

SUMMARY PLAN DESCRIPTION

STAPLES, INC. EMPLOYEES' 401(k) SAVINGS PLAN

Updated as of March 1, 2016

Important Note

This booklet is called a Summary Plan Description ("SPD") and is intended to provide a brief description of the Plan's features. Complete details of the Plan are contained in the Plan document. If there is a difference between this booklet and the Plan document, the Plan document (available in the HR Services Department) will govern. The Plan Administrator has the authority and discretion to interpret the Plan. The Plan is not a contract of employment, and does not require or entitle anyone to remain employed by the Company. The information provided on taxes is general in nature and may not apply to your personal circumstances. You should consult a tax advisor for more information.

401(k) Savings Plan Highlights

The following information contains highlights of the Plan.
Please read the entire Summary Plan Description for further details.

Joining the Plan

Full-time employees may begin to make elective deferrals on the first day of the month coincident with or next following the completion of two (2) consecutive months of service and the attainment of age twenty-one (21). If you do not complete two consecutive months of employment during the 12 month period following your date of hire, you may begin making elective deferrals as of the first day of the month coincident with or next following the date you have both attained age 21 and your one year anniversary date with the Company.

Part-time employees may begin to make elective deferrals on the first day of the month coincident with or next following the later of the completion of one (1) year of service or the attainment of age twenty-one (21).

If you are a full-time employee, you will be eligible to receive matching contributions as of the first day of the calendar quarter coincident with or next following the date you have both attained age 21 and completed 500 hours of service in your first 6 months of employment with the Company. If you do not complete 500 hours of service in your first 6 months of employment, you become eligible to share in any matching contributions as of the first day of the calendar quarter coincident with or next following the date you both attain age 21 and complete one year of service with the Company.

If you are a part-time employee, you will be eligible to receive matching contributions as of the first day of the calendar quarter coincident with or next following the completion of one (1) year of service and the attainment of age twenty-one (21).

Please see the section titled "Eligibility" for more details.

Saving is easy

Your pre-tax and Roth elective deferral contributions to the Plan are made through the convenience of automatic payroll deductions. You may generally contribute from 1% to 100% of your eligible compensation. Certain higher-paid employees may be limited to a lower contribution rate.

Contributing to the Plan on a pre-tax basis allows you to reduce the amount of current income taxes you pay each year.

Company matching contributions

The Company intends to match \$.50 on each dollar you contribute to the Plan on the first 6% of your eligible compensation each plan year.

Managing your investments

Under the Plan, you direct the manner by which your pre-tax contributions, Roth contributions, Company contributions and any rollover contributions you may have made, are invested. For this purpose, the Plan offers a range of investment options so you can put your money to work in a number of ways.

Flexibility

You may change the investment mix of your account balances at any time. You may also change the amount you are contributing to the Plan on a weekly basis. Of course, you may stop contributing at any time.

Vesting

Your contributions are always 100% vested. This means you have full ownership of your own pre-tax and Roth contributions and any rollover contributions you may have made. The extent to which you are vested in any Company matching contributions made on your behalf depends on your years of vesting service under the Plan.

Accessing your account

The Plan allows you to borrow against the value of your pre-tax, Roth and rollover contributions. In addition, the Plan allows in-service withdrawals under certain limited circumstances.

Leaving the Company

When you leave the Company, your vested account balance will be paid to you, or you may elect to have your vested account balance transferred to an Individual Retirement Account ("IRA") or to another eligible plan.

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Introduction

Chances are, you're hoping for a long and fulfilling retirement. But a significant part of how rewarding your retirement experience will be depends on how well you have planned for it.

It's not easy to save for the future. Planning to save and actually doing it are two different things. Often the "doing" is the most difficult. Through the Staples, Inc. Employees' 401(k) Savings Plan (the "Plan"), you are offered an easy way to work with Staples, Inc. (the "Company") to add to your long-term retirement savings.

You may contribute to the Plan via pre-tax or Roth deferrals. The Company intends to match a percentage of your contributions. As an added feature, your Plan account has the potential to grow faster than saving outside the Plan because your pre-tax contributions and any Company matching contributions and associated earnings are not subject to current income taxes until they are paid to you from the Plan. Also, if you make Roth contributions, earnings on Roth contributions are generally not taxable when paid to you from the Plan (certain conditions apply).

Your personal financial security is one of life's most important objectives. The Company shares your concern and offers the Plan as one way to help you build a strong financial future.

Contacting Empower Retirement (Website and Phone Service)

To help with your retirement planning, many features of the Plan are available to you by contacting Empower Retirement Plan Services ("Empower Retirement") via the Internet or over an automated telephone system. Whenever you are instructed to contact Empower Retirement, you may do so:

- 24 hours a day, seven days a week, via the Internet at www.empower-retirement.com/staples or an automated telephone system at 844-728-3279.
- 8 AM to 10 PM Eastern Time ("ET") on any business day the New York Stock Exchange ("NYSE") is open by calling 844-728-3279 to speak with a Participant Service Representative.

You may enroll in the Plan, obtain information about your Plan account, request an account statement, obtain Plan forms, initiate and/or process a loan, withdrawal or distribution from the Plan, and make changes to your contribution percentage and investment elections by contacting Empower Retirement. You may also request an age 59½ withdrawal, rollover or distribution through a paperless process by contacting Empower Retirement. Alternatively, a form can be sent to you for completion.

You will receive separate instructions to access Plan information by contacting Empower Retirement.

Joining the Plan

Eligibility

All employees of the Company (and any participating affiliates) in an eligible employment classification are eligible to participate in the Plan. For your information, the participating affiliates are listed toward the end of this booklet.

Eligibility for Making Pre-Tax and Roth Elective Deferral Contributions

If you are an eligible full-time employee, you may begin making elective deferral contributions to the Plan as of the first day of the calendar month coincident with or next following your attainment of age 21 and completion of two (2) consecutive months of service with the Company.

If you are an eligible full-time employee but fail to complete the requisite two (2) consecutive months of service during the twelve month period following your date of hire, you may begin making elective deferral contributions, as of the first day of the month coincident with or next following the later of your one year employment anniversary date or the date on which you attain age 21.

If you are an eligible part-time employee, you may begin to make elective deferrals on the first day of the month coincident with or next following the later of the completion of one year of service or the attainment of age twenty-one (21).

