STAPLES INC
Form 10-Q
May 18, 2004

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: May 1, 2004

Commission File Number: 0-17586

STAPLES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-2896127**
(State or other jurisdiction of Identification No.)	(I.R.S. Employer Identification No.)

Five Hundred Staples Drive, Framingham, MA 01702
(Address of principal executive office and zip code)

508-253-5000
(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ý No o

The registrant had 497,400,923 shares of Staples common stock outstanding as of May 14, 2004.

STAPLES, INC. AND SUBSIDIARIES

FORM 10-Q

May 1, 2004

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STAPLES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Dollar Amounts in Thousands, Except Share Data)

	May 1, 2004 (Unaudited)	January 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 389,818	$ 457,465
Short-term investments	1,028,475	934,275
Receivables, net	411,490	410,330
Merchandise inventories, net	1,377,415	1,465,989
Deferred income taxes	98,011	96,247
Prepaid expenses and other current assets	101,647	114,598
Total current assets	3,406,856	3,478,904
Property and equipment:		
Land and buildings	598,684	601,063
Leasehold improvements	688,823	692,837
Equipment	1,056,703	1,045,605
Furniture and fixtures	539,684	533,104
Total property and equipment	2,883,894	2,872,609
Less accumulated depreciation and amortization	1,408,642	1,367,308
Net property and equipment	1,475,252	1,505,301
Lease acquisition costs, net of accumulated amortization	45,230	44,227
Intangible assets, net of accumulated amortization	207,553	209,541
Goodwill	1,202,007	1,202,007
Other assets	57,097	63,066
Total assets	$ 6,393,995	$ 6,503,046
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 1,058,596	$ 1,110,631
Accrued expenses and other current liabilities	849,039	822,453
Debt maturing within one year	180,920	190,150

Total current liabilities	2,088,555	2,123,234
Long-term debt	549,871	567,433
Deferred income taxes	12,888	7,563
Other long-term obligations	148,985	141,916
Stockholders equity:		
Preferred stock - authorized 5,000,000 shares of $.01 par value; no shares issued		
Common stock - authorized 2,100,000,000 shares of $.0006 par value; issued 528,883,406 shares at May 1, 2004 and 527,121,843 shares at January 31, 2004	317	316
Additional paid-in capital	1,968,224	1,933,379
Cumulative foreign currency translation adjustments	61,373	81,002
Retained earnings	2,235,480	2,209,302
Treasury stock at cost - 32,225,898 shares at May 1, 2004, and 27,927,347 shares at January 31, 2004	(671,698)	(561,099)
Total stockholders equity	3,593,696	3,662,900
Total liabilities and stockholders equity	$ 6,393,995	$ 6,503,046

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(Dollar Amounts in Thousands, Except Per Share Data)

(Unaudited)

	13 Weeks Ended			
		May 1, 2004		May 3, 2003
Sales	$	3,452,155	$	3,091,288
Cost of goods sold and occupancy costs		2,516,530		2,379,211
Gross profit		935,625		712,077
Operating and other expenses:				
Operating and selling		585,597		536,156
Pre-opening		1,683		1,237
General and administrative		144,442		126,506
Amortization of intangibles		1,989		1,943
Interest and other expense, net		3,912		6,940
Total operating and other expenses		737,623		672,782
Income before income taxes		198,002		39,295
Income tax expense		72,271		14,539
Net income	$	125,731	$	24,756
Earnings Per Share:				
Basic earnings per common share	$	0.25	$	0.05
Diluted earnings per common share	$	0.25	$	0.05
Dividends declared per common share	$	0.20	$	

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Dollar Amounts in Thousands)

(Unaudited)

	13 Weeks Ended May 1, 2004	13 Weeks Ended May 3, 2003
Operating Activities:		
Net income	$ 125,731	$ 24,756
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	67,639	70,798
Deferred tax benefit	(2,542)	(37,461)
Other	12,144	13,792
Changes in assets and liabilities:		
Increase in receivables	(5,953)	(28,043)
Decrease in merchandise inventories	74,609	121,111
Decrease in prepaid expenses and other assets	12,984	9,254
Decrease in accounts payable	(41,730)	(98,487)
Decrease in accrued expenses and other liabilities	(62,592)	(97,852)
Increase in other long-term obligations	2,558	1,798
Net cash provided by (used in) operating activities	182,848	(20,334)
Investing Activities:		
Acquisition of property and equipment	(55,140)	(43,876)
Purchases of short-term investments	(94,205)	
Proceeds from the sale of short-term investments		95,175
Net cash (used in) provided by investing activities	(149,345)	51,299
Financing Activities:		
Proceeds from sale of capital stock	18,912	15,825
Payments on borrowings	(2,557)	(326,427)
(Purchase) reissuance of treasury stock	(110,599)	24
Net cash used in financing activities	(94,244)	(310,578)
Effect of exchange rate changes on cash and cash equivalents	(6,906)	4,743
Net decrease in cash and cash equivalents	(67,647)	(274,870)
Cash and cash equivalents at beginning of period	457,465	495,889
Cash and cash equivalents at end of period	$ 389,818	$ 221,019
Supplemental Non Cash Financial Activity:		
Cash dividend payable on common stock	$ 99,553	$

See notes to consolidated financial statements.

STAPLES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note A - Basis of Presentation

The accompanying interim unaudited consolidated financial statements include the accounts of Staples, Inc. and its subsidiaries (Staples , the Company , we , our or us). These financial statements are for the period covering the thirteen weeks ending May 1, 2004 (also referred to as the first quarter of 2004) and the period covering the thirteen weeks ending May 3, 2003 (also referred to as the first quarter of 2003). All intercompany accounts and transactions are eliminated in consolidation. Certain previously reported amounts have been reclassified to conform with the current period presentation.

These financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, such interim financial statements reflect all normal recurring adjustments considered necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full fiscal year. These financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Company s Annual Report on Form 10-K for the year ended January 31, 2004.

Note B Changes in Accounting Principles

In November 2003, the Emerging Issues Task Force (EITF) reached consensus on Issue No. 03-10 Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers (Issue 03-10), which addresses the accounting for consideration received by a reseller from a vendor that is a reimbursement by the vendor for honoring the vendor s sales incentives offered directly to consumers (e.g. coupons). Under Issue 03-10, all vendor consideration received in the form of sales incentives is now recorded as a reduction of cost of goods sold when recognized, rather than as a component of sales. The fiscal 2003 results have been reclassified to comply with Issue 03-10. In addition, the Company has reclassified certain other coupons previously classified as operating and selling expenses to a reduction of sales. These reclassifications had no impact on net income.

In November 2002, the EITF reached consensus on Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor (Issue 02-16). To record the application of Issue 02-16 in the first quarter of 2003, the Company recorded an aggregate, non-cash adjustment of $98 million ($62 million net of taxes, or $0.13 per diluted share) as an increase to cost of goods sold and occupancy costs.

The following summarizes the as reported results for the first quarter of 2004 and the pro forma results for the first quarter of 2003, assuming the retroactive application of Issue 02-16 as of February 2, 2002 (in thousands, except per share data):

	As Reported 13 Weeks Ended May 1, 2004	Pro Forma 13 Weeks Ended May 3, 2003
Sales	$ 3,452,155	$ 3,091,288
Cost of goods sold and occupancy costs	2,516,530	2,281,236
Gross profit	935,625	810,052
Operating and other expenses:		
Operating and selling	585,597	536,156
Other expenses	152,026	136,626
Total operating and other expenses	737,623	672,782
Income before income taxes	198,002	137,270
Income tax expense	72,271	50,790
Net income	$ 125,731	$ 86,480
Earnings per share:		
Basic	$ .25	$ .18
Diluted	$ .25	$ .18

Note C Employee Benefit Plans

Staples accounts for its stock-based plans under Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and provides pro forma disclosures of the compensation expense determined under the fair value provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation as amended by Statement of Financial Accounting Standards No. 148 Accounting for Stock-Based Compensation Transition and Disclosure (SFAS No. 148).

Pro forma information regarding net income and earnings per share is required by SFAS No. 148, which also requires that the information be determined as if Staples had accounted for its employee stock options granted subsequent to January 28, 1995 under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option-pricing model. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options vesting period. For purposes of SFAS No. 148 s disclosure requirements, Staples employee stock purchase plans are considered compensatory plans. The expense was calculated based on the fair value of the employees purchase rights. Staples pro forma information follows (in thousands, except per share data):

	13 Weeks Ended	
	May 1, 2004	**May 3, 2003**
Net income as reported	$ 125,731	$ 24,756
Stock based compensation excluded from reported net income	9,638	7,472
Pro forma net income	$ 116,093	$ 17,284
Pro forma basic earnings per common share	$ 0.23	$ 0.04
Pro forma diluted earnings per common share	$ 0.23	$ 0.04

Note D - Comprehensive Income

Comprehensive income includes net income and foreign currency translation adjustments, which are reported separately in stockholders equity (in thousands):

	13 Weeks Ended	
	May 1, 2004	**May 3, 2003**
Net income	$ 125,731	$ 24,756
Other comprehensive income:		
Foreign currency translation adjustments, net	(19,629)	2,774
Total comprehensive income	$ 106,102	$ 27,530

Note E Debt and Credit Agreements

On March 28, 2003, Staples completed an exchange offer pursuant to which the holders of its 7.375% senior notes due October 2012 (the Notes) exchanged privately placed notes for publicly tradable notes. Staples sold $325 million principal amount of the Notes in September 2002 in a private placement to qualified institutional investors pursuant to Rule 144A and Regulation S of the Securities Act of 1933, as amended, with net proceeds to the Company of approximately $319.7 million. The Company used the net proceeds to finance a portion of the 2002 acquisition of multiple European mail order businesses. Staples has entered into an interest rate swap to convert the Notes into variable rate obligations.

On May 2, 2003, Staples repaid, in its entirety, its $325 million 364-Day Term Loan Agreement that it entered into on October 4, 2002.

Note F Issuance of Common Stock

On June 4, 2003, the Company issued and sold 13,800,000 shares of its common stock in a public offering for a purchase price of $18.89 per share, including 1,800,000 shares related to an over-allotment option that was granted to the underwriters. Upon closing, the Company received net proceeds of $252.9 million. The offering proceeds were used for working capital and general corporate purposes.

Note G - Computation of Earnings Per Common Share

The computation of basic and diluted earnings per share for the first quarter of 2004 and 2003 is as follows (in thousands, except per share data):

	13 Weeks Ended	
	May 1, 2004	May 3, 2003
Numerator:		
Net income	$ 125,731	$ 24,756
Denominator:		
Weighted-average common shares outstanding	495,193	470,930
Effect of dilutive securities:		
Employee stock options and restricted stock	11,264	6,891
Weighted-average common shares outstanding assuming dilution	506,457	477,821
Basic earnings per common share	$ 0.25	$ 0.05
Diluted earnings per common share	$ 0.25	$ 0.05

Note H - Segment Reporting

Staples has three reportable segments: North American Retail, North American Delivery, and European Operations. Staples North American Retail segment consists of the U.S and Canadian business units that operate office supply stores. The North American Delivery segment consists of the U.S. and Canadian business units that sell and deliver office products and services directly to customers, and is comprised of Staples Business Delivery, Quill and Staples contract stationer operations. The European Operations segment consists of operating units that operate office supply stores in the United Kingdom, Germany, The Netherlands, Portugal and Belgium and that sell and deliver office products and services directly to customers throughout the United Kingdom, France, Belgium, Spain, Italy, Germany and Sweden.

