
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

FORM 8-K



CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **September 5, 2017**

STAPLES, INC.

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

0-17586
(Commission
File Number)

04-2896127
(IRS Employer
Identification No.)

Five Hundred Staples Drive, Framingham, MA
(Address of principal executive offices)

01702
(Zip Code)

Registrant's telephone number, including area code: **508-253-5000**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As previously disclosed, on June 28, 2017, Staples, Inc. (the “Company”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Arch Parent Inc. (“Parent”) and Arch Merger Sub Inc., a wholly owned subsidiary of Parent (“Merger Sub”), providing for the merger of Merger Sub with and into the Company, with the Company surviving the merger as a wholly-owned subsidiary of Parent (the “Merger”). Parent and Merger Sub are beneficially owned by funds managed by Sycamore Partners Management, L.P.

In connection with the Merger, the Company has amended its severance benefits agreements with Shira Goodman, Christine Komola, Mark Conte, and Michael Williams (the “Executives”), pursuant to which each Executive is entitled to receive certain severance benefits if he or she experiences a “qualified termination” (as such term is defined in the severance benefits agreement). The amendment to the Executives’ severance benefits agreements provides that the Company may not terminate such agreements, with or without 90 days’ advance written notice, within the twenty-four month period immediately following the closing of a change in control (including the Merger), and that the Company will require any successor or transferee that directly or indirectly acquires all or substantially all of the business or assets of the Company or the business unit of the Company for which the applicable Executive performs services expressly to assume and agree to perform such agreement through such extended term to the same extent that the Company would be required to perform under the agreement if no such succession or transfer had taken place. The foregoing description is qualified by reference to the full text of the form of amendment filed as Exhibit 10.1 attached hereto, and incorporated herein by reference.

In connection with the Merger, the Company has also amended its agreements governing the 2017-2019 performance share awards granted to each of Ms. Goodman, Ms. Komola and Mr. Williams to provide that the Company will pay to each such individual an amount sufficient to “gross up” such individual (in whole or in part) for any excise taxes under Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), that may become payable by such individual as a result of such individual becoming entitled to any amounts or benefits that would be “excess parachute payments” pursuant to the parachute payment provisions of Section 280G of the Code. The aggregate amount of such “gross up” payments shall not exceed (i) in the case of Ms. Goodman, \$8,600,333, (ii) in the case of Ms. Komola, \$3,318,651, and (iii) in the case of Mr. Williams, \$1,102,417. The foregoing description is qualified by reference to the full text of the form of amendment filed as Exhibit 10.2 attached hereto, and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The exhibit listed on the Exhibit Index immediately preceding such exhibit is filed as part of this Current Report on Form 8-K.

Safe Harbor for Forward-Looking Statements

Statements in this filing regarding the proposed transaction between Parent and the Company, the expected timetable for completing the transaction and any other statements about Parent and the Company managements’ future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates and similar expressions) should also be considered to be forward looking statements, although not all forward-looking statements contain these identifying words. Readers should not place undue reliance on these forward-looking statements. The Company’s actual results may differ materially from such forward-looking statements as a result of numerous factors, some of which the Company may not be able to predict and may not be within the Company’s control. Factors that could cause such differences include, but are not limited to, (i) the risk that the proposed Merger may not be completed in a timely manner, or at all, which may adversely affect the Company’s business and the price of its common stock, (ii) the failure to satisfy all of the closing conditions of the proposed Merger, (iii) the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger

Agreement, (iv) the effect of the announcement or pendency of the proposed Merger on the Company's business, operating results, and relationships with customers, suppliers, competitors and others, (v) risks that the proposed Merger may disrupt the Company's current plans and business operations, (vi) potential difficulties retaining employees as a result of the proposed Merger, (vii) risks related to the diverting of management's attention from the Company's ongoing business operations, and (viii) the outcome of any legal proceedings instituted against the Company related to the Merger Agreement or the proposed Merger. There are a number of important, additional factors that could cause actual results or events to differ materially from those indicated by such forward looking statements, including the factors described in the Company's Annual Report on Form 10-K for the year ended January 28, 2017 and its most recent quarterly report filed with the SEC. The Company disclaims any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this filing.

EXHIBIT INDEX

Exhibit Number	Description
10.1	Form of Amendment to the Severance Benefits Agreement signed by executive officers of the Company
10.2	Form of Amendment to the Performance Share Award Agreement signed by executive officers of the Company

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 11, 2017

Staples, Inc.

By: /s/ Michael T. Williams
Michael T. Williams
*Executive Vice President,
Chief Legal Officer and Secretary*

AMENDMENT TO SEVERANCE BENEFITS AGREEMENT

Dear Associate:

You are party to a Severance Benefits Agreement, which may have been amended from time to time (the "Agreement") with Staples, Inc. and/or one of its subsidiaries ("Staples"). Under the Agreement, you are entitled to certain severance benefits set forth in the Agreement if you experience a Qualified Termination (as defined in the Agreement).