Eligibility for Matching Contributions

If you are an eligible full-time employee, you will be eligible to receive any Company matching contributions to the Plan as of the first day of the calendar quarter following your attainment of age 21 and completion of 6 months of employment (as measured from your date of hire) with the Company, provided you completed at least 500 "hours of service" during such 6- month period.

If you are an eligible full-time employee and have attained age 21, but do not complete 500 hours of service in the 6-month period following your date of hire, you become eligible to share in any Company matching contributions as of the first day of the calendar quarter following your completion of a "year of service".

If you are an eligible part-time employee, you will be eligible to receive any Company matching contributions as of the first day of the calendar quarter coincident with or next following the later of the completion of one year of service or the attainment of age twenty-one (21).

If you change employment classifications, please check with your Plan Administrator as separate eligibility rules may apply.

You will be credited with a "year of service" if you complete a 12-month period of employment with the Company during which you are credited with at least 1,000 "hours

of service". The first 12-month period will begin on your date of hire. If you complete less than 1,000 hours in that 12-month period, you will be credited with a year of service as of the last day of the first Plan Year following your date of hire during which you are credited with at least 1,000 hours of service.

An "hour of service" includes all hours actually worked, plus most paid non-working hours such as vacation, sick days and the like. However, no more than 501 hours of service will be credited to you for any single continuous period during which you are not actually working.

For purposes of Eligibility, a "full-time employee" includes an exempt salaried Employee and a non-exempt hourly employee who is classified as "full-time" on the Company's payroll records. A "part-time employee" includes a non-exempt hourly Employee classified as "part-time" on the Company's records.

Example: Mary and Steve are both age 21 and are hired on March 1, 2016.

	<u>Hours Worked</u> <u>3/1/16-8/31/16</u>	<u>Hours Worked</u> <u>9/1/16-2/28/17</u>	<u>Eligible For</u> <u>Matching</u> <u>Contributions</u>
Mary	500	0	10/1/2016
Steve	400	600	4/1/2017

You should contact Empower Retirement if you have any questions concerning your eligibility to participate in the Plan or the calculation of your hours of service.

Enrollment via Empower Retirement

When you become eligible to participate in the Plan, enrollment materials will be provided to you. You may enroll in the Plan and begin making contributions by contacting Empower Retirement by phone or via the Internet. You must also contact Empower Retirement to select your beneficiary under the Plan.

Automatic Enrollment (5 Years of Service)

If you have been credited with 5 years of vesting service, are not contributing to the Plan and have not previously opted out, you will be automatically enrolled in the Plan with a pre-tax contribution rate of 3%, unless you elect otherwise. If you wish to contribute more or less than 3% of your pay, or if you do not wish to contribute at all, you must contact Empower Retirement by phone or online within thirty (30) days following receipt of notice to make your election. You can also elect to change your contribution rate at any time in the future after the automatic enrollment takes effect. Your contribution change will be effective on a weekly basis.

In addition, for those participants who were auto enrolled on or after July 1, 2008, your deferral percent will automatically increase each year by 1% until you reach 10%, unless you elect otherwise.

Your contributions made pursuant to automatic enrollment will be invested in the Plan's default investment fund specified in your enrollment materials. Note: It is the intention of the Company to invest these contributions in an investment option that satisfies the Department of Labor definition of a qualified default investment alternative.

Military Service

If you leave employment for certain periods of military service and are reemployed, you will be eligible to receive service credit, make contributions and receive Company contributions for those periods of qualified military service in accordance with the rules under the Uniformed Services Employment and Reemployment Rights Act of 1994. In addition, any amounts paid to you by the Company as "differential wage payments" may be treated as "pay" under the Plan. You should contact Empower Retirement if you have any questions regarding this provision.

Savings Highlights

Your Elective Deferral Contributions

You may contribute from 1% to 100% of your "eligible compensation" (before federal and, in most cases, state income taxes) in whole percentages. Certain higher-paid employees may be limited to a lower contribution rate. You will be advised if you are subject to such a limitation. For Plan purposes, "eligible compensation" includes your base compensation, other regular earnings, overtime, shift differentials and commissions. Eligible compensation, however, does not include bonuses, awards, expense reimbursements, taxable fringe benefits, Company-paid moving expenses, car allowances, group term life insurance over \$50,000, expatriate compensation, exercised stock options, post-termination compensation, severance, short- and long-term disability benefits paid by a third party or any amounts deferred under a salary reduction agreement in accordance with this Plan or under a cafeteria (Code Section 125) plan maintained by the Company. In addition, under federal tax laws, for 2016, eligible compensation in excess of \$265,000 may not be taken into account for Plan purposes. This limit will be periodically adjusted by the Internal Revenue Service ("IRS").

Pre-Tax Deferrals. If you elect to make pre-tax deferrals, then your taxable income is reduced by the deferral contributions. Later, when the Plan distributes the deferrals and earnings, you will pay the taxes on those deferrals and the earnings. Therefore, with a pre-tax deferral, federal income taxes on the deferral contributions and on the earnings are only postponed. Eventually, you will have to pay taxes on these amounts.

Roth Deferrals. If you elect to make Roth deferrals, the deferrals are subject to federal income taxes in the year of deferral. However, the deferrals and, in certain cases, the earnings on the deferrals are not subject to federal income taxes when distributed to you. In order for the earnings to be tax free, you must meet certain conditions.

The federal tax laws also limit the amount you can defer to the Plan each year. This limit is \$18,000 for 2016. You should also be aware that the annual dollar limit is an aggregate limit that applies to all deferrals you may make under this Plan or other cash

or deferred arrangements (including other 401(k) plans and 403(b) plans). Generally, if your total deferrals under all cash or deferred arrangements for a calendar year exceed the annual dollar limit, the excess must be included in your income for the year of deferral and, if the excess is not returned to you by the following April 15th, again when it is later distributed to you. For this reason, it is desirable to request the return of any excess deferrals.

If you have an excess deferral in any year, you must decide which plan or arrangement you would like to return the excess. If you decide that the excess should be distributed from this Plan, you must communicate this in writing to your Plan Administrator no later than the March 1st following the close of the calendar year in which such excess deferrals were made. However, if the entire dollar limit is exceeded in this Plan or any other plan maintained by the Company, the excess deferral and any earnings will automatically be returned to you by April 15th.