Staples evaluates performance and allocates resources based on profit or loss from operations before interest and income taxes, the impact of changes in accounting principles and other charges (business unit income). Intersegment sales and transfers are recorded at Staples cost; therefore, there is no intercompany profit or loss recognized on these transactions.

The following is a summary of sales and business unit income by reportable segment for the first quarter of 2004 and 2003 and a reconciliation of business unit income to consolidated income before income taxes (in thousands):

	13 Weeks Ended	
	May 1, 2004	May 3, 2003
Sales:		
North American Retail	$ 1,982,383	$ 1,798,761
North American Delivery	1,007,916	908,011

European Operations		461,856		384,516
Total sales	$	3,452,155	$	3,091,288
Business Unit Income:				
North American Retail	$	106,114	$	75,703
North American Delivery		73,105		58,912
European Operations		22,695		9,595
Total business unit income	$	201,914	$	144,210
Interest and other expense, net		(3,912)		(6,940)
Impact of change in accounting principle				(97,975)
Income before income taxes	$	198,002	$	39,295

Note I - Guarantor Subsidiaries

Under the terms of the Company s Notes and 7.125% senior notes, certain subsidiaries guarantee repayment of the debt. Both sets of senior notes are fully and unconditionally guaranteed on an unsecured, joint and several basis by Staples the Office Superstore, LLC, Staples the Office Superstore East, Inc., Staples Contract & Commercial, Inc. and Staples the Office Superstore, Limited Partnership, all of which are wholly owned subsidiaries of Staples (the Guarantor Subsidiaries). The term of the guarantees is equivalent to the term of the related debt. The following condensed consolidating financial data is presented for the holders of the notes and illustrates the composition of Staples (the Parent Company), the Guarantor Subsidiaries, and the non-guarantor subsidiaries for the first quarter of 2004 and 2003. The non-guarantor subsidiaries represent more than an inconsequential portion of the consolidated assets and revenues of Staples.

Investments in subsidiaries are accounted for by the Parent Company on the equity method for purposes of the supplemental consolidating presentation. Earnings of subsidiaries are, therefore, reflected in the Parent Company s investment accounts and earnings. The principal elimination entries eliminate the Parent Company s investment in subsidiaries and intercompany balances and transactions.

Condensed Consolidating Balance Sheet

As of May 1, 2004

(in thousands)

	Staples, Inc. (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 78,442	$ 38,532	$ 272,844	$	$ 389,818
Short-term investments	996,575		31,900		1,028,475
Merchandise inventories		879,067	498,348		1,377,415
Other current assets	82,945	212,170	316,033		611,148
Total current assets	1,157,962	1,129,769	1,119,125		3,406,856
Net property, equipment and other assets	176,745	891,464	716,923		1,785,132
Goodwill	140,570	45,777	1,015,660		1,202,007
Investment in affiliates and intercompany, net	366,463	1,663,831	961,429	(2,991,723)	
Total assets	$ 1,841,740	$ 3,730,841	$ 3,813,137	$ (2,991,723)	$ 6,393,995
Total current liabilities	$ 454,728	$ 951,132	$ 682,695	$	$ 2,088,555
Total long-term liabilities	(18,409)	598,824	131,329		711,744
Total stockholders equity	1,405,421	2,180,885	2,999,113	(2,991,723)	3,593,696
Total liabilities and stockholders equity	$ 1,841,740	$ 3,730,841	$ 3,813,137	$ (2,991,723)	$ 6,393,995

Condensed Consolidating Balance Sheet

As of January 31, 2004

(in thousands)

	Staples, Inc. (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 111,274	$ 55,507	$ 290,684	$	$ 457,465
Short-term investments	924,275		10,000		934,275
Merchandise inventories		944,243	521,746		1,465,989
Other current assets	101,546	201,922	317,707		621,175
Total current assets	1,137,095	1,201,672	1,140,137		3,478,904
Net property, equipment and other assets	177,275	908,578	736,282		1,822,135
Goodwill	140,570	45,777	1,015,660		1,202,007
Investment in affiliates and intercompany, net	578,236	2,013,603	937,925	(3,529,764)	
Total assets	$ 2,033,176	$ 4,169,630	$ 3,830,004	$ (3,529,764)	$ 6,503,046
Total current liabilities	$ 442,310	$ 967,343	$ 713,581	$	$ 2,123,234
Total long-term liabilities	(13,169)	598,563	131,518		716,912
Total stockholders equity	1,604,035	2,603,724	2,984,905	(3,529,764)	3,662,900
Total liabilities and stockholders equity	$ 2,033,176	$ 4,169,630	$ 3,830,004	$ (3,529,764)	$ 6,503,046

Condensed Consolidating Statement of Income

For the 13 weeks ended May 1, 2004

(in thousands)

	Staples, Inc. (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Sales	$	$ 2,307,785	$ 1,144,370	$ 3,452,155
Cost of goods sold and occupancy costs	512	1,712,464	803,554	2,516,530
Gross profit	(512)	595,321	340,816	935,625
Operating and other expenses	29,768	482,200	225,655	737,623
Income (loss) before income taxes	(30,280)	113,121	115,161	198,002
Income tax expense		43,592	28,679	72,271
Net income (loss)	$ (30,280)	$ 69,529	$ 86,482	$ 125,731

Condensed Consolidating Statement of Income

For the 13 weeks ended May 3, 2003

(in thousands)

