IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE STAPLES, INC. SHAREHOLDER DERIVATIVE LITIGATION	)	Consolidated C.A. No. 2611-VCL

STIPULATION OF COMPROMISE AND SETTLEMENT

This Stipulation of Compromise and Settlement (this "Stipulation") is made and entered into as of April 16, 2010. The Parties (as defined below), by and through their undersigned attorneys, have reached an agreement for the settlement of the above-captioned action (hereinafter the "Delaware Action"), filed in the Court of Chancery of the State of Delaware (the "Court"), on the terms set forth below and subject to Court approval pursuant to Court of Chancery Rule 23.1. This Stipulation is intended to fully, finally, and forever resolve, discharge and settle all claims in the Delaware Action.

The Parties to this Stipulation and the Settlement (as defined below) are:

1. Plaintiffs Donna Conrad, Mordechai Kaiman, Ann Winters and Steven Ray Sanders (collectively, "Plaintiffs");

2. Individual Defendants:

(a) John C. Bingleman ("Bingleman"), James E. Flavin ("Flavin"), Patrick A. Hickey ("Hickey"), Susan S. Hoyt ("Hoyt"), John J. Mahoney ("Mahoney"), Robert K. Mayerson ("Mayerson"), Jeffrey E. Nachbor ("Nachbor"), Louis R. Pepi ("Pepi"), Jack A. VanWoerkom ("VanWoerkom"), Joseph S. Vassalluzzo ("Vassalluzzo"), and John B. Wilson ("Wilson") (collectively, the "Officer Defendants");

(b) Basil L. Anderson ("Anderson"), Brenda C. Barnes ("Barnes"), Arthur M. Blank ("Blank"), Mary E. Burton ("Burton"), Gary L. Crittenden ("Crittenden"), Martin E. Hanaka ("Hanaka"), Rowland T. Moriarty ("Moriarty"), Robert C. Nakasone ("Nakasone"), Ronald L. Sargent ("Sargent"), Thomas G. Stemberg ("Stemberg"), Martin Trust ("Trust"), and Paul F. Walsh ("Walsh") (collectively, the "Director Defendants," and together with the Officer Defendants, the "Individual Defendants"); and

3. Nominal Defendant Staples, Inc., a Delaware corporation ("Staples" or the "Corporation," and together with the Individual Defendants, the "Defendants").

4. Plaintiffs and Defendants are collectively referred to herein as the "Parties," or each individually as a "Party."

WHEREAS:

A. On December 15, 2006, Lead Plaintiff Conrad filed a complaint in the action captioned Conrad v. Blank, et al., C.A. No. 2611-N (the "Conrad Action"), purportedly on behalf of Nominal Defendant Staples, alleging derivative claims and seeking monetary and equitable relief on the grounds that the Individual Defendants allegedly breached their fiduciary duties, committed waste of corporate assets, and were unjustly enriched by approving, administering and/or receiving incorrectly priced stock option grants at Staples between 1994 and 2003.

B. On January 19, 2007, Lead Plaintiff Conrad filed an amended complaint in the Conrad Action (the "Amended Complaint").

C. On March 2, 2007, by stipulated Order of the Court, Individual Defendants Bingleman, Hickey, Hoyt, Pepi, and Wilson were dismissed, without prejudice, from the Conrad Action (Individual Defendant Crittenden subsequently was dismissed, without prejudice, from the consolidated Delaware Action).

D. On March 26, 2007, plaintiff Mordecai Kaiman filed a similar stockholder derivative action, captioned Kaiman v. Anderson, et al., C.A. No. 2840-VCL, in the Court, purportedly on behalf of Nominal Defendant Staples, which action was consolidated with the Conrad Action under the caption, In re Staples, Inc. S'holder Deriv. Litig., Consolidated C.A. No. 2611-VCL (the consolidated action constituting the Delaware Action as heretofore defined).

E. On September 7, 2007, the Court denied the Defendants' motion to dismiss the Amended Complaint in the Delaware Action for failure to plead demand futility, but granted the Defendants' motion to dismiss based on lack of standing with respect to all claims concerning option grants dated prior to February 5, 1998.

F. After the Court's September 7, 2007 decision, the Parties engaged in extensive discovery whereby, inter alia, Staples produced over 17,900 pages of documents and materials, which were reviewed by counsel for Plaintiffs.

G. On February 1, 2007, Plaintiff Ann Winters filed a stockholder derivative action in the United States District Court for the District of Massachusetts captioned, Winters v. Stemberg, et al., C.A. No. 07-cv-10193-WGY (the "Winters Action"), purportedly on behalf of Nominal Defendant Staples.

H. On March 7, 2007, another stockholder derivative action, captioned Laborers' Int'l Union of N. Amer. Nat'l (Indus.) Pension Fund v. Stemberg, et al., C.A. No. 07-cv-10462-WGY, purportedly on behalf of Nominal Defendant Staples, was filed in the United States District Court for the District of Massachusetts, which was consolidated with the Winters Action (collectively, the "Massachusetts Litigation"), and a consolidated amended complaint was filed on October 11, 2007.

I. On January 4, 2008, the United States District Court for the District of Massachusetts granted in part the Individual Defendants' motion to dismiss the amended complaint in the Massachusetts Litigation, and administratively closed the case. On January 10, 2008, the court in the Massachusetts Litigation denied the motion of those plaintiffs for clarification.

J. On May 1, 2008, Plaintiff Ann Winters commenced against Staples an action in this Court, captioned Winters v. Staples, Inc., C.A. No. 3732-VCL, seeking the production of Staples' books and records, which action was voluntarily dismissed pursuant to a Court-ordered stipulation on October 31, 2008.

K. On December 4, 2008, Plaintiffs Ann Winters and Steven Ray Sanders joined the Delaware Action by Stipulated Order of the Court.

L. Since June 2008, the Parties have engaged in arms-length settlement negotiations, which included, inter alia, in-person and telephonic meetings between the Parties' counsel and the production of additional documents to Plaintiffs.

M. On January 31, 2009, counsel for the Parties held a full-day mediation session before The Honorable Daniel Weinstein (Ret.) of JAMS. With the assistance of Judge Weinstein, the Parties' negotiations continued until early May 2009, when an agreement in principle to settle the Delaware Action was reached.

N. On October 27, 2009, the Parties executed a Memorandum of Understanding ("MOU") to settle the Delaware Action.

O. Pursuant to the MOU, the Parties engaged in confirmatory discovery, including the production of additional documents to Plaintiffs (including materials from Staples' Board of Directors and Compensation Committee of the Board of Directors for the period subsequent to

the filing of the Amended Complaint) and the depositions of (i) Officer Defendant Hoyt, who served as Staples' Executive Vice President of Human Resources during the relevant time period, and (ii) Director Defendant Nakasone, who served on the Compensation Committee of Staples' Board of Directors during the relevant time period.

P. Plaintiffs have conducted a thorough investigation and reviewed extensive discovery materials with respect to the claims and underlying events and transactions alleged in the Delaware Action. While Plaintiffs and their counsel believe that certain of the claims asserted in the Delaware Action have merit, Plaintiffs and their counsel, based on legal and expert analyses and having been informed by discovery, have concluded that settling the Delaware Action on the terms and conditions of the Settlement and those set forth in the Stipulation confers substantial benefits upon and is in the best interests of Staples, and all record and beneficial owners of Staples common stock as of the date of this Stipulation ("Current Staples Stockholders"). In making this determination, Plaintiffs and their counsel have considered the benefits conferred on Current Staples Stockholders by the Settlement and the Stipulation and have taken into account the uncertain outcome and risks of any litigation, especially in complex derivative stockholder litigation such as the Delaware Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs and their counsel also are mindful of the inherent problems of proof associated with, and possible defenses to, the claims asserted in the Delaware Action. In addition, Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Delaware Action against the Individual Defendants through trial and appeals.

Q. The Individual Defendants in the Delaware Action and the Massachusetts Litigation have denied, and continue to deny, that any claims asserted by Plaintiffs have merit

and that any of the Individual Defendants have committed, have attempted to commit or have threatened to commit any violations of law or breaches of duties to Staples, any of the Plaintiffs in the Delaware Action or the Massachusetts Litigation, or Staples' other stockholders, or otherwise have acted in any improper manner. The Defendants state that they are entering into this Stipulation solely because this Stipulation would eliminate the burden, expense, and distraction of further protracted litigation, which the Defendants believe is in the best interests of Staples and all Current Staples Stockholders.

R. This Stipulation shall not be construed or deemed to be evidence of or an admission or concession on the part of any Party with respect to (i) the validity or infirmity of any claim, (ii) any fault, liability, wrongdoing or damage whatsoever, or (iii) the validity or infirmity of any and all defenses, asserted in the Delaware Action or any related derivative or other action including, but not limited to, the Massachusetts Litigation, involving or in any way relating to Staples' stock option practices or related issues.

S. The Parties acknowledge that the Delaware Action is being voluntarily settled with each Party having been advised by its own counsel, and believe that the terms of this Stipulation are fair, adequate, reasonable and in the best interests of Staples and all Current Staples Stockholders.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, BY AND AMONG THE PARTIES TO THIS STIPULATION, subject to the approval of the Court pursuant to Court of Chancery Rule 23.1, that all Released Claims (as defined in Paragraph 1.8 below) shall be and hereby are compromised, settled, discontinued and dismissed with prejudice and without costs (except as defined herein), as to all Released Persons (as defined in Paragraph 1.9 below), including Nominal Defendant Staples, upon the following terms and conditions:

I. DEFINITIONS

1. In addition to the terms defined above, the following additional terms shall have the meanings specified below:

1.1 "Complaint" means the Amended Complaint and all other complaints filed in the Delaware Action.

1.2 "Effective Date" means the date the Judgment, which approves in all material respects the Releases provided for in this Stipulation and dismisses the Delaware Action with prejudice, becomes Final.

1.3 "Final" means no longer subject to review upon appeal, whether due to expiration of time to appeal, or due to final affirmation on appeal and expiration of time for any petition for reargument, appeal or review, by certiorari or otherwise.

1.4 "Final Court Approval" means that the Court has entered an order approving this Stipulation and the Settlement embodied herein and that such order has become Final.

1.5 "Judgment" means the Final Order and Judgment entered by the Court dismissing the Delaware Action, with prejudice, substantially in the form attached as Exhibit C.

1.6 "Notice" means the Notice of Pendency and Settlement of Action, substantially in the form attached as Exhibit B.

1.7 "Person" means a natural person, individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, association, joint venture, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, any business or legal entity, and any spouse, heir, legatee, executor, administrator, predecessor, successor, representative, or assign of any of the foregoing.

1.8 "Released Claims" means any and all claims, rights, demands, suits, matters, issues, causes of action, liabilities, obligations, expenses, damages, losses, or any other matters, whether known or unknown, foreseen or unforeseen, foreseeable or unforeseeable, or certain or contingent, that have been, could have been, or in the future could be asserted by Plaintiffs (on their own behalf or derivatively on behalf of Staples), Staples, and each and every Staples stockholder claiming by, through, in the right of, derivatively, or on behalf of Staples, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns, against the Released Persons, as defined below, whether under state or federal law (including, but not limited to, claims arising under Delaware law, Massachusetts law, and the federal securities laws, any rules or regulations promulgated thereunder, or otherwise), which arise out of or relate in any manner to the allegations, facts, events, transactions, acts, occurrences, conduct, statements, representations, alleged misrepresentations, alleged omissions or any other matter, thing or cause whatsoever, or any series thereof, that: (i) have been or could have been asserted in the Delaware Action or the Massachusetts Litigation; (ii) were recited, described or referenced in the Delaware Action or the Massachusetts Litigation; or (iii) otherwise arise out of or relate to any matters (A) alleged in the complaints in the Delaware Action or the Massachusetts Litigation, (B) concerning Staples' stock option practices, including but not limited to, any contracts, agreements and disclosures relating thereto, or (C) concerning the fiduciary and disclosure obligations with respect to the matters described in parts (i), (ii), and (iii) of this Paragraph 1.8 of any of the Defendants, Individual Defendants, Defendants' Affiliates (as defined below) or any other person to be released from liability herein with respect to any of the foregoing in this Stipulation, including, but not limited to, with respect to the corporate governance and therapeutic reforms referenced in

Paragraph 2.3, infra, whether such claim or cause of action was or could have been asserted in the Delaware Action, the Massachusetts Litigation, or any other judicial or administrative proceeding; provided, however, that the Released Claims shall not include any claims that may arise out of a breach of this Stipulation.

