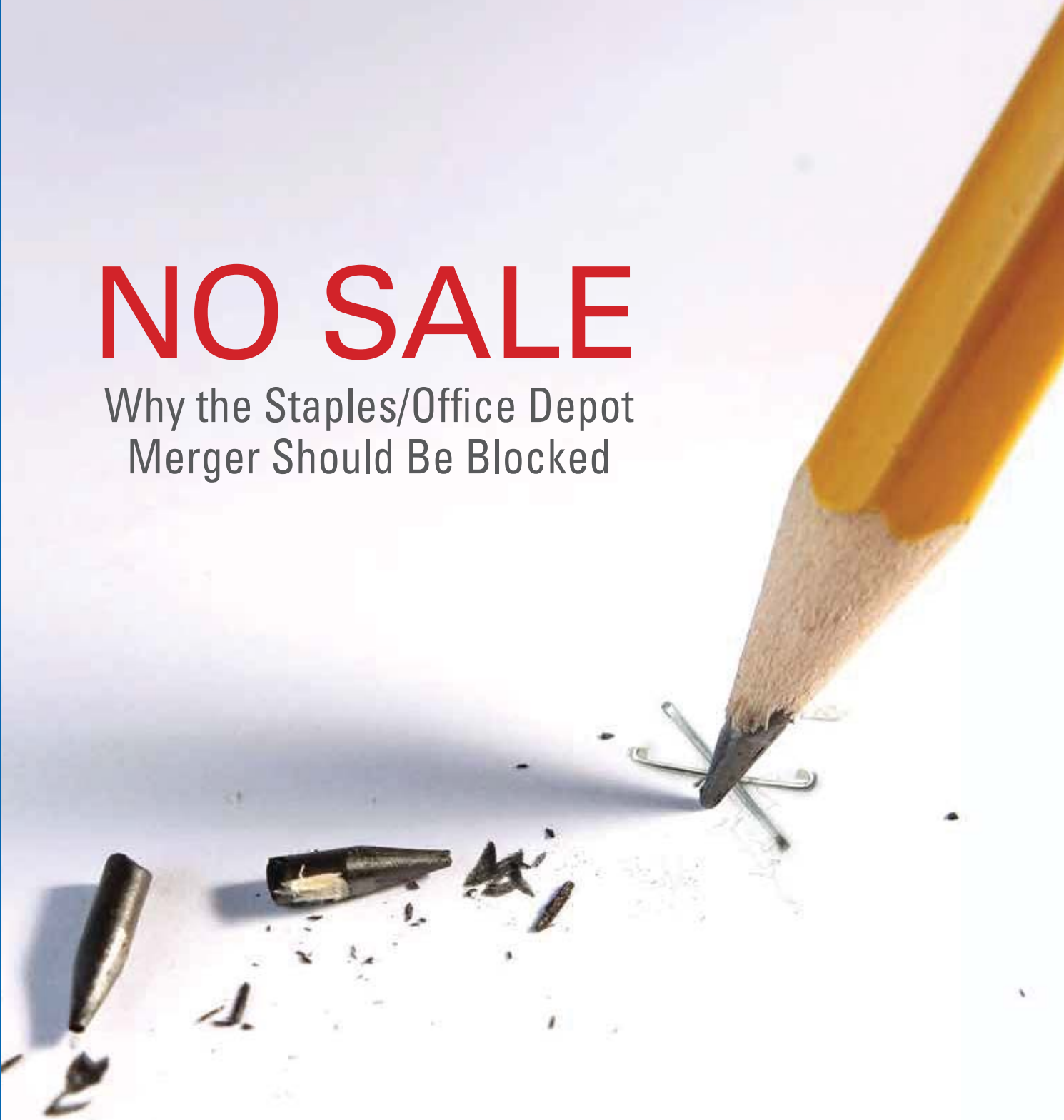


# NO SALE

Why the Staples/Office Depot  
Merger Should Be Blocked



**APWU**

American Postal Workers Union  
May 2015

This report was prepared with research assistance from the AFL-CIO, as well as professionals retained by APWU to assess the impact of the proposed Staples/Office Depot merger. Additionally, the APWU reviewed and acknowledges "*Independent Economic Analysis of Proposed Staples/Office Depot Merger*," by Kenneth H. Thomas, Ph.D. of Miami, Florida, dated Feb. 23, 2015. Dr. Thomas is not affiliated with and is not being compensated by the APWU in any way.

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## Introduction

Are corporate mergers good for America?

