects that it will be able to fund the Offer through its existing cash reserves. However, should it be required, Staples has existing facilities that it can draw down on to fund the Offer.

## **8.5 Particulars of the Facilities**

To the extent that Staples needs or decides to utilise external third party funds to pay part of the consideration payable for the acquisition of the Shares under the Offer, such funds are available to be drawn from the Facilities.

At 30 January 2010, Staples had US\$2.6 billion in total cash and funds available through credit agreements, which consisted of US\$1.4 billion of cash and cash equivalents and US\$1.2 billion of available credit. The largest Facility is a US\$750 million revolving credit facility with Bank of America N.A. and other lenders which matures in October 2011. This Facility also serves as a backstop to a commercial paper program. At 30 January 2010, this facility was fully available and there was no commercial paper outstanding.

Each Facility is immediately available for drawdown. Each Facility contains standard events of default, undertakings, representations and warranties and other standard provisions. Staples has no reason to believe that any of the events of default will occur such that a drawdown will not be able to be made.

## **9 Staples Australia's intentions in relation to Corporate Express**

### **9.1 Introduction**

This section 9 sets out Staples Australia's intentions in relation to the following:

- the continuation of the business of Corporate Express;
- any major changes to the business of Corporate Express and any redeployment of the fixed assets of Corporate Express; and
- the future employment of the present employees of Corporate Express.

Staples Australia is a wholly-owned indirect subsidiary of Staples and has been established for the purpose of making the Offer. Accordingly, the intentions, views, understanding and beliefs of Staples Australia as set out in this Bidder's Statement are the same as those of Staples.

### **9.2 Review**

The intentions set out in this section 9 have been formed on the basis of facts and information concerning Corporate Express and the general business environment which are known to Staples Australia and Staples and prevailing market conditions at the time of preparing this Bidder's Statement.

Staples Australia and its advisers have reviewed information that is publicly available concerning Corporate Express and its current business, operations and assets and plans for the future.

At the conclusion of the Offer Period Staples Australia will, to the extent to which it is able, conduct a review of Corporate Express and its operations, assets, liabilities, structure and employees following which it will, as required, review its intentions as set out in this section.

Final decisions will only be reached by Staples Australia after that review and in light of circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intention only and may change as new information becomes available or circumstances change, and the statements in this section should be read in this context.

### **9.3 Intentions if Staples Australia acquires a relevant interest in 90% or more of the Shares**

This section 9.3 sets out Staples Australia's current intentions if at the end of the Offer Period it has relevant interests in 90% or more of the Shares and is entitled to proceed to compulsory acquisition of the outstanding Shares.

#### **(a) Compulsory acquisition**

If it becomes entitled to do so under the Corporations Act, Staples Australia intends to proceed with compulsory acquisition in accordance with the Corporations Act, including any Shares which are issued after the close of the Offer and as a result of the exercise of Options (see section 7.5).

#### **(b) Directors**

Staples Australia intends to replace all members of the Corporate Express Board with its own nominees and reduce the Corporate Express Board to the minimum number of directors permitted under the Corporations Act.

**(c) ASX listing**

At the conclusion of the compulsory acquisition process, Staples Australia intends to arrange for Corporate Express to be removed from the official list of ASX.

**(d) Head office**

Staples Australia and Staples do not have any Australian operations other than Corporate Express and intend to retain the Corporate Express head office.

**(e) Integration**

Following the close of the Offer, Staples Australia intends to review Corporate Express' business and its integration with Staples' existing business. This review will evaluate Corporate Express' business with a view to maximising Corporate Express' success and identifying opportunities to enhance the performance of, and expand, the enlarged group's business.

**(f) Operations**

Staples Australia has no present intention to sell any specific part of the business or assets of Corporate Express or to downsize any specific part of the business.

Following the release of its full year results, Corporate Express announced in a press release dated 2 March 2010 that its strategy for 2010 is to:

- refocus on acquisitions that add value to the core business areas of Corporate Express; and
- focus efforts on growing sales by customer segment.

Subject to a review of the operations and business of Corporate Express, Staples Australia intends to continue to pursue this strategy.

**(g) Employees**

Staples Australia believes that the current management team and employee base are key to the successful implementation of its strategic plans with Corporate Express. Subject to a full review post-acquisition, Staples Australia intends that all of the management of Corporate Express will continue to serve in their current roles and that the employment of Corporate Express' current employees will be unaffected. As a result of Corporate Express no longer being publicly listed, any Corporate Express employee whose role principally involves tasks associated with the listing of Corporate Express on ASX may be redeployed.

**9.4 Intentions if Staples Australia acquires a relevant interest in less than 90% of the Shares**

The Offer is subject to a condition that, at the end of the Offer Period, Staples Australia has relevant interests in at least 90% of the Shares (see section 12.8 of this Bidder's Statement for more information on the conditions of the Offer).

Staples Australia does not currently intend to waive the 90% minimum acceptance condition to the Offer but reserves the right to do so.

This section 9.4 sets out Staples Australia's current intentions if Staples Australia waives the 90% minimum acceptance condition and at the end of the Offer Period, Staples Australia has a relevant interest in less than 90% of the Shares.

**(a) Active major shareholder**

Subject to the Corporations Act, Staples intends to become more actively involved in determining Corporate Express' dividend and capital management policies and controlling the strategic direction of the business of Corporate Express. Additionally, if Staples receives acceptances under the Offer that bring its shareholding to more than 75% of Corporate Express Shares, it will be in a position to cast the votes required for a "special resolution" at a meeting of Corporate Express members. This would enable it to pass resolutions, for example, to amend the Corporate Express constitution.

**(b) Directors**

In July 2008, Corporate Express' majority shareholder, Staples BV became a subsidiary of Staples. As a result, Staples now, through subsidiaries, holds 58.64% of Corporate Express. In connection with Staples becoming a majority shareholder, Staples and Corporate Express agreed on majority shareholder protocols (**Majority Shareholder Protocols**) which are disclosed on the website of Corporate Express.

Corporate Express acknowledges under the Majority Shareholder Protocols that although Staples has the power to control the constitution of the Corporate Express Board, it has previously chosen not to exercise this power. To date, Staples has encouraged a level of Independence of the Corporate Express Board by agreeing to a board makeup of up to 4 independent non-executive directors, up to 3 executive management directors and up to 3 nominees of Staples.

However, at the end of the Offer Period, Staples Australia as the majority shareholder, intends (subject to the formal requirements of the Corporations Act and of the Corporate Express constitution) to procure the appointment of a majority of Staples nominees to the Corporate Express Board so that the proportion of Staples nominees is broadly in line with Staples' voting power in Corporate Express. The identity of such nominee directors has not yet been determined, but nominees will be selected to bring technical and managerial expertise to the Corporate Express Board. The nominees will ensure that they comply with their fiduciary duties and obligations as directors of Corporate Express, in particular in dealing with potential conflicts of interest.

Staples intends to continue to support the appointment of an independent chairman of the Corporate Express Board and of the audit committee. Staples has not made a decision in relation to the composition or continuation of the board committees for nomination, compensation and business information systems.

**(c) ASX listing**

Staples Australia intends to retain the listing of Corporate Express on ASX, subject to satisfying the ongoing requirements under the ASX Listing Rules (including there being a sufficient number and spread of Corporate Express shareholders). Under the ASX Listing Rules a listed company must maintain a spread of holdings which, in ASX's opinion, is sufficient to ensure that there is an orderly and liquid market in its securities. ASX may suspend and eventually de-list a company which does not meet its spread requirements. It is possible that, depending upon the level of acceptances under the Offer, ASX may delist Corporate Express on this basis.

If Corporate Express continues to be listed, the liquidity and index weighting of certain S&P/ASX indices of Corporate Express Shares may be materially diminished given the

reduced free float of Corporate Express Shares. As a result, certain institutional investors may no longer be required to hold Corporate Express Shares as part of their investment portfolios, which may also have a negative impact on the price of Corporate Express Shares. Accordingly, the market for Corporate Express Shares may become significantly less liquid or active.

