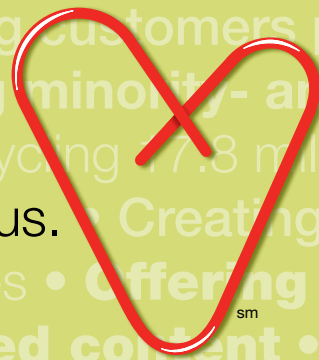


post-consumer recycled content • Fighting the spread of dengue fever
Introducing children to the magic of books • Creating an atmosphere of
inclusion, learning and growth • Helping minority- and women-owned
companies grow their business • Recycling 17.8 million ink and toner
cartridges • **Staples Soul was here** • Introducing children to the
magic of books • Creating an atmosphere of inclusion, learning and
growth • Creating a culture of integrity • Helping customers protect their
identities • Helping minority- and women-owned companies grow their
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here** • **Staples Soul was here** • Creating a culture of integrity • Helping
customers protect their identities • **Offering more than 2,900 products
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toner cartridges • **Staples Soul.** It's what moves us. • Creating a culture of
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their identities • Helping minority- and women-owned companies grow
their business • Recycling 17.8 million ink and toner cartridges • **Staples**





Staples Soul was here.



community

Staples Soul is helping educate Argentineans about dengue fever and how to prevent serious epidemics. This informational campaign was developed through our partnership with Ashoka Youth Venture. The program's creators, the Formosa, Argentina Ashoka Youth team, come from a province where 70 percent of the population lives in poverty and dengue outbreaks, a mosquito-borne disease with no available vaccine, occur frequently. To help stop the spread of dengue fever, the team hosts informal educational lectures, hands out brochures and gives street performances to teach the population preventive measures against the virus. So far, the group's most successful means of instructing the public has been through facilitating workshops, in 15 schools, on practical measures that inhibit mosquitoes from reproducing. This Staples Soul-supported project has been so successful that a group of young people from Nanawa, Paraguay have replicated the idea and plan to launch their own educational campaign.

Introducing children to the magic of books and instilling a lifelong love of reading. **Staples Soul was here.**

And here. Improving the business, academic and life skills of inner-city youth.

And here. Challenging youth to create long-term solutions to local environmental problems.

And here. Providing free access to vital school supplies for teachers.

And here. Creating jobs when we open new stores and distribution and fulfillment centers.

- **getting involved. giving back. making a difference.**

Throughout the year, across the U.S., and now around the world, Staples strives to make a positive impact in the communities where our associates live and work through the creation of new jobs, financial giving, product donations, and the engagement of our associates through volunteer time.

We have seen that community involvement and giving enriches our brand. And we are continually working to make it a more intrinsic part of Staples Soul as we believe a strong connection with the communities in which we operate will help drive the future success of our company by:

- Engendering greater customer loyalty
- Fostering future small-business owners for the community and customers for Staples by ensuring local youth are educated and trained
- Attracting and retaining a highly talented workforce

Our community involvement starts the very day we enter a new market. Staples creates approximately 30 new jobs for each new store that we open. In 2006 we opened 99 new stores, hiring nearly 3,000 associates. In addition to creating employment opportunities, for every new store that we open, we craft a comprehensive community involvement plan for new markets by meeting with local Chambers of Commerce, as well as community and business leaders, to understand the community's concerns. More importantly, we listen closely to how we can help. We ask these leaders to recommend nonprofit causes that are most essential to the store's neighborhood. Then we connect that organization with our local store management and make a donation at a store event. Essentially, the organizations we support in new markets are chosen by the community itself.

makers • Hosting job training
 some high-school students •
 to vital school supplies • Provid
 environment • Creating new
 community • Giving teache
 supplies • Staples So
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Left: Boys & Girls Clubs of America members receive Staples supply donation

Right: Keyshawn Johnson, Michael Porter and Kwame Kilpatrick Honor IGIC and inner-city business

Our total contributions in 2006 totaled nearly \$13 million, an increase of approximately \$3.7 million over the previous year. Just as important, we touched more communities than ever before, supporting hundreds of organizations across the U.S. What's more, Staples began to make a global impact with its community giving with the launch of our partnership with Ashoka's Youth Venture Programs in select European and South American countries where we operate.