NOTE: *Other requirements under the federal tax laws may limit the total amount that may be allocated to your account in any year, or the total deferrals which may be made by certain higher-paid employees. These limits could require you to reduce your contribution percentage or the total you have contributed for the year. You will be advised if you are subject to such limitations.*

Your Catch-Up Contributions

If you are age 50, or will be age 50 by the end of the calendar year, you may be eligible to make a “catch-up” contribution for the year. You may elect to make a “catch-up” contribution if you intend to contribute the maximum dollar limit (i.e., \$18,000 for 2016). For 2016, the maximum catch-up contribution is \$6,000. You may elect to make a catch-up contribution by contacting Empower Retirement. However, you should be aware that any intended catch-up contribution will be treated as a regular contribution until your total contributions for the year reach the maximum limit as noted above. You should also be aware that any intended catch-up contribution will not be subject to a Company match.

Rollover Contributions

In certain circumstances, you may elect to have benefits earned under a qualified plan (such as a former employer’s 401(k) plan), a 403(b) plan, a governmental 457(b) plan (excluding, however, any after-tax contributions), or any individual retirement account or annuity described in Section 408 of the Code transferred or rolled over to your account under this Plan. However, rollovers into the Plan from a Roth IRA are not permitted.

If you are not a member of an excluded class of employees, you may elect to make a rollover prior to satisfying the eligibility requirements for participating in the Plan. Any rollover contributions made to the Plan will also be available for withdrawals and loans prior to the date you become eligible to participate in the Plan.

You should contact Empower Retirement to request a rollover form.

Company Matching Contributions

Once you have satisfied the eligibility requirement for participating in Company matching contributions and satisfy the additional requirement(s) described below, the Company intends to match \$.50 on each dollar you contribute to the Plan on the first 6% of your eligible compensation. The match is calculated and credited on a pre-tax basis to your account on an annual basis.

You will normally be eligible to receive a matching contribution for a Plan Year only if you are employed by the Company on the last day of the Plan Year. However, this requirement will be waived if you terminate employment during the Plan Year because of your permanent and total disability (as defined later), your death, your retirement on or after your Normal Retirement Age (generally, on or after your 65th birthday or, if later, your fifth (5th) anniversary of participation in the Plan), or if you separate from service involuntarily and receive severance.

What does this Company match mean to you? If your eligible compensation is \$20,000 per year and you contribute 6% of your eligible compensation (\$1,200), you will receive a total Company matching contribution for the year of \$600 (50% of \$1,200).

While it is the Company's intention to make matching contributions each Plan year, you should be aware of the fact that if the Company needs money for other business purposes, the Company can reduce or eliminate matching contributions for any Plan Year.

You should also be aware that Company matching contributions are subject to limitations under federal law. These limitations could reduce matching contributions you may receive under the Plan. You will be informed if you are affected by these limits.

NOTE: Please contact the Plan Administrator if you have any questions about Company match eligibility.

Matching contributions are excluded from your income for Social Security (FICA and Medicare) and income tax purposes. Matching contributions (adjusted for investment gains and losses) will be subject to income tax when distributed.

Managing Your Investments

You work hard for your money. One of the advantages of the Plan is that it lets your money work hard for you. The Plan provides you with a range of investment options. Your initial investment election(s) must be made among the available individual investment options in 1% increments. Any subsequent changes may be made in 1% increments or in any specified dollar amount by contacting Empower Retirement. Different investment options may be offered from time to time and you will be informed in advance of any changes. If you do not specify how your account is to be invested, your account will automatically be invested in the Plan's default fund as set forth in your enrollment materials. Note: It is the intention of the 401(k) Investment Committee to invest these contributions in an investment option that satisfies the Department of Labor

definition of a “qualified default investment alternative.”

Additional information concerning the available individual investment options is provided separately. Prospectuses for any mutual fund option you select are available on the Plan’s website. Paper copies are available by contacting Empower Retirement. You should also bear in mind that the Plan Administrator is authorized to establish trading rules and procedures that may impose restrictions or timing requirements on investment elections, including rules designed to prevent “market timing” or “excessive” trading practices.

NOTE: *The Plan is intended to constitute a Plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA). Section 404(c) is a provision of ERISA providing special rules for participant-directed plans, such as ours, which permit participants to exercise control over assets in their accounts. If a Plan complies with Section 404(c), the Plan’s fiduciaries will not be liable for poor investment performance or loss resulting directly from participant-directed investment decisions.*

Company Stock

The Company Stock Fund is a unitized fund. Instead of investing in individual shares of Staples, Inc. stock, your Plan account invests in units in the Company Stock Fund. Each unit represents a pro rata interest in the Plan’s investments in Staples, Inc. stock and in cash and short-term investments. Although the Company Stock Fund invests almost entirely in Staples, Inc. stock, it does maintain a small portion of its assets in cash and other liquid investments, in order to process transactions.

Effective September 2, 2014, no associate will be permitted to direct any Plan contributions to the Staples Stock Fund or to transfer any additional amounts into the Staples Stock Fund.

You may generally elect to liquidate the Company stock in your account at any time by contacting Empower Retirement. Certain participants, however, may be subject to restrictions and limitations, in the form of a blackout, to ensure compliance with the Federal securities laws. You will be advised if you are subject to any such limitations. Also, all associates must avoid trading in Staples Company stock based on insider information as explained in the Staples Business Conduct and Ethics Policy.

In accordance with Federal law, the Plan Administrator maintains procedures to protect the confidentiality of your decision to sell, buy, vote or tender Staples, Inc. stock. Your purchase and sale decisions, and your decisions about voting or tendering your stock, are processed through the Plan’s Trustee, not through the Company. Your decisions about the Company Stock Fund will be disclosed to the Company only to the extent necessary to ensure compliance with applicable laws and Company policies instituted for the purpose of complying with such laws, such as insider trading rules. (Contact the Plan Administrator for more information about confidentiality protections or your investment diversification rights in general.