**(d) Operations, assets and employees**

Staples Australia will seek to procure that Corporate Express' new board of directors implement the strategies and goals outlined in section 9.3 of this Bidder's Statement to the extent possible and appropriate in the circumstances.

**(e) Dividends**

Staples Australia, through its nominees on the Corporate Express Board, is likely to propose that Corporate Express review its dividend policy to ensure that the policy reflects a balance between ensuring free cash flow is distributed to Corporate Express shareholders and ensuring adequate capital is maintained in the business to facilitate its ongoing activities.

**(f) Limitations in giving effect to intentions**

The ability of Staples Australia to implement the intentions set out in this section 9.4 will be subject to the legal obligation of Corporate Express directors to have regard to the interests of Corporate Express and all Corporate Express shareholders and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. These may limit or modify the implementation of the intentions outlined above.

Also, as a result of those requirements, the approval of minority Corporate Express shareholders may be required for the implementation of some of the intentions outlined above.

## **9.5 Intentions generally**

Subject to the above, Staples Australia intends, on the basis of the facts and information concerning Corporate Express which are known to it:

- to continue the business of Corporate Express;
- to continue the employment of Corporate Express' present employees; and
- not to make any major changes to the business of Corporate Express or the deployment of Corporate Express' assets.

## **10 Taxation considerations**

### **10.1 Introduction**

The following is an outline of the principal Australian income tax consequences generally applicable to a Corporate Express shareholder who disposes of Shares by accepting the Offer. The comments set out below are also relevant to those Corporate Express shareholders who do not accept the Offer if Staples Australia proceeds to compulsorily acquire their Shares following Staples Australia having a relevant interest in at least 90% of Shares on issue at any time during the Offer Period.

This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) and the regulations made under those acts, taking into account Staples Australia's understanding of the current administrative practices of the Australian Taxation Office (ATO). The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to particular Corporate Express shareholders. In particular, the summary is only relevant to those Corporate Express shareholders who hold their shares as capital assets for the purposes of investment and does not address all tax considerations applicable to Corporate Express shareholders that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities or Corporate Express shareholders who acquired their Shares as part of an employee share scheme operated by Corporate Express (if any). For Corporate Express shareholders who are non-residents of Australia for tax purposes, it is assumed that the Shares are not held and have never been held as an asset of a permanent establishment of that Corporate Express shareholder in Australia.

Sections 10.2 to 10.5 do not consider the implications of the proposed Special Dividend. These are discussed specifically at section 10.6.

This outline does not constitute tax advice. It is recommended that each Corporate Express shareholder consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Shares in light of current tax laws and their particular circumstances.

### **10.2 Taxation on the disposal of Shares**

If you accept the Offer, you will be treated as having disposed of Your Shares for tax purposes.

### **10.3 Australian resident Corporate Express shareholders – post Capital Gains Tax (CGT) Shares**

Unless you were deemed to acquire Your Shares on or before 19 September 1985, the following consequences will apply to you.

You would realise a capital gain on a Share to the extent that the amount you receive (or that you will receive) for the disposal of that Share is more than the cost base of that Share. You should realise a capital loss on a Share to the extent that the amount you receive (or that you will receive) for the disposal of that Share is less than the reduced cost base of that

Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Broadly, the cost base of a Share is the total of the amount you paid for the Share and your acquisition and disposal costs in respect of that Share. However, there are circumstances where this may not be the case and we recommend that you speak to your tax adviser to confirm the cost base of your Shares. The reduced cost base of a Share is usually determined in a similar, but not identical, manner.

Any net capital gain in respect of an income year would be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year would be calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. That amount may be further reduced by other concessions, particularly under the discount CGT rules.

Corporate Express shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a Share if they have held that Share for more than 12 months at the time they are taken to have disposed of their Share. Companies are not eligible for discount capital gains treatment.

The above comments do not apply to you if you buy and sell shares in the course of a business, or if you acquired the Shares for resale at a profit. In those cases, any gain will generally be taxed as ordinary income. You should seek your own advice.

Corporate Express shareholders should seek their own advice as to the tax consequences of disposing of their Shares, in particular as to the availability of the discount capital gains tax concession.

#### **10.4 Australian resident Corporate Express shareholders – pre-CGT Shares**

If the Shares were deemed to be acquired on or before 19 September 1985, the tax consequences will be significantly different.

Generally, you should not be taxed on any gain on the sale of Your Shares.

Corporate Express shareholders are encouraged to seek advice from their own tax adviser as to whether their Shares were deemed to be acquired on or before 19 September 1985.

The above comments do not apply to you if you buy and sell shares in the course of a business, or if you acquired the Shares for resale at a profit. In those cases, any gain will generally be taxed as ordinary income. You should seek your own advice.

#### **10.5 Non-resident Corporate Express shareholders**

If you are not a resident of Australia for tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of Your Shares if you do not hold a "non-portfolio interest" in Corporate Express.

You will hold a "non-portfolio interest" in Corporate Express if you (together with your associates) own, or owned, throughout a 12 month period during the 2 years preceding the sale of Your Shares, 10% or more of (broadly) all of the shares in Corporate Express.

If you do hold a "non-portfolio interest" in Corporate Express you will generally only have to pay Australian tax on any capital gain when you dispose of Your Shares if the Shares pass the "principal asset test".

Broadly, the Shares would pass the "principal asset test" if the market value of Corporate Express' direct and indirect interests in Australian land is more than the market value of its other assets at the time you accept the Offer.

Detailed calculations are necessary to determine the results of the "principal asset test".

If you hold a "non-portfolio interest" in Corporate Express, you should contact your taxation adviser to determine if the Shares would pass the "principal asset test".

If you buy and sell shares in the course of a business, or acquired the Shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own advice.

You should seek advice from your taxation adviser as to the taxation implications of accepting the Offer in your country of residence.

## 10.6 Special Dividend

Corporate Express has announced that:

- (a) it will apply for a ruling from the ATO regarding a proposed fully franked special dividend of no more than A\$0.78 per share (**Special Dividend**); and
- (b) subject to obtaining a favourable tax ruling, the Special Dividend would be declared and become payable upon the Offer being declared unconditional.

The tax implications of the proposed Special Dividend will depend upon any ruling actually issued by the ATO and the circumstances of any actual Special Dividend paid. Subject to these points, the following general comments are set out below.

Australian tax resident Corporate Express shareholders that receive a Special Dividend should include the amount of the dividend received as assessable income in their tax return. To the extent the Special Dividend is franked, recipients of the Special Dividend will be required to also include the amount of the attached franking credits in their assessable income.

The amount of franking credits attaching to the Special Dividend could be used to offset the income tax otherwise payable by a Corporate Express shareholder if certain requirements are met. These requirements include:

- (a) whether the shareholder is a 'qualified person' in relation to the dividend;
- (b) whether the shareholder has satisfied holding period requirements; and
- (c) whether certain dividend franking integrity measure apply.

Corporate Express shareholders that are not residents of Australia for income tax purposes should not be taxable in Australia on the proposed Special Dividend provided they do not hold the shares through an Australian permanent establishment. On the assumption the Special Dividend is fully franked, such shareholders should receive the full amount of the dividend, free of any Australian dividend withholding tax.



Corporate Express shareholders that are not residents of Australia for income tax purposes should seek their own independent tax advice as to the tax implications in their country of residence of receiving the Special Dividend.

Corporate Express' target's statement will set out further information in relation to the Special Dividend.

#### **10.7 Stamp duty**

Any stamp duty payable on the transfer of Shares to Staples Australia pursuant to the Offer will be paid by Staples Australia.

## **11 Other material information**

### **11.1 Foreign Investment Review Board approval**

The Offer is subject to a condition that, before the end of the Offer Period, the Treasurer consents on an unconditional basis under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) to the proposed acquisition by Staples Australia of Corporate Express. Staples Australia is a foreign person for the purposes of FATA. Staples Australia has applied to the Treasurer under FATA for a statement of no objection to the proposed acquisition by Staples Australia of Corporate Express in terms of Australia's foreign investment policy. Staples Australia believes that the transaction is consistent with the Government's foreign investment policy and anticipates that a statement of no objection to the proposal will be issued in due course.

For further details of the FIRB Condition, please refer to section 12.8 of this Bidder's Statement.