Over the past several years we have made strides toward our goals of greater community assimilation, but we recognize that we have much more work to do. Over the next several years we hope to expand our community giving and associate involvement in key markets throughout the countries where Staples operates.

Staples' charitable contributions	2006	2005	2004
Total charitable contributions (not including disaster relief)	\$12,877,000	\$9,168,822	\$9,677,797
Staples Foundation for Learning®	\$3,000,000	\$2,000,000	\$2,000,000
In-kind donations	\$7,039,000	\$4,198,161	\$4,918,346
Cash donations	\$2,838,000	\$2,970,661	\$2,759,451
Organizations supported by Staples Foundation for Learning	209	121	107

Total charitable contributions figures do not include \$908,010 in cash and product donations for disaster relief provided to victims of Gulf Coast hurricanes in 2005 and \$134,026 provided for various disaster relief efforts in 2004.

- the cornerstone of our giving — Staples Foundation for Learning®

Staples Foundation for Learning (SFFL) anchors our charitable giving and philanthropic work. In 2006, the Foundation launched two new partnerships, one to expand our impact globally, and the other to enhance our relationships with Hispanic American communities.

All U.S. organizations that we fund undergo a rigorous evaluation to ensure their goals support SFFL's mission. We assess applicants on the following criteria:

1. How the organization fits in with our mission
2. The program's quality
3. The group's community ties
4. How sound is its budget/focus

Global organizations must meet even more robust guidelines. They are reviewed on the benchmarks above as well as others, including whether they have a presence in countries where Staples operates, the kind of impact that a SFFL grant will have, the organization's reputation and track record, how the group ties into Staples' business, and whether there is an opportunity for associate involvement.

Questions regarding the Foundation can be emailed to foundationinfo@staples.com.

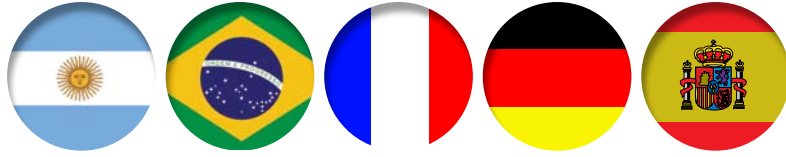
did you know?

Since its inception in 2002, Staples Foundation for Learning has awarded a total of \$9,000,000 in grants to national and local charities that serve hundreds of communities throughout the U.S.



the history of Staples Foundation for Learning

Established in 2002, Staples Foundation for Learning (SFFL) provides funding to programs that support or provide job skills and/or education for all people, with a special emphasis on youth. We crafted the Foundation's mission based on research that shows our customers cite education as the top way they would like Staples to give back to the community. Education also came out as the top cause about which our customers were most passionate. In addition, many of our core customers are small-business owners and teachers for whom job skills and educational opportunities are key causes.



going global

Until recently, Staples Foundation for Learning® focused its money and resources domestically. As Staples' business expands internationally, so too does the reach of our Foundation. With thorough consideration, SFFL chose the Ashoka Youth Venture program as our first global partner. The Ashoka Youth Venture mission fits perfectly with that of our Foundation, as both are deeply committed to the development of youth and the spirit of entrepreneurship.