Not always, says Robert J. Samuelson, an award-winning business and finance columnist for *The Washington Post*. “The popularity of M&A [mergers and acquisitions] actually involves economic weakness,” Samuelson wrote on April 13, 2015. “Unable to expand internally — by creating new products or entering new markets — companies rely on M&A for growth. However, what works for the firm may work less well for society. Although buying another company may enhance the acquiring firm’s innovation, it doesn’t add much to society’s.”

On February 4, 2015, Staples and Office Depot announced a \$6.3 billion merger to combine the two office supply superstore (OSS) companies.<sup>1</sup> If consummated, this merger will result in just one national chain of brick-and-mortar office-supply retail stores dominating the entire U.S. market. This transaction will not “add much” to our society.

In fact, this concentration of market power will almost certainly harm consumers, businesses and government. The proposed merger is currently under review by the Federal Trade Commission (FTC).<sup>2</sup> If approved, the Staples/Office Depot merger will cause exactly the type of competitive harm to consumers that this country’s antitrust laws are intended to prevent.

This is not the first time Staples and Office Depot have tried to merge. The two companies announced plans to merge in 1996, but the FTC won a federal injunction against it in 1997.<sup>3</sup> The merger was abandoned in the face of the injunction.

In 2013, the FTC did not challenge the proposed merger of Office Depot and Office Max, the country second and third largest office superstore (OSS) companies.<sup>4</sup> In a statement on its 2013 decision, the FTC observed

“the market for the sale of consumable office supplies has changed significantly” since 1997 when it took steps to block the previously attempted Staples/Office Depot merger.<sup>5</sup> In its 2013 economic analysis, the FTC broadly defined the market for office supplies to include mass-market retailers like Wal-Mart and online retailers such as Amazon.

Reducing from three giant office supply chains down to two, however, is much different than reducing from two down to one. If both Staples and Office Depot remain as independent businesses, consumers will still have a choice; the two mega-chains compete head-to-head in 344 U.S. counties, representing more than three-quarters of the two companies’ combined superstore locations.

Roughly half of all Office Depot stores, in fact, are currently located within five miles of a Staples store. If the merger is approved, the new company is expected to close as many as 1,000 stores.<sup>6</sup> In addition to the job loss and economic dislocation caused by these store closings, consumers all over the country will be left with just one major chain of stores that specializes in offering a full range of office supply products – a textbook environment for monopoly pricing and other anti-competitive practices.

This paper, an initial review of a complex financial transaction, outlines an overall framework for legal analysis and four reasons why the proposed Staples/Office Depot merger should be blocked under U.S. antitrust law.

Later APWU objections will focus in more detail on the negative effects a Staples/Office Depot merger will have on small businesses engaged in business-to-business (B2B) transactions and on state and local governments who acquire goods through Staples, what is sometimes referred to as B2G. In this document, we focus on consumer and business-to-consumer (B2C) transactions.

<sup>1</sup> *New York Times*, February 4, 2015, “Staples and Office Depot Say a Merger Will Keep Them Competitive.”

<sup>2</sup> Yashaswini Swamynathan and Diane Bartz, “Staples, Office Depot expect second time a charm in merger.” *Reuters*, February 4, 2015

<sup>3</sup> *FTC v. Staples, Inc.*, 970 F. Supp. 1066, 1069 (D.D.C. 1997).

<sup>4</sup> Federal Trade Commission, *Statement of the Federal Trade Commission Concerning the Proposed Merger of Office Depot, Inc. and OfficeMax, Inc.* FTC File No. 131-0104, November 1, 2013.

<sup>5</sup> *Ibid.*

<sup>6</sup> *Philly.com*, February 4, 2015, “1,000 stores likely to close, as Staples buys Office Depot.”

## Framework for legal analysis:

The Federal Trade Commission should not approve this merger because it will substantially lessen market competition and tend to create a monopoly.

## Reasons this merger should be blocked:

1. Mass market retailers, such as Target and Walmart, are not true office superstore competitors and cannot meet the needs of many office supply customers.
2. Once the office supply superstore market shrinks to a single company, it will never grow back. The barriers to entry are too high. This will leave the combined Staples/Office Depot mega-corporation as a de facto monopoly.
3. Internet retailers are not true competitors in the office supply market because they can't compete for business from the more than one in five U.S. households who do not have Internet access.
4. Higher prices and reduced choice – the inevitable consequence of a monopoly market – will cause disproportionate harm to communities of color and low-income households.