### **11.2 Overseas Investment Office Approval**

The Offer is subject to a condition that, before the end of the Offer Period, if required Staples Australia obtains consent on an unconditional basis under the *Overseas Investment Act 2005* (NZ) and the *Overseas Investment Regulations 2005* (NZ) to the proposed acquisition by Staples Australia of Corporate Express.

For further details of the OIO Condition, please refer to section 12.8 of this Bidder's Statement.

### **11.3 Options**

Staples Australia intends to make offers to acquire any outstanding Options. If any of the Options are not transferable, Staples Australia will, subject to any modifications required to the Corporations Act and consent required under the ASX Listing Rules being obtained, seek to have the Options cancelled for the payment of a cancellation fee.

If all Options are not acquired or cancelled by Staples Australia, subject to being permitted to do so under the Corporations Act, Staples Australia intends to seek to compulsorily acquire, under the provisions of the Corporations Act, any outstanding Options.

### **11.4 Special Dividend**

Corporate Express has announced that it will seek an Australian tax ruling to facilitate the payment of a fully franked special dividend of no more than A\$0.78 per Share (**Special Dividend**). Subject to obtaining a favourable tax ruling, the Special Dividend would be declared and become payable upon the Offer being declared unconditional.

Funding for the amount of the Special Dividend (which will be a maximum of approximately A\$132 million) is expected to be provided by a combination of existing Corporate Express debt facilities and a debt facility to be provided by Staples on an arm's length basis.

Corporate Express has announced that the application for the Australian tax ruling will be lodged as soon as possible.

If the Special Dividend is declared and paid, the Offer Price will be reduced by the amount of the Special Dividend.

### 11.5 Date for determining holders of Shares

For the purposes of section 633 of the Corporations Act, the date for determining the persons to whom information is to be sent under items 6 and 12 of subsection 633(1) is the Register Date.

### 11.6 On-market acquisitions

Subject to the requirements of the FATA and the Corporations Act, Staples Australia may acquire Shares on-market at prices up to the Offer Price during normal trading on ASX. Corporate Express shareholders who sell their Shares on ASX will receive payment on a T+3 basis (being three Trading Days after the date of the transaction).

Corporate Express shareholders who sell their Shares on ASX cannot subsequently accept the Offer in respect of Shares sold on ASX. Additionally, Corporate Express shareholders who sell their Shares on ASX may incur brokerage charges which they would not incur if they accepted the Offer.

### 11.7 Acceptance facility

Staples Australia may establish an institutional acceptance facility under which institutional shareholders of Corporate Express can lodge Acceptance Forms to an institutional facility agent with directions to the institutional facility agent to accept the Offer when all conditions are satisfied or waived. Any such directions from institutional shareholders will be subject to the institutional shareholders' rights to withdraw the directions and are therefore different from binding acceptances under the Offer (at least after the FIRB Condition and OIO Condition are satisfied). If it decides to establish an institutional acceptance facility, Staples Australia will make detailed disclosure on the facility, including as to the facility's structure, operational procedures, conditions and withdrawal rights.

### 11.8 Broker handling fee

Subject to the terms below, if the Offer becomes or is declared unconditional, Staples Australia will pay a broker handling fee (**Broker Fee**) to market participants of ASX (**Brokers**) who initiate valid acceptances (**Acceptances**) of the Offer in respect of parcels of Shares held by retail shareholders of Corporate Express. A retail shareholder of Corporate Express is a shareholder who is not a Broker or an associate of a Broker and who holds fewer than 100,000 Shares as at the date of the Acceptance.

The Broker Fee will be 0.75% of the consideration payable by Staples Australia under the Offer as a result of the Acceptance, subject to a maximum Broker Fee of A\$750 payable in respect of any Acceptance. Staples Australia also proposes to pay a minimum fee of A\$50 for each Acceptance. Staples Australia reserves the right to aggregate any Acceptances in determining the Broker Fees payable to any Broker if Staples Australia believes that a party or parties has/have structured holdings of Shares to take advantage of the Broker Fee.

The Broker Fee is payable to Brokers only. No part of any Broker Fee may be passed on or paid to the accepting Corporate Express shareholders. An acceptance of a Broker Fee by a Broker constitutes a representation that neither it, nor its associates, holds a relevant interest (within the meaning of those terms in the Corporations Act) in the Shares and the Broker Fee will not be passed on or otherwise shared directly or indirectly with the accepting Corporate Express shareholder.

If the Offer becomes free of all conditions, the Broker Fee will be payable to any Broker:

- who submits to the Share Registrar the Share Registrar's Broker Fee Claim Form (**Claim Form**) no later than 5.00pm (Sydney time) on the day which is 5 Business Days after the end of the Offer Period. Claim Forms may be obtained from the Share Registrar by contacting [staples@linkmarketservices.com.au](mailto:staples@linkmarketservices.com.au); and
- whose original official stamp appears on the Acceptance Form or who, in respect of a CHES Holding, produces evidence satisfactory to Staples Australia that it is the controlling participant who initiated the acceptance.

The Claim Form, with all relevant details, must be submitted to the Share Registrar in hard copy format to the following address:

Link Market Services Limited  
Corporate Express Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

For any Corporate Express shareholder on the CHES subregister, where that shareholder directly requests Staples Australia (and not the relevant Broker) to initiate acceptance of the Offer on their behalf, that Broker will not be entitled to receive the Broker Fee.

No Broker Fees are payable in respect of Acceptances that are withdrawn.

Subject to the terms above, payment of the Broker Fee, in respect of a valid Acceptance bearing the original Broker's stamp (if applicable) and the Claim Form in the format described above, will be made by cheque within 10 Business Days after the end of the Offer Period.

No Broker Fees are payable in respect of on-market acquisitions of Shares by Staples Australia (see section 11.6 of this Bidder's Statement).

## 11.9 Consents

This Bidder's Statement contains references to, statements made by, and/or statements said to be based on statements made by Staples. Staples has consented to the inclusion of:

- each reference to its name;
- each statement it has made; and
- each statement which is said to be based on a statement it has made,

in the form and context in which each reference or statement (as applicable) appears and has not withdrawn that consent as at the date of this Bidder's Statement.

Barclays Capital has acted as financial adviser and Corrs Chambers Westgarth has acted as legal adviser to Staples and Staples Australia and Link Market Services has acted as share registrar for Staples Australia in relation to the Offer. Each of Barclays Capital, Corrs Chambers Westgarth and Link Market Services has consented to be named in this Bidder's Statement in the form and context in which it is named and has not withdrawn that consent as at the date of this Bidder's Statement, but should not be regarded as authorising the issue of this Bidder's Statement or any statements in it.

### **11.10 ASIC modifications and exemptions**

ASIC has published various "class order" instruments providing for modifications and exemptions that apply generally to all persons, including Staples Australia, in relation to the operation of Chapter 6 of the Corporations Act.

Among others, Staples Australia has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 11 of ASIC Class Order 01/1543 "Takeover Bid" to include in this Bidder's Statement, without obtaining specific consents, statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge) during the bid period, please contact the Offer Information Line on 1800 645 237 (toll free within Australia) or +61 2 8280 7585 (for callers from outside Australia).

In addition, as permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or a published book, journal or comparable publication.

Staples Australia has not obtained from ASIC any modifications or exemptions from the Corporations Act in relation to the Offer.

### **11.11 Social security and superannuation implications of the Offer**

Acceptance of the Offer may have implications under your superannuation arrangements or on your social security entitlements. If in any doubt, you should seek specialist financial advice.

### **11.12 Other material information**

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a Corporate Express shareholder whether or not to accept the Offer;
- (b) known to Staples Australia or Staples; and
- (c) which has not previously been disclosed to Corporate Express shareholders.