Pursuant to Paragraph 1 "Term of Agreement", your Agreement can be terminated by you or Staples with 90-days written notice, either immediately following the expiration of such 90-day period or, if your Agreement provides for consecutive one-year terms, at the end of the then-current term. In order to protect your benefits in the event of a Change in Control as defined in Paragraph 4(a)(i)-(iv) of your Agreement, Staples' Board of Directors (the "Board") has amended your Agreement to provide that Staples may not terminate your Agreement, or any then-current term of your Agreement ending, within 24 months following a Change in Control, with or without 90 days' notice. For the avoidance of doubt, it is the Board's intent that this amendment ensure that your Agreement is not terminable by Staples, with or without 90 days' notice, within 24 months following a Change in Control.

Staples will require any successor or transferee, whether direct or indirect, that acquires all or substantially all of the Staples business or assets (if Staples then owns or operates the business unit of Staples for which you perform services), or that acquires the business unit of Staples for which you perform services (in each case, whether by purchase, merger, consolidation or otherwise) expressly to assume and agree to perform on your Agreement, as amended by this Amendment, to the same extent that Staples would be required to perform it if no such succession or transfer had taken place. Any failure to obtain a satisfactory agreement from the successor or transferee (as the case may be) to assume and agree to perform the Agreement, as amended by this Amendment prior to the effectiveness of any succession or transfer shall constitute "Good Reason" for you to terminate employment with Staples in accordance with Paragraph 4(d)(vi) of your Agreement. As used in this Amendment to your Agreement, "Staples" means Staples as defined above and any successor to or transferee of its business or assets as aforesaid which assumes and agrees to perform this Amendment to your Agreement by operation of law, or otherwise.

Nothing in this Amendment prohibits your right to invoke your right to terminate the Agreement with 90-days written notice. All other provisions set forth in your Agreement remain in full force and effect.

[Remainder of page intentionally left blank]

If this Agreement sets forth our agreement, kindly sign and return to Staples the enclosed copy of this Agreement.

Sincerely,

STAPLES, INC.

Regis Mulot
Executive Vice President, Human Resources

I have been advised of my right to consult with counsel regarding this Agreement and have decided to sign below knowingly, voluntarily, and free from duress or coercion.

Agreed to this day of , 20

(Associate Signature)

FIRST AMENDMENT
TO
PERFORMANCE SHARE AWARD AGREEMENT

WHEREAS, Staples, Inc. (“Staples”) granted an award of performance shares (the “PSAs”) to **[insert: name of employee]** (the “Recipient”) on **[insert: grant date]**, pursuant to that certain Performance Share Award Agreement (the “PSA Agreement”) by and between Staples and the Recipient;

WHEREAS, an Agreement and Plan of Merger (the “Merger Agreement”) was made and entered into on June 28, 2017, by and among Staples, Arch Merger Sub Inc. and Arch Parent Inc.;

WHEREAS, the Merger Agreement provides for the automatic cancellation and conversion of the PSAs into a contingent right to receive a cash payment subject to and in accordance with the terms of the Merger Agreement following the Closing Date (as defined in the Merger Agreement);

WHEREAS, the receipt of Merger Consideration (as defined in the Merger Agreement) in respect of the PSAs as contemplated by the Merger Agreement, either alone or together with the receipt of other payments in connection with the transactions contemplated under the Merger Agreement, may result in the imposition of an Excise Tax (as defined below) on the Recipient; and

WHEREAS, Staples’ Board of Directors has approved that a Gross-Up Payment (as defined below) be payable if an Excise Tax is assessed against the Recipient because payments received by the Recipient in connection with the transactions contemplated under the Merger Agreement constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, pursuant to this First Amendment to Performance Share Award Agreement dated [], 2017, by and between Staples and the Recipient, the PSA Agreement is amended to add a new final section as set forth below, effective upon the Closing (as defined under the Merger Agreement):

“[]. **Gross Up Payment**

(a) In the event you become entitled to any amount or benefit payable or provided under this Agreement, the Plan or any other agreement, policy, plan, program or arrangement with Staples or its subsidiaries or affiliates, or the lapse or termination of any restriction under any agreement, policy, plan, program or arrangement with Staples or its subsidiaries or affiliates (collectively, the “Payments”), and any of such Payments become subject to the tax imposed by Section 4999 of the Code (the “Excise Tax”) by reason of being “parachute payments” within the meaning of Section 280G of the Code, or any similar federal, state or local tax in existence as of the date of your entry into that certain First Amendment to Performance Share Award Agreement dated [], 2017, by and between you and Staples, Staples shall pay to you an additional amount (a

“Gross-Up Payment”) such that, after your payment of the federal, state and local income taxes (taking into account the loss of itemized deductions), employment tax (together with any interest or penalties with respect thereto) and Excise Tax on the Gross-Up Payment, you retain a net amount equal to the Excise Tax imposed upon the Payments. A Gross-Up Payment shall be paid to you or withheld and made on your behalf to the applicable taxing authorities as soon as reasonably practicable, but in no event later than twenty (20) business days, after the later of the date that it is determined that a Payment is subject to the Excise Tax and the date that the Excise Tax is required to be withheld and paid to the applicable taxing authorities. Notwithstanding anything herein to the contrary in this paragraph (a), in no event shall the amount of the Gross-Up Payment or Gross-Up Payments payable to you exceed an aggregate of [\$] (such amount, the “Gross-Up Cap”).