	Staples, Inc. (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Sales	$	$ 2,081,082	$ 1,010,206	$ 3,091,288
Cost of goods sold and occupancy costs	367	1,641,439	737,405	2,379,211
Gross profit	(367)	439,643	272,801	712,077
Operating and other expenses	14,184	433,511	225,087	672,782
Income (loss) before income taxes	(14,551)	6,132	47,714	39,295
Income tax expense		4,753	9,786	14,539
Net income (loss)	$ (14,551)	$ 1,379	$ 37,928	$ 24,756

Condensed Consolidating Statement of Cash Flows

For the thirteen weeks ended May 1, 2004

(in thousands)

	Staples, Inc. (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash provided by operating activities	$ 140,521	$ 8,877	$ 33,450	$ 182,848
Investing Activities:				
Acquisition of property and equipment	(16,804)	(25,852)	(12,484)	(55,140)
Purchase of short-term investments	(62,305)		(31,900)	(94,205)
Cash used in investing activities	(79,109)	(25,852)	(44,384)	(149,345)
Financing Activities:				
Payments on borrowings	(2,557)			(2,557)
Purchase of treasury stock	(110,599)			(110,599)
Other	18,912			18,912
Cash used in financing activities	(94,244)			(94,244)
Effect of exchange rate changes on cash and cash equivalents			(6,906)	(6,906)
Net decrease in cash and cash equivalents	(32,832)	(16,975)	(17,840)	(67,647)
Cash and cash equivalents at beginning of period	111,274	55,507	290,684	457,465
Cash and cash equivalents at end of period	$ 78,442	$ 38,532	$ 272,844	$ 389,818

Condensed Consolidating Statement of Cash Flows

For the thirteen weeks ended May 3, 2003

(in thousands)

	Staples, Inc. (Parent Co.)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
Net cash (used in) provided by operating activities	$ (6,999)	$ 17,678	$ (31,013)	$ (20,334)
Investing Activities:				
Acquisition of property and equipment	(2,180)	(29,030)	(12,666)	(43,876)
Sale of short-term investments	95,175			95,175
Cash provided by (used in) investing activities	92,995	(29,030)	(12,666)	51,299
Financing Activities:				
Payments on borrowings	(326,037)		(390)	(326,427)
Reissuance of treasury stock	24			24
Other	15,825			15,825
Cash (used in) provided by financing activities	(310,188)		(390)	(310,578)
Effect of exchange rate changes on cash and cash equivalents			4,743	4,743
Net decrease in cash and cash equivalents	(224,192)	(11,352)	(39,326)	(274,870)
Cash and cash equivalents at beginning of period	290,400	57,519	147,970	495,889
Cash and cash equivalents at end of period	$ 66,208	$ 46,167	$ 108,644	$ 221,019

STAPLES, INC. AND SUBSIDIARIES
Management s Discussion and Analysis
of Financial Condition and Results of Operations

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

Our business is comprised of three segments: North American Retail, North American Delivery and European Operations. Our North American Retail segment consists of the U.S. and Canadian business units that operate office supply stores. The North American Delivery segment consists of the U.S. and Canadian business units that sell and deliver office products and services directly to customers, and includes Staples Business Delivery, Quill, and our contract stationer operations. The European Operations segment consists of operating units that operate office supply stores in the United Kingdom, Germany, the Netherlands, Portugal and Belgium and that sell and deliver office products and services directly to customers throughout the United Kingdom, Germany, France, Belgium, Spain, Italy and Sweden.

In November 2003, the Emerging Issues Task Force reached consensus on Issue No. 03-10 Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers (Issue 03-10), which addresses the accounting for consideration received by a reseller from a vendor that is a reimbursement by the vendor for honoring the vendor s sales incentives offered directly to consumers (e.g. coupons). Under Issue 03-10, all vendor consideration received in the form of sales incentives is now recorded as a reduction of cost of goods sold when recognized, rather than as a component of sales. Our fiscal 2003 results have been reclassified to comply with Issue 03-10. In addition, the Company has reclassified certain other coupons previously classified as operating and selling expenses to a reduction of sales. These reclassifications had no impact on net income.

In November 2002, the EITF reached consensus on Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor (Issue 02-16). To record the application of Issue 02-16 in the first quarter of 2003, the Company recorded an aggregate, non-cash adjustment of $98 million ($62 million net of taxes, or $0.13 per diluted share) as an increase to cost of goods sold and occupancy costs.

Forward Looking Statements

This Quarterly Report on Form 10-Q and, in particular, this management discussion and analysis contain or incorporate a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management s beliefs and assumptions. Any statements contained herein (including without limitation statements to the effect that Staples or its management believes , expects , anticipates , plans and similar expressions) that are not statements of historical fact should be considered forward-looking statements and should be read in conjunction with our consolidated financial statements and notes to consolidated financial statements included in this report. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. There are a number of important factors that could cause our actual results to differ materially from those indicated by such forward-looking statements. These factors include, without limitation, those set forth below under the heading Cautionary Statements. We do not intend to update publicly any forward-looking statements whether as a result of new information, future events or otherwise.

Results of Operations

We have provided below a summary of our operating results at the consolidated level, followed by an overview of our segment performance. Our discussion includes our results presented on the basis required by accounting principles generally accepted in the United States (GAAP) and on a pro forma basis reflecting the retroactive application of Issue 02-16 (see Note B to Consolidated Financial Statements) as of February 2, 2002. Management uses net income adjusted for accounting changes and non-recurring items, among other measures, to evaluate operating performance. We have incorporated this information into the discussion below because we believe it is a meaningful measure of our normalized operating performance and will assist you in understanding our results of operations on a comparative basis and in recognizing underlying trends. This adjusted information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by GAAP.