## **12 The terms and conditions of the Offer**

### **12.1 Offer**

- (a) Staples Australia is offering to acquire all of Your Shares on and subject to the terms and conditions set out in this section 12 of this Bidder's Statement.
- (b) The consideration under the Offer is A\$5.60 a Share.
- (c) By accepting this Offer, you undertake to transfer to Staples Australia not only the Shares to which the Offer relates, but also all Rights attached to those Shares (see section 12.5(b)(vi) and section 12.6(c)) of this Bidder's Statement.
- (d) This Offer is being made to each person registered as the holder of Shares in the register of Corporate Express shareholders at 7.00 pm (Sydney time) on the Register Date. It also extends to:
  - (i) any Shares that are issued during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, securities which are on issue as at the Register Date; and
  - (ii) any person who becomes registered, or entitled to be registered, as the holder of Your Shares during the Offer Period.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the Shares to which this Offer relates:
  - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Shares;
  - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Shares you hold to which the Offer relates; and
  - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (f) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate Offer on the same terms and conditions as this Offer had been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1800 645 237 (toll free within Australia) or +61 2 8280 7585 (for callers from outside Australia) to request those additional copies.
- (g) If Your Shares are registered in the name of a broker, investment adviser or dealer, bank, trust company or other nominee, you should contact them for assistance in accepting the Offer.
- (h) The Offer is dated [•].

## 12.2 Offer Period

- (a) Unless withdrawn, the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00 pm (Sydney time) on the later of:
  - (i) [•] 2010; or
  - (ii) any date to which the Offer Period is extended.
- (b) Staples Australia reserves the right to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, the Offer is varied to improve the consideration offered, then the Offer Period will be automatically extended so that it ends 14 days after the event in accordance with section 624(2) of the Corporations Act.

## 12.3 How to accept this Offer

### (a) General

- (i) Subject to section 12.1(e) and section 12.1(f), you may accept this Offer only for all of Your Shares.
- (ii) You may accept this Offer at any time during the Offer Period.

### (b) Shares held in your name on Corporate Express' issuer sponsored subregister

To accept this Offer for Shares held in your name on Corporate Express' issuer sponsored subregister (in which case your Security Holder Reference Number will commence with 'I'), you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

### (c) Shares held in your name in a CHESS Holding

- (i) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you should instruct your broker or Controlling Participant (this is normally the stockbroker through whom you bought Your Shares or ordinarily acquire shares on ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.
- (ii) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.
- (iii) Alternatively, to accept this Offer for Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with

'X'), you may sign and complete the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

- (iv) If Your Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASTC Settlement Rules.

**(d) Shares of which you are entitled to be registered as holder**

To accept this Offer for Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Acceptance Form.

**(e) Acceptance Form and other documents**

- (i) The Acceptance Form forms part of the Offer.
- (ii) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Staples Australia at one of the addresses shown on the Acceptance Form before the end of the Offer Period.
- (iii) When using the Acceptance Form to accept this Offer in respect of Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Staples Australia in time for Staples Australia to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASTC Settlement Rules before the end of the Offer Period.
- (iv) The postage of the Acceptance Form and other documents is at your own risk.

## **12.4 Validity of acceptances**

- (a) Subject to this section 12.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 12.3.
- (b) Staples Australia will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. Staples Australia is not required to communicate with you prior to making this determination. The determination of Staples Australia will be final and binding on all parties.



- (c) Notwithstanding section 12.3, Staples Australia may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Staples Australia.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of Your Shares, Staples Australia may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Shares but not the remainder.
- (e) Staples Australia will provide the consideration to you in accordance with section 12.6, in respect of any part of an acceptance determined by Staples Australia to be valid.

## **12.5 The effect of acceptance**

- (a) Once you have accepted this Offer, you will be able to revoke your acceptance at any time while the FIRB Condition and OIO Condition remain unfulfilled. When the FIRB Condition and OIO Condition have been fulfilled, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw Your Shares from the Offer or otherwise dispose of Your Shares, except as follows:
  - (i) if, by the end of the Offer Period, the conditions in section 12.8 have not all been fulfilled or freed, this Offer will automatically terminate and Your Shares will be returned to you; or
  - (ii) if the Offer Period is varied in a way that postpones for more than one month the time when Staples Australia has to meet its obligations under the Offer and, at the time, this Offer is subject to one or more of the conditions in section 12.8, you may be able to withdraw your acceptance and Your Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.
- (b) By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 12.3, you will be deemed to have:
  - (i) subject to all of the conditions to this Offer in section 12.8 being fulfilled or freed, accepted this Offer (and any variation of it) in respect of Your Shares, and agreed to transfer Your Shares to Staples Australia (even if the number of Shares specified on the Acceptance Form differs from the number of Your Shares), subject to section 12.1(e) and section 12.1(f);
  - (ii) represented and warranted to Staples Australia, as a fundamental condition of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of Your Shares (including any rights) to Staples Australia is registered, that all Your Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in

Your Shares (including any Rights) to Staples Australia, and that you have paid to Corporate Express all amounts which at the time of acceptance have fallen due for payment to Corporate Express in respect of Your Shares;

- (iii) irrevocably authorised Staples Australia (and any director, secretary or nominee of Staples Australia) to alter the Acceptance Form on your behalf by inserting correct details of Your Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Staples Australia to make it an effective acceptance of this Offer or to enable registration of Your Shares in the name of Staples Australia;
- (iv) if you signed the Acceptance Form in respect of Shares which are held in a CHESS Holding, irrevocably authorised Staples Australia (or any director, secretary or agent of Staples Australia) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Shares in accordance with Rule 14.14 of the ASTC Settlement Rules;
- (v) if you signed the Acceptance Form in respect of Shares which are held in a CHESS Holding, irrevocably authorised Staples Australia (or any director, secretary or agent of Staples Australia) to give any other instructions in relation to Your Shares to your Controlling Participant, as determined by Staples Australia acting in its own interests as a beneficial owner and intended registered holder of those Shares;
- (vi) irrevocably authorised and directed Corporate Express to pay to Staples Australia, or to account to Staples Australia for, all Rights in respect of Your Shares, subject, if this Offer is rescinded or rendered void, to Staples Australia accounting to you for any such Rights received by Staples Australia;
- (vii) irrevocably authorised Staples Australia to notify Corporate Express on your behalf that your place of address for the purpose of serving notices upon you in respect of Your Shares is the address specified by Staples Australia in the notification;
- (viii) with effect from the date on which all the conditions to this Offer in section 12.8 have been fulfilled or freed, to have irrevocably appointed Staples Australia (and any director, secretary or nominee of Staples Australia) severally from time to time as your agent and attorney to exercise all your powers and rights in relation to Your Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings of Corporate Express and to request Corporate Express to register, in the name of Staples Australia or its nominee, Your Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (ix) with effect from the date on which all the conditions to this Offer in section 12.8 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting of Corporate Express or to exercise or purport to exercise any of the powers and rights conferred on Staples Australia (and its directors, secretaries and nominees) in section 12.5(b)(viii);

- (x) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 12.5(b)(vii), the attorney will be entitled to act in the interests of Staples Australia as the beneficial owner and intended registered holder of Your Shares;
  - (xi) agreed to do all such acts, matters and things that Staples Australia may require to give effect to the matters the subject of this section 12.5(b) (including the execution of a written form of proxy to the same effect as this section 12.5(b) which complies in all respects with the requirements of the constitution of Corporate Express) if requested by Staples Australia;
  - (xii) agreed to indemnify Staples Australia in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Security Holder Reference Number or in consequence of the transfer of your Acceptance Shares to Staples Australia being registered by Corporate Express without production of your Holder Identification Number or your Security Holder Reference Number for Your Shares;
  - (xiii) represented and warranted to Staples Australia that, unless you have notified it in accordance with section 12.1(f), Your Shares do not consist of separate parcels of Shares;
  - (xiv) irrevocably authorised Staples Australia (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASTC Settlement Rules to transfer Your Shares to Staples Australia's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer; and
  - (xv) agreed, subject to the conditions of this Offer in section 12.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Staples Australia may consider necessary or desirable to convey Your Shares registered in your name and Rights to Staples Australia.
- (c) The undertakings and authorities referred to in section 12.5(b) will remain in force after you receive the consideration for Your Shares and after Staples Australia becomes registered as the holder of Your Shares.