As a company that proudly employs a diverse group of self-starters and dreamers, Staples chose Ashoka Youth Venture because the program reflects these very same ideals. Ashoka Youth Venture is developing the next generation of change makers and future leaders. The program has two primary benefits for communities where Staples operates:

- It provides the means and guidance to youth undertaking entrepreneurial endeavors
- These entrepreneurial projects create positive change within the community, ultimately making it a better place for business owners and Staples to operate

The 2006 grant of \$500,000 brought the Ashoka Youth Venture program to five countries where it had never existed before — Argentina, Brazil, France, Germany and Spain. Last year, 10 Staples® associates formed teams and launched youth ventures in Argentina and Brazil. Their ventures addressed issues ranging from connecting the elderly with young orphans through theater to helping poor artisans export their products. Due to the success of the partnership, we are making a second \$500,000 grant to Ashoka Youth Venture for the continued expansion of the program in these five countries as well as entrance into two new countries, Canada and Belgium.

“This exciting and growing partnership highlights the power of entrepreneurship. Together, Staples Foundation for Learning and [Ashoka] Youth Venture are showing how powerful organizations and societies are built and run by change makers. Staples and its peers were founded on innovative ideas by entrepreneurs, and they grow and prosper because they find the talented people who take initiative and create positive change — change makers. [Ashoka] Youth Venture, with the support of Staples Foundation for Learning, aims to inspire all young people around the world to become change makers and thus dramatically increase our ability as a global society to solve problems and thrive.”

– **Bill Drayton**, Founder and CEO
of Ashoka



protecting the environment and local neighborhoods

Torch Club members in Edinburg, Texas participated in the Funding Factory Recycling Program. Through this program, Torch Club members collect empty laser and inkjet cartridges and used cell phones from the community and exchange them for technology and recreation products, sometimes even cash. To date, the Club has collected more than 100 phones and 100 cartridges. “Torch Club members are very proud of this project,” says Sabrina Walker, the Club’s chief professional officer. “Most importantly, their awareness about the importance of recycling has grown.”



rolling out the red carpet for the Hispanic Heritage Foundation

Our foundation also established a \$100,000 partnership with the [Hispanic Heritage Foundation](#). Staples Foundation for Learning® specifically supports the Hispanic Heritage Foundation Youth Awards, which identify and promote the next generation of Hispanic role models in Dallas, Houston, San Antonio, San Diego, Los Angeles, San Jose/San Francisco Bay Area, Phoenix, Chicago, Miami, New York, Philadelphia/New Jersey and Washington, DC. Award winners and other youth then participate in the Latinos on Fast Track (LOFT) program, which SFFL also supports. LOFT develops productive and sustainable relationships between Hispanic young professionals and America’s workforce through professional development, mentoring, paid internships and full-time job placement. In 2007 we will build upon our new alliance with the Hispanic Heritage Foundation by continuing to recognize the accomplishments of Hispanic youth, teachers and business leaders.

still the one

Since the beginning, Boys & Girls Clubs of America (BGCA) with its national presence and focus on education and youth platform directly support SFFL’s mission. Additionally, approximately 85 percent of BGCA clubs are located within 10 miles of our retail and business locations — providing a tangible connection for our associates and customers.

In 2006 we renewed our support of BGCA with a new \$3 million, 3-year grant in support of the Torch Club programs. Torch Clubs provide leadership development to children ages 11 to 13. With more than 1,000 clubs around the country, Torch Club members elect officers and implement community service projects. To date, we have contributed more than \$6.6 million to Boys & Girls Clubs of America in monetary and product donations. In the coming years we plan to continue our successful partnership with Boys & Girls Clubs of America, increasing the impact of Torch Clubs on adolescent youth around the U.S.

celebrating the best businesses from inner cities

Staples Foundation for Learning® continued its partnership with Initiative for a Competitive Inner City (ICIC) in 2006. Our support helped ICIC increase the number of nominations received for the Inner City 100 list. Last year ICIC received 101 new nominations and broadened its applicant pool from inner-city markets where ICIC traditionally received low numbers of applicants, including Atlanta, South Florida and Chicago. ICIC was also able to improve its research capabilities by streamlining information gathered through the application process and gaining greater insight into the inner-city business landscape and best practices needed for company success. Finally, we presented the Staples Minority Business of the Year Award to the top minority business on the Inner City 100 list. In 2006, Commodity Sourcing Group (CSG), located in Detroit, Michigan, received the award. Over the next several years Staples hopes to promote the power of America's inner cities as a resource for success in business development, employment and wealth by continuing our partnership with ICIC.