1.9 "Released Persons" means Staples, any and all of the Individual Defendants, or Staples' or the Individual Defendants' respective present or former spouses, family members, officers, directors, employees, agents, attorneys, advisors, accountants, auditors, insurers, trustees, financial advisors, lenders, investment bankers, associates, representatives, affiliates, parents, subsidiaries (including the directors and officers of such affiliates, parents, and subsidiaries), general partners, limited partners, partnerships, heirs, executors, personal representatives, estates, administrators, successors or assigns (collectively, the "Defendants' Affiliates"). For the avoidance of doubt, "Released Persons" also includes all present or former officers, directors or employees of Staples that were, are, or could have been named in the Delaware Action, the Massachusetts Litigation or any related action.

1.10 "Releases" means the releases set forth in Paragraphs 3.1, 3.2, and 3.4 below.

1.11 "Scheduling Order" means an order scheduling a hearing on this Stipulation and the Settlement embodied herein and approving the form of Notice and method of giving notice, substantially in the form attached hereto as Exhibit A.

1.12 "Settlement" means the settlement and compromise of the Delaware Action and related matters as provided for in this Stipulation.

1.13 "Settlement Hearing" means the hearing or hearings at which the Court will review the adequacy, fairness, and reasonableness of the Settlement, and the appropriateness of the Fee Request and Plaintiff's Compensation Award (as defined in Section IV below).

II. TERMS OF SETTLEMENT

2. Nominal Defendant Staples will receive the following substantial benefits in connection with the Settlement of the Delaware Action, without any admission of any Individual Defendant of having caused any harm to Staples:

A. Benefits and Recoveries:

2.1 Monetary Contribution. Within thirty (30) days after the Court issues a Scheduling Order establishing a date for the Settlement Hearing, the Defendants shall cause Staples' Directors and Officers insurance carrier to deposit, on behalf of the Individual Defendants and all other covered persons released under this Stipulation, Seven Million Two Hundred Fifty Thousand Dollars ($7,250,000) (the "Monetary Contribution") into an interest-bearing escrow account with a third-party escrow company pursuant to an escrow agreement and joint escrow instructions that are consistent with the terms of this Stipulation. Within fifteen (15) days after Final Court Approval of the Settlement, the Defendants shall cause the third-party escrow company to release, to and for the benefit of Staples, the Monetary Contribution.

2.2 Value of Re-priced Stock Option Awards. Certain individuals who, as of June 11, 2007, were or previously had been members of the Staples Leadership Team (consisting of the most senior-ranking executives of Staples), including certain Individual Defendants, agreed in 2006 and 2007, subsequent to the filing of the original complaint in the Delaware Action, to re-price the outstanding vested and unexercised stock option awards that were granted to such individuals with a date of July 1, 2003, without compensatory payments by Staples to such individuals. The re-pricings, the value of which to Staples totals $926,359.00, were effectuated as follows:

2.2.1(a) On December 20, 2006, after the original complaint in the Delaware Action was filed, Staples re-priced 1,135,875 of the outstanding vested and unexercised stock option awards that were granted with a date of July 1, 2003 to Individual Defendants Mahoney, Sargent, Stemberg, and VanWoerkom, and two non-defendant officers, without making, or promising to make, cash payments or providing, or promising to provide, other compensation to such individuals to make up the difference in exercise prices. These re-priced stock options, which previously had an exercise price of $12.2333 (the split-adjusted Staples common stock closing price on July 1, 2003), were re-priced to $12.8800 (the split-adjusted Staples common stock closing price on July 10, 2003). The value to Staples of the December 20, 2006 stock option re-pricings totals $734,570.00.

2.2.1(b) Pursuant to a Form SC TO-1/A, dated May 10, 2007, Staples commenced a tender offer (the "Tender Offer") to those Staples employees who had received July 1, 2003 stock options. Those eligible Staples employees who elected to tender their stock options received a cash payment to make up the difference between the July 1 and July 10, 2003 exercise prices. However, members of the Staples Leadership Team who had outstanding vested, unexercised and un-repriced July 1, 2003 stock options as of the date of the Tender Offer were not eligible to receive a cash payment to make up the difference between the July 1 and July 10, 2003 exercise prices (see Paragraph 2.2.1(a), supra, for those Staples Leadership Team members who prior to the Tender Offer agreed to reprice their July 1, 2003 option awards). Instead, all members of the Staples Leadership Team who had outstanding vested, unexercised and un-repriced July 1, 2003 stock options as of the date of the Tender Offer voluntarily agreed by participating in the Tender Offer to re-price their July 1, 2003 stock options, but took no cash or other compensation to make up the difference in exercise prices on July 1 and July 10, 2003. As

a result, in connection with the Tender Offer, Staples re-priced 296,565 stock options held by those members of the Staples Leadership Team who, as of May 10, 2007, held outstanding vested, unexercised and un-repriced July 1, 2003 Staples stock options, without making, or promising to make, cash payments or providing, or promising to provide, other compensation to such individuals to make up the difference in exercise prices. The value to Staples of such re-pricings totals $191,789.00.

B. Corporate Governance and Therapeutic Reforms.

2.3 In addition to the benefits and recoveries set forth in Paragraphs 2.1 and 2.2 above, in direct response to, and as a result of, the Delaware Action, Staples has adopted and/or will adopt the corporate governance and therapeutic reforms set forth in Exhibit D hereto governing the process by which stock options are awarded as compensation at Staples.

III. SCOPE OF SETTLEMENT AND RELEASES

3. The obligations incurred pursuant to this Stipulation shall be in full and final disposition of the Delaware Action and any and all related claims as to any Released Person.

3.1 Upon the Effective Date, Plaintiffs (on their own behalf or derivatively on behalf of Staples), Staples, and each and every Staples stockholder claiming by, through, in the right of, derivatively, or on behalf of Staples, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns, shall and hereby do fully, finally and forever release, relinquish, discharge and dismiss, with prejudice, the Released Persons from any and all Released Claims.

3.2 Upon the Effective Date, each of the Defendants, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns shall and hereby do fully, finally, and forever release, relinquish, and discharge the

Plaintiffs and Plaintiffs' counsel from all claims that relate to or in any way concern the Delaware Action, the Massachusetts Litigation, or Staples' stock option practices, provided, however, that no claims that may arise out of a breach of this Stipulation are herein released by the Defendants.

3.3 Notwithstanding Paragraphs 3, 3.1, and 3.2, nothing herein is intended to or does release the following claims (the "Reserved Claims"), but without any agreement or acknowledgment as to the merits or lack thereof of those claims:

3.3.1(a) Each of Staples and the Individual Defendants shall retain and reserve all of their respective claims or rights that may exist for advancement and payment from Staples and/or reimbursement to Staples of legal fees and defense costs arising under and pursuant to any Individual Defendant's respective indemnification agreement with Staples, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract, or any entitlement to insurance coverage or insurance proceeds, and all rights to seek contribution or equitable indemnification from any Person in connection with the Delaware Action, the Massachusetts Litigation, and any other litigation, matter, proceeding, or investigation commenced after the date of this Stipulation;

3.3.1(b) Each of the Individual Defendants shall retain and reserve their respective rights and claims under any Individual Defendant's respective indemnification agreements with Staples, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract to an advancement of, and to be indemnified for, any remaining legal fees and defense costs reasonably incurred after the Effective Date in connection with the Delaware Action, the Massachusetts Litigation and any other litigation, matter, proceeding, or investigation commenced after the date of this Stipulation, with Staples retaining and reserving all of its rights and claims under any such indemnification agreements, Staples' certificate of incorporation or

by-laws, applicable law, equity or other contract as to advancement and/or reimbursement of any such remaining legal fees and defense costs. For the avoidance of confusion, nothing herein shall be construed to limit or modify in any way any rights to advancement or indemnification provided to the Individual Defendants by any such indemnification agreements, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract with respect to any non-derivative litigations or proceedings; and

3.3.1(c) Nothing provided for in Paragraphs 3.3.1(a) and 3.3.1(b) shall permit the Individual Defendants to seek indemnification from Staples for any settlement consideration provided for in Section II.A. above.

3.4 Release of Unknown Claims. The Parties shall be deemed to waive any and all provisions, rights and benefits conferred by any law of the United States or any state or territory of the United States, or principle of common law, which governs or limits a person's release of unknown or unsuspected claims. Specifically, the Parties acknowledge that they have read California Civil Code Section 1542 ("Section 1542"), which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties expressly waive and relinquish all provisions, rights and benefits under Section 1542 and any law or legal principle of similar effect in any jurisdiction with respect to the release of unknown or unsuspected claims, including, but not limited to, Delaware law and Massachusetts law. In addition, Plaintiffs and Staples, by operation of the Judgment, are deemed to have expressly waived and relinquished all provisions, rights and benefits under Section 1542 and any law or legal principle of similar effect in any jurisdiction with respect to the release of unknown

or unsuspected claims. The Parties acknowledge that the foregoing waiver was separately bargained for and was a key element of the Settlement of which this release is a material and essential part. The Parties acknowledge that they may hereafter discover facts different from, or in addition to, those which they now know or believe to be true with respect to the claims they have released, but nonetheless agree that the Releases contained in this Stipulation shall be and remain effective in all respects.

3.5 Permanent Injunction. By operation of a Judgment, and upon the Effective Date, the Parties, including Staples, agree not to institute, maintain or prosecute any and all Released Claims against any and all of the Released Persons, or any Party, or their respective attorneys, and shall be permanently and finally enjoined without the necessity of posting bond from commencing or prosecuting any actions or other proceedings asserting any or all of the Released Claims against any or all of the Released Persons, or any other Party, or their respective attorneys, subject only to the exclusions specified herein.

3.6 Denial of Wrongdoing. The Individual Defendants in the Delaware Action and the Massachusetts Litigation have denied, and continue to deny, that any of the Individual Defendants have committed, have attempted to commit or have threatened to commit any violations of law or breaches of duties to Staples, any of the Plaintiffs in the Delaware Action or the Massachusetts Litigation, or Staples' other stockholders, or otherwise have acted in any improper manner. The Defendants state that they are entering into this Stipulation solely because the Settlement would eliminate the burden, expense, and distraction of further protracted litigation, which the Defendants believe is in the best interests of Staples and all Current Staples Stockholders.

IV. ATTORNEYS' FEES AND EXPENSES

4. Plaintiffs' co-lead counsel in the Delaware Action, Shapiro Haber & Urmy LLP and Cohen, Milstein, Sellers & Toll PLLC (collectively, "Plaintiffs' Co-Lead Counsel"), shall apply to the Court for an award of attorneys' fees in an amount not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000), inclusive of all of the costs and expenses of all Plaintiffs in the Delaware Action (the "Fee Request"). Staples and the Individual Defendants agree that they will not oppose the Fee Request in the amount listed above. Any amount awarded by the Court upon the application for the Fee Request described in this Paragraph 4 shall be paid solely by Staples. Plaintiffs' Co-Lead Counsel also will apply to the Court for compensation not to exceed Five Thousand Dollars ($5,000) for Plaintiff Donna Conrad (the "Plaintiff's Compensation Award") to be paid by Plaintiffs' Co-Lead Counsel from the amount awarded by the Court, if any, in connection with the Fee Request.