## **12.6 Payment of consideration**

- (a) Subject to this section 12.6 and the Corporations Act, Staples Australia will provide the consideration due to you for Your Shares on or before the earlier of:
  - (i) 21 days after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within 21 days after this Offer becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period.
- (b) Where the Acceptance Form requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):
  - (i) if that document is given with your Acceptance Form, Staples Australia will provide the consideration in accordance with section 12.6(a);

- (ii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is subject to a defeating condition, Staples Australia will provide the consideration due to you on or before the earlier of 21 days after this Offer becomes unconditional and 21 days after the end of the Offer Period;
  - (iii) if that document is given after your Acceptance Form and before the end of the Offer Period while this Offer is not subject to a defeating condition, Staples Australia will provide the consideration due to you on or before the earlier of 21 days after that document is given and 21 days after the end of this Offer period; and
  - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating condition, Staples Australia will provide the consideration within 21 days after that document is delivered. However, if at the time the document is given, the Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Staples Australia will provide the consideration due to you within 21 days after the Offer becomes unconditional.
- (c) If you accept this Offer, Staples Australia is entitled to all Rights in respect of Your Shares. Staples Australia may require you to provide all documents necessary to vest title to those Rights in Staples Australia, or otherwise to give it the benefit or value of those Rights.
  - (i) If the Special Dividend (which is included in the definition of Rights) is paid, Staples Australia will allow you to keep the Special Dividend and will deduct from the consideration otherwise due to you the amount of the Special Dividend with no other adjustment for the value of any franking credits attributable to the Special Dividend.
  - (ii) For any other Rights (other than the Special Dividend), if you do not give those documents to Staples Australia, or if you have received the benefit of those Rights, Staples Australia will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Staples Australia) of those Rights, together with the value (as reasonably assessed by Staples Australia) of the franking credits, if any, attached to the Rights.
- (d) The consideration payable by Staples Australia to you under the Offer will be paid to you by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address as shown on your Acceptance Form.
- (e) If at the time you accept the Offer any of the following:
  - (i) *Banking (Foreign Exchange) Regulations 1959* (Cth);
  - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); or
  - (iii) any other law of Australia,require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you

receive any consideration for Your Shares, or would make it unlawful for Staples Australia to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Staples Australia.

## **12.7 Rounding of cash consideration**

If you are entitled to receive a fraction of a cent under the Offer, the cash consideration you are entitled to receive will be rounded up to the nearest whole cent.

## **12.8 Conditions of this Offer**

Subject to section 12.9, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

### **(a) Foreign Investment Review Board approval**

One of the following occurring:

- (i) the Treasurer of the Commonwealth of Australia (**Treasurer**) advising Staples Australia before the end of the Offer Period, on an unconditional basis, to the effect that there are no objections to the takeover bid constituted by the despatch of the Offer in terms of the Federal Government's foreign investment policy; or
- (ii) no order being made in relation to the takeover bid constituted by the despatch of the Offer under section 22 of the FATA within a period of 40 days after Staples Australia has notified the Treasurer that it proposes to acquire Shares under that Takeover Bid, and no notice being given by the Treasurer to Staples Australia during that period to the effect that there are any such objections; or
- (iii) where an order is made under section 22 of the FATA, a period of 90 days having expired after the order comes into operation and no notice having been given by the Treasurer to Staples Australia during that period to the effect that there are any such objections.

### **(b) OIO Condition**

If required, Staples Australia obtaining consent on an unconditional basis under the *Overseas Investment Act 2005* (NZ) and the *Overseas Investment Regulations 2005* (NZ) to the proposed acquisition by Staples Australia of Corporate Express.

### **(c) 90% minimum acceptance condition**

During the Offer Period, Staples Australia having received acceptances under the Offer that give Staples a relevant interest in at least 90% of all Shares in the capital of Corporate Express.

### **(d) No Prescribed Occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), no Prescribed Occurrence happening.

### **(e) No dividends**

There being no declaration of distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) by Corporate Express, or

any subsidiary of Corporate Express, between the Announcement Date and the end of the Offer Period (each inclusive) other than the Ordinary Dividend and the Special Dividend.

**(f) All Ordinaries Index**

Between the Announcement Date and the end of the Offer Period, the All Ordinaries Index not falling and remaining more than 20% or more below the closing level on 16 March 2010 of 4809 points for three consecutive trading days.

## **12.9 Nature and benefit of conditions**

- (a)** The FIRB Condition and OIO Condition are conditions precedent to the acquisition by Staples Australia of any interest in Shares of a kind which would cause a breach of the provisions of laws referred to therein. Notwithstanding your acceptance of the Offer, unless and until the conditions in those sections are fulfilled:
- (i)** no contract for the sale of Your Shares will come into force or be binding on you or on Staples Australia;
  - (ii)** Staples Australia will have no rights (conditional or otherwise) in relation to Your Shares;
  - (iii)** if any of Your Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement and Transfer Corporation Pty Limited specifying the Shares to be released from the sub position, in accordance with Rule 14.16 of the ASTC Settlement Rules, at any time prior to the satisfaction of that condition; and
  - (iv)** if any of Your Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the fulfilment or freedom of that condition.
- (b)** The conditions in sections 12.8(c) to 12.8(f) (inclusive) are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell Your Shares from arising, but entitles Staples Australia by written notice to you, to rescind the contract resulting from your acceptance of this Offer.
- (c)** Subject to the Corporations Act and section 12.9(a), Staples Australia alone is entitled to the benefit of the conditions in section 12.8, or to rely on any non fulfilment of any of them.
- (d)** Each condition in section 12.8 is a separate, several and distinct condition. No condition will be taken to limit the meaning or effect of any other condition.
- (e)** As noted in section 7.2, Staples is a major shareholder of Corporate Express and has 2 nominees on the Corporate Express Board (**Staples Nominee Directors**). Staples undertakes not to do anything that would trigger a Prescribed Occurrence unless Staples also waives that breach of a Prescribed Occurrence.

## 12.10 Freeing the Offer of conditions

Except for the FIRB Condition (which Staples Australia cannot waive) and OIO Condition (which Staples Australia can only waive if consent is not required under the *Overseas Investment Act 2005* (NZ) and the *Overseas Investment Regulations 2005* (NZ)), Staples Australia may free this Offer, and any contract resulting from its acceptance, from the conditions in section 12.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Corporate Express and to ASX declaring this Offer to be free from the relevant condition or conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.

If, at the end of the Offer Period the conditions in section 12.8 have not been fulfilled and Staples Australia has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

## 12.11 Notice on status of conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [•] 2010 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

## 12.12 Withdrawal of this Offer

- (a) This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Staples Australia will give notice of the withdrawal to ASX and to Corporate Express and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Offer is withdrawn, this offer has been freed from all the conditions in section 12.8, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 12.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).
- (d) A withdrawal pursuant to this section 12.12 will be deemed to take effect:
  - (i) if the withdrawal is not subject to conditions imposed by ASIC, after the date that consent in writing is given by ASIC; or
  - (ii) if the withdrawal is subject to conditions imposed by ASIC, after the date those conditions are satisfied.

## 12.13 Variation of this Offer

Staples Australia may vary this Offer in accordance with the Corporations Act.

## 12.14 No stamp duty or brokerage charges

- (a) Staples Australia will pay any stamp duty on the transfer of Your Shares to it.
- (b) As long as Your Shares are registered in your name and you deliver them directly to Staples Australia, you will not incur any brokerage charges in connection with your acceptance of this Offer.

### **12.15 Governing laws**

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in New South Wales, Australia.



## 13 Definitions and interpretation

### 13.1 Definitions

In this Bidder's Statement and in the Acceptance Form unless the context otherwise appears, the following terms have the meanings shown below.

**ACCC** means the Australian Competition and Consumer Commission.

**Acceptance Form** means the acceptance form enclosed with this Bidder's Statement.

**All Ordinaries Index** means the index by that name made up the weighted share prices of the 500 largest Australian companies listed on ASX.

**Announcement Date** means the date of the announcement of the offer to acquire all of the shares in Corporate Express by Staples Australia, being 17 March 2010.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.

**ASTC Settlement Rules** means the operating rules of the ASTC which govern the administration of the Clearing House Electronic Subregister System.

