

STAPLES INC  
Form 8-K  
June 04, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

---

---

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15 (d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 31, 2013  
STAPLES, INC.

(Exact name of registrant as specified in charter)

Delaware	0-17586	04-2896127
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

Five Hundred Staples Drive, Framingham, MA	01702
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 508-253-5000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- £ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - £ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - £ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - £ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 1.01 Entry into a Material Definitive Agreement;

Item 1.02 Termination of a Material Definitive Agreement; and

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

On May 31, 2013, Staples, Inc. entered into a new Credit Agreement (the "New Credit Agreement" or "Agreement") with Bank of America, N.A, as Administrative Agent and other lending institutions named therein. The New Credit Agreement replaces the Credit Agreement dated as of November 4, 2010, which provided for a maximum borrowing of \$1.0 billion and was due to expire in November 2014 (the "Prior Agreement"). As of May 31, 2013, no borrowings were outstanding under the Prior Agreement.

The New Credit Agreement provides for a maximum borrowing of \$1.0 billion and contains an accordion feature under which, upon Staples' request and with the agreement of the lenders participating in the increase, Staples may increase the borrowing limit to \$1.5 billion. Borrowings made pursuant to the New Credit Agreement may be syndicated loans, swing line loans, multicurrency loans, or letters of credit, the combined sum of which may not exceed the maximum borrowing amount. Amounts borrowed under the New Credit Agreement may be borrowed, repaid, and reborrowed from time to time until May 31, 2018.

Borrowings made pursuant to the Agreement as syndicated loans will bear interest at a rate equal to (i) the eurocurrency rate (a publicly published rate) plus a percentage spread based on Staples' credit rating and fixed charge coverage ratio, or (ii) the base rate (determined as the highest of (a) Bank of America's prime rate, (b) the Federal Funds rate plus 0.50% and (c) the one month LIBOR rate plus 1.00%) plus a percentage spread based on the Staples' credit rating and fixed charge coverage ratio. Each swing line loan will bear interest at the base rate plus a percentage spread based on Staples' credit rating and fixed charge coverage ratio. Each multicurrency loan will bear interest at the relevant published reference rate for the currency borrowed plus a percentage spread based on Staples' credit rating and fixed charge coverage ratio. Staples' will pay a fee ranging from 0.3975% to 1.40% for letters of credit depending on the type of letter of credit and Staples' credit rating and fixed charge coverage ratio. Under the Agreement, Staples also agrees to pay a facility fee at rates that range from 0.08% to 0.225% per annum depending on Staples' credit rating and fixed charge coverage ratio. Staples' may select interest periods of one, two, three or six months for Eurocurrency loans, subject to availability. Interest will be payable at the end of the selected interest period, but no less frequently than quarterly.

The New Credit Agreement is unsecured and ranks *pari passu* with Staples' public notes and other indebtedness. The Agreement contains customary affirmative and negative covenants for credit facilities of this type, including limitations on Staples and its subsidiaries with respect to indebtedness, liens, investments, distributions, mergers and acquisitions, disposition of assets, sale-leaseback transactions, subordinated debt, and transactions with affiliates. The covenants permit Staples to use proceeds of the credit loans for working capital and capital expenditures and for all other lawful corporate purposes, including payment of dividends, acquisitions of assets, capital stock of other companies and share repurchases, and to provide liquidity in connection with any commercial paper program, in each case to the extent permitted in the Agreement. The Agreement also contains financial covenants that require Staples to maintain a minimum fixed charge coverage ratio of 1.5 to 1.0 and a maximum adjusted funded debt to total capitalization ratio of 0.75 to 1.00.

The Agreement provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with covenants, any material representation or warranty made by Staples proving to be false in any material respect, certain insolvency or receivership events affecting Staples or its significant subsidiaries, defaults relating to other indebtedness of at least \$75 million in the aggregate and a change in control of Staples (as defined in the Agreement).

In the event of a default by Staples, the Administrative Agent may, and at the request of the requisite number of lenders shall, declare all obligations under the Agreement immediately due and payable, terminate the lenders' commitments to make loans under the Agreement, and enforce any and all rights of the lenders or Administrative Agent under the Agreement and related documents. For certain events of default related to insolvency and receivership, the commitments of lenders will be automatically terminated and all outstanding obligations of Staples will become immediately due and payable.

Edgar Filing: STAPLES INC - Form 8-K

Certain of the lenders party to the Agreement, and their respective affiliates, have performed, and may in the future perform for Staples and its subsidiaries, various commercial banking, investment banking, underwriting and other financial advisory services, for which they have received, and will receive, customary fees and expenses.

---

Item 9.01 Financial Statements and Exhibits

The exhibits listed on the Exhibit Index immediately preceding such exhibits are filed as part of this Current Report on Form 8-K.

---

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 hereunto duly authorized.

Date: June 3, 2013

Staples, Inc.

By: \_\_\_ /s/ CHRISTINE T. KOMOLA \_\_\_\_\_

Christine T. Komola

Executive Vice President and Chief Financial Officer

---

EXHIBIT INDEX

Exhibit No.

Description

10.1	Credit Agreement, dated as of May 31, 2013, by and among Staples, Inc., Bank of America, N.A. and the other lenders named therein, Bank of America, N.A., as administrative agent for the lenders, as the lender of Swing Line Loans, and as an Issuing Bank, Barclays Bank PLC and HSBC Bank USA, National Association, as co-syndication agents for the Lenders and as Issuing Banks, and Wells Fargo Bank, National Association and JPMorgan Chase Bank, N.A., as co-documentation agents for the lenders. (Including schedules and exhibits).
------	---