4.1 Final resolution of the Fee Request and the Plaintiff's Compensation Award shall not be a precondition to the dismissal, with prejudice, of the Delaware Action, and any application or litigation concerning the Fee Request or the Plaintiff's Compensation Award may be considered and resolved separately from the Settlement. Except as expressly provided herein, Plaintiffs and Plaintiffs' counsel shall bear their own fees, costs and expenses.

4.2 Except as provided herein, the Defendants and Defendants' Affiliates shall have no responsibility for, and no liability whatsoever with respect to, the fee allocation among Plaintiffs' counsel.

V. SCHEDULING ORDER AND SETTLEMENT HEARING

5. Within five (5) business days after the execution of this Stipulation, the Parties shall jointly submit this Stipulation together with its related documents to the Court, and shall

apply to the Court to enter the Scheduling Order, substantially in the form attached hereto as Exhibit A.

5.1 Staples shall be responsible (a) for the reproduction and distribution of the Notice, substantially in the form attached hereto as Exhibit B; and (b) for paying all costs associated therewith, in accordance with the Scheduling Order, whether or not the Settlement receives Final Court Approval. Counsel for Staples, at least ten (10) days before the Settlement Hearing, shall file with the Court an appropriate proof of mailing of the Notice and compliance with the other Notice procedures set forth in the Scheduling Order.

VI. STANDSTILL AGREEMENT AND STAY OF PROCEEDINGS

6. Except as provided herein, pending the final determination of whether the Settlement should be approved by the Court, all Parties to the Delaware Action (including, Plaintiffs, Individual Defendants, and Staples) agree not to institute, commence, prosecute, continue, or in any way participate in, whether directly, representatively, individually, derivatively on behalf of Staples, or in any other capacity, any action or other proceeding asserting any Released Claims.

VII. DISMISSAL OF ACTIONS

7. If the Settlement is approved by the Court, the Parties shall promptly request the Court to enter the Judgment substantially in the form attached hereto as Exhibit C.

VIII. EFFECTIVE DATE OF SETTLEMENT, TERMINATION AND VOIDABILITY

8. The Settlement shall become effective on the Effective Date.

8.1 In the event that the Settlement is not approved by the Court, or vacated or modified on appeal, or if the Judgment is not entered by the Court or does not become Final, or if any other conditions necessary for the Settlement to become effective fail to occur, then any of

the Parties may terminate this Stipulation and withdraw from the Settlement by providing written notice of such action to undersigned counsel for all of the other Parties within thirty (30) calendar days after the failure of such condition, in which case, this Stipulation, including the Releases, shall be voided and all monies deposited in escrow pursuant to Paragraph 2.1 above shall be returned to the Party or Parties and Directors and Officers insurance carrier(s) that contributed said monies, together with accrued interest attributable to their respective contributions.

8.2 In the event that the Settlement is terminated pursuant to Paragraph 8.1 herein, and all monies deposited in escrow or otherwise for the settlement of the Delaware Action have been returned to the Party or Parties and Directors and Officers insurance carrier(s) that contributed said monies, together with accrued interest attributable to their respective contributions, the Settlement and any actions taken in connection therewith shall become null and void for all purposes, and all negotiations, transactions, and proceedings connected with it: (i) shall be without prejudice to the rights and position of any Party hereto with respect to the Delaware Action, the Massachusetts Litigation or any other litigation or judicial proceeding; (ii) shall not entitle any Party to recover any costs or expenses incurred in connection with the implementation of this Stipulation; (iii) shall not be deemed to be or construed as evidence of, or an admission by any Party of, any fact, matter or thing; and (iv) shall be subject to Rule 408 of the Delaware Rule of Evidence such that the contents of this Stipulation shall not be admissible in evidence or be referred to or otherwise used for any purpose in any subsequent proceedings in the Delaware Action, the Massachusetts Litigation or any other litigation or judicial proceeding. In the event that the Settlement is terminated pursuant to Paragraph 8.1 herein, the Parties shall be deemed to have reverted to their respective statuses in the Delaware Action as of the date and

time immediately prior to the execution of this Stipulation, and, except as otherwise expressly provided, the Parties shall proceed in all respects as if this Stipulation and any related orders had not been executed and/or entered.

8.3 In the event this Stipulation is terminated under Paragraph 8.1, Paragraph 8.2 shall survive.

IX. MISCELLANEOUS PROVISIONS

9. Cooperation of the Parties. The Parties acknowledge that it is their intent to consummate the Settlement, and agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of this Stipulation and to exercise their reasonable efforts to accomplish the foregoing terms and conditions of this Stipulation.

9.1 Acknowledgment of Adequate Consideration. The Parties acknowledge, represent, and warrant to each other that the terms of the Settlement are such that each of the Parties is to receive adequate consideration in exchange for consideration given.

9.2 No Admissions. Neither this Stipulation nor the Settlement, nor any provision contained herein, nor any act performed or document executed pursuant to or in furtherance of this Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of the validity or lack of validity of any Released Claims, or any reserved claims, or any wrongdoing or liability of the Parties, their counsel, or any Released Persons; (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Parties or any of the Defendants' Affiliates in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal; or (c) is or may be alleged or mentioned so as to contravene clause (a) above in any litigation or other action unrelated to the enforcement of this Stipulation. Notwithstanding the foregoing, on or after the Effective Date,

Staples and any of the Individual Defendants may file this Stipulation or any judgment or order of the Court related thereto in the Massachusetts Litigation, or any other action that may be brought against them, in order to support a defense or a counterclaim based on res judicata, collateral estoppel, release, good-faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion, or similar defense or counterclaim; and on or after the date the Scheduling Order is entered, Staples and any of the Individual Defendants may file this Stipulation in the Massachusetts Litigation in order to effectuate the stay(s) set forth in Paragraph 6 above.

9.3 Costs. Except as otherwise expressly provided herein, the Parties shall bear their own costs.

9.4 Modification. This Stipulation may be modified or amended only by a writing signed by all of the signatories hereto.

9.5 Governing Law. This Stipulation and the Settlement and dismissal contemplated by it shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to Delaware's conflict of law rules.

9.6 Binding Effect. This Stipulation shall be binding upon, and inure to the benefit of, all Parties, their successors and assigns. This Stipulation is not intended, and shall not be construed, to create rights in or confer benefits on any other Persons, and there shall not be any third-party beneficiaries hereto, except as expressly provided hereby with respect to such aforementioned Persons who are not Parties hereto.

9.7 Entire Agreement. This Stipulation and all documents executed pursuant hereto constitute the entire agreement between the Parties with respect to the Settlement of the

Delaware Action and supersede any and all prior negotiations, discussions, agreements, or undertakings, whether oral or written, with respect to the Settlement of the Delaware Action.

9.8 Judicial Enforcement. The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of this Stipulation and the Settlement, and the Parties submit to the jurisdiction of the Court for the purposes of implementing and enforcing the terms of this Stipulation and the Settlement.

9.9 Warranty of Authority. Each counsel or person executing this Stipulation or any of the related documents on behalf of any Party hereto hereby warrants that such Person has the full authority to do so.

9.10 Waiver of Breach. The Parties may not waive or vary any right hereunder except by an express written waiver or variation. Any failure to exercise or any delay in exercising any of such rights, or any partial or defective exercise of any such rights, shall not operate as a waiver or variation of that or any other such right. The waiver by one Party of any breach of this Stipulation by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Stipulation.

9.11 Fair Construction. This Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Parties. This Stipulation is the result of arm's length negotiations between the Parties, and all Parties have contributed substantially and materially to the preparation of this Stipulation.

9.12 No Assignment of Claims. Plaintiffs hereby represent and warrant that they have not assigned any rights, claims, or causes of action that were asserted or could have been asserted in connection with, under or arising out of any of the claims being settled or released herein.

9.13 No Sanctions. No Party or its counsel shall make any application for sanctions, pursuant to Rule 11 of the Court of Chancery Rules or other court rule or statute, with respect to any claims or defenses in the Delaware Action. The Defendants will not assert that the Delaware Action was filed in violation of Court of Chancery Rule 11, and they agree that the Delaware Action is being settled voluntarily after consultation with competent legal counsel and after discovery into the underlying facts of the claims.

9.14 Press Releases/Media Contacts. Any Party may issue a press release or initiate media contact (collectively, a "Press Release") announcing the Settlement so long as any Press Release is consistent with the terms of this Stipulation. Prior to the issuance of any Press Release by any Plaintiff, Plaintiffs or its or their respective heirs, executors, attorneys, personal representatives, agents, estates, administrators, successors and assigns, counsel for Plaintiffs shall provide to the undersigned counsel for Staples and counsel for the Individual Defendants a draft of the proposed Press Release to permit the Defendants to review and approve in writing the content, timing and method of dissemination of such Press Release before its public dissemination. Such prior written approval shall not be unreasonably withheld or delayed.

9.15 Counterparts. This Stipulation may be executed in counterparts by any of the signatories hereto, and may be delivered in facsimile or PDF form, and as so executed and delivered shall constitute one agreement.

9.16 Facsimile and Scanned Signatures. Any signature to this Stipulation, to the extent signed and delivered by means of a facsimile machine or electronically scanned and sent via email (e.g., PDF), shall be treated in all manner and respects as an original signature and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of a Party to this Stipulation, any other Party to this

Stipulation so executing and delivering this document by means of a facsimile machine or via email shall re-execute original forms thereof and deliver them to the requesting Party. No Party to this Stipulation shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or agreement was transmitted or communicated through the use of a facsimile machine or email as a defense to the formation or the enforceability of this Stipulation and each such Party forever waives any such defense.

9.17 Extensions of Time. Without further order of the Court, the Parties hereto may agree, in writing, to reasonable extensions of time to carry out any of the provisions of this Stipulation. The Parties have caused this Stipulation to be duly executed and delivered by their counsel of record.

9.18 Exhibits. The following exhibits are attached hereto and incorporated herein by reference:

(a) Exhibit A: Scheduling Order;

(b) Exhibit B: Notice;

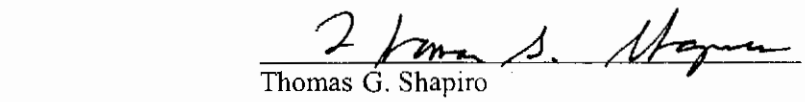
(c) Exhibit C: Judgment; and

(d) Exhibit D: Staples, Inc. Corporate Governance and Therapeutic Reforms.

IT IS HEREBY AGREED by the undersigned as dated below.

DATE: April 16, 2010

SHAPIRO HABER & URMY LLP



Thomas G. Shapiro
Robert E. Ditzion
53 State Street
Boston, MA 02109
(617) 439-3939

Plaintiffs' Co-Lead Counsel,
Attorneys for Lead Plaintiff Donna Conrad

COHEN, MILSTEIN, SELLERS & TOLL PLLC

Herbert E. Milstein
Matthew Kaplan
1100 New York Avenue, NW
Suite 500, West Tower
Washington, DC 20005
(202) 408-4600

Plaintiffs' Co-Lead Counsel,
Attorneys for Lead Plaintiff Donna Conrad

ROSENTHAL, MONHAIT & GODDESS, P.A.