Investment Information

You will receive certain information about the Plan’s investment options and expenses

automatically. Some information is provided on an annual basis, and other information is provided with your quarterly statement. You have the right to receive the following information upon request:

1. Copies of any prospectuses (or short-form or summary prospectuses), or in the case of investments not registered under the Securities Act or Investment Company Act, similar documents provided by those investments.
2. A list of assets comprising the portfolio of each investment option considered to constitute "Plan assets" (a category that does NOT include mutual funds) and the value of such assets (or the proportion of the investment option which it comprises).
3. A statement of the value of a share or unit of each investment option.
4. Copies of any financial statements or reports and similar materials, to the extent provided to the Plan.

The Plan Administrator is responsible for providing the above information. The contact information for the Plan Administrator is set forth in the "Other Important Facts" section of this booklet. Alternatively, the above information can be obtained by contacting Empower Retirement.

For more information about your investment options, including fees and expenses, please consult the prospectuses.

Flexibility

Changing Contributions and Investments

Nearly everyone's personal financial situation is likely to change over the years. Because of this, the Plan offers flexibility in changing or stopping the amount you contribute as well as transferring between investment options (subject to the restriction set forth in the Company Stock section).

Contributions

You may elect to change how much you contribute from your eligible compensation, from 1% to 100%. Certain higher-paid employees may be limited to a lower contribution rate. You will be advised if you are subject to such a limitation. You may request to change the amount you are contributing by contacting Empower Retirement. Your contribution change will be effective as soon as administratively feasible thereafter. Of course, you may elect to stop contributing at any time. If you elect to stop contributing, your contributions will cease as soon as administratively feasible following your election. If you do stop contributing, you may begin making contributions again by contacting Empower Retirement.

Investments

You may elect to change your investment election for future contributions and any Company contributions allocated to your account, and/or the investment election for your

existing account balance attributable to your contributions, any rollover contributions, and any Company contributions, by contacting Empower Retirement. Please see the previous section titled “Managing Your Investments” for more details. A change made and confirmed to your investment election before 4:00 PM ET on any business day (a day on which the NYSE is open) will generally be effective as of the close of that day. A change confirmed on or after 4:00 PM ET, or on weekends or holidays, will generally be effective as of the close of the next business day. In the event the NYSE closes prior to 4:00 PM ET on any business day, a change made and confirmed before the time the NYSE closes will generally be effective as of the close of that day. A change made and confirmed after such closing time will generally be effective as of the close of the next business day.

NOTE: There may be limitations on your ability to direct the investment of your account under the Plan. Policies established by mutual funds may impose redemption fees on certain transactions and also may impose restrictions or limitations on frequent or excessive trading. The Plan Administrator will enforce the funds’ policies on redemption fees and trading restrictions or limitations as Plan rules, and has the authority to establish additional rules. As a result, if your investment direction violates a fund’s trading restriction or limitation, your action may result in redemption fees being assessed to your account or your investment directions may be declined. In some circumstances, your ability to make additional investments in a fund may be suspended or terminated. Please refer to the underlying prospectus(es) and other fund information for further details on the funds’ policies on redemption fees and trading restrictions or limitations. You may also obtain related information by contacting Empower Retirement. Remember, trades involving the Company Stock Fund must comply with insider trading rules and any blackout periods established by the Company.

Written confirmation will be mailed to you for each change of your contribution percentage and/or your investment election. If you change your investment election with respect to future contributions and your existing account balance (i.e. elective deferral contributions, rollover contributions, and Company contributions made on your behalf), among the individual investment options, you will receive separate confirmation(s). If you fail to receive a confirmation, please call Empower Retirement and speak with a Participant Service Representative.

Accessing Your Account

One of the most commonly asked questions about the Plan is, “Can I get my money out of the Plan?” Since the primary purpose of the Plan is to encourage long-term retirement savings, distribution of your vested account cannot be made before your retirement or other termination of employment. However, while you remain employed by the Company, you may borrow from the portion of your account attributable to your pre-tax, Roth and rollover contributions and withdraw from your vested account under certain circumstances. Please note that loans and withdrawals under the Plan may be subject to limitations, in addition to those described below, established by the Plan Administrator in order to anticipate changes in the value of your account due to market fluctuations.

Loans

The Plan allows you to borrow against the value of your account attributable to your pre-tax, Roth and rollover contributions made to the Plan. It's a way for you to borrow your own money. The interest you pay on your loan goes back into your own Plan account. You can model your repayment schedule and apply for a loan by contacting Empower Retirement. Loan documentation and processing instructions will be mailed to you. A loan setup fee of \$50 will be deducted from your account each time you initiate a Plan loan.

You may only have one loan outstanding at any time. The interest rate is fixed and will be equal to the current "Prime Rate" (as published in *The Wall Street Journal* on the day the loan is initiated), plus 1½%.

NOTE: *If you had two loans outstanding on December 31, 2013, while employed by the Company you will continue to pay off both loans; however, you will not be able to take another loan under the Plan until both loans have been fully paid off.*

The maximum loan amount available to you will be determined by your vested account balance. The minimum amount you can borrow is \$1,000. You may borrow up to the lesser of (i) 50% of your vested account balance (but not more than your account balance attributable to your pre-tax, Roth and rollover contributions) or (ii) \$50,000. This \$50,000 maximum is reduced, however, by the amount of your highest outstanding loan balance for the previous 12-month period.

NOTE: *Certain contributions transferred on your behalf to the Plan in connection with a plan merger may be taken into account in determining the maximum amount available to you for a loan.*

Loans must be repaid through payroll deductions over a period of not more than five years. However, if you're using the loan to purchase your primary residence, the loan can be repaid over a period of not more than 10 years. Loans may be prepaid in part or in full at any time without penalty. You can learn more about your prepayment options by contacting Empower Retirement. **Note, you cannot change your loan payback amount.** Failure to repay a loan in accordance with its terms will constitute default. If you default on your Plan loan, federal law will consider you in taxable receipt of your unpaid loan balance and interest will generally continue to accrue (for purposes of determining your eligibility for any subsequent loan) until the loan is repaid or you separate from service. You will then have to pay income taxes on the amount of your unpaid loan and, if you are under age 59½, an additional 10% penalty tax may apply.

If you are on an authorized leave of absence or are suspended without pay or with a rate of pay that is less than your required loan repayment amount, you may continue making loan repayments by check. Alternatively, your loan repayments may be suspended for a period equal to the lesser of one year or the duration of the leave of absence. In the event of certain military service, your loan may be suspended for a longer period. However, any suspended repayments must be made up by you under rules established by the Plan Administrator. If you have an outstanding loan and will be taking a leave of absence or are suspended, you should contact Empower Retirement to discuss the handling of your loan during your leave.