## Framework for legal analysis

The Federal Trade Commission should not approve the acquisition of Office Depot by Staples because it will substantially lessen market competition and it will tend to create a monopoly.<sup>7</sup> In making this determination, the FTC will need to analyze:

1. The “line of commerce” or product market in which to assess the transaction,
2. The “section of the country” or geographic market in which to assess the transaction,
3. The transaction’s probable effect of competition in the product and geographic markets.”<sup>8</sup>

Utilizing these guidelines, the proposed merger of Staples and Office Depot will substantially lessen market competition because, if approved, Staples will be the only remaining brick-and-mortar office supply superstore in the United States. Consumers will lose the positive impact of competition from the elimination of Office Depot (which absorbed Office Max in 2013).

In 1997, the FTC obtained an injunction against the previous proposed merger of Staples and Office Depot because of its impact on the relevant product market (specifically, in well-defined geographical submarkets).<sup>9</sup> Although some of the particular markets may have altered, the FTC will now analyze which defined sub-markets still exist in 2015 and, beyond that, will be monopolized should the merger proceed.

For example, if the merger is approved, Staples will have far greater power to dictate prices for customers who do not shop on the Internet (a sizable consumer base) and other consumers who utilize brick-and-mortar office supply superstores. (See Section 3 below: “Internet retailers are not true competitors in the office supply market.”)

Further, the FTC should see that the proposed merger is not equivalent to the Office Max/Office Depot merger approved in November of 2013.<sup>10</sup> When the FTC allowed the merger of Office Max with Office Depot, Staples remained to compete with the resultant entity. Going from three to two dedicated retailers is quite different from simply leaving the market to just one brick and mortar retailer. The FTC should not approve this “3 to 2 to 1” scenario, a patently anti-competitive result.

Another key issue will be the FTC’s adherence to the standard it set out in its recent challenge of the Sysco/US Foods merger. The FTC should recognize that the “extraordinarily high post-merger” market share will have ramifications for business-to-business (B2B) transactions, because Staples and Office Depot

<sup>7</sup> See 15 U.S.C. §18.

<sup>8</sup> *FTC v. Staples*, 970 F. Supp. 1066 (D.D.C. 1997) citing *United States v. Marine Bancorporation*, 418 U.S. 602, 618-623, *FTC v. Harbour Group Investments, L.P.*, 1990 WL 198819 (D.D.C. 1990).

<sup>9</sup> *FTC v. Staples*, 970 F. Supp. 1066 (D.D.C. 1997).

<sup>10</sup> FTC File No. 131-0104 (November 2013).

are the only “broad line distributors” for office supply contracts for large national corporate and government customers.<sup>11</sup> At a later date, the APWU will have additional comments concerning these business-to-business (B2B) and business-to-government (B2G) impacts.

This proposed merger faces other legal scrutiny. Shareholders have filed suit against Office Depot and its Board of Directors in Palm Beach County, Florida, alleging breach of the fiduciary duties of loyalty and due care owed to shareholders. They have proposed a class action lawsuit.<sup>12</sup> Other such challenges may be forthcoming.

***1. Mass market retailers, such as Target and Walmart, are not true office superstore competitors and cannot meet many customers’ needs.***

The office supply needs of many American consumers can only be met through the breadth and depth of product offerings available at an office supply superstore. These stores offer greater choice for consumers than mass-market retailers, qualitative factors that distinguish the office supply marketplace from mass-market retailers. These qualities are at risk of disappearing if the OSS market shrinks to a single monopolistic supplier.

To take just one example, American consumers and businesses use hundreds of different brands and models of inkjet printers, each requiring a different cartridge for refill. A typical Office Depot or Staples will have dozens of different cartridges. Since many of the two chains’ stores are located near one another, consumers can easily shop for the best deal.

Target or Walmart, by contrast, usually stock just a handful of the most popular ink cartridges. If you need a different brand or model, these mass-market retailers don’t offer real competition with an office supply superstore. A merged Office Depot and Staples will

soon become the only source for certain goods –and consumers will inevitably pay higher prices when a single operator controls an entire market.

The FTC’s 2013 analysis of the Office Depot/Office Max merger reviewed the reduction of three major chains down to two, not the more drastic reduction of two competing companies into a single monopoly. As such, it did not adequately consider the differentiated nature of consumers for office supplies. The retail market for office supplies consists of distinct customer groups, including retail shoppers, home office workers, small businesses and large businesses, and students, parents and teachers shopping for school supplies.

The FTC’s 2013 statement on the Office Depot/Office Max merger noted that mass merchants such as Wal-Mart and Target have become more numerous and that these retailers include office supplies among their product offerings.<sup>13</sup> The FTC observed that as a result “fewer consumers today shop OSS as a destination. Instead, consumers place a greater premium on convenience.”<sup>14</sup> However, this analysis fails to consider market impact on those consumers whose needs are not satisfied by the product offerings of mass-market retailers.