**ASX** means ASX Limited ABN 98 008 624 691.

**ASX Listing Rules** means the listing rules of ASX as amended or varied from time to time.

**ASX Settlement and Transfer Corporation** means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.

**Bidder's Statement** means this document, being the statement of Staples Australia under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

**Business Day** means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday.

**CGT** means capital gains tax.

**CHESS Holding** means a holding of Shares which are registered on the Corporate Express share register being a register administered by the ASX Settlement and Transfer Corporation Pty Limited and which records uncertificated holdings of Shares.

**Controlling Participant** in relation to Your Shares, has the same meaning as in the ASTC Settlement Rules.

**Corporate Express** means Corporate Express Australia Limited ACN 000 728 398.

**Corporate Express Board** means the board of directors of Corporate Express.

**Corporate Express Independent Board Directors** means all directors of Corporate Express other than the Staples nominee directors.

**Corporate Express NV** means Corporate Express Nederland Holding BV, a company incorporated in the Netherlands.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**EBITDA** means earnings before interest, tax, depreciation and amortisation.

**EPS** means earnings per share.

**Facilities** means each of the debt facilities described in section 8.5 of this Bidder's Statement and **Facility** means any of them.

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**FIRB Condition** means the condition precedent in section 12.8(a) of this Bidder's Statement.

**Holder Identification Number or HIN** has the same meaning as in the ASTC Settlement Rules.

**Issuer Sponsored Holding** means a holding of Shares on the Corporate Express issuer sponsored subregister.

**NASDAQ GS** means the NASDAQ Global Select Market

**Offer or the Offer** means the offer for Shares under the terms and conditions contained in section 12 of this Bidder's Statement.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with section 12.2 of this Bidder's Statement.

**OIO Condition** means the condition precedent in section 12.8(b) of this Bidder's Statement.

**Options** means options to subscribe for Shares as set out in section 7.1.

**Ordinary Dividend** means the dividend of A\$0.125 a share announced by Corporate Express on 2 March 2010 and expected to be paid on 14 April 2010.

**Participant** means an entity admitted to participate in the Clearing House Electronic Sub-register system under Rule 4.3.1 and 4.4.1 of the ASTC Settlement Rules.

**Prescribed Occurrence** means any of the following (being the occurrences listed in section 652C of the Corporations Act):

- (a) Corporate Express converting all or any of the Shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Corporate Express or a subsidiary of Corporate Express resolving to reduce its share capital in any way;
- (c) Corporate Express or a subsidiary of Corporate Express:
  - (i) entering into a buyback agreement;
  - (ii) or resolving to approve the terms of a buyback agreement,under subsections 257C(1) or 257D(1) of the Corporations Act;
- (d) Corporate Express or any company in which Corporate Express holds more than 50% of the issued shares making an issue of Shares (other than Shares issued as a result of the exercise of Options into Shares) or granting an option over the Shares or agreeing to make such an issue or grant such an option;
- (e) Corporate Express or a subsidiary of Corporate Express issuing, or agreeing to issue, convertible notes;
- (f) Corporate Express or a subsidiary of Corporate Express disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (g) Corporate Express or a subsidiary of Corporate Express charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (h) Corporate Express or a subsidiary of Corporate Express resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of Corporate Express or of a subsidiary of Corporate Express;
- (j) the making of an order by a court for the winding up of Corporate Express or of a subsidiary of Corporate Express;
- (k) an administrator of Corporate Express or of a subsidiary of Corporate Express being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) Corporate Express or a subsidiary of Corporate Express executing a deed of company arrangement; or
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of Corporate Express or of a subsidiary of Corporate Express.

**Register Date** means the date set by Staples Australia under section 633(2) of the Corporations Act, being [•] 2010.

**Rights** means all accreditations, rights or benefits of whatever kind attaching or arising from Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and in particular, the Special Dividend, and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by Corporate Express or any of its subsidiaries, other than the Ordinary Dividend).

**Security Holder Reference Number or SRN** has the same meaning as in the ASTC Settlement Rules.

**Special Dividend** means a special dividend of up to A\$0.78 a share, subject to a ruling by the Australian Tax Office, to be declared by Corporate Express and which will become payable upon the Offer being declared unconditional. The Offer Price will be reduced by the amount of this special dividend.

**Share or Corporate Express Share** means a fully paid ordinary share in the capital of Corporate Express.

**Share Registrar** means Link Market Services Limited ACN 083 214 537.

**Staples** means Staples, Inc., a company incorporated in Delaware, United States and listed on NASDAQ GS.

**Staples Australia** means Staples Australia Pty Limited ACN 142 352 501.

**Staples BV** means Staples International BV, a company incorporated in the Netherlands.

**Staples Holdings** means Staples Australia Holdings Pty Limited ACN 142 352 234.

**Takeover Bid** means the off-market takeover bid constituted by the despatch of the Offers in accordance with the Corporations Act.

**Takeover Transferee Holding** has the same meaning as in the ASTC Settlement Rules.

**Trading Days** has the meaning given in the ASX Listing Rules.

**Your Shares** means subject to section 12.1(e) and section 12.1(f) the Shares:

- (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Corporate Express at 7.00 pm (Sydney time) on the Register Date; or
- (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

## **13.2 Interpretation**

In this Bidder's Statement and in the Acceptance Form, the following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) A reference to time is a reference to Sydney time.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The singular includes the plural and conversely.
- (d) A reference to a section is to a section of this Bidder's Statement.
- (e) A gender includes all genders.
- (f) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) A\$, \$, dollars or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- (h) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (i) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- (j) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (k) A reference to any instrument or document includes any variation or replacement of it.
- (l) A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act, the ASX Listing Rules or the ASTC Settlement Rules, as the case may be.
- (m) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.

**14 Approval of Bidder's Statement**

This Bidder's Statement has been approved by a resolution passed by the directors of Staples Australia.

Date: 19 March 2010

Signed for and on behalf of  
Staples Australia Pty Limited

A handwritten signature in black ink, appearing to read 'John Slattery', is written over the text 'Signed for and on behalf of Staples Australia Pty Limited'.

John Slattery, Director

---

## Annexure

Announcements in relation to the Offer



that was easy.<sup>SM</sup>

## STAPLES OFFERS A\$5.60 A SHARE FOR CORPORATE EXPRESS AUSTRALIA

### Corporate Express Australia's Board<sup>1</sup> Unanimously Recommends the Offer

**FRAMINGHAM, Mass., 16 March 2010** — Staples, Inc. ("Staples") today announced an offer (the "Offer") for all of the shares it does not already own in Corporate Express Australia Limited ("Corporate Express Australia" or the "Company"). Staples is the majority shareholder of Corporate Express Australia, holding 58.6% of the Company's issued share capital.

"The Offer provides the minority shareholders of Corporate Express Australia with a compelling opportunity to realize a significant premium to the current share price," said Ron Sargent, Staples chairman and CEO. "This allows us to more effectively address the Australian market and create greater value for our customers and associates."

Staples is offering shareholders cash consideration of A\$5.60 a share (the "Offer Price"). Shareholders will receive the dividend of A\$0.125 a share announced on 2 March 2010 and expected to be paid on 14 April 2010, with no reduction in the Offer Price. This gives a total value of A\$5.725 a share. Corporate Express Australia is proposing to pay a special dividend of up to A\$0.78 a share, subject to a ruling by the Australian Tax Office. The special dividend will be declared and become payable upon the Offer being declared unconditional. The Offer Price will be reduced by the amount of this special dividend.

Corporate Express Australia's Board<sup>1</sup> and Staples have signed an Implementation Agreement pursuant to which Corporate Express Australia's Board has unanimously recommended the Offer subject to no superior proposal emerging and confirmation from an independent expert that the Offer is fair and reasonable to non-Staples shareholders.

### Overview of the Offer

- Cash consideration of A\$5.60 a share (comprising takeover offer cash consideration of A\$5.60 a share less a special dividend of up to A\$0.78 a share, subject to an Australian Tax Office ruling)
- The Offer values Corporate Express Australia at A\$1.0 billion on an equity value basis and A\$1.1 billion on an enterprise value basis
- The Offer Price represents<sup>2</sup>:
  - a 25.1% premium to the closing share price on 16 March 2010 of A\$4.60;
  - a 40.2% premium to the 3-month volume weighted average share price of A\$4.12;
  - a 52.0% premium to the 12-month volume weighted average share price of A\$3.81;
  - 10.3x reported FY2009 EBITDA of \$108.2 million; and

<sup>1</sup>Excluding Staples representatives. The Board has established protocols and procedures in order to manage potential conflicts of interest.