Consolidated Performance:

Net income for the first quarter of 2004 was $125.7 million or $0.25 per diluted share compared to $24.8 million or $0.05 per diluted share for the first quarter of 2003. Our results for the first quarter of 2003 reflect the application of Issue 02-16, which resulted in a non-cash adjustment of $61.7 million, net of taxes. On a pro forma basis to reflect the retroactive application of Issue 02-16, net income for the first quarter of 2003 was $86.5 million or $0.18 per diluted share. Net income increased 45% in the first quarter of 2004 from the $86.5 million of pro forma net income reported for the first quarter of 2003. Our results for the first quarter of 2004 were achieved by continuing to execute our Back to Brighton strategy of driving profitable sales growth, improving profit margins and increasing asset productivity. This includes delivering on our "Easy" brand promise by creating a differentiated customer experience to make buying office products easy. Our improved product mix directed at more profitable small business customers and home offices, our continued focus on customer service, solid execution and expense management were key drivers of our results in the first quarter of 2004.

Sales: Sales for the first quarter of 2004 were $3.45 billion, an increase of 11.7% from the first quarter of 2003. Comparable sales for our North American retail locations increased 5% for the first quarter of 2004 and comparable sales for our European retail operations decreased 1% for the first quarter of 2004. We had 1,569 open stores as of May 1, 2004 compared to 1,494 stores as of May 3, 2003 and 1,559 stores as of January 31, 2004. This includes 17 stores opened and 7 stores closed during the first quarter of 2004. North American Delivery sales increased 11.0% for the first quarter of 2004. The increase in total sales also reflects a positive impact of foreign currency rates of $97.1 million for the first quarter of 2004.

Gross Profit: Gross profit as a percentage of sales was 27.1% for the first quarter of 2004 compared to 23.0% for the first quarter of 2003. On a pro forma basis to reflect the retroactive application of Issue 02-16, gross profit was 26.2% of sales for the first quarter of 2003. The increase in the gross profit rate for the first quarter of 2004 from the pro forma rate for 2003 is due to our continued improvements in product mix directed at more profitable business customers and home offices, our continued focus on higher margin Staples brand products, better buying as a result of our procurement initiatives and continued improvements in shrink.

Operating and Selling Expenses: Operating and selling expenses, which consist of payroll, advertising and other operating expenses, were 17.0% of sales for the first quarter of 2004 compared to 17.3% for the first quarter of 2003. The decrease in operating expenses for the first quarter of 2004 reflects more efficient investments in marketing across all business units, our continued focus on expense management and leveraging of fixed expenses on higher sales.

Pre-opening Expenses: Pre-opening expenses relating to new store openings, consisting primarily of salaries, supplies, marketing and distribution costs, are expensed as incurred and therefore fluctuate from period to period depending on the timing, number and location of new store openings. Pre-opening expenses increased to $1.7 million in the first quarter of 2004 from $1.2 million in the first quarter of 2003. Pre-opening expenses for the first quarter of 2004 reflect 17 stores opened, compared to 13 stores opened in the first quarter of 2003.

General and Administrative Expenses: General and administrative expenses as a percentage of sales increased slightly to 4.2% for the first quarter of 2004 from 4.1% for the first quarter of 2003, reflecting an increase in management s variable compensation and continued investments in our supply chain initiatives, partially offset by our ability to increase sales without proportionately increasing overhead expenses.

Amortization of Intangibles: Amortization of intangibles was $2.0 million for the first quarter of 2004 compared to $1.9 million for the first quarter of 2003, reflecting the amortization of customer-related intangible assets and noncompetition agreements associated with the acquisitions completed in 2002.

Interest and Other Expense, Net: Net interest and other expense decreased to $3.9 million for the first quarter of 2004 from $6.9 million for the first quarter of 2003, primarily as a result of our repayment of $325 million due under a 364-Day Term Loan Agreement in May 2003, combined with an increase in cash and short-term investments in the first quarter of 2004 compared to the first quarter of 2003.

Income Taxes: Our effective tax rate was 36.5% for the first quarter of 2004 and 37.0% for the first quarter of 2003. The decrease in the first quarter of 2004 is primarily due to changes in the mix of our earnings.

Segment Performance:

The following tables provide a summary of our sales and business unit income by reportable segment (see reconciliation of business unit income to income before income taxes in Note H to our Consolidated Financial Statements):

	(Amounts in thousands) 13 Weeks Ended		May 1, 2004	May 3, 2003
	May 1, 2004	May 3, 2003	Increase From Prior Year	Increase From Prior Year
Sales:				
North American Retail	$ 1,982,383	$ 1,798,761	10.2%	5.8%
North American Delivery	1,007,916	908,011	11.0%	13.4%
European Operations	461,856	384,516	20.1%	86.8%
Total sales	$ 3,452,155	$ 3,091,288	11.7%	14.2%

	(Amounts in thousands) 13 Weeks Ended		May 1, 2004	May 3, 2003
	May 1, 2004	May 3, 2003	% of Sales	% of Sales
Business Unit Income:				
North American Retail	$ 106,114	$ 75,703	5.4%	4.2%
North American Delivery	73,105	58,912	7.3%	6.5%
European Operations	22,695	9,595	4.9%	2.5%
Total business unit income	$ 201,914	$ 144,210	5.8%	4.7%

North American Retail: Sales for North American Retail increased 10.2% for the first quarter of 2004. The growth primarily reflects an increase in comparable store sales of 5%, as well as non-comparable store sales for stores opened in the prior year and throughout the first quarter of 2004. We added a net of seven stores to the North American store base in the first quarter of 2004. As of May 1, 2004, the North American store base included 1,365 open stores compared to 1,306 stores as of May 3, 2003 and 1,358 stores as of January 31, 2004. The increase in sales also reflects the positive impact of Canadian exchange rates to the U.S. dollar of $35.5 million for the first quarter of 2004. Our strong sales growth reflects solid execution in key categories, including ink and toner and our copy center businesses, as well as sales increases in high growth technology categories, including memory and networking. Business unit income as a percentage of sales increased to 5.4% for the first quarter of 2004 from 4.2% for the first quarter of 2003. The increase in business unit income primarily reflects our continued improvements in product mix directed at more profitable business customers and home offices, our continued focus on higher margin Staples brand products and better buying as a result of our procurement initiatives. This increase also reflects continued improvements in shrink, our focus on expense management and leveraging of fixed expenses on higher sales.