If you stop working for the Company before your loan is repaid, your outstanding loan balance will immediately become due and payable, subject to the grace period set forth in your loan agreement and promissory note. You will have the opportunity to repay your loan during the grace period but if you fail to do so, or if you request a distribution prior to the end of the grace period, the outstanding loan balance will automatically be deducted from your vested account balance before it is distributed to you.

Hardship Withdrawals

The Plan also permits you to withdraw a portion of your vested account while you are employed if you experience one of the following financial hardships:

- purchase of your principal residence;
- payment of unreimbursed medical expenses incurred by you, your spouse, your dependents, or the person designated as your primary beneficiary under the Plan, or to permit you, your spouse, your dependents, or the person designated as your primary beneficiary under the Plan to obtain medical care;
- payment of tuition and “related expenses” (as defined under federal law) for the next 12 months of post-secondary education (specifically, college, graduate school and/or equivalent courses) for you, your spouse, your dependents, or the person designated as your primary beneficiary under the Plan;
- payment to prevent eviction from your principal residence, or foreclosure on the mortgage of your principal residence;
- pay funeral or burial expenses for the Participant’s deceased parent(s), spouse, children, dependents, or the person designated as your primary beneficiary under the Plan; or
- repair damage to the Participant’s principal residence that would qualify for a casualty loss deduction under federal law (determined without regard to whether the loss exceeds ten percent (10%) of your adjusted gross income).

You may only withdraw the amount of your pre-tax contributions, Roth contributions (not including investment earnings) and any rollover contributions (including investment earnings) needed to meet your hardship. However, your withdrawal may also include the amount required to pay any applicable tax withholding on the withdrawal, if you so choose. A hardship review fee of \$75 will be deducted from your account upon approval of each hardship request.

NOTE: Contributions transferred on your behalf to the Plan in connection with a plan merger may be available to you for a hardship. You should contact Empower Retirement for more information.

In reviewing your request for a hardship withdrawal, consideration will be given to the nature of your financial need, the documentation you provide and whether or not you have exhausted all other financial resources available to you, unless the effect would increase the amount of your need.

The amount you withdraw for financial hardship will be subject to optional federal income tax withholding. If you are under age 59½, an additional 10% penalty tax may apply. You may request a hardship withdrawal by contacting Empower Retirement. You should, however, consult with your tax advisor before electing to do this.

Age 59 1/2 Withdrawals

If you have attained age 59½, you may elect to withdraw all or any portion of your vested account balance, subject to rules and procedures as may be established by the Plan Administrator. The taxable amount you withdraw may be subject to mandatory 20% federal income tax withholding and state tax withholding, if applicable. It will not, however, be subject to the 10% penalty tax. You may request an age 59½ withdrawal by contacting Empower Retirement.

Withdrawals of Rollover Contributions

You may withdraw all or any portion of your account attributable to any rollover contributions you may have made to the Plan, and/or attributable to any rollover contributions transferred from another plan in connection with a plan merger, subject to rules and procedures as may be established by the Plan Administrator.

The money you withdraw may be subject to mandatory 20% federal income tax withholding and state tax withholding, if applicable. If you are under age 59½, an additional 10% penalty tax may also apply. You may request a rollover contribution withdrawal by contacting Empower Retirement. You should, however, consult your tax advisor before exercising this option.

Vesting

Vesting means ownership. You are always 100% vested (in other words, you have complete ownership) in the value of your own pre-tax contributions, Roth contributions, any rollover contributions you may have made, your ESOP Stock Account (if applicable), and their related gains and losses.

However, your ownership in the Company's matching contributions depends on your years of vesting service under the Plan based on the following schedule:

<u>YEARS OF VESTING SERVICE</u>	<u>PERCENT VESTED</u>
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

NOTE: Contributions transferred on your behalf to the Plan in connection with a plan merger may be subject to different vesting schedules. You may obtain vesting information on your transferred amounts by contacting Empower Retirement.

You will be credited with a year of vesting service for each Plan Year during which you complete at least 1,000 hours of service. In addition, you may also be credited with year(s) of vesting service while employed by an affiliate of the Company. You should contact Empower Retirement if you have any questions concerning the calculation of your years of vesting service under the Plan.

Any prior “year(s) of vesting service” credited under a plan that merged into this Plan will be taken into account in determining your vested status under the Plan.

Finally, you should be aware that if you terminate employment as a result of your normal retirement (generally, on or after your 65th birthday or, if later, your fifth (5th) anniversary of participation in the Plan), or as a result of your disability or death, you will automatically be 100% vested in your entire account regardless of your years of vesting service under the Plan. If you have any questions related to match eligibility, please contact the Plan Administrator.

Leaving the Company

Forfeiture of Nonvested Amounts

If you leave the Company before you are 100% vested, the nonvested portion of your account will be forfeited. However, if you return to work for the Company before incurring five consecutive “breaks in service,” the nonvested balance of your account may be restored in certain circumstances.

For this purpose, you will be considered to have incurred a “break in service” for each Plan Year during which you fail to complete at least 501 hours of service. However, if you are absent from work for maternity or paternity reasons, your period of absence may not constitute a break in service. You should contact Empower Retirement for further details.

Distributions and Taxation

Following your retirement or other termination of employment, distribution of your vested account balance will be made as soon as administratively possible following your request for distribution. However, if your vested account balance exceeds \$1,000 but is equal to or less than \$5,000, unless you make a timely election to roll over your vested account to an IRA or another eligible retirement plan, or elect to have your vested account distributed to you, your vested account will be rolled over to an IRA selected by the Plan Administrator (“Millennium Trust IRA”). If your vested account is \$1,000 or less, unless you elect otherwise, your entire vested account will be paid to you in a single-sum payment as soon as administratively possible following your retirement or other termination of employment.

If you terminate employment before normal retirement and your vested balance exceeds

\$5,000 you may elect to defer your distribution until your normal retirement date. Your normal retirement date is the first day of the month following the later of (1) your 65th birthday, or (2) the 5th anniversary of your participation in the Plan.