<sup>2</sup> The premia are calculated after adjusting for the A\$0.125 a share dividend expected to be paid on 14 April 2010.

- 9.6x I/B/E/S Consensus estimates for FY2010 EBITDA of \$116.5 million.

### Offer Conditions

The Offer is subject to the following conditions:

- achieving acceptances to give Staples a relevant interest of 90% in Corporate Express Australia on a fully diluted basis;
- the approval of the Foreign Investment Review Board and Overseas Investment Office, if required;
- no prescribed occurrences, being the occurrences listed in section 652C of the Corporations Act 2001 (Cth);
- Corporate Express Australia not announcing an intention to pay, declaring or paying a dividend or any other form of distribution of profits or capital other than the dividend of A\$0.125 a share that is scheduled to be paid on 14 April 2010 and a special dividend of up to A\$0.78 a share; and
- between the date of this announcement and the close of the Offer, the All Ordinaries Index not falling and remaining 20% or more below the 16 March 2010 closing level of 4809 for three consecutive trading days.

### Documentation

Staples expects to lodge its bidder's statement with the Australian Securities and Investments Commission ("ASIC") shortly. The bidder's statement will set out additional detailed information in relation to the Offer, and will be sent to Corporate Express Australia shareholders approximately two weeks after it is lodged with ASIC.

### Advisors

Staples has appointed Barclays Capital as exclusive financial advisor and Corrs Chambers Westgarth as legal advisor for this transaction.

--ENDS--

For further information please contact:

#### STAPLES CONTACTS:

##### Media

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Staples, Inc.  
Phone : +508 253 8530  
Mobile : +508 728 1271  
Email :  
paul.capelli@Staples.com

Owen Davis  
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Mobile : +508 309 8221  
Email :  
owen.davis@Staples.com

##### Investors

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Phone : +508 253 4080  
Mobile : +508 561 3450  
Email :  
laurel.lefebvre@Staples.com

#### Barclays Capital

David Potaznik  
Phone: +61 2 9334 6063

Steven Boggiano  
Phone: +61 2 9334 6113



**FD Third Person**

Lauren Thompson  
Phone: +61 2 8298 6100  
Email: [lauren.thompson@fdthirdperson.com.au](mailto:lauren.thompson@fdthirdperson.com.au)

Amanda Lee  
Phone: +61 2 8298 6100  
Email: [amanda.lee@fdthirdperson.com.au](mailto:amanda.lee@fdthirdperson.com.au)

**Notes to Editors:**

**About Staples**

Staples, the world's largest office products company, is committed to making it easy for customers to buy a wide range of office products and services. Our broad selection of office supplies, electronics, technology and office furniture as well as business services, including computer repair and copying and printing, helps our customers run their offices efficiently. With 2009 sales of US\$24 billion and 91,000 associates worldwide, Staples operates in 25 countries throughout North and South America, Europe, Asia and Australia serving businesses of all sizes and consumers. Staples invented the office superstore concept in 1986 and today ranks second worldwide in e-commerce sales. The company is headquartered outside Boston. More information about Staples is available at [www.staples.com/media](http://www.staples.com/media).



**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

17 March 2010

## **CORPORATE EXPRESS AUSTRALIA LIMITED (ASX: CXP) ANNOUNCES RECOMMENDED TAKEOVER OFFER AT \$5.60 PER SHARE**

Corporate Express Australia Limited (Corporate Express) today announced that Corporate Express' Independent Directors (Independent Directors)<sup>1</sup> and Staples, Inc. or a wholly owned subsidiary (Staples), have agreed key terms under which it is proposed that Staples will acquire all of the issued shares in Corporate Express that it does not already own for an offer consideration of \$5.60 per share (the Staples Offer). Shareholders will also keep the final fully franked dividend of 12.5 cents per share announced on 2 March 2010 and to be paid on 14 April 2010. This gives a total value of \$5.725 per share.

Corporate Express and Staples have signed an Implementation Agreement pursuant to which the Independent Directors unanimously recommend the Staples Offer subject to no superior proposal emerging and an Independent Expert determining that the Staples Offer is fair and reasonable to non-Staples shareholders.

### **Summary of the Staples Offer**

The Staples Offer, which will be implemented by an off-market takeover, values Corporate Express at approximately \$1.0 billion on an equity value basis and approximately \$1.1 billion on an enterprise value basis.

The Staples Offer consideration of \$5.60 per share represents a premium<sup>2</sup> of:

- 25.1% to the ASX closing share price of \$4.60 on 16 March 2010;
- 40.2% to the volume weighted average ASX share price (VWAP) of \$4.12 in the three months up to and including 16 March 2010; and
- 52.0% to the VWAP of \$3.81 in the twelve months up to and including 16 March 2010.

<sup>1</sup> For the purpose of this transaction, the Independent Directors comprise all of the Directors of Corporate Express other than Staples representatives. The Board has protocols and procedures so that any potential conflicts of interest are managed.

<sup>2</sup> Premia calculated after adjusting for the 12.5 cents per share final dividend declared on 2 March 2010 and expected to be paid on 14 April 2010.

The enterprise value implied by the Staples Offer compares favourably with precedent transaction multiples and represents<sup>3</sup>:

- 10.3 times reported FY09 EBITDA of \$108.2 million<sup>4</sup>; and
- 9.6 times I/B/E/S Consensus broker estimates for FY10 EBITDA of \$116.5 million<sup>5</sup>.

#### **Enhancing the Staples Offer**

Following a detailed review of alternatives, the Independent Directors have agreed with Staples that Corporate Express will seek an Australian tax ruling to facilitate the payment of a fully franked special dividend of no more than 78 cents per share. Subject to obtaining a favourable tax ruling, the special dividend would be declared and become payable upon the Staples Offer being declared unconditional.

Funding for the special dividend (which amounts to approximately \$132 million) is expected to be provided by a combination of existing debt facilities and a debt facility to be provided by Staples on an arm's length basis.

The application for the Australian tax ruling will be lodged as soon as possible.

To the extent the special dividend is declared and paid, the Staples Offer price will reduce accordingly.

#### **Conditions of the Staples Offer**

The Staples Offer is subject to the following conditions:

- achieving acceptances to give Staples a relevant interest of 90% in Corporate Express on a fully diluted basis;
- the approval of the Foreign Investment Review Board and Overseas Investment Office, if required;
- no prescribed occurrences, being the occurrences listed in section 652C of the Corporations Act 2001 (Cth);
- Corporate Express not announcing an intention to pay, declaring or paying a dividend or any other form of distribution of profits or capital other than the dividend of 12.5 cents per share that is to be paid on 14 April 2010 and a special dividend of up to 78 cents per share fully franked contemplated herein; and
- between the date of this announcement and the close of the Staples Offer, the All Ordinaries Index not falling and remaining 20% or more below the 16 March 2010 closing level of 4809 for three consecutive trading days.

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<sup>3</sup> Multiples presented are based on an offer consideration of \$5.60 per share, a total of 169.4 million shares on issue fully diluted and implied net debt of \$166.1 million (after adjusting for the payment of the final dividend on 14 April 2010).

<sup>4</sup> FY09 refers to the financial year ending 31 January 2010.

<sup>5</sup> FY10 refers to the financial year ending 31 January 2011.

**Chairman's comment**

The Chairman of Corporate Express, Ian Pollard, said: "The Independent Directors believe this offer delivers value to shareholders and will unanimously recommend shareholders accept the offer in the absence of a higher offer and subject to the findings of the Independent Expert."

"The total offer consideration provides an attractive premium and compares favourably with recent similar transactions. When the franking credit benefits are taken into account, there is potential to add additional value for shareholders," he said.

**Next steps**

In due course, Corporate Express shareholders will receive documentation from Staples (Bidder's Statement) and Corporate Express (Target's Statement).