Norman M. Monhait (#1040)
Jessica Zeldin (#3558)
919 Market Street, Suite 1401
Citizens Bank Center
P.O. Box 1070
Wilmington, DE 19899-1070
(302) 656-4433

Co-Liaison Counsel,
Attorneys for Lead Plaintiff Donna Conrad

DATE: April 16, 2010

SHAPIRO HABER & URMY LLP

Thomas G. Shapiro
Robert E. Ditzion
53 State Street
Boston, MA 02109
(617) 439-3939

Plaintiffs' Co-Lead Counsel,
Attorneys for Lead Plaintiff Donna Conrad

COHEN, MILSTEIN, SELLERS & TOLL PLLC

Herbert E. Milstein
Matthew Kaplan
1100 New York Avenue, NW
Suite 500, West Tower
Washington, DC 20005
(202) 408-4600

Plaintiffs' Co-Lead Counsel,
Attorneys for Lead Plaintiff Donna Conrad

ROSENTHAL, MONHAIT & GODDESS, P.A.

Norman M. Monhait (#1040)
Jessica Zeldin (#3558)
919 Market Street, Suite 1401
Citizens Bank Center
P.O. Box 1070
Wilmington, DE 19899-1070
(302) 656-4433

Co-Liaison Counsel,
Attorneys for Lead Plaintiff Donna Conrad

DATE: April 16, 2010

SHAPIRO HABER & URMY LLP

Thomas G. Shapiro
Robert E. Ditzion
53 State Street
Boston, MA 02109
(617) 439-3939

Plaintiffs' Co-Lead Counsel,
Attorneys for Lead Plaintiff Donna Conrad

COHEN, MILSTEIN, SELLERS & TOLL PLLC

Herbert E. Milstein
Matthew Kaplan
1100 New York Avenue, NW
Suite 500, West Tower
Washington, DC 20005
(202) 408-4600

Plaintiffs' Co-Lead Counsel,
Attorneys for Lead Plaintiff Donna Conrad

ROSENTHAL, MONHAIT & GODDESS, P.A.

Norman M. Monhait (#1040)
Jessica Zeldin (#3558)
919 Market Street, Suite 1401
Citizens Bank Center
P.O. Box 1070
Wilmington, DE 19899-1070
(302) 656-4433

Co-Liaison Counsel,
Attorneys for Lead Plaintiff Donna Conrad

CHIMICLES & TIKELLIS LLP

Pamela S. Tikellis by A. Zachary Naylor

Pamela S. Tikellis (#2172)
A. Zachary Naylor #4439
P.O. Box 1035
222 Delaware Ave, Suite 1100
Wilmington, Delaware 19801
(302) 656-2500

Co-Liaison Counsel,
Attorneys for Plaintiff Mordechai Kaiman

WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP

Lawrence P. Kolker
Gustavo Bruckner
270 Madison Avenue
New York, New York 10016
(212) 545-4600

Attorneys for Plaintiff Mordechai Kaiman

BARROWAY TOPAZ KESSLER MELTZER & CHECK LLP

Michael Hynes
280 King of Prussia Road
Radnor, PA 19087
(610) 667-7706

Attorneys for Plaintiffs Ann Winters and Steven Ray Sanders

PRICKETT, JONES & ELLIOTT, P.A.

Paul A. Fioravanti, Jr. (#3808)
1310 King Street, Box 1328
Wilmington, DE 19899
(302) 888-6500

Attorneys for Plaintiffs Ann Winters and Steven Ray Sanders

CHIMICLES & TIKELLIS LLP

Pamela S. Tikellis (#2172)
P.O. Box 1035
222 Delaware Ave, Suite 1100
Wilmington, Delaware 19801
(302) 656-2500

Co-Liaison Counsel,
Attorneys for Plaintiff Mordechai Kaiman

WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP

Lawrence P. Kolker
Gustavo Bruckner
270 Madison Avenue
New York, New York 10016
(212) 545-4600

Attorneys for Plaintiff Mordechai Kaiman

BARROWAY TOPAZ KESSLER MELTZER & CHECK LLP

Michael Hynes
280 King of Prussia Road
Radnor, PA 19087
(610) 667-7706

Attorneys for Plaintiffs Ann Winters and Steven Ray Sanders

PRICKETT, JONES & ELLIOTT, P.A.

Paul A. Fioravanti, Jr. (#3808)
1310 King Street, Box 1328
Wilmington, DE 19899
(302) 888-6500

Attorneys for Plaintiffs Ann Winters and Steven Ray Sanders

CHIMICLES & TIKELLIS LLP

Pamela S. Tikellis (#2172)
P.O. Box 1035
222 Delaware Ave, Suite 1100
Wilmington, Delaware 19801
(302) 656-2500

Co-Liaison Counsel,
Attorneys for Plaintiff Mordechai Kaiman

WOLF HALDENSTEIN ADLER FREEMAN & HERZ LLP

Lawrence P. Kolker
Gustavo Bruckner
270 Madison Avenue
New York, New York 10016
(212) 545-4600

Attorneys for Plaintiff Mordechai Kaiman

BARROWAY TOPAZ KESSLER MELTZER & CHECK LLP

Michael Hynes
280 King of Prussia Road
Radnor, PA 19087
(610) 667-7706

Attorneys for Plaintiffs Ann Winters and Steven Ray Sanders

PRICKETT, JONES & ELLIOTT, P.A.

Paul A. Fioravanti, Jr. (#3808)
1310 King Street, Box 1328
Wilmington, DE 19899
(302) 888-6500

Attorneys for Plaintiffs Ann Winters and Steven Ray Sanders

WEIL, GOTSHAL & MANGES LLP

James W. Quinn
Jonathan D. Polkes
Ashley R. Altschuler (#3803)
767 Fifth Avenue
New York, NY 10153
(212) 310-8000

Attorneys for Individual Defendants Basil L. Anderson, Brenda C. Barnes, John C. Bingleman, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, James E. Flavin, Martin E. Hanaka, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Rowland T. Moriarty, Jeffrey E. Nachbor, Robert C. Nakasone, Louis R. Pepi, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, Jack A. VanWoerkom, Joseph S. Vassalluzzo, Paul F. Walsh, and John B. Wilson

RICHARDS, LAYTON & FINGER, P.A.

Jesse A. Finkelstein (#1090)
Gregory P. Williams (#2168)
John D. Hendershot (#4178)
One Rodney Square
P.O. Box 551
Wilmington, DE 19899
(302) 651-7700

Attorneys for Individual Defendants Basil L. Anderson, Brenda C. Barnes, John C. Bingleman, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, James E. Flavin, Martin E. Hanaka, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Rowland T. Moriarty, Jeffrey E. Nachbor, Robert C. Nakasone, Louis R. Pepi, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, Jack A. VanWoerkom, Joseph S. Vassalluzzo, Paul F. Walsh, and John B. Wilson

WEIL, GOTSHAL & MANGES LLP

James W. Quinn
Jonathan D. Polkes
Ashley R. Altschuler (#3803)
767 Fifth Avenue
New York, NY 10153
(212) 310-8000

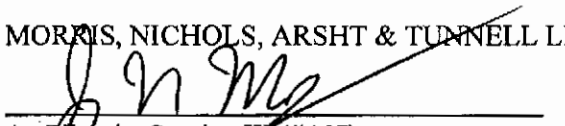
Attorneys for Individual Defendants Basil L. Anderson, Brenda C. Barnes, John C. Bingleman, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, James E. Flavin, Martin E. Hanaka, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Rowland T. Moriarty, Jeffrey E. Nachbor, Robert C. Nakasone, Louis R. Pepi, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, Jack A. VanWoerkom, Joseph S. Vassalluzzo, Paul F. Walsh, and John B. Wilson

RICHARDS, LAYTON & FINGER, P.A.

Jesse A. Finkelstein (#1090)
Gregory P. Williams (#2168)
John D. Hendershot (#4178)
One Rodney Square
P.O. Box 551
Wilmington, DE 19899
(302) 651-7700

Attorneys for Individual Defendants Basil L. Anderson, Brenda C. Barnes, John C. Bingleman, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, James E. Flavin, Martin E. Hanaka, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Rowland T. Moriarty, Jeffrey E. Nachbor, Robert C. Nakasone, Louis R. Pepi, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, Jack A. VanWoerkom, Joseph S. Vassalluzzo, Paul F. Walsh, and John B. Wilson

MORRIS, NICHOLS, ARSHT & TUNNELL LLP



A. Gilchrist Sparks, III (#467)
Jay N. Moffitt (#4742)
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
(302) 658-9200

Attorneys for Nominal Defendant Staples, Inc.

EXHIBIT A

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE STAPLES, INC. SHAREHOLDER DERIVATIVE LITIGATION	)	Consolidated C.A. No. 2611-VCL

SCHEDULING ORDER

WHEREAS, plaintiffs Donna Conrad, Mordechai Kaiman, Ann Winters and Steven Ray Sanders (collectively, "Plaintiffs"); individual defendants John C. Bingleman, James E. Flavin, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Jeffrey E. Nachbor, Louis R. Pepi, Jack A. VanWoerkom, Joseph S. Vassalluzzo, John B. Wilson, Basil L. Anderson, Brenda C. Barnes, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, Martin E. Hanaka, Rowland T. Moriarty, Robert C. Nakasone, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, and Paul F. Walsh (collectively, "Individual Defendants"); and nominal defendant Staples, Inc. ("Staples") (together with Plaintiffs and Individual Defendants, the "Parties"), having applied pursuant to Court of Chancery Rule 23.1(c) for an order approving the proposed settlement of the above-captioned derivative action (the "Delaware Action") and determining certain matters in connection with the proposed settlement of the Delaware Action (the "Settlement") and for dismissal of the Delaware Action, in accordance with the terms and conditions of the Stipulation of Compromise and Settlement dated April 16, 2010 (the "Stipulation");

NOW, upon application and consent of the Parties, after review and consideration of the Stipulation filed with the Court and the exhibits attached thereto,

IT IS HEREBY ORDERED this ___ day of _____, 2010 as follows:

1. A hearing (the "Settlement Hearing") shall be held on _____ ___, 2010, at __:_0 _ .m. in the Court of Chancery in the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801, for the Court to: (a) determine whether the Settlement, on the terms and conditions provided for in the Stipulation, is fair, reasonable and adequate and in the best interests of Staples and its stockholders; (b) determine whether the Court should approve the Settlement and enter a Final Order and Judgment (the "Final Judgment") as provided in the Stipulation dismissing the Delaware Action with prejudice and extinguishing and releasing the Released Claims (as defined in the Stipulation); (c) hear and determine any objections to the Settlement; (d) rule on the application of Plaintiffs' Co-Lead Counsel for their Fee Request, as well as Plaintiff's Compensation Award (both as defined in the Stipulation); and (e) rule on such other matters as the Court may deem appropriate.

2. The Settlement Hearing may be rescheduled or adjourned by the Court from time to time without further notice to anyone other than the Parties.

3. The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modifications as may be consented to by the Parties and without further notice.

4. The Court approves, in form and content, the Notice of Pendency and Settlement of Action (the "Notice") filed by the Parties with the Stipulation as Exhibit B and finds that the giving of notice substantially in the manner set forth therein meets the requirements of Court of Chancery Rule 23.1 and due process, and is the best notice practicable under the circumstances. No later than sixty (60) days prior to the Settlement Hearing, Staples shall cause the Notice to be distributed, by first-class mail, to all persons who are record holders of common

stock of Staples at their last known address appearing in the stock transfer records maintained by or on behalf of Staples. All record holders who are not also the beneficial owners of the shares of Staples common stock held by them of record shall be requested to forward the Notice to such beneficial owners of those shares. Staples shall use reasonable efforts to give notice to all beneficial owners of common stock of Staples (a) by providing additional copies of the Notice to any record holder requesting the Notice for the purposes of distribution to such beneficial owners, and (b) by mailing additional copies of the Notice to beneficial owners whose names and addresses Staples receives from record owners. All of the expenses related to the distribution of the Notice shall be paid by Staples, in accordance with the terms of the Stipulation.

