

**UNITED STATES OF AMERICA  
BEFORE THE FEDERAL TRADE COMMISSION**

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<b>In the Matter of</b>	)	
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<b>Sycamore Partners II, L.P.,</b>	)	
<b>    a limited partnership;</b>	)	
	)	
<b>Staples, Inc.,</b>	)	
<b>    a corporation;</b>	)	<b>File No. 181-0180</b>
	)	
<b>        and</b>	)	
	)	
<b>Essendant Inc.,</b>	)	
<b>    a corporation.</b>	)	

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**AGREEMENT CONTAINING CONSENT ORDER**

The Federal Trade Commission (“Commission”) has initiated an investigation of the proposed acquisition by Staples, Inc. (“Staples”) and its affiliates, whose owner is Sycamore Partners II, L.P. (“Sycamore”), of all of the outstanding shares of common stock of Essendant Inc., (“Essendant”), collectively “Proposed Respondents.” The Commission’s Bureau of Competition has prepared a draft administrative complaint (“Draft Complaint”). The Bureau of Competition and Proposed Respondents enter into this Agreement Containing Consent Order (“Consent Agreement”) providing for certain relief to resolve the allegations in the Draft Complaint through a proposed Decision and Order (“Decision and Order”), both of which are attached, to present to the Commission.

**IT IS HEREBY AGREED** by and between Proposed Respondents, by their duly authorized officers and attorneys, and counsel for the Commission that:

1. Proposed Respondent Sycamore is a limited partnership organized, existing, and doing business under, and by virtue of, the laws of the Cayman Islands, with its executive offices and principal place of business located at 9 West 57<sup>th</sup> Street, 31<sup>st</sup> floor, New York, New York 10019.
  
2. Proposed Respondent Staples is a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware with its executive offices and principal place of business located at 500 Staples Drive, Framingham, Massachusetts 01702.

3. Proposed Respondent Essendant is a corporation organized, existing, and doing business under, and by virtue of, the laws of the State of Delaware with its executive offices and principal place of business located at One Parkway North Boulevard, Suite 100, Deerfield, Illinois 60015.
4. Proposed Respondents admit all the jurisdictional facts set forth in the Draft Complaint.
5. Proposed Respondents waive:
  - a. any further procedural steps;
  - b. the requirement that the Decision and Order contain a statement of findings of fact and conclusions of law;
  - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Decision and Order entered pursuant to this Consent Agreement; and
  - d. any claim under the Equal Access to Justice Act.
6. This Consent Agreement is for settlement purposes only and does not constitute an admission by Proposed Respondents that the law has been violated as alleged in the Draft Complaint, or that the facts as alleged in the Draft Complaint, other than jurisdictional facts, are true.
7. Proposed Respondents shall submit an initial compliance report, pursuant to Commission Rule 2.33, 16 C.F.R. § 2.33, no later than 15 days after the date on which Proposed Respondents execute this Consent Agreement. After the Decision and Order becomes final, the reporting obligations contained in the Decision and Order shall control and the reporting obligations under this Consent Agreement shall cease. Each compliance report shall set forth in detail the manner in which Proposed Respondents have complied, have prepared to comply, are complying, and will comply with the Consent Agreement and the Decision and Order. Proposed Respondents shall provide sufficient information and documentation to enable the Commission to determine independently whether Proposed Respondents are in compliance with the Consent Agreement and the Decision and Order.
8. Each compliance report submitted pursuant to Paragraph 7 shall be verified in the manner set forth in 28 U.S.C. § 1746 by the Chief Executive Officer or another officer or employee specifically authorized to perform this function. Commission Rule 2.41(a), 16 C.F.R. § 2.41(a), requires that the Commission receive an original and 2 copies of each compliance report. Proposed Respondents shall file a paper original of each compliance report with the Secretary of the Commission and electronic copies of each compliance report with the Secretary at ElectronicFilings@ftc.gov, and with the Compliance Division at

bccompliance@ftc.gov. In addition, Proposed Respondents shall provide a copy of each compliance report to the Monitor.