The Millennium Trust IRA is a personal retirement account that is offered by Millennium Trust Company. Any fees and expenses under the Millennium Trust IRA will be charged to your account. Please note that the Plan and its fiduciaries have no further responsibility for a distribution once it is deposited into a Millennium Trust IRA, and do not manage investments for or otherwise monitor automatic rollover IRAs.

For further information concerning the Plan's automatic rollover provision, please contact a Service Representative by contacting Empower Retirement. Alternatively, the above information can be obtained from the Plan Administrator. The contact information for the Plan Administrator is set forth in the "Other Important Facts" section of this booklet.

NOTE: Under federal law, distribution of your vested account must commence no later than the April 1 following the year you attain age 70½ or, if later, following the year you terminate employment. However, if you are a 5% owner of the Company, you will be required to begin receiving minimum distributions from your account by the April 1 following the year you attain age 70½, regardless of whether you have terminated employment at that time.

Distribution will normally be made in a single-sum cash payment. However, if your vested account balance exceeds \$5,000, you may elect to receive your distribution in partial lump sum payments as limited under the Plan or you may elect to receive your distribution in annual or more frequent installments over a period as limited under the Plan. However, if you have an ESOP Stock Account under the Plan, you may elect to have your ESOP Stock Account distributed in shares of Company stock.

Whenever you receive your distribution from the Plan, it will normally be subject to income taxes. To provide for the resulting taxes, your distribution may be subject to mandatory 20% federal income tax withholding and may also be subject to state tax withholding. However, you may be able to defer income taxes on your distribution by electing to transfer your distribution directly to an Individual Retirement Account or to another eligible retirement plan.

If you are younger than age 59½ when you receive your distribution, any amount you receive may be subject to a 10% federal excise tax (penalty tax) in addition to federal income taxes and state taxes, if applicable. However, the 10% penalty tax will not apply (i) if you separate from service on or after age 55, (ii) on account of a "permanent and total disability", (iii) to distributions made to your beneficiary in the event of your death or, (iv) if you transfer your distribution directly to an Individual Retirement Account or to another eligible retirement plan.

You will be provided with more information concerning your distribution options when you apply for benefits under the Plan. You may request a distribution by contacting Empower Retirement.

NOTE: If you are performing service in the uniformed services described in Section 3401(h)(2)(A) of the Internal Revenue Code, you may be treated as having terminated from employment and thus will be eligible to receive distribution of your vested account under the Plan. However, you should be aware of the fact that if you elect to receive distribution of your vested account, you may be suspended from making any contributions to the Plan for a period of 6 months. You should contact the Plan Administrator for more information concerning this provision.

Death Benefit

If you die while employed by the Company, your beneficiary will be entitled to receive the full value of your account. If you die after terminating employment, but before receiving the full value of your vested account, only the vested balance of your account will be paid to your beneficiary.

You may choose anyone to be your beneficiary under the Plan. As mentioned earlier, you make your designation by contacting Empower Retirement. However, under federal law, if you are married and wish to name someone other than your spouse as your beneficiary, you may do so only with your spouse's written consent notarized or witnessed by a Plan Representative. If you designated a beneficiary while you were unmarried and later marry, your beneficiary designation automatically becomes void, and your spouse will be your beneficiary unless you designate someone else with your spouse's consent. If you named your spouse as your beneficiary, and you and your spouse divorce, your beneficiary designation will automatically be voided when you notify the Plan Administrator in writing of your divorce. If you fail to designate a beneficiary, or if your designated beneficiary dies before you do, the Plan provides that your beneficiary will automatically be your surviving spouse, or, if none, your surviving children by right of representation, or, if none, your surviving parents, in equal shares. If none of these beneficiaries are living, payment will be made to your estate.

Distribution of any death benefit under the Plan will be made, in the form of a single-sum payment, as soon as administratively possible following your death.

NOTE: If you die while performing qualified military service (as defined in Section 414(u) of the Internal Revenue Code), you may be credited with additional vesting service and your spouse or other beneficiary may be entitled to any additional benefits (other than additional allocations) provided under the Plan, as if you resumed employment and then terminated employment as a result of your death. You should contact the Plan Administrator for further information concerning this provision.

Disability

As mentioned, if you terminate employment with the Company as a result of your disability, you will also be entitled to receive the full value of your account, regardless of your years of vesting service under the Plan. For this purpose, a permanent and total disability shall mean a physical or mental condition, which has existed for at least six (6) months and which entitles the associate to disability benefits

under Social Security or disability benefits under the Employer's long-term disability plan.

Distribution of your account balance will normally be made as soon as administratively practical following the date you terminate employment. However, if your account balance exceeds \$5,000, you may elect to defer distribution until your normal retirement age.

Effect on Other Benefits

Your elective deferral contributions to the Plan will not affect other salary-related benefits, such as life insurance and disability benefits. Also, making contributions will not change the amount of your Social Security benefits or the Social Security taxes that are withheld from your paycheck.

Other Important Facts

Staples, Inc. is the Plan Sponsor.

The Plan Sponsor's address, telephone number and federal employer identification number (EIN) are:

**Staples, Inc.
500 Staples Drive
Framingham, MA 01702**

**Phone: (508) 253-5000
EIN: 04-2896127**

- The Plan also currently covers associates of the following companies:

American Identity, Inc.
CE Document & Print Mgmt, Inc.
Clarity Telecom, Inc.
Corporate Express US, Inc.
D.A. MacIsaac
Hartford Office Supply Company, Inc.
Ivan Allen Company
Kross Office Outfitters, Inc.
Lonesource, Inc.
Macauleys Business Resources, Inc.
Miami Systems Corporation
Medical Arts Press, Inc.
National Office Supply
Prime Office Products, Inc.
Quill Corporation
Quill Lincolnshire, Inc.
SchoolKidz.com LLC
Smilemakers, Inc.
Spectrum Office Products, Inc.
Staples Contract & Commercial
Staples Global Markets, Inc.
Staples, Inc. and Subsidiaries

Staples Shared Service Center
Staples The Office Superstore East
Staples The Office Superstore West
Staples Value LLC
The Staples Group
Thrive Networks, Inc.