teaching how to teach about the environment

In conjunction with our many environmental efforts, Staples Foundation for Learning has supported Earth Force for the past several years. In 2006 our grant enabled Earth Force to engage more than 150 teachers and 7,500 young people primarily in Philadelphia, Charleston, Chicago, Tampa/St. Petersburg and Washington, DC. Development of a program in Miami is also under way. SFFL also supported the Environmental Citizenship Institute, which brought Earth Force teachers together to share best practices on how to deliver the environmental education curriculum to students and empower them to become active agents for environmental policy and practice changes. In the future, Staples plans to increase funding of Earth Force's programs in Denver as well as to ensure that its environmental education programs are an integral part of classrooms in cities around the U.S., in which SFFL supports the group's work.



big. small. and everything in between. Staples makes a positive impact.

In 2006, Staples Foundation for Learning® proudly contributed to 209 charitable organizations with donations that ranged from \$1,000 to \$1 million each, making a grand total of \$3 million. The support of SFFL helped these organizations accomplish the following:

National Foundation for Teaching Entrepreneurship brought its program to the Joseph P. Keefe Technical High School in Framingham, MA and taught students entrepreneurial skills to help them start small businesses.

The Center for Summer Learning organized National Summer Learning Day in Baltimore, MD with a variety of local events to celebrate literacy and education.

Boys & Girls Clubs of MetroWest, MA provided educational programs, including Technology for All, a program that teaches members advanced technology skills to increase their academic and career opportunities.

Jobs for Youth Chicago provided job training programs to low-income high-school students throughout Chicago to help them develop the skills and experience needed to successfully transition to the working world.

Crayons to Computers implemented, ran and promoted Push for Pencils, its annual back to school drive that provides free school supplies to teachers in low-income schools. Staples stores throughout Cincinnati collected \$13,400 in cash to help support the program.

Teens in Public Service enabled teenagers to develop their work experience, leadership style and teamwork skills by participating in paid internships with nonprofit organizations throughout Seattle.

National Latino Children's Initiative provided Latino families in Newark, Los Angeles and Chicago with age-appropriate materials and culturally relevant activities to help build their young children's vocabulary, love of reading and interest in learning.

Denver Public Schools Educational Foundation served low-income students by providing a safe learning environment where they spent their after-school hours receiving tutoring and mentoring.

Learn more about the organizations supported by Staples Foundation for Learning in 2006 by visiting the Staples Foundation for Learning Web site.

● cause marketing

did you know?

Staples donates proceeds of our brand icon, the Staples® Easy Button®, to Boys & Girls Clubs of America. So far, we've contributed \$2 million — including \$1 million alone in 2006.

In 2006 Staples continued its successful programs to make it easy and cost effective for our customers to give back to their communities. Take a look at two of our most popular programs:

Supplies for School Kids encourages Staples' customers to help disadvantaged youth during the back to school season by directly purchasing supplies or donating cash. Cash donations are used to buy basic school supplies for members of local Boys & Girls Clubs of America. In 2006 we contributed more than \$355,000 in supplies, gift cards and cash donations, for a grand total of \$2.5 million since launching the program in 2003.

Our Recycle for Education program raised \$750,000 for schools across the U.S. in 2006. This program encourages teachers, parents and students to collect and send to Staples empty ink and toner cartridges. Staples provides collection boxes, recommendations on how to conduct a successful recycling campaign and free shipping for the returned cartridges. For every cartridge we recycle, a participating school earns \$3. In 2006 we expanded the Recycle for Education program, which historically was only available to schools, to include Boys & Girls Clubs of America.