5. At least ten (10) days prior to the Settlement Hearing, counsel for Staples shall file an appropriate proof of mailing of the Notice and of compliance with the other Notice procedures set forth in this Scheduling Order.

6. As will be set forth in the Notice, any record or beneficial stockholder of Staples who objects to the Settlement, the Final Judgment proposed to be entered, and/or the Fee Request and Plaintiff's Compensation Award, or who otherwise wishes to be heard ("Objector"), may appear in person or by his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that, except for good cause shown, no Objector shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Final Judgment to be entered thereon, and/or the Fee Request and Plaintiff's Compensation Award, unless he, she, or it has, no later than fifteen (15) days before the Settlement Hearing (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), filed with the Court and served electronically, by hand or by overnight mail upon counsel listed below, the

following: (i) proof of current ownership of Staples stock, (ii) a written notice of the Objector's intention to appear, (iii) a detailed statement of the objections to the Settlement, the Final Judgment proposed to be entered, and/or the Fee Request and Plaintiff's Compensation Award, and (iv) a detailed statement of all of the grounds for such objections and the reasons for the Objector's desiring to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider.

Jessica Zeldin, Esq.
Rosenthal, Monhait & Goddess, P.A.
919 Market Street, Suite 1401
Citizens Bank Center
P.O. Box 1070
Wilmington, DE 19899-1070
Attorneys for Plaintiffs

Gregory P. Williams, Esq.
Richards, Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, DE 19899
Attorneys for the Individual Defendants

A. Gilchrist Sparks, III, Esq.
Morris, Nichols, Arsht & Tunnell LLP
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
Attorneys for Nominal Defendant Staples, Inc.

7. Any person or entity who fails to object in the manner prescribed above shall be deemed to have waived such objection (including the right to appeal), unless the Court in its discretion allows such objection to be heard at the Settlement Hearing, and forever shall be barred from raising such objection in this or any other action or proceeding or otherwise contesting the Settlement, the Fee Request, or Plaintiff's Compensation Award.

8. At least twenty (20) days prior to the Settlement Hearing, Plaintiffs' Co-Lead Counsel shall file with the Court an opening brief in support of the Settlement, the Fee Request, and Plaintiff's Compensation Award.

9. At least five (5) days prior to the Settlement Hearing, the Parties may file with the Court a response brief to any objections made by an Objector pursuant to Paragraph 6 above.

10. In the event that the Settlement is not approved by the Court, or is terminated or voided as provided in the Stipulation, the Settlement and any actions taken in connection therewith shall become null and void for all purposes, and all negotiations, transactions, and proceedings connected with it: (i) shall be without prejudice to the rights and position of any Party hereto with respect to the Delaware Action, the Massachusetts Litigation (as defined in the Stipulation) or any other litigation or judicial proceeding; (ii) shall not entitle any Party to recover any costs or expenses incurred in connection with the implementation of the Stipulation; (iii) shall not be deemed to be or construed as evidence of, or an admission by any Party of, any fact, matter or thing; and (iv) shall be subject to Rule 408 of the Delaware Rule of Evidence such that the contents of the Stipulation shall not be admissible in evidence or be referred to or otherwise used for any purpose in any subsequent proceedings in the Delaware Action, the Massachusetts Litigation or any other litigation or judicial proceeding. In the event that the Settlement is terminated or voided as provided in the Stipulation, the Parties shall be deemed to have reverted to their respective statuses in the Delaware Action as of the date and time immediately prior to the execution of the Stipulation, and, except as otherwise expressly provided, the Parties shall proceed in all respects as if the Stipulation and any related orders had not been executed and/or entered.

11. All discovery and other proceedings in the Delaware Action (except as may be necessary to carry out the terms and conditions of the Settlement) are hereby stayed and suspended until further order of the Court. Except as provided in the Stipulation, pending the final determination of whether the Settlement should be approved, all Parties to the Delaware Action are hereby enjoined against instituting, commencing, prosecuting, continuing or in any way participating in, whether directly, representatively, individually, derivatively on behalf of Staples, or in any other capacity, any action or other proceeding asserting any Released Claims (as defined in the Stipulation).

_____

Vice Chancellor

EXHIBIT B

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE STAPLES, INC. SHAREHOLDER DERIVATIVE LITIGATION	Consolidated C.A. No. 2611-VCL

NOTICE OF PENDENCY AND SETTLEMENT OF ACTION

TO: ALL CURRENT STOCKHOLDERS OF STAPLES, INC. (SPLS)

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE LEGAL PROCEEDINGS IN THIS LITIGATION. IF THE COURT APPROVES THE PROPOSED SETTLEMENT, YOU WILL BE FOREVER BARRED FROM CONTESTING THE FAIRNESS, REASONABLENESS AND ADEQUACY OF THE PROPOSED SETTLEMENT, OR PURSUING THE CLAIMS DEFINED HEREIN.

I. WHY ARE YOU RECEIVING THIS NOTICE?

The purpose of this Notice is to tell you about: (i) a lawsuit (the "Delaware Action") in the Delaware Court of Chancery (the "Court") brought on behalf of Staples, Inc. ("Staples"); (ii) a proposal to settle the Delaware Action (the "Settlement") as provided in a Stipulation of Compromise and Settlement (the "Stipulation"); and (iii) your right, among other things, to attend and participate in a hearing to be held on _____ __, 2010, at __:_0 _.m., in the Court of Chancery in the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801 (the "Settlement Hearing").

This Notice describes the rights you may have under the Settlement and what steps you may, but are not required to, take concerning the Settlement. If the Court approves the Settlement, the parties will ask the Court to approve a Final Order and Judgment that would end the Delaware Action.

THE FOLLOWING DESCRIPTION DOES NOT CONSTITUTE FINDINGS OF THE COURT. IT IS BASED ON STATEMENTS OF THE PARTIES AND SHOULD NOT BE UNDERSTOOD AS AN EXPRESSION OF ANY OPINION OF THE COURT AS TO THE MERITS OF ANY OF THE CLAIMS OR DEFENSES RAISED BY ANY OF THE PARTIES.

II. BACKGROUND: WHAT IS THIS CASE ABOUT?

Plaintiffs Donna Conrad ("Conrad"), Mordechai Kaiman ("Kaiman"), Ann Winters ("Winters"), and Steven Ray Sanders ("Sanders") (collectively, "Plaintiffs") are current stockholders of Staples. Plaintiffs are represented by Shapiro Haber & Urmy LLP and Cohen, Milstein, Sellers & Toll PLLC (collectively, "Plaintiffs' Co-Lead Counsel"), and Rosenthal, Monhait & Goddess, P.A.; Chimicles & Tikellis LLP; Wolf Haldenstein Adler Freeman & Herz LLP; Barroway Topaz Kessler Meltzer & Check LLP; and Prickett, Jones & Elliott, P.A.

Nominal Defendant Staples is a Delaware corporation with its principal place of business in Framingham, Massachusetts. Defendants John C. Bingleman, James E. Flavin, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Jeffrey E. Nachbor, Louis R. Pepi, Jack A. VanWoerkom, Joseph S. Vassalluzzo, John B. Wilson, Basil L. Anderson, Brenda C. Barnes, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, Martin E. Hanaka, Rowland T. Moriarty, Robert C. Nakasone, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, and Paul F. Walsh (collectively, the "Individual Defendants" and together with Staples, the "Defendants") are present or former officers and/or directors of Staples. Plaintiffs and Defendants are collectively referred to herein as the "Parties," or each individually as a "Party."

On December 15, 2006, Conrad, the lead plaintiff, filed a complaint in the action captioned Conrad v. Blank, et al., C.A. No. 2611-N (the "Conrad Action"), purportedly on behalf of Nominal Defendant Staples, alleging derivative claims and seeking monetary and equitable relief on the grounds that the Individual Defendants allegedly breached their fiduciary duties, committed waste of corporate assets, and were unjustly enriched by approving, administering and/or receiving incorrectly priced stock option grants at Staples between 1994 and 2003. On January 19, 2007, Conrad filed an amended complaint (the "Amended Complaint") in the Conrad Action.

On March 2, 2007, by stipulated Order of the Court, Individual Defendants John C. Bingleman, Patrick A. Hickey, Susan S. Hoyt, Louis R. Pepi, and John B. Wilson were dismissed, without prejudice, from the Conrad Action. (Individual Defendant Gary L. Crittenden subsequently was dismissed, without prejudice, from the consolidated Delaware Action.)

On March 26, 2007, Kaiman filed in the Court a similar stockholder derivative action, captioned Kaiman v. Anderson, et al., C.A. No. 2840-VCL, purportedly on behalf of Nominal Defendant Staples, which action was consolidated with the Conrad Action under the caption, In re Staples, Inc. S'holder Deriv. Litig., Consolidated C.A. No. 2611-VCL (the consolidated action constituting the Delaware Action as heretofore defined).

On September 7, 2007, the Court denied the Defendants' motion to dismiss the Amended Complaint in the Delaware Action for failure to plead demand futility, but granted the Defendants' motion to dismiss based on lack of standing with respect to all claims concerning option grants dated prior to February 5, 1998. After the Court's September 7, 2007 decision, the Parties engaged in extensive discovery whereby, inter alia, Staples produced over 17,900 pages of documents and materials, which were reviewed by counsel for Plaintiffs.

On February 1, 2007, Winters filed a stockholder derivative action in the United States District Court for the District of Massachusetts (the "District of Massachusetts"), captioned Winters v. Stemberg, et al., C.A. No. 07-cv-10193-WGY (the "Winters Action"), purportedly on behalf of Nominal Defendant Staples.

On March 7, 2007, another stockholder derivative action, captioned Laborers' Int'l Union of N. Amer. Nat'l (Indus.) Pension Fund v. Stemberg, et al., C.A. No. 07-cv-10462-WGY, purportedly on behalf of Nominal Defendant Staples, was filed in the District of Massachusetts, which was consolidated with the Winters Action (collectively, the "Massachusetts Litigation"), and a consolidated amended complaint was filed on October 11, 2007. On January 4, 2008, the District of Massachusetts granted in part the Individual Defendants' motion to dismiss the amended complaint in the Massachusetts Litigation, and administratively closed the case. On January 10, 2008, the District of Massachusetts denied the motion of those plaintiffs for clarification.

On May 1, 2008, Winters commenced against Staples an action in the Court, captioned Winters v. Staples, Inc., C.A. No. 3732-VCL, seeking the production of Staples' books and records, which action was voluntarily dismissed pursuant to a Court-ordered stipulation on October 31, 2008.

On December 4, 2008, Winters and Sanders joined the Delaware Action by Stipulated Order of the Court.

On October 27, 2009, the Parties executed a Memorandum of Understanding ("MOU") to settle the Delaware Action.

III. HOW WAS THE SETTLEMENT REACHED?

Since June 2008, the Parties have engaged in arms-length settlement negotiations, which included, inter alia, in-person and telephonic meetings between the Parties' counsel and the production of additional documents to Plaintiffs. On January 31, 2009, counsel for the Parties held a full-day mediation session before The Honorable Daniel Weinstein (Ret.) of JAMS. With the assistance of Judge Weinstein, the Parties' negotiations continued until early May 2009, when an agreement in principle to settle the Delaware Action was reached. On October 27, 2009, the Parties executed the MOU to settle the Delaware Action.