North American Delivery: Sales for North American Delivery increased 11.0% for the first quarter of 2004 compared to the first quarter of 2003. The sales growth for the first quarter of 2004 reflects the positive results of marketing among our catalog, websites and retail stores, as well as the continued success of our customer acquisition efforts and improved service levels across all of our delivery businesses. Business unit income increased to 7.3% of sales for the first quarter of 2004 from 6.5% in the first quarter of 2003. The increase in business unit income primarily reflects more efficient marketing spend, continued increases in the number of orders placed electronically, fewer problem orders and leveraging of fixed expenses on higher sales.

European Operations: Sales for European Operations increased 20.1% for the first quarter of 2004 compared to the first quarter of 2003. The sales growth primarily reflects the positive impact of European exchange rates to the U.S. dollar of $57.2 million for the first quarter of 2004. This increase also reflects increased sales in our delivery businesses as well as non-comparable store sales for stores opened in the prior year and throughout the first quarter of 2004. A net of three stores was opened in the first quarter of 2004. As of May 1, 2004, the European store base included 204 open stores compared to 188 stores as of May 3, 2003 and 201 stores as of January 31, 2004. Business unit income improved to $22.7 million for the first quarter of 2004 from $9.6 million for the first quarter of 2003 as we continue to implement Back to

Brighton strategies, focusing on profitable growth and improved margins. To a lesser extent, the increase in business unit income also reflects the positive impact of European exchange rates.

Critical Accounting Policies

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires management to make significant judgments and estimates. Some accounting policies have a significant impact on amounts reported in these financial statements. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in our 2003 Annual Report on Form 10-K, filed on March 4, 2004, in Note A of the Notes to the Consolidated Financial Statements and the Critical Accounting Policies section of Management s Discussion and Analysis of Financial Condition and Results of Operations.

Liquidity and Capital Resources

Cash Flows

Cash provided by operations was $182.8 million for the first quarter of 2004 compared to cash used in operations of $20.3 million for the first quarter of 2003. As a result of the application of Issue 02-16 in the first quarter of 2003, net income and merchandise inventories decreased and deferred taxes increased, resulting in no aggregate impact on cash flows from operations. The increase in operating cash flow from 2003 to 2004 is primarily due to the increase in net income, combined with continued improvements in working capital. Our improvements in working capital include a reduction in merchandise inventories, which reflects the impact of our supply chain initiatives.

Cash used in investing activities was $149.3 million for the first quarter of 2004 compared to cash provided by investing activities of $51.3 million for the first quarter of 2003. This change is primarily due to a net increase in short-term investments.

Cash used in financing activities was $94.2 million for the first quarter of 2004 compared to a use of $310.6 million for the first quarter of 2003. On May 2, 2003 we repaid our $325 million 364-Day Term Loan Agreement. In March 2004, we announced our share repurchase program under which we are authorized to purchase up to $1.0 billion of Staples common stock during fiscal years 2004 and 2005. Under this program, we repurchased 3.9 million shares for $101.5 million in the first quarter of 2004.

Sources of Liquidity

We utilize cash generated from operations, together with short-term investments and our main revolving credit facility, to cover seasonal fluctuations in cash flows and to support our various growth initiatives. When necessary, we have traditionally supplemented this with debt or equity offerings.

We had $2.11 billion in total cash, short-term investments and funds available through credit agreements at May 1, 2004, which consisted of $693.6 million of available credit and $1.42 billion of cash and cash equivalents and short-term investments.

A summary, as of May 1, 2004, of balances available under credit agreements and debt outstanding is presented below (amounts in thousands):

	Available Credit	Debt Outstanding
Revolving Credit Facility effective through June 2006	$ 537,568	$
Euro Notes due November 2004		179,745
Senior Notes due August 2007		200,000
Senior Notes due October 2012		325,000
Uncommitted lines of credit	70,000	
Other lines of credit	86,033	
Capital leases and other notes payable		12,800
Total	$ 693,601	$ 717,545

We issue letters of credit under our revolving credit facility in the ordinary course of business. At May 1, 2004, we had $62.4 million of open letters of credit, thus reducing the available credit under our revolving credit facility from $600 million to $537.6 million.

We expect that our cash generated from operations, together with our current cash, short-term investments and funds available under our main revolving credit facility, will be sufficient to fund our planned store openings and other recurring operating cash needs for at least the next twelve months.

Uses of Capital

As a result of our strong financial position, in addition to investing in our existing businesses and pursuing strategic acquisitions, we also expect to continue to return capital to our shareholders through our stock repurchase program and annual cash dividend.

We expect to open approximately 90 new stores in the last three quarters of 2004. We estimate that our cash requirements, including pre-opening expenses, net inventory, leasehold improvements and fixtures, will be approximately $1.3 million for each new store. We also plan to continue to make investments in information systems and distribution centers to improve operational efficiencies and customer service. We currently plan to spend approximately $270 million on capital expenditures during the last three quarters of 2004. We may also expend additional funds to purchase lease rights from tenants occupying retail space that is suitable for a Staples store.