(b) Any determination required under this Section shall be made in writing by a third party selected by Staples’ Chief Executive Officer prior to the Change in Control (the “Firm”), whose determination shall be conclusive and binding upon you and Staples for all purposes. For purposes of making the calculations required by this Section, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code, including what constitutes “reasonable compensation” for purposes of Section 280G of the Code.

(c) You and Staples shall furnish to the Firm such information and documents as the Firm may reasonably request in order to make a determination hereunder. Staples shall bear all costs the Firm may reasonably incur in connection with any calculations contemplated hereunder. The Firm shall be required to provide its determination within thirty (30) days after the date of the Change in Control.

(d) If the Firm determines that no Excise Tax is payable by you, you will be provided detailed information to support that you have a reasonable basis not to report any Excise Tax on your federal, state or local income or other tax return, which information shall address what portion, if any, of the Payment constitutes “reasonable compensation” for purposes of Section 280G of the Code. If the Firm determines that an Excise Tax will be assessed with respect to the Payments, you will be provided with detailed information for such position, including the basis for determining what portion, if any, of the Payments constitutes “reasonable compensation” for purposes of Section 280G of the Code.

(e) If the Excise Tax is subsequently determined, either by the Firm or a taxing authority, to be less than the amount determined hereunder, you shall repay to Staples, within five business days after the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus the portion of the Gross-Up Payment attributable to the Excise Tax and federal and state and local income tax imposed on the Gross-Up Payment being repaid by you to the extent that such repayment results in a reduction in Excise Tax and/or federal and state and local income tax deduction).

(f) You are required to notify Staples promptly, but in no event later than ten (10) business days after receipt, of any written claim by any taxing authority that, if successful, would require you to pay additional Excise Tax and/or any other taxes with respect to the Payments or the Gross-Up Payment that exceed the Gross-Up Payment previously made to you. You shall not pay such claim prior to the expiration of the thirty (30)-day period following the date on which you give such notice to Staples (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Staples notifies you in writing prior to the expiration of such period that it desires to contest such claim, you shall (i) give Staples any information reasonably requested by Staples relating to such claim; (ii) take such action in connection with contesting such claim as Staples shall reasonably request in writing from time to time, including, without limitation, coordinate with accepting legal representation with respect to such claim by an attorney expert in such area reasonably selected by Staples, it being understood that you may also retain separate counsel at your sole cost; (iii) cooperate with Staples in good faith in order effectively to contest such claim, and (iv) permit Staples to participate in any proceedings relating to such claim; provided, however, that Staples shall bear and pay during the period of representation directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold you harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions, Staples shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim, provided that if the sum of the taxes, interest and penalties that are being sought by the applicable taxing authorities in such contest would, if sustained, result in one or more Gross-Up Payments under paragraph (a) that, in the aggregate, exceed the Gross-Up Cap, you will control all proceedings taken in connection with such contest and determine whether to pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim, subject, in each case, to Staples' reasonable input. In all events, Staples' control of any contest shall be limited to issues the resolution of which would impact whether a Gross-Up Payment would be payable hereunder. You shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority, and you shall control any extension of the statute of limitations with respect to matters other than those directly related to the Excise Tax.

(g) If the Excise Tax is subsequently determined by the taxing authority to exceed the amount of the Gross-Up Payment, Staples shall make an additional Gross-Up Payment in respect of such excess within five business days after the date that the amount of such excess is finally determined; provided that in no event will Staples make Gross-Up Payments to you that exceed, in the aggregate, the Gross-Up Cap. In the event that the subsequent determinations as to the Excise Tax affect earlier Gross-Up Payment calculations under this Section, such amounts will be recalculated and the provisions of this Section applied based on the revised calculations.

(h) Notwithstanding the preceding paragraphs of this Section, references to Staples shall include its successors, and Gross-Up Payments shall in no event be made later than the end of the year following the year in which you remit the related taxes to the applicable taxing authorities. In all events the additional Gross-Up Payments shall be made not later than the end of the year following the year in which the taxes that are the subject of an audit or litigation are remitted to the applicable taxing authority, or where as a result of such audit or litigation no taxes are remitted, the end of the year following the year in which the audit is completed or there is a final and nonappealable settlement or other resolution of the litigation, consistent with the requirements of Section 409A of the Code.”