9. This Consent Agreement, and any compliance reports filed pursuant to this Consent Agreement, shall not become part of the public record of the proceeding unless and until the Commission accepts the Consent Agreement. If the Commission accepts this Consent Agreement, the Commission will place it, together with the Draft Complaint, the proposed Decision and Order, or if issued, its Complaint and Decision and Order, an explanation of the provisions of the proposed Decision and Order, and any other information that may help interested persons understand the order on the public record for the receipt of comments for 30 days.
10. This Consent Agreement contemplates that, if it is accepted by the Commission, the Commission may (a) immediately issue and serve its Complaint corresponding in form and substance with the draft of Complaint here attached, (b) immediately issue and serve the attached Decision and Order, and (c) make information public with respect thereto. If the Commission has not immediately issued and served its Complaint and Decision and Order, and if such acceptance is not subsequently withdrawn by the Commission pursuant to the provisions of Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission may, without further notice to Proposed Respondents, thereupon issue its Complaint and its Decision and Order.
11. The Decision and Order shall become final upon service. Delivery of the Complaint and the Decision and Order to Proposed Respondents by any means provided in Commission Rule 4.4(a), 16 C.F.R. § 4.4(a), or by delivery to United States counsel for Proposed Respondents identified in this Consent Agreement, shall constitute service to Proposed Respondents. Proposed Respondents waive any rights they may have to any other manner of service. Proposed Respondents also waive any rights they may otherwise have to service of any appendices attached or incorporated by reference into the Decision and Order, if Proposed Respondents are already in possession of such Appendices, and agree that they are bound to comply with and will comply with the Decision and Order to the same extent as if they had been served with copies of the Appendices.
12. The Complaint may be used in construing the terms of the Decision and Order and no agreement, understanding, representation, or interpretation not contained in the Decision and Order or the Consent Agreement may be used to vary or contradict the terms of the Decision and Order.
13. By signing this Consent Agreement, Proposed Respondents represent and warrant that:
  - a. they can fulfill all the terms of and accomplish the full relief contemplated by the Decision and Order; and

- b. all parents, subsidiaries, affiliates, and successors necessary to effectuate the full relief contemplated by this Consent Agreement and the Decision and Order are parties to this Consent Agreement and are bound as if they had signed this Consent Agreement and were made parties to this proceeding, or are within the control of parties to this Consent Agreement and the Decision and Order, or will be after the acquisition.
14. Proposed Respondents have read the Draft Complaint and the proposed Decision and Order. Proposed Respondents agree to comply with the terms of the proposed Decision and Order from the date they sign this Consent Agreement. Proposed Respondents understand that once the Commission has issued the Decision and Order, they will be required to file one or more compliance reports setting forth in detail the manner in which they have complied, have prepared to comply, are complying, and will comply with the Decision and Order. When final, the Decision and Order shall have the same force and effect and may be altered, modified, or set aside in the same manner and within the same time as provided by statute for other orders. Proposed Respondents further understand that they may be liable for civil penalties in the amount provided by law for each violation of the Decision and Order.

<p><b>Sycamore Partners II, L.P.</b></p> <hr/> <p>By: Stefan Kaluzny  Managing Partner and Managing Director  Sycamore Partners II, L.P.</p> <p>Dated: _____</p> <p><b>Staples, Inc.</b></p> <hr/> <p>By: John Lederer  Executive Chairman  Staples, Inc.</p> <p>Dated: _____</p> <hr/> <p>Matthew J. Reilly  Kirkland &amp; Ellis LLP  Counsel for Sycamore Partners II, L.P. and  Staples, Inc.</p> <p>Dated: _____</p> <p><b>Essendant Inc.</b></p> <hr/> <p>By: Richard D. Phillips  President and Chief Executive Officer  Essendant Inc.</p> <p>Dated: _____</p> <hr/> <p>Clifford H. Aronson  Skadden, Arps, Slate, Meagher &amp; Flom LLP  Counsel for Essendant Inc.</p> <p>Dated: _____</p>	<p><b>FEDERAL TRADE COMMISSION</b></p> <hr/> <p>By: Maria DiMoscato  Attorney  Bureau of Competition</p> <hr/> <p>Melissa Hill  Deputy Assistant Director  Mergers IV Division  Bureau of Competition</p> <hr/> <p>Kevin Hahm  Assistant Director  Mergers IV Division  Bureau of Competition</p> <hr/> <p>Haidee L. Schwartz  Deputy Director  Bureau of Competition</p> <hr/> <p>D. Bruce Hoffman  Director  Bureau of Competition</p> <p>Dated: _____</p>
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