As evidenced by our March 2004 announcement of our plan to purchase Globus Office World plc, an office products company operating 59 stores in the United Kingdom, for 32.5 million pounds sterling, we may also use capital to engage in strategic acquisitions. Throughout our history, we have primarily grown organically, and we do not expect this to change. We do not rely on acquisitions to achieve our target growth plans, and we anticipate that future acquisitions will be small and aligned with our existing businesses. We plan to exercise the same discipline for acquisitions as we use for other investments, thereby only pursuing acquisitions that earn a return above our internal return on net assets hurdle rate within a two or three year time frame. We do not expect this strategy to result in large acquisitions and anticipate that future acquisition activity will be financed from our operating cash flow.

We believe that we will need to spend approximately $325 million a year on capital expenditures for the next few years to fund organic growth. The combination of capital spending in this range and an acquisition strategy that is not projected to require significant amounts of capital means that we will likely generate operating cash flow in excess of our expected needs, thereby strengthening our credit profile. As a result of our improved cash position, in 2004 we implemented a $1 billion share repurchase program and an annual cash dividend. Under the repurchase program, we expect to buy back approximately $400 million of common stock through the end of fiscal 2004. We paid our first annual cash dividend of $0.20 per share of common stock on May 17, 2004 to shareholders of record on April 26, 2004, resulting in a total dividend payment of approximately $100 million. While it is our intention to pay annual cash dividends in years following 2004, any decision to pay future cash dividends will be made by our Board of Directors and will depend upon our earnings, financial condition and other factors.

Inflation and Seasonality

While neither inflation nor deflation has had, and we do not expect either to have, a material impact upon our operating results, there can be no assurance that our business will not be affected by inflation or deflation in the future. We believe that our business is somewhat seasonal, with sales and profitability slightly lower during the first and second quarters of our fiscal year.

Cautionary Statements

This Quarterly Report on Form 10-Q includes or incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. You can identify these forward-looking statements by the use of the words believes , anticipates , plans , expects , may , will , would , intends , estimates and other similar expressions, whether in the negative We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in the forward looking statements made. We have included important factors in the cautionary statements below that we believe could cause actual results to differ materially from the forward-looking statements contained herein. The forward-looking statements do not reflect the potential impact of any future acquisitions, mergers or dispositions. We do not assume any obligation to update any forward-looking statements contained herein.

Our market is highly competitive and we may not continue to compete successfully. We compete in a highly competitive marketplace with a variety of retailers, dealers and distributors. In most of our geographic markets, we compete with other high-volume office supply chains such as Office Depot and OfficeMax that are similar in concept to us in terms of pricing strategy and product selections, as well as mass merchants such as Wal-Mart, warehouse clubs, computer and electronic superstores such as Best Buy, and other discount retailers. In addition, both our retail stores and delivery operations compete with numerous mail order firms, contract stationer businesses, electronic commerce distributors and direct manufacturers. Many of our competitors have increased their presence in our markets in recent years. Some of our current and potential competitors in the office products industry are larger than we are and have substantially greater financial resources. It is possible that increased competition or improved performance by our competitors may reduce our market share, may reduce our profit margin, and may adversely affect our business and financial performance in other ways.

We may be unable to continue to open new stores successfully. An important part of our business plan is to increase our number of stores. We opened 17 stores during the first quarter of 2004 and currently plan to open approximately 90 new stores in the last three quarters of 2004. For our growth strategy to be successful, we must identify and lease or buy favorable store sites, hire and train employees and adapt management and operational systems to meet the needs of our expanded operations. These tasks may be difficult to accomplish successfully. If we are unable to open new stores as quickly as planned, our future sales and profits could be materially adversely affected. Even if we succeed in opening new stores, these new stores may not achieve the same sales or profit levels as our existing stores. Also, our expansion strategy includes opening new stores in markets where we already have a presence so we can take advantage of economies of scale in marketing, distribution and supervision costs. However, these new stores may result in the loss of sales in existing stores in nearby areas.

Our growth may continue to strain operations, which could adversely affect our business and financial results. Our business has grown dramatically over the past several years through organic growth and through the acquisition of Medical Arts Press, Inc. and the European mail order businesses. Accordingly, sales, number of stores, number of countries in which we conduct business and number of associates have grown. This growth has placed significant demands on management and operational systems. If we are not successful in continuing to support our operational and financial systems, expanding our management team and increasing and effectively managing our associate base, this growth is likely to result in operational inefficiencies and ineffective management of the business and associates, which will in turn adversely affect our business and financial performance.

Our operating results may be impacted by changes in the economy. Our operating results are directly impacted by the health of the North American and European economies. Economic conditions may adversely affect our business and our results of operations.

Our stock price may fluctuate based on market expectations. The public trading of our stock is based in large part on market expectations that our business will continue to grow and that we will achieve certain levels of net income. If the securities analysts that regularly follow our stock lower their ratings or lower their projections for future growth and financial performance, the market price of our stock is likely to drop significantly. In addition, if our quarterly financial performance does not meet the expectations of securities analysts, our stock price would likely decline. The decrease in the stock price may be disproportionate to the shortfall in our financial performance.