The essential characteristic of the OSS retail sector is that stores provide a single venue where virtually all office supply needs can be met. In other words, the OSS market uniquely serves certain consumers’ needs to find, compare and purchase in a *single shopping venue* the thousands of highly specific office supply products that are not generally available at merchants who do not specialize in office supplies.<sup>15</sup> While the market for basic office supplies may include many non-OSS shopping venues, the market that serves these particular customers’ varied office supply needs cannot.

Critical to the FTC’s 2013 approval of the Office Depot/Office Max merger was the fact

<sup>11</sup> *Statement of the Federal Trade Commission, Sysco Corporation, USF Corporation and US Foods, Inc.*, FTC Docket Complaint No. 9364 (February 2.15).

<sup>12</sup> See *John Sweatman v. Office Depot, Inc. et al.*, Case No.502015CA0017111XXXXMB (Fla. Cir. Ct. 2015).

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> Staples, for instance, states that it offers more than 10,000 products under its own brand and these account for only 28% of the company’s 2014 sales. Page 3, Staples, 10-K, filed March 6, 2015

<sup>16</sup> FTC, *Statement of the Federal Trade Commission Concerning the Proposed Merger of Office Depot, Inc. and OfficeMax, Inc.* FTC File No. 131-0104, November 1, 2013

that the combined company would continue to face strong competition from Staples.<sup>16</sup> Combining the second and third largest OSS chains actually *improved* their ability to compete against Staples, thus providing consumers with improved alternatives in the marketplace.

Today, Staples and Office Depot compete head-to-head in 344 counties in the United States. The stores in these counties represent 76 percent of all of Staples and Office Depot superstore locations.<sup>17</sup> The proposed merger will give the combined company an effective monopoly in the retail OSS marketplace, where now these stores must compete.

**2. Once the office supply superstore market shrinks to a single monopolistic company, it will never grow back. The barriers to entry are too high.**

If Staples is allowed to merge with Office Depot, it is highly unlikely that any new competitor will emerge to challenge the new behemoth. The barriers to entry in this sector are simply too high.

Effective operation of an office supply superstore chain requires a national and global supply chain and logistical networks that are not easily replicated. Staples, for example, has 51 distribution and fulfillment centers.<sup>18</sup> Office Depot has 66 distribution centers and cross-dock facilities.<sup>19</sup>

In addition, both companies have supply chain sourcing offices in Shenzhen, China near the factories that produce many of the products that they sell.<sup>20</sup> Merging these two logistics networks will have anti-competitive effects that will not be easy to reverse.

No other office supply company exists with the nationwide and global reach of Staples and Office Depot. Once the two firms are combined, it is unlikely that any new competitor will be able to challenge the remaining monopoly.

**3. Internet retailers are not true competitors in the office supply market, because they can't compete for business from U.S. households who do not have Internet access.**

Consumers who have little or no access to Internet retailers will be harmed substantially by this proposed merger. For these consumers, Internet-based shopping *never* provides a competitive alternative to an office supply superstore, and they would be especially vulnerable to a decline in competition in the brick-and-mortar office supply marketplace. This is an issue even for those who have Internet access. The reality for many small businesses is that certain immediate and essential product needs, like a printer without toner, require same-day purchases.

Many Americans have little or no Internet service. According to the U.S. Census Bureau, more than one-fifth of the U.S. population – about 65 million people – lives in a household with no Internet subscription.<sup>21</sup> No dial up, no cable, no wireless – no way to take advantage of online shopping sites that supposedly offer an alternative to brick-and-mortar office superstores.

For these people, Internet access is very limited. If they have any access to the Internet on computers at public libraries, at their workplace or at the homes of friends or neighbors, it is likely to be infrequent and circumscribed. When shopping for office supplies, these customers will have little opportunity to go online to comparison shop. The monopoly pricing power of a single office supply superstore chain will be especially harmful to these consumers, who will have few, if any, alternatives in the marketplace.

**4. Higher prices and reduced choice – the inevitable consequence of a monopoly market – will cause disproportionate harm to communities of color and low-income households.**

<sup>17</sup> Calculated using Dun and Bradstreet business location data, accessed via Unicore on March 25, 2015.

<sup>18</sup> Staples 10-K report to U.S. Securities and Exchange Commission, March 6, 2015, p. 51.

<sup>19</sup> Office Depot 10-K report to U.S. Securities and Exchange Commission, February 24, 2015, p. 27.

<sup>20</sup> Staples 10-K, March 6, 2015, p. 3 and Office Depot 10-K, February 24, 2015, p. 6.