- The Committee on Employee Benefit Plans serves as the Plan Administrator. The Plan Administrator may be contacted at the Plan Sponsor's address and phone number shown above. The Plan fiduciary in charge of investments (except for the Company Stock Fund) is the 401(k) Investment Committee. The committees have the authority to delegate their authority and responsibility to the maximum extent permitted by law.
- The Plan Year is the 12-month period beginning January 1 and ending December 31.
- Legal process may be served on the Plan Administrator via service on the Company's General Counsel at the Plan Sponsor's address above. Legal process may also be served on the Trustee.
- The Plan is a 401(k) defined contribution plan with participant-directed investments as described in Section 404(c) of ERISA.
- The Plan number assigned by the Plan Sponsor is 002.
- The current Trustee of the Plan is:

Great-West Trust Company, LLC
8515 East Orchard Road
Greenwood Village, Colorado 80111

The business telephone number for the Plan's Trustee is:

(877) 694-4015

The following information is required to be communicated to you under the Pension Protection Act of 2006. Please read this information carefully.

Importance of Diversification

You have the right to choose any of the investment options available under the Plan for your account balance. To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security, to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

In deciding how to invest your retirement savings, you should take into account all of your assets, including any retirement savings outside of the Plan. No single approach is right for everyone because, among other factors, individuals have different financial goals, different time horizons for meeting their goals, and different tolerances for risk. Therefore, you should carefully consider the rights described in this notice and in particular how these rights affect the amount of money that you invest in Company stock through the Plan.

It is also important to periodically review your investment portfolio, your investment objectives, and the investment options under the Plan to help ensure that your retirement savings will meet your retirement goals.

You may access the Department of Labor's website at www.dol.gov/ebsa/investing.html to obtain other sources of information on individual investing and diversification.

The preceding is a general discussion of important investment principles, and is being provided to you for your information, in accordance with Federal law. Please remember that the Plan Administrator, the 401(k) Investment Committee and the Company cannot provide you with investment advice. If you have questions, you should consult an investment advisor of your choice.

Statements of Your Account

Reports on Your 401(k) Savings Plan Account

At the end of each calendar quarter, a statement will be provided to you in accordance with the requirement of applicable law. To help you keep up-to-date on the status of your account, you will receive an annual statement showing:

- the amount you contributed to the Plan;
- the amount the Company contributed to the Plan on your behalf;
- the investment options you have selected;
- the earnings and/or losses on your investments;
- the current value of your account (including any transfers or rollover contributions);
- your vested percentage;
- withdrawals or loans, if any; and
- administrative fees deducted from your account during the calendar quarter.

You may also request a statement at any time by contacting Empower Retirement.

Your ERISA Rights and Information

What are my rights under the Employee Retirement Income Security Act of 1974?

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all Plan participants are entitled to:

Receive Information About Your Plan and Benefits

Examine, without charge, at the Plan Administrator’s office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan’s annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you (a) the amounts credited to your account under the Plan and (b) what your benefits would be under the Plan if you stop working as of that statement date. This statement is not required to be given more than once a year. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have the right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance With Your Questions

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

How do I make a claim for benefits?

In most cases, you may access your benefits without the need for filing a formal claim, by making a distribution, withdrawal or loan request through the Plan's normal procedures. However, if you believe you are entitled to benefits and are not able to access the full amount to which you are entitled through the Plan's routine procedures, if you know there is a disagreement about the amount of benefits that are or will be due to you, or if you have another type of claim involving the Plan, you may submit a claim to the Plan Administrator by filing a written document requesting benefits and/or setting forth any other claims you have. The Plan Administrator has the authority and discretion to administer and interpret the Plan and to decide claims for benefits and other claims involving the Plan, and its decisions are binding on all parties to the maximum extent permitted by law.

Initial claims must be filed in writing with the Plan Administrator. **All claims must be filed within 180 days of the date the claim accrued. A claim is considered to have accrued when the person bringing the claim knew, or in the exercise of reasonable diligence should have known, that the demand or legal position which is the subject of the claim has been clearly repudiated, regardless of whether such person has filed a claim for benefits.**

Please note that if disputes arise regarding your Plan benefits, or if you or your beneficiary or any other person receives an overpayment from the Plan, the Plan Administrator is authorized to take appropriate action to resolve the dispute and recover any amounts paid from the Plan to which the payee was not entitled. Any overpayments from the Plan are subject to an equitable lien in favor of the Plan and are deemed to be held in trust for the Plan. If a dispute arises as to the proper payee of Plan benefits, the Plan Administrator is authorized to make a decision among competing claimants or to file an interpleader action and pay the benefits into escrow pending a decision by the court, as it deems appropriate in light of the particular facts and circumstances.

Decisions on initial claims will be made within 90 days of receipt by the Plan Administrator. The Plan Administrator may extend the 90-day period up to an additional 90 days where the nature of the claim or other circumstances make such extension appropriate, so long as you are provided with written notice of the extension, the grounds for the extension and the expected date upon which a decision will be rendered within the original review period.

If your claim is denied in whole or in part, you will receive a written explanation setting forth (i) the reason for the denial, (ii) references to the Plan provision(s) on which the denial is based, (iii) if applicable, a description of any additional information that you might be required to furnish in order for the Plan Administrator to process your claim, with an explanation of why it is needed, (iv) a description of the Plan's claim review procedures, and (v) a statement of your right to bring a civil action under Section 502(a) of ERISA (subject to the Plan's arbitration clause) if you file a written request for a reconsideration of the claim under such review procedures and the claim is denied on review.

You (or your authorized representative) may request that the denied claim be reconsidered. All requests for reconsideration of denied claims are reviewed by the Plan Administrator. You (or your authorized representative) may appeal a denied claim by filing a written notice of appeal with the Plan Administrator within 60 days after the claim is denied. You (or your authorized representative) may submit documents, records, and other information relating to your claim. In connection with such review, you (or your authorized representative) may, upon request and free of charge, review and receive copies of pertinent documents, and may submit issues and comments in writing. The Plan Administrator will take into account all comments, documents, records, and other information submitted without regard to whether such information was submitted or considered in the initial claim determination and make a decision with regard to the claim within 60 days of receipt of the request for reconsideration. The Plan Administrator may extend the 60-day period up to an additional 60 days where circumstances make such extension appropriate, so long as you are provided with written notice of the extension, the grounds for the extension and the expected date upon which a decision will be rendered within the original review period.

You will be notified of the Plan Administrator's decision in writing. The decision will include the specific reason for any denial, including reference to the Plan provision(s) on which the denial is based; a description of your right to receive, upon request and free of charge, reasonable access to and copies of all Plan documents, records and other information relevant to the claim; and a statement about your right to bring a civil action under Section 502(a) of ERISA (subject to the Plan's arbitration clause).