Our quarterly operating results are subject to significant fluctuation. Our operating results have fluctuated from quarter to quarter in the past, and we expect that they will continue to do so in the future. Our earnings may not continue to grow at rates similar to the growth rates achieved in recent years and may fall short of either a prior fiscal period or investors expectations. Factors that could cause these quarterly fluctuations include the following: the extent to which sales in new stores result in the loss of sales in existing stores; the mix of products sold; pricing actions of competitors; the level of advertising and promotional expenses; and seasonality, primarily because the sales and profitability of our stores are typically slightly lower in the first and second quarters of the fiscal year than in other quarters. Most of our operating expenses, such as rent expense, advertising expense and employee salaries, do not vary directly with the amount of sales and are difficult to adjust in the short term. As a result, if sales in a particular quarter are below expectations for that quarter, we may not proportionately reduce operating expenses for that quarter, and therefore this sales shortfall would have a disproportionately negative effect on our net income for the quarter.

Our expanding international operations expose us to the unique risks inherent in foreign operations. In addition to our recently expanding operations in Europe, we have a significant presence in Canada through The Business Depot Ltd. We may also seek to expand further into other international markets in the future. Our foreign operations encounter risks similar to those faced by our U.S. operations, as well as risks inherent in foreign operations, such as local customs and competitive conditions and foreign currency fluctuations. Further, our recent European mail order acquisition has increased our exposure to these foreign operating risks, which could have an adverse impact on our European income and worldwide profitability.

Our debt level and operating lease commitments could impact our ability to obtain future financing and continue our growth strategy. Our consolidated outstanding debt at May 1, 2004 was $717.5 million. Our consolidated debt, along with our operating lease obligations, may have the effect generally of restricting our flexibility in responding to changing market conditions and could make us more vulnerable in the event of a downturn in our business. In addition, our level of indebtedness may have other important consequences, including: restricting our growth; making it more difficult for us to satisfy our obligations; limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, future acquisitions or other corporate purposes; and limiting our ability to use operating cash flow in other areas of our business. In such a situation, additional funds may not be available on satisfactory terms when needed, or at all, whether in the next twelve to eighteen months or thereafter.

California wage and hour class action lawsuit. Various class action lawsuits have been brought against us for alleged violations of what is known as California s wage and hour law. The plaintiffs have alleged that we improperly classified both general and assistant store managers as exempt under the California wage and hour law, making such managers ineligible for overtime wages. The plaintiffs are seeking to require us to pay overtime wages to the putative class for the period from as early as 1995 to the present. This litigation is in the discovery stage. While it is too early in the litigation for us to predict the outcome of the litigation, we believe the litigation will not have a material adverse effect on us.

Item 3. Quantitative and Qualitative Disclosures about Market Risks

At May 1, 2004, there had not been a material change in any of the market risk information disclosed by us in our Annual Report on Form 10-K for the year ended January 31, 2004. More detailed information concerning market risk can be found under the sub-caption Quantitative and Qualitative Disclosures about Market Risks of the caption Management s Discussion and Analysis of Financial Condition and Results of Operations on page B-12 of our Annual Report on Form 10-K for the year ended January 31, 2004.

Item 4. Controls and Procedures

The Company s management, with the participation of the Company s chief executive officer and chief financial officer, evaluated the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of May 1, 2004. Based on this evaluation, the Company s chief executive officer and chief financial officer concluded that, as of May 1, 2004, the Company s disclosure controls and procedures were (1) designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company s chief executive officer and chief financial officer by others within those entities, particularly during the period in which this report was being prepared and (2) effective, in that they provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms.

No change in the Company s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the fiscal quarter ended May 1, 2004 that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

STAPLES, INC. AND SUBSIDIARIES

PART II OTHER INFORMATION

Item 1 Not Applicable

Item 2 Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

(a) On March 30, 2004, we announced that our Board of Directors decided not to renew our shareholder rights plan which expired by its terms during the first quarter of fiscal 2004.

(e) The below table presents the total number of shares repurchased during the first quarter of fiscal 2004.

Fiscal Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
February 1, 2004 February 28, 2004				
February 29, 2004 April 3, 2004	1,620,000	$ 24.99	1,620,000	$ 959,518,000
April 4, 2004 May 1, 2004	2,281,000	$ 26.74	2,281,000	$ 898,527,000
Total for First Quarter of Fiscal 2004	3,901,000	$ 26.01	3,901,000	$ 898,527,000

(1) Average price paid per share includes commissions and is rounded to the nearest two decimal places.

(2) On March 4, 2004, we announced that our Board of Directors approved the repurchase of up to $1 billion of common stock through January 28, 2006.

Item 3 Not Applicable

Item 4 Not Applicable

Item 5 Not Applicable

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits

The exhibits listed on the Exhibit Index immediately preceding such exhibits are filed as part of this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

On March 4, 2004, we furnished a Current Report on Form 8-K under Item 12 containing a press release announcing our financial results for the fiscal quarter and year ended January 31, 2004.

SIGNATURE

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

STAPLES, INC.

Date: May 18, 2004

By: /s/ JOHN J. MAHONEY
John J. Mahoney
Executive Vice President,
Chief Administrative Officer
and Chief Financial Officer
(Principal Financial Officer)

By: /s/ JEFFREY NACHBOR
Jeffrey Nachbor
Senior Vice President, Corporate Controller
(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
4.1	First Supplemental Indenture (7.375% Senior Notes), entered into as of February 1, 2004, to Indenture, dated as of September 30, 2002, by and among the Company, the Subsidiary Guarantors, the Initial Subsidiary Guarantors and HSBC Bank USA.
4.2	Second Supplemental Indenture (Euro Notes), entered into as of February 1, 2004, to Indenture, dated as of November 15, 1999, by and among the Company, the Subsidiary Guarantors, the Initial Subsidiary Guarantors and JPMorgan Chase Bank.
4.3	Third Supplemental Indenture (Senior Notes), entered into as of February 1, 2004, to Indenture, dated as of August 12, 1997, by and among the Company, the Subsidiary Guarantors, the Initial Subsidiary Guarantors and JPMorgan Chase Bank.
31.1	Principal Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.