The Bidder's Statement will contain full details of the Staples Offer. Corporate Express non-Staples shareholders will be sent a copy of the Bidder's Statement approximately two weeks after it is lodged with ASIC.

Corporate Express' Target's Statement will include the Independent Directors' recommendation and is intended to be distributed within 14 days after the Bidder's Statement is dispatched to non-Staples shareholders.

Corporate Express has appointed Lonergan Edwards & Associates to prepare an Independent Expert's report on whether the Staples Offer is fair and reasonable to Corporate Express' non-Staples shareholders. The Independent Expert's report will be included in the Target's Statement.

**Other items**

Corporate Express shareholders should consult their stockbroker, accountant, tax, financial or other professional adviser about the impact of the Staples Offer on their particular investment objectives.

Corporate Express will advise its shareholders of any further relevant developments as they occur.

The Independent Directors have engaged KPMG Corporate Finance as financial adviser and Baker & McKenzie as legal adviser in relation to the Staples Offer.

**The Independent Directors of Corporate Express unanimously recommend that Corporate Express' non-Staples shareholders accept the Staples Offer, subject to no superior proposal emerging and confirmation by the Independent Expert that the Staples Offer is fair and reasonable to non-Staples shareholders.**

For further information, please contact:

**Media:**

Fowlstone Communications  
Geoff Fowlstone  
Mob: 0413 746 949  
Ph: 02 9955 9899

**Investor:**

Corporate Express Australia Limited  
Ian Pollard  
Ph: 02 9335 0648

**- Ends -**

Corporate Express Australia Limited  
ABN 94 000 728 398

# STAPLES AUSTRALIA PTY LIMITED



## Need help?

Contact Staples Offer Information Line

Phone 1800 645 237 (from within Australia)

Phone +61 2 8280 7585 (from outside Australia)

### A Your name

SAMPLE NAME 1  
SAMPLE NAME 2  
<SAMPLE A/C>  
SAMPLE ADDRESS 1  
SAMPLE ADDRESS 2

### Your holding

Securityholder Reference Number: 112345678910

Corporate Express Shares held as at  
[Register Date] 99,999,9999

If your holding balance has changed between the Register Date and the time of your acceptance, then write your current holding balance here.

**This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.**

## Transfer and Acceptance Form – Issuer sponsored subregister

This is a personalised form for the sole use of the holder and holding recorded above.

### B You must give your instructions to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of **ALL** of your Corporate Express Australia Limited ("Corporate Express") Shares. Your form must be received before the Offer closes.

**If you accept the Offer you will receive A\$5.60 for each Corporate Express Share.**

### C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone number where you can be contacted during business hours

Contact name (PRINT)

### D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Corporate Express Shares and hereby agree to transfer to Staples Australia Pty Limited ("Staples Australia") all my/our Corporate Express Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2

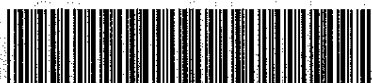
Director

Shareholder 3

Secretary/Director (delete one)

Please refer overleaf for further important instructions

REGISTRY USE ONLY



SRN



Holding

CXPT TKO001



## Further Important Instructions

Your Corporate Express Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

Please refer to the Bidder's Statement dated 19 March 2010 which accompanies this Acceptance Form. Terms defined in the Bidder's Statement have the same meaning in this Acceptance Form.

### Completion instructions

- A** • Please check the front page to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by your Corporate Express Registry.
- Please note your consideration will be issued in the names as they appear on the Corporate Express register.
- D** • Please sign this Acceptance Form in the places for signature(s) out on the front page and in accordance with the following instructions:
  - **Joint Shareholders:** If your Corporate Express Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
  - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
  - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
  - **Deceased estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by Staples Australia and Link Market Services Limited ("Link") for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to Staples Australia's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable. You have rights to obtain access to the personal information which you have supplied. Please see Link's privacy policy on its website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above instructions to:

#### Mailing Address

Link Market Services Limited  
Corporate Express Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

or

#### Hand Delivery

Link Market Services Limited  
Corporate Express Takeover  
Level 12, 680 George Street  
SYDNEY NSW 2000

- A reply paid envelope is enclosed for use within Australia.

**Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (AEDT) on [XXX].**

**If you have any questions about the terms of the Offer or how to accept, please call the Staples Offer Information Line on the following numbers:**

**within Australia: 1800 645 237**

**outside Australia: +61 2 8280 7585**

# STAPLES AUSTRALIA PTY LIMITED



## Need help?

Contact Staples Offer Information Line

Phone 1800 645 237 (from within Australia)

Phone +61 2 8280 7585 (from outside Australia)

### A Your name

SAMPLE NAME 1  
SAMPLE NAME 2  
<SAMPLE A/C>  
SAMPLE ADDRESS 1  
SAMPLE ADDRESS 2

### Your holding

Holder Identification Number: X12345678910

Corporate Express Shares held as at  
[Register Date] 99,999,999

If your holding balance has changed between the Register Date and the time of your acceptance, then write your current holding balance here.

**This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.**

Controlling Participant's name *Broker's name and telephone printed here*

Advisor name:

Contact number:

## Transfer and Acceptance Form – CHESS subregister

This is a personalised form for the sole use of the holder and holding recorded above.

### B You must give your instructions to your Controlling Participant to accept the Offer

If you correctly sign and return this form you will be deemed to have accepted the Offer in respect of ALL of your Corporate Express Australia Limited ("Corporate Express") Shares. Your form must be received before the Offer closes.

**If you accept the Offer you will receive A\$5.60 for each Corporate Express Share.**

To accept the Offer you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
- sign and return this Acceptance Form to the address shown overleaf so the Bidder can contact your Controlling Participant on your behalf and relay your instructions.

If your Controlling Participant acts on your instruction, CHESS will send you a confirmation notice.

### C Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone number where you can be contacted during business hours

Contact name (PRINT)



### D You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Corporate Express Shares and hereby agree to transfer to Staples Australia Pty Limited ("Staples Australia") all my/our Corporate Express Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Shareholder 1 (Individual)

Sole Director & Sole Company Secretary

Shareholder 2

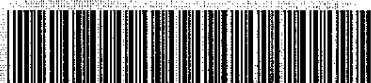
Director

Shareholder 3

Secretary/Director (delete one)

Please refer overleaf for further important instructions

REGISTRY USE ONLY



HIN



Broker PID



Holding

CXPT TKO002





## Further Important Instructions

Your Corporate Express Shares are in a CHESS Holding and therefore you do not need to complete and return this Acceptance Form to the registry to accept the Offer. You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited ("Link") sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither Staples Australia, nor Link will be responsible for any delays incurred by this process.

Please refer to the Bidder's Statement dated 19 March 2010 which accompanies this Acceptance Form. Terms defined in the Bidder's Statement have the same meaning in this Acceptance Form.

### Completion instructions

- A** • Please check the front page to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
- Please note your consideration will be issued in the names as they appear on the Corporate Express register.
- D** • Please sign this Acceptance Form in the places for signature(s) out on the front page and in accordance with the following instructions:
  - **Joint Shareholders:** If your Corporate Express Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
  - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
  - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under Power of Attorney, the attorney declares that he/she has no notice of revocation of the Power of Attorney.
  - **Deceased estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of Section 1071B(9)(b)(iii) of the Corporations Act.

Information you supply on this Acceptance Form will be used by Staples Australia and Link for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to Staples Australia's professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you fail to supply this information, your acceptance may not be processed and you may not receive the consideration payable. You have rights to obtain access to the personal information which you have supplied. Please see Link's privacy policy on its website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### Lodgement instructions

- Mail or deliver completed Acceptance Form(s) and any other documents required by the above Instructions to:

#### Mailing Address

Link Market Services Limited  
Corporate Express Takeover  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

or

#### Hand Delivery

Link Market Services Limited  
Corporate Express Takeover  
Level 12, 680 George Street  
SYDNEY NSW 2000

- A reply paid envelope is enclosed for use within Australia.

**Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (AEDT) on [XXX].**

**If you have any questions about the terms of the Offer or how to accept, please call the Staples Offer Information Line on the following numbers:**

**within Australia: 1800 645 237  
outside Australia: +61 2 8280 7585**