● in-kind donations

Staples offers a variety of in-kind giving programs that empower our stores, fulfillment centers and distribution centers to donate gift cards and product to local charities of their choosing. All told, our stores' in-kind giving in 2006 totaled \$6,556,000. Our retail distribution centers and delivery fulfillment centers contributed another \$128,000 in product donations.

free school supply stores

One of the key organizations we support through in-kind donations and SFFL grants is the SHOPA Kids in Need Foundation. The organization provides disadvantaged youth with much-needed school supplies. Schools with at least 70 percent of students on Federal Free or Reduced Lunch programs are eligible to send teachers to Kids in Need Resources Centers, which are free school supply stores. Here, teachers can get supplies for their classrooms and provide students with materials their families cannot afford. This program enables teachers to spend less of their own money and provide their classrooms with the most up-to-date educational tools. Resource Centers are located in more than 21 cities, including many cities where Staples operates such as New York, Atlanta, Cincinnati, Chicago and Los Angeles.

● international efforts

In 2006, in addition to supporting 137 local causes, Staples UK selected its first national charity, [ChildLine](#). ChildLine is a free hotline that children and teenagers in the UK can call to discuss any kind of problem. Staples UK chose ChildLine because it is a 20-year-old established organization that has a high level of awareness with a national presence and is not supported by a competing retailer. Like most of our U.S. alliances, ChildLine's focus is on youth. During the inaugural year, Staples UK ran a variety of test programs including:

- Building a paper chain in all stores, distribution centers and the Home Office. Each link cost £1; when all the links were connected, the entire paper chain stretched for more than 2.2 miles
- Sponsoring a balloon, face painting and competition in four stores

In all, the UK raised £46,500 (approximately \$92,000) for ChildLine in the first year of its partnership.

“I would like to say how absolutely delighted we are with the Staples Christmas Paper Chain raising over £45,000. This is a fantastic achievement and we know that this success is due to the hard work and enthusiasm of so many people in Staples stores and offices all over the UK...This money will make a huge difference to children. It will enable us to recruit and train 29 additional volunteer counselors.”

– Emilia Carmen, ChildLine

give a dollar. share a dream.

Staples® Business Depot™ in Canada has enjoyed being a national sponsor of [Special Olympics Canada](#) for more than 10 years. For the last several years, Staples Business Depot has invited customers to make donations in all of its 276 locations across Canada during its annual fund-raising campaign: Give a Dollar. Share a Dream. In 2006, this campaign raised \$525,000. In addition, \$150,000 of in-kind and corporate donations were received, plus an extra \$15,000 to celebrate Staples Business Depot's 15th anniversary, resulting in a grand total of \$690,000 CAD in 2006.

• how our associates get involved

Our associates are the very core of Staples Soul. In 2006, many associates from our various business units lent their time to support national and local organizations in their communities. Here are a few examples of what they accomplished:

The Home Office eCommerce Sales and Implementation team sponsored a winter donation drive in Leominster, MA, collecting approximately \$20,000 worth of winter clothes, school supplies, technology items and Staples® gift cards.

Our Pinellas Park, St. Petersburg, Clearwater and Citrus Park Florida stores supported Suncoast Earth Force by providing the group with in-kind printing and inviting students to showcase their Earth Force projects in store.

Approximately 20 of our North American Delivery associates participated in a WCVB/Channel 5 Local Extreme Makeover for Project Hope, a shelter in Dorchester, MA. Associates spent three days painting, cleaning and moving furniture for families.

Hundreds of Home Office associates participated in events such as our annual holiday toy drive; Daffodil Days to raise money for the American Cancer Society; and our annual Founder's Day Book Drive.

In the coming years we intend to identify and communicate volunteer opportunities to our associates around the world as we believe funding is only one piece of our giving solution.

“Thank you for enabling us to grow and believing in our mission to reach and inspire at risk children.”

– Kristen B., Park City, UT

“We are proud to count you in our efforts to save lives and bring hope to urban teens.”

– Stanley P., Boston, MA

“Because of the support of concerned community members like you, we provided intensive volunteer advocacy for 323 children in foster care last year.”

– Tracy C., Cincinnati, OH