Pursuant to the MOU, the Parties engaged in confirmatory discovery, including the production of additional documents to Plaintiffs (including materials from Staples' Board of Directors and Compensation Committee of the Board of Directors for the period subsequent to the filing of the Amended Complaint) and the depositions of (i) Susan S. Hoyt, who served as Staples' Executive Vice President of Human Resources during the relevant time period, and (ii) Robert C. Nakasone, who served on the Compensation Committee of Staples' Board of Directors during the relevant time period.

IV. WHAT ARE THE TERMS OF THE SETTLEMENT?

Because the Delaware Action was brought on behalf of and for the benefit of Staples, the benefits from the Settlement will go to Staples. Individual Staples stockholders will not receive any direct payment from the Settlement. Staples will receive the following benefits in connection with the Settlement of the Delaware Action, without having to prosecute any claims against the Individual Defendants and without any admission of any Individual Defendant of having caused any harm to Staples:

A. Benefits and Recoveries

1. Monetary Contribution Within thirty (30) days after the Court issues a scheduling order establishing a date for the Settlement Hearing, the Defendants shall cause Staples' Directors and Officers insurance carrier to deposit, on behalf of the Individual Defendants and all other covered persons released under the Stipulation, Seven Million Two Hundred Fifty Thousand Dollars ($7,250,000) (the "Monetary Contribution") into an interest-bearing escrow account with a third-party escrow company pursuant to an escrow agreement and joint escrow instructions that are consistent with the terms of the Stipulation. Within fifteen (15) days after the Court has entered an order approving the Settlement and the Stipulation and such order is no longer subject to review upon appeal, whether due to expiration of time to appeal, or due to final affirmation on appeal and expiration of time for any petition for reargument, appeal, or review, by certiorari or otherwise, the Defendants shall cause the third-party escrow company to release, to and for the benefit of Staples, the Monetary Contribution.

2. Value of Re-priced Stock Option Awards Certain individuals who, as of June 11, 2007, were or previously had been members of the Staples Leadership Team (consisting of the most senior-ranking executives of Staples), including certain Individual Defendants, agreed in 2006 and 2007, subsequent to the filing of the original complaint in the Delaware Action, to re-price the outstanding vested and unexercised stock option awards that were granted to such individuals with a date of July 1, 2003, without compensatory payments by Staples to such individuals. The re-pricings, the value of which to Staples totals $926,359.00, were effectuated as follows:

(a) On December 20, 2006, after the original complaint in the Delaware Action was filed, Staples re-priced 1,135,875 of the outstanding vested and unexercised stock option awards that were granted with a date of July 1, 2003 to four Individual Defendants and two non-defendants, without making, or promising to make, cash payments or providing, or promising to provide, other compensation to such individuals to make up the difference in exercise prices. These re-priced stock options, which previously had an exercise price of $12.2333 (the split-adjusted Staples common stock closing price on July 1, 2003), were re-priced to $12.8800 (the split-adjusted Staples common stock closing price on July 10, 2003). The value to Staples of the December 20, 2006 stock option re-pricings totals $734,570.00.

(b) Pursuant to a Form SC TO-1/A, dated May 10, 2007, Staples commenced a tender offer (the "Tender Offer") to those Staples employees who had received July 1, 2003 stock options. Those eligible Staples employees who elected to tender their stock options received a cash payment to make up the difference between the July 1 and July 10, 2003 exercise prices.

However, members of the Staples Leadership Team who had outstanding vested, unexercised and un-repriced July 1, 2003 stock options as of the date of the Tender Offer were not eligible to receive a cash payment to make up the difference between the July 1 and July 10, 2003 exercise prices (see paragraph (a) above for those Staples Leadership Team members who prior to the Tender Offer agreed to reprice their July 1, 2003 option awards). Instead, all members of the Staples Leadership Team who had outstanding vested, unexercised and un-repriced July 1, 2003 stock options as of the date of the Tender Offer voluntarily agreed by participating in the Tender Offer to re-price their July 1, 2003 stock options, but took no cash or other compensation to make up the difference in exercise prices on July 1 and July 10, 2003. As a result, in connection with the Tender Offer, Staples re-priced 296,565 stock options held by those members of the Staples Leadership Team who, as of May 10, 2007, held outstanding vested, unexercised and un-repriced July 1, 2003 Staples stock options, without making, or promising to make, cash payments or providing, or promising to provide, other compensation to such individuals to make up the difference in exercise prices. The value to Staples of such re-pricings totals $191,789.00.

B. Corporate Governance and Therapeutic Reforms

In addition to the benefits and recoveries set forth above in Section A, in direct response to, and as a result of, the Delaware Action, Staples has adopted and/or will adopt the corporate governance and therapeutic reforms set forth in Exhibit A hereto governing the process by which stock options are awarded as compensation at Staples.

THE COURT HAS NOT FINALLY DETERMINED THE MERITS OF PLAINTIFFS' CLAIMS OR THE DEFENSES THERETO. THIS NOTICE DOES NOT IMPLY THAT THERE HAS BEEN OR WOULD BE ANY FINDING OF VIOLATION OF THE LAW BY THE INDIVIDUAL DEFENDANTS OR THAT RECOVERY COULD BE HAD IN ANY AMOUNT IF THE DELAWARE ACTION WERE NOT SETTLED.

V. WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

Under the Settlement, the following releases will occur, except as noted below:

Plaintiffs (on their own behalf and derivatively on behalf of Staples), Staples, and each and every Staples stockholder claiming by, through, in the right of, derivatively, or on behalf of Staples, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns, shall fully, finally and forever release, relinquish, discharge, and dismiss, with prejudice, the Released Persons (as defined below) from any and all Released Claims (as defined below).

Each of the Defendants, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns shall fully, finally, and forever release, relinquish, and discharge Plaintiffs and counsel for Plaintiffs from all claims that relate to or in any way concern the Delaware Action, the Massachusetts Litigation, or Staples' stock option practices, provided, however, that no claims that may arise out of a breach of the Stipulation shall be released by the Defendants.

"Released Persons" means Staples, any and all of the Individual Defendants, or Staples' or the Individual Defendants' respective present or former spouses, family members, officers, directors, employees, agents, attorneys, advisors, accountants, auditors, insurers, trustees, financial advisors, lenders, investment bankers, associates, representatives, affiliates, parents, subsidiaries (including the directors and officers of such affiliates, parents, and subsidiaries), general partners, limited partners, partnerships, heirs, executors, personal representatives, estates, administrators, successors or assigns (collectively, "Defendants' Affiliates"). For the avoidance of doubt, "Released Persons" also includes all present or former officers, directors or employees of Staples that were, are, or could have been named in the Delaware Action, the Massachusetts Litigation or any related action.

"Released Claims" means any and all claims, rights, demands, suits, matters, issues, causes of action, liabilities, obligations, expenses, damages, losses, or any other matters, whether known or unknown, foreseen or unforeseen, foreseeable or unforeseeable, or certain or contingent, that have been, could have been, or in the future could be asserted by Plaintiffs (on their own behalf or derivatively on behalf of Staples), Staples, and each and every Staples stockholder claiming by, through, in the right of, derivatively, or on behalf of Staples, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns, against the Released Persons (as defined above), whether under state or federal law (including, but not limited to, claims arising under Delaware law, Massachusetts law, and the federal securities laws, any rules or regulations promulgated thereunder, or otherwise), which arise out of or relate in any manner to the allegations, facts, events, transactions, acts, occurrences, conduct, statements, representations, alleged misrepresentations, alleged omissions or any other matter, thing or cause whatsoever, or any series thereof, that: (i) have been or could have been asserted in the Delaware Action or the Massachusetts Litigation; (ii) were recited, described or referenced in the Delaware Action or the Massachusetts Litigation; or (iii) otherwise arise out of or relate to any matters (A) alleged in the complaints in the Delaware Action or the Massachusetts Litigation, (B) concerning Staples' stock option practices, including but not limited to, any contracts, agreements and disclosures relating thereto, or (C) concerning the fiduciary and disclosure obligations with respect to the matters described in parts (i), (ii), and (iii) of this paragraph of any of the Defendants, Individual Defendants, Defendants' Affiliates (as defined above) or any other person to be released from liability herein with respect to any of the foregoing in the Stipulation, including, but not limited to, with respect to the corporate governance and therapeutic reforms referenced in Section IV.B. above, whether such claim or cause of action was or could have been asserted in the Delaware Action, the Massachusetts Litigation, or any other judicial or administrative proceeding; provided, however, that the Released Claims shall not include any claims that may arise out of a breach of the Stipulation.

The following claims are reserved and not being released as part of the Settlement:

As described more fully in the Stipulation, the releases provided for in the Settlement and the Stipulation are not intended to and do not release the following claims (the "Reserved Claims"), but without any agreement or acknowledgment as to the merits or lack thereof of those claims:

(a) Each of Staples and the Individual Defendants shall retain and reserve all of their respective claims or rights that may exist for advancement and payment from Staples and/or reimbursement to Staples of legal fees and defense costs arising under and pursuant to any Individual Defendant's respective indemnification agreement with Staples, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract, or any entitlement to insurance coverage or insurance proceeds, and all rights to seek contribution or equitable indemnification from any person or entity in connection with the Delaware Action, the Massachusetts Litigation, and any other litigation, matter, proceeding, or investigation commenced after the date of the Stipulation;

(b) Each of the Individual Defendants shall retain and reserve their respective rights and claims under any Individual Defendant's respective indemnification agreements with Staples, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract to an advancement of, and to be indemnified for, any remaining legal fees and defense costs reasonably incurred after the date the Final Order and Judgment is no longer subject to review upon appeal, whether due to expiration of time to appeal, or due to final affirmation on appeal and expiration of time for any petition for reargument, appeal, or review, by certiorari or otherwise, in connection with the Delaware Action, the Massachusetts Litigation and any other litigation, matter, proceeding, or investigation commenced after the date of the Stipulation, with Staples retaining and reserving all of its rights and claims under any such indemnification agreements, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract as to advancement and/or reimbursement of any such remaining legal fees and defense costs. For the avoidance of confusion, nothing herein shall be construed to limit or modify in any way any rights to advancement or indemnification provided to the Individual Defendants by any such indemnification agreements, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract with respect to any non-derivative litigations or proceedings; and

(c) Nothing provided for in paragraphs (a) and (b) above shall permit the Individual Defendants to seek indemnification from Staples for any settlement consideration provided for in Section IV.A. above.

VI. WHAT ARE THE REASONS FOR THE SETTLEMENT?

Plaintiffs have conducted a thorough investigation and reviewed extensive discovery materials with respect to the claims and underlying events and transactions alleged in the Delaware Action. While Plaintiffs and their counsel believe that certain of the claims asserted in the Delaware Action have merit, Plaintiffs and their counsel, based on legal and expert analyses and having been informed by discovery, have concluded that settling the Delaware Action on the terms and conditions of the Settlement and those set forth in the Stipulation confers substantial benefits upon and is in the best interests of Staples, and all record and beneficial owners of Staples common stock as of the date of this Stipulation ("Current Staples Stockholders"). In making this determination, Plaintiffs and their counsel have considered the benefits conferred on Current Staples Stockholders by the Settlement and the Stipulation and have taken into account the uncertain outcome and risks of any litigation, especially in complex derivative stockholder litigation such as the Delaware Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs and their counsel also are mindful of the inherent problems of proof

associated with, and possible defenses to, the claims asserted in the Delaware Action. In addition, Plaintiffs and their counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Delaware Action against the Individual Defendants through trial and appeals.

