



**Corporate Express
Australia Limited**

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17 March 2010

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

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

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

Summary of the Staples Offer

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

The Staples Offer consideration of \$5.60 per share represents a premium² of:

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

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

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

The enterprise value implied by the Staples Offer compares favourably with precedent transaction multiples and represents³:

- 10.3 times reported FY09 EBITDA of \$108.2 million⁴; and
- 9.6 times I/B/E/S Consensus broker estimates for FY10 EBITDA of \$116.5 million⁵.

Enhancing the Staples Offer

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

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

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

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

Conditions of the Staples Offer

The Staples Offer is subject to the following conditions:

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

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

⁴ FY09 refers to the financial year ending 31 January 2010.

⁵ FY10 refers to the financial year ending 31 January 2011.

Chairman's comment

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

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

Next steps

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

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

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

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

Other items

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

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

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

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

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