The decision of the Plan Administrator, which has the authority and discretion to interpret the Plan and make factual determinations in connection with matters arising under the Plan, is final and binding on all parties to the maximum extent permitted by law.

You must exhaust all of your remedies under the Plan's claims procedures before you can file an arbitration claim or take other legal action (see the response to the next question) because of a claim denial.

What sort of information should I submit in support of my claim?

You should always submit all of the documentation, legal arguments, factual points and other information that you think might be relevant, and you should do so as early in the claims process as possible. Although you are always free to submit information and assert arguments on appeal regardless of whether or not the information and arguments were included with your initial claim, submitting the information right away and making all of your supporting arguments reduces the chance that you will need to appeal. If your initial claim is denied, the Plan Administrator can give you the detailed reasons why it was not convinced, and allow you to address those concerns during your appeal. The Plan Administrator cannot consider arguments and information not submitted to it, and cannot alert you to problems with documentation or arguments not submitted, so it is up to you to make the best case you can as soon as you can. Also, if you do not submit information and arguments to the Plan Administrator during the claims and appeals process, you generally will not be permitted to submit such information and arguments during an arbitration or other legal action.

Also, it is important to remember that the Plan states that the Plan Administrator will rely on the Company's records. If you are raising a claim not supported by the records the Company has available, or are asserting an error in those records, it will be your responsibility to provide the necessary proof to support your claim. For example, if you assert that the Company's records report your Compensation incorrectly, you will need to provide a W-2 and other requisite documentation that proves your assertion.

What happens if my claim is denied on appeal?

If you are not satisfied with the Committee's explanation of the claim denial, you are entitled to file a demand for arbitration. Arbitrations are conducted in accordance with the rules established by the American Arbitration Association.

All claims pertaining to Plan benefits are subject to binding arbitration. The Plan prohibits claims brought on a class action basis, or as "representative" claims (that is, you cannot file a claim or arbitration demand on behalf of "similarly situated" individuals; your claim and arbitration demand must be limited to your own circumstances).

Is there a deadline for filing an arbitration demand or lawsuit with respect to the Plan?

You are required to file any arbitration demand or lawsuit (see the response to the preceding question) **within 180 days** of the date your claim was denied on appeal. (Remember, if you do not file a timely claim and complete the appeals process, you

cannot file an arbitration demand or other legal action at all.)

How will my participation in the Plan affect my IRA?

According to current federal law, you can continue to hold IRAs (Individual Retirement Accounts) while you are participating in the Plan, and you can make after-tax contributions to them up to federal limits. But your ability to make tax-deductible contributions to an IRA for any year in which you participate in the Plan is restricted according to your income level. See the instructions to Form 1040 or contact your tax advisor for further information.

What happens if the Plan is amended or terminated?

The Company reserves the right to amend the Plan or to terminate it. However, no amendment can reduce the amount in your account. If the Plan terminates, your account will become 100% vested, that is, nonforfeitable. The Plan is for the exclusive benefit of its participants and, therefore, money cannot go back to the Company because of the Plan's termination.

Upon termination of the Plan, the Company will generally liquidate assets and distribute the value of your account to you (subject to IRS requirements).

Is there any way I can lose Plan benefits?

Yes, there are a few ways in which you could lose expected benefits such as the following, among others:

If investments go down in value

The value of your account depends on the performance of your investments under the Plan. Your account balance is subject to both gain and loss due to investment results. If you receive a distribution at a time when the value of your investments has declined, you may not receive a distribution as large as you had hoped. Also, certain administrative expenses of the Plan may be paid from the Plan's trust fund or, in some cases, may be charged directly to your account.

If a "Qualified Domestic Relations Order" is received

In general, your account cannot be attached or paid to creditors or to anyone other than yourself. However, under federal law, the Plan Administrator is required to obey a Qualified Domestic Relations Order ("QDRO"). This is a decree or domestic relations order ("Order") issued by a court that satisfies certain requirements under the Internal Revenue Code. A QDRO may require that all or a portion of your vested account be paid to your spouse, former spouse, child or other dependent ("Alternate Payee"). The Plan Administrator, in accordance with procedures set forth in the law, will determine the validity of any Order received and will inform you upon the receipt of any such Order affecting you. You may obtain a copy of such procedures, without charge, via Empower Retirement or the Plan Administrator. Please note that a fee of \$300 will

be charged to your account for the review and qualification of any Order relating to your account. This fee will be shared equally between you and the Alternate Payee unless otherwise specified in the Order.

If a payee cannot be found

If the Plan cannot locate you or your beneficiary at the time that payments are due to you, your benefits may be forfeited (generally, this will occur if you or your beneficiary remains missing for five years). If benefits are forfeited, your benefits will be restored if you or your beneficiary later contacts the Plan, but you will have lost the opportunity to share in Plan earnings during the time your benefits were forfeited. Therefore, it is very important for you to keep the Plan Administrator informed of your current address and that of your beneficiary.

If legal limits are exceeded

Contributions to your account may be distributed or forfeited if they would otherwise exceed legal limits applicable to the Plan for the year in which the contributions are made. You will be notified if you are affected.

Erroneous contributions

The Plan contains provisions under which certain amounts erroneously contributed or which are not deductible under federal tax law can be returned to the Company.

Should I be aware of any other aspects of the Plan?

In an effort to keep retirement plans from favoring “key employees”, Congress has put a complicated set of rules in the Internal Revenue Code which apply to any “top-heavy” retirement plan. Stated simply, the Plan will be “top-heavy” if the value of accounts belonging to key employees (generally officers, shareholders, and other highly-compensated employees) exceeds 60% of the value of the accounts for all participants.

Each year, the Plan will be tested to determine if it is top-heavy. Although it is unlikely that the Plan will become top-heavy, if it does, special rules will become effective that could require the Company to make additional contributions to your account.

You should be aware of the fact that the Pension Benefit Guaranty Corporation, a federal agency that insures defined benefit plans, does not insure this type of plan. The government has exempted plans such as ours from such insurance because all contributions go directly to your account, and you will be 100% vested in your account if the Plan is ever terminated.

For more information about your investment options, please consult the prospectuses.