The Individual Defendants in the Delaware Action and the Massachusetts Litigation have denied, and continue to deny, that any claims asserted by Plaintiffs have merit and that any of the Individual Defendants have committed, have attempted to commit or have threatened to commit any violations of law or breaches of duties to Staples, any of the Plaintiffs in the Delaware Action or the Massachusetts Litigation, or Staples' other stockholders, or otherwise have acted in any improper manner. The Defendants state that they are entering into the Stipulation solely because the Stipulation would eliminate the burden, expense, and distraction of further protracted litigation, which the Defendants believe is in the best interests of Staples and all Current Staples Stockholders.

VII. HOW WILL THE ATTORNEYS GET PAID?

Plaintiffs' Co-Lead Counsel shall apply to the Court for an award of attorneys' fees in an amount not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000), inclusive of all of the costs and expenses of all Plaintiffs in the Delaware Action (the "Fee Request"). Staples and the Individual Defendants agree that they will not oppose the Fee Request in the amount listed above. Any amount awarded by the Court upon the application for the Fee Request described in this paragraph shall be paid solely by Staples. Plaintiffs' Co-Lead Counsel will also apply to the Court for compensation not to exceed Five Thousand Dollars ($5,000) for Plaintiff Conrad (the "Plaintiff's Compensation Award"), in recognition of the time and effort she has devoted to this matter, to be paid by Plaintiffs' Co-Lead Counsel from the amount awarded by the Court, if any, in connection with the Fee Request.

Final resolution of the Fee Request and the Plaintiff's Compensation Award shall not be a precondition to the dismissal, with prejudice, of the Delaware Action, and any application or litigation concerning the Fee Request or the Plaintiff's Compensation Award may be considered and resolved separately from the Settlement.

VIII. WHEN WILL THE SETTLEMENT HEARING TAKE PLACE?

The Court has scheduled a Settlement Hearing to be held on _____ __, 2010, at __:_0 _.m. in the Court of Chancery in the New Castle County Courthouse, 500 North King Street, Wilmington, Delaware 19801.

The purpose of the Settlement Hearing is for the Court to: (a) determine whether the Settlement, on the terms and conditions provided for in the Stipulation, is fair, reasonable and adequate and in the best interests of Staples and its stockholders; (b) determine whether the Court should approve the Settlement and enter a Final Order and Judgment as provided in the Stipulation dismissing the Delaware Action with prejudice and extinguishing and releasing the

Released Claims (as defined above); (c) hear and determine any objections to the Settlement; (d) rule on the application of Plaintiffs' Co-Lead Counsel for their Fee Request, as well as Plaintiff's Compensation Award; and (e) rule on such other matters as the Court may deem appropriate.

The Settlement Hearing may be rescheduled or adjourned by the Court from time to time without further notice to anyone other than the Parties. The Court reserves the right to approve the Settlement at or after the Settlement Hearing with such modifications as may be consented to by the Parties and without further notice.

IX. DO I HAVE A RIGHT TO APPEAR AND OBJECT?

Any record or beneficial stockholder of Staples who objects to the Settlement, the Final Order and Judgment proposed to be entered, and/or the Fee Request and Plaintiff's Compensation Award, or who otherwise wishes to be heard ("Objector"), may appear in person or by his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that, except for good cause shown, no Objector shall be heard or entitled to contest the approval of the terms and conditions of the Settlement, or, if approved, the Final Order and Judgment to be entered thereon, and/or the Fee Request and Plaintiff's Compensation Award, unless he, she, or it has, no later than fifteen (15) days before the Settlement Hearing (unless the Court in its discretion shall thereafter otherwise direct, upon application of such person and for good cause shown), filed with the Court and served electronically, by hand or by overnight mail upon counsel listed below, the following: (i) proof of current ownership of Staples stock, (ii) a written notice of the Objector's intention to appear, (iii) a detailed statement of the objections to the Settlement, the Final Order and Judgment proposed to be entered, and/or the Fee Request and Plaintiff's Compensation Award, and (iv) a detailed statement of all of the grounds for such objections and the reasons for the Objector's desiring to appear and to be heard, as well as all documents or writings which the Objector desires the Court to consider.

Jessica Zeldin, Esq.
Rosenthal, Monhait & Goddess, P.A.
919 Market Street, Suite 1401
Citizens Bank Center
P.O. Box 1070
Wilmington, DE 19899-1070
Attorneys for Plaintiffs

Gregory P. Williams, Esq.
Richards, Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, DE 19899
Attorneys for the Individual Defendants

A. Gilchrist Sparks, III, Esq.
Morris, Nichols, Arsht & Tunnell LLP
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
Attorneys for Nominal Defendant Staples, Inc.

Any person or entity who fails to object in the manner prescribed above shall be deemed to have waived such objection (including the right to appeal), unless the Court in its discretion allows such objection to be heard at the Settlement Hearing, and forever shall be barred from raising such objection in this or any other action or proceeding or otherwise contesting the Settlement, the Fee Request, or Plaintiff's Compensation Award. You are not required to appear in person at the Settlement Hearing in order to have your timely filed objection considered.

X. WHAT ARE THE TERMS OF THE PROPOSED FINAL ORDER AND JUDGMENT?

If the Court determines that the Settlement, as provided for in the Stipulation, is fair, reasonable, adequate and in the best interests of Staples and its stockholders, the Parties shall jointly request that the Court enter a Final Order and Judgment, which will, among other things:

1. approve the Settlement and adjudge the terms thereof to be fair, reasonable, adequate and in the best interests of Staples and its stockholders, pursuant to Court of Chancery Rule 23.1;

2. authorize and direct the Parties to consummate the Settlement in accordance with the terms and conditions of the Stipulation and reserve jurisdiction to supervise the consummation of the Settlement;

3. dismiss the Delaware Action, with prejudice, in accordance with the terms of the Stipulation and grant the releases described more fully above and in accordance with the terms and conditions of the Stipulation;

4. grant the Fee Request and Plaintiff's Compensation Award as the Court deems appropriate; and

5. determine that appropriate notice of the Delaware Action, the Settlement, the Settlement Hearing, and the right to appear was provided pursuant to Court of Chancery Rule 23.1.

XI. HOW DO I GET ADDITIONAL INFORMATION ABOUT THE SETTLEMENT?

This Notice is not all-inclusive. The references in this Notice to the pleadings in the Delaware Action, the Stipulation and other papers and proceedings are only summaries and do not purport to be comprehensive. For the full details of the Delaware Action, the claims and defenses that have been asserted by the Parties and the terms and conditions of the Settlement, including a complete copy of the Stipulation, stockholders of Staples are referred to the Court

files in the Delaware Action. You or your attorney may examine the Court files during regular business hours of each business day at the office of the Register in Chancery, Court of Chancery, 500 North King Street, Wilmington, Delaware 19801. A copy of the Stipulation is also available on the internet at http://www.cohenmilstein.com/cases/46/staples. Questions about the Settlement or about this Notice in general may be addressed to Plaintiffs' Co-Lead Counsel:

Robert E. Ditzion, Esq.
Shapiro Haber & Urmy LLP
53 State Street
Boston, MA 02109
(617) 439-3939

Matthew Kaplan, Esq.
Cohen, Milstein, Sellers & Toll PLLC
1100 New York Avenue, NW
Suite 500, West Tower
Washington, DC 20005
(202) 408-4600

PLEASE DO NOT WRITE OR CALL THE COURT.

NOTICE TO PERSONS OR ENTITIES HOLDING OWNERSHIP ON BEHALF OF OTHERS

Brokerage firms, banks and/or other persons or entities who hold shares of Staples' common stock for the benefit of others are requested to immediately send this Notice to all of their respective beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such additional copies or provision of a list of names and mailing addresses of beneficial owners may be made to:

Staples, Inc. Derivative Litigation
c/o The Garden City Group, Inc.
P.O. Box 9608
Dublin, OH 43017-4908
1-800-327-3664

Such brokerage firms, banks and/or other persons or entities requesting additional copies or providing a list of names and mailing addresses of beneficial owners will be reimbursed for documented reasonable out-of-pocket expenses incurred in providing such additional copies or providing a list of names and mailing addresses of beneficial owners.

BY ORDER OF THE COURT

Dated: _____, 2010

_____
Register in Chancery

EXHIBIT C

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE STAPLES, INC. SHAREHOLDER DERIVATIVE LITIGATION	)	Consolidated C.A. No. 2611-VCL

FINAL ORDER AND JUDGMENT

WHEREAS, the Stipulation of Compromise and Settlement dated April 16, 2010 (the "Stipulation") of the above-captioned derivative action (this "Action"), and the settlement contemplated thereby (the "Settlement") having been presented at the Settlement Hearing on _____ __, 2010, pursuant to the Scheduling Order entered herein on _____ __, 2010 (the "Scheduling Order"), which Stipulation was joined and consented to by plaintiffs Donna Conrad, Mordechai Kaiman, Ann Winters and Steven Ray Sanders (collectively, "Plaintiffs"); individual defendants John C. Bingleman, James E. Flavin, Patrick A. Hickey, Susan S. Hoyt, John J. Mahoney, Robert K. Mayerson, Jeffrey E. Nachbor, Louis R. Pepi, Jack A. VanWoerkom, Joseph S. Vassalluzzo, John B. Wilson, Basil L. Anderson, Brenda C. Barnes, Arthur M. Blank, Mary E. Burton, Gary L. Crittenden, Martin E. Hanaka, Rowland T. Moriarty, Robert C. Nakasone, Ronald L. Sargent, Thomas G. Stemberg, Martin Trust, and Paul F. Walsh (collectively, "Individual Defendants"); and nominal defendant Staples, Inc. ("Staples" or the "Company") (together with Individual Defendants, "Defendants") (together with Plaintiffs, the "Parties") and which is incorporated herein by reference; and the Court having determined that notice of said Settlement Hearing was provided to the holders of Staples common stock in accordance with the Scheduling Order and that said notice was adequate and sufficient; and the

Parties having appeared by their attorneys of record; and the attorneys for the respective Parties having been heard in support of the Settlement of this Action, and an opportunity to be heard having been given to all other persons or entities desiring to be heard as provided in the notice; and the entire matter of the Settlement having been considered by the Court; and

WHEREAS, this Final Order and Judgment (this "Final Judgment") incorporates by reference the definitions in the Stipulation and, unless otherwise herein defined, all capitalized terms used herein shall have the same meanings as set forth in the Stipulation;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED this _____ day of _____, 2010 that:

1. The Court finds that Plaintiffs and counsel for Plaintiffs have adequately represented the interests of Staples and its stockholders with respect to this Action, the claims asserted therein, and all Released Claims.

2. The Court finds that the Stipulation and the Settlement are fair, reasonable, adequate, and in the best interests of Staples and its stockholders.

3. The Court hereby approves the Stipulation and the Settlement in all respects, and the Parties are directed to consummate the Settlement in accordance with the terms of the Stipulation. The Register in Chancery is directed to enter and docket this Final Judgment.

4. Notice of Pendency and Settlement of Action (the "Notice") has been given to all current stockholders of the Company pursuant to and in the manner directed by the Scheduling Order, proof of mailing and other dissemination of the Notice was filed with the Court by counsel for Staples and full opportunity to be heard has been offered to all Parties, current stockholders of Staples, and persons in interest. The Court finds that the form, content, and means of delivery of the Notice was the best notice practicable under the circumstances and

that the Notice was given in full compliance with the requirements of Court of Chancery Rule 23.1 and due process of law, and thus rules that all stockholders of Staples are bound by this Final Judgment.

5. The Court has jurisdiction over the subject matter of this Action, including all matters necessary to effectuate the Settlement and this Final Judgment, and over all Parties, including Plaintiffs, Individual Defendants, and Staples.

6. This Action and all claims asserted therein, as well as all of the Released Claims, are dismissed with prejudice. As between Plaintiffs and Defendants, the parties are to bear their own costs, except as otherwise provided in the Stipulation and in this Final Judgment.

7. Except as otherwise provided in the Stipulation, Plaintiffs (on their own behalf and derivatively on behalf of Staples), Staples, and each and every Staples stockholder claiming by, through, in the right of, derivatively, or on behalf of Staples, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns, by operation of this Final Judgment, shall, and hereby do, fully, finally, and forever release, relinquish, discharge, and dismiss, with prejudice, the Released Persons from any and all of the Released Claims.

8. Except as otherwise provided in the Stipulation, each of Defendants, including, in each case, its or their respective heirs, executors, personal representatives, estates, administrators, successors or assigns, by operation of this Final Judgment, shall and hereby do fully, finally, and forever release, relinquish and discharge Plaintiffs and counsel for Plaintiffs from all claims that relate to or in any way concern this Action, the Massachusetts Litigation, or Staples' stock option practices; provided, however, that no claims that may arise out of a breach of the Stipulation are released by Defendants.

9. Notwithstanding Paragraphs 7 and 8 above, nothing herein is intended to or does release the following claims (the "Reserved Claims"), but without any agreement or acknowledgment as to their merits or lack thereof:

(a) Each of Staples and Individual Defendants shall retain and reserve all of their respective claims or rights that may exist for advancement and payment from Staples and/or reimbursement to Staples of legal fees and defense costs arising under and pursuant to any Individual Defendant's respective indemnification agreement with Staples, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract, or any entitlement to insurance coverage or insurance proceeds, and all rights to seek contribution or equitable indemnification from any Person in connection with this Action, the Massachusetts Litigation, and any other litigation, matter, proceeding, or investigation commenced after the date of this Stipulation;

(b) Each of Individual Defendants shall retain and reserve their respective rights and claims under any Individual Defendant's respective indemnification agreements with Staples, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract to an advancement of, and to be indemnified for, any remaining legal fees and defense costs reasonably incurred after the Effective Date in connection with this Action, the Massachusetts Litigation and any other litigation, matter, proceeding, or investigation commenced after the date of this Stipulation, with Staples retaining and reserving all of its rights and claims under any such indemnification agreements, Staples' certificate of incorporation or by-laws, applicable law, equity or other contract as to advancement and/or reimbursement of any such remaining legal fees and defense costs. For the avoidance of confusion, nothing herein shall be construed to limit or modify in any way any rights to advancement or indemnification provided to Individual Defendants by any such indemnification agreements, Staples' certificate of incorporation or by-

laws, applicable law, equity or other contract with respect to any non-derivative litigations or proceedings; and

(c) Nothing provided for in Paragraphs 9(a) and 9(b) above shall permit Individual Defendants to seek indemnification from Staples for any settlement consideration provided for in Section II.A. of the Stipulation.

10. The Parties are deemed to have waived any and all provisions, rights and benefits conferred by any law of the United States or any state or territory of the United States, or principle of common law, which governs or limits a person's release of unknown or unsuspected claims, including, but not limited to, California Civil Code Section 1542 ("Section 1542"), which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Parties are deemed to have waived and relinquished all provisions, rights and benefits under Section 1542 and any law or legal principle of similar effect in any jurisdiction with respect to the release of unknown or unsuspected claims, including, but not limited to, Delaware law and Massachusetts law. In addition, Plaintiffs and Staples, by operation of this Final Judgment, are deemed to have expressly waived and relinquished all provisions, rights and benefits under Section 1542 and any law or legal principle of similar effect in any jurisdiction with respect to the release of unknown or unsuspected claims. The Parties may hereafter discover facts different from, or in addition to, those which they now know or believe to be true with respect to the claims they have released, but nonetheless the Releases contained in the Stipulation and this Final Judgment shall be and remain effective in all respects.

11. Except as otherwise provided in the Stipulation, the Parties, including Staples, shall not institute, maintain or prosecute any and all Released Claims against any and all of the Released Persons or any other Party, or their respective attorneys, and shall be permanently and finally enjoined without the necessity of posting bond from commencing or prosecuting any actions or other proceedings asserting any or all of the Released Claims against any or all of the Released Persons or any other Party, or their respective attorneys.

12. Counsel for Plaintiffs are awarded attorneys' fees and expenses in the aggregate sum of $_____, which the Court finds to be fair and reasonable, to be paid in accordance with the terms of the Stipulation. Plaintiffs' Co-Lead Counsel may allocate this award to Plaintiffs' counsel involved in this Action in accordance with their judgment as to the contribution of each of these firms to the results achieved in this Action. The Court approves an award to plaintiff Donna Conrad in the amount of $_____, which shall be paid by Plaintiffs' Co-Lead Counsel from the foregoing fees and expenses awarded to counsel for Plaintiffs.

13. Neither the Stipulation, the Settlement, this Final Judgment, nor any provision contained therein, nor any act performed or document executed pursuant to or in furtherance of the Stipulation, the Settlement, or this Final Judgment: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity or lack of validity of any Released Claims, or any Reserved Claims, or any wrongdoing or liability of the Parties, their counsel, or any Released Persons; (b) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of any of the Parties or any of the Defendants' Affiliates in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal; or (c) is or may be alleged or mentioned so as to contravene clause (a) above in any

litigation or other action unrelated to the enforcement of the Stipulation. Notwithstanding the foregoing, on or after the Effective Date, Staples and any of Individual Defendants may file the Stipulation or any judgment or order of the Court related thereto in the Massachusetts Litigation, or any other action that may be brought against them, in order to support a defense or a counterclaim based on res judicata, collateral estoppel, release, good-faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion, or similar defense or counterclaim.

14. Nothing herein dismisses or releases any claim by or against any Party to the Settlement arising out of a breach of the Stipulation or violation of this Final Judgment.

_____

Vice Chancellor

EXHIBIT D

Exhibit D

STAPLES, INC. CORPORATE GOVERNANCE AND THERAPEUTIC REFORMS

I. Scope and Implementation of the Provisions Herein

A. Each of the provisions set forth in this Appendix have been implemented or will be implemented within 60 days of the date the Court has entered an order approving the Stipulation of Settlement and such order is no longer subject to appeal, whether due to expiration of time to appeal, or due to final affirmation on appeal and expiration of time for any petition for reargument, appeal or review, by certiorari or otherwise (the "Effective Date"), except that the 60-day period may be extended only for those provisions herein, if any, that require approval by Staples, Inc.'s (the "Company" or "Staples") shareholders, with the Company seeking shareholder approval of such provisions in connection with the next vote by the Company's shareholders on any matters. Such implementation has or will include any necessary changes to the Company's by-laws, stock option plans, charters, or other corporate documents as necessary to implement these changes.

B. These provisions will remain in effect for a period of 4 years from the Effective Date. During that time, the Company may not change its by-laws, stock option plans, charters, processes described in this Agreement or other corporate documents in a manner that is inconsistent with these provisions unless such changes are required by applicable rules, regulations, laws, or accounting requirements.

C. These provisions shall apply only to the Company's stock option grants to U.S. employees.

D. The Company and Defendants acknowledge that the provisions set forth in this Appendix were either specifically agreed to by the parties in the action captioned *In re Staples, Inc. S'holder Derivative Litig.*, Consol. C.A. 2611-VCL as part of the settlement of that action or that the pendency and prosecution of that action was a substantial motivating factor in the adoption or implementation of such provisions.

II. General Provisions Regarding All Grants of Stock Options

A. Within two business days of the date on which the Grant Date (as defined below in Section II.C.) of any stock option is selected, electronic notice (either e-mail, fax, or other format with a verifiable time stamp) of the grant must be sent to the Secretary of the Company. For special stock option grants, such notice shall include the Grant Date, the number of shares or a description of the methodology for determining the number of shares, and the option recipient(s). For annual stock option grants, such notice shall include the Grant Date and the number of shares (or a description of the methodology for

determining the number of shares) to be granted to each employee grade level. This provision shall only apply to grants of Staples stock options that have a Grant Date more than 60 days after the Effective Date, subject to Section I.A. above, which provides that, with respect to certain provisions herein, the 60-day period may be extended to the extent that any approval by the Company's stockholders is needed.

B. Except to correct clear administrative errors (if such correction is permitted by law), no changes, removals, or additions to stock options grants or grant lists already approved may be made following the Grant Date; provided, however, that the foregoing shall not restrict the amendment or repricing of options by the Company's Board of Directors (the "Board") or Compensation Committee (at in-person or telephonic meetings) consistent with the Company's stock option plans and all applicable rules, regulations, laws, or accounting requirements.

C. Unless otherwise required by applicable rules, regulations, laws, or accounting principles, any current and/or subsequent equity incentive plan shall include language to the following effect with respect to all future grants: (i) the exercise price for each options grant shall be at least one hundred percent (100%) of the fair market value of the Company's common stock on the Grant Date or, if the stock exchange on which the Company's stock is traded was closed on such day, the fair market value on the immediately preceding day on which the market was open; and (ii) the "Grant Date" shall mean the date of grant selected by the Compensation Committee, which date shall not be earlier than the date upon which such selection is made. Any provisions to the contrary shall be removed from any current stock option plans and not permitted in any stock option plan approved within 4 years of the Effective Date.

D. For purposes of determining the exercise price for each stock option grant pursuant to Section II.C., the term "fair market value" shall mean the closing market price of the Company's common stock on the Grant Date.

E. The secretary at each meeting of the Board or Compensation Committee at which stock options are granted shall promptly prepare minutes following each meeting. For special stock option grants, the minutes shall accurately set forth the specifics of any special stock options granted at the meeting, including the Grant Date, the number of shares or a description of the methodology for determining the number of shares, and the option recipient. For annual stock option grants, the minutes shall accurately set forth the specifics of any annual stock option granted at the meeting, including the Grant Date and the number of shares (or a description of the methodology for determining the number of shares) to be granted to each employee grade level.

F. Signed minutes (including all exhibits) of all meetings of the Board or Compensation Committee at which Staples stock options are granted shall be stored in a central and secure location at the Company's headquarters that is easily accessible to the Company's General Counsel's office.

G. Signed minutes (including all exhibits) of all meetings of the Board and the Compensation Committee and each notice of stock option grants sent to the Secretary of

the Company pursuant to Section II.A. herein shall be maintained and preserved in an organized manner for the longer of seven years or three years after the options have terminated (by cancellation, expiration, exercise, or otherwise).

III. Specific Provisions Regarding Special Stock Option Grants to Senior Staples Officers and Directors

A. For each Staples special stock option grant to officers or directors designated pursuant to Section 16 of the Securities Exchange Act of 1934, the Board or the Compensation Committee must approve all material terms of the grant at a meeting at which the attending directors are simultaneously present either in-person or telephonically and the applicable quorum requirements are satisfied.

B. Each annual proxy statement of Staples shall list all Staples stock options received during the prior year by any member of the Board or any of the Company's five most highly-compensated officers (including the number of options received, the date of the grant(s), the exercise price(s), the expiration date(s), and vesting terms).

IV. Specific Provisions Regarding Annual Stock Option Grants

A. The Company's current policy and practice is to make option grants to continuing employees once per fiscal year ("Annual Grants"). For Annual Grants, the Company's current policy and practice is to set a Grant Date as the first business day after June 30 of each year. This policy and practice shall only be altered by the Compensation Committee or the Board in the sound exercise of their business judgment. In such event, however, the Company will not set a Grant Date that is less than seven business days after the date such Grant Date is selected.

B. The Board or the Compensation Committee must approve the Annual Grants at a meeting at which the attending directors are simultaneously present either in-person or telephonically and the applicable quorum requirements are satisfied.

V. Specific Provisions Regarding Special Stock Option Grants

A. With respect to special stock option grants, the Company shall set a Grant Date that is two business days after the date such Grant Date is selected.