<sup>21</sup> Page 6, *Computer and Internet Use in the United States: 2013, American Community Survey Reports*, US Census Bureau.

Minority households will be disproportionately impacted by the lack of access to Internet retailers that compete with a combined Staples/Office Depot. According to U.S. Census Bureau, 32.7 percent of African Americans and 28.9 percent of Hispanics live in a household without an Internet subscription, compared to 21 percent of the entire population.<sup>22</sup>

With nearly a third of African American households and nearly 30 percent of Hispanic households lacking Internet access, the FTC must evaluate carefully the demographics of Staples' and Office Depot's retail customers to determine how the merger may harm communities of color.

Certain OSS customers are also prevented from using Internet retailers because they do not have a bank account or credit card account. *The 2013 FDIC National Survey of Unbanked and Underbanked Households* found that 7.7 percent of the households in the United States, or about 9.5 million households, are 'unbanked,' with no member of the household registered for a bank account of any kind.<sup>23</sup>

Unbanked households rely almost exclusively on cash transactions. Even if these customers have access to the Internet, they will not have access to an electronic means of payment.

For these less affluent households, maintaining a competitive office supply superstore marketplace is critical. There are approximately 33 million individuals living in poverty in the 344 counties where Staples and Office Depot currently compete head-to-head.<sup>24</sup>

In other words, 67 percent of the estimated 48.8 million people living in poverty in the United States currently have access to a Staples *and* an Office Depot in their county of residence.<sup>25</sup> Many of these households purchase school supplies for their school age children at Staples or Office Depot. In fact, 13.79 million of the individuals without Internet access at home are children.<sup>26</sup>

These low-income households, living on tight budgets, will pay a high price if a single operator

in the office supply superstore market is able to use monopoly power to increase prices to consumers.

## Conclusion

"The more things change, the more they stay the same." While much has changed in the market for office supplies since the FTC rejected an Office Depot and Staples in 1997, the core principle of that decision remains valid. Without adequate competition, consumers and businesses will suffer. The proposed merger is bad for our society; it fails to meet the tests required by U.S. antitrust law and should be rejected.

If allowed to go forward, this merger will result in a decline in true competition, creating an effective monopoly in the office supply superstore market. Mass-market retailers cannot offer the breadth and depth of consumer choice now made possible with competing office supply superstores. Internet retailers, another theoretical source of competition, cannot compete in the more than one-fifth of U.S. households with no Internet subscription.

New companies will be unable to challenge this new monopoly, due to high barriers to entry. No start-up firm will be able to match the national and global supply and logistics network of the remaining monopoly operator.

The proposed merger will harm American consumers, including individual households small and large businesses, and many units of government who are significant office supply customers.

The FTC should exercise its authority to block the Staples merger with Office Depot to protect customers from higher prices and other anti-competitive practices that will result from a monopoly in the office supply superstore market. Staples and Office Depot should remain as independent concerns, and government regulators need to send a simple message – NO SALE.

<sup>22</sup> Ibid.

<sup>23</sup> Page 3, *2013 FDIC National Survey of Unbanked and Underbanked Households*, October 2014. (<https://www.fdic.gov/householdsurvey/2013execsumm.pdf>).

<sup>24</sup> Duns & Bradstreet data for store locations and US Census data for county level poverty estimates, USA Counties Data File Download: <https://www.census.gov/support/USACdataDownloads.html#PVY>.

<sup>25</sup> US Census data for county level poverty estimates, USA Counties Data File Download. (<https://www.census.gov/support/USACdataDownloads.html#PVY>).

<sup>26</sup> Page 6, *Computer and Internet Use in the United States: 2013*, American Community Survey Reports, US Census Bureau.



## COMPUTER AND INTERNET USE FOR HOUSEHOLDS: 2013

	Percentage of households with no Internet subscription	Number of households with no Internet subscription
Total Households	25.60%	29,770,496
<b>Age of Householder</b>		
15-34	22.30%	4,979,813
35-44	17.50%	3,630,375
45-64	21.30%	9,801,195
65 years and older	41.70%	11,342,817
<b>Race and Hispanic Origin of Householder</b>		
White alone, non-Hispanic	22.60%	18,237,974
Black alone, non-Hispanic	38.70%	5,346,792
Asian alone, non-Hispanic	13.40%	662,094
Hispanic (of any race)	33.30%	4,731,597

## COMPUTER AND INTERNET USE BY INDIVIDUAL CHARACTERISTICS: 2013

	Percentage who live in a house with no Internet subscription	Number who live in a house with no Internet subscription
Total	21%	64,700,790
<b>Age</b>		
0-17 years	18.80%	13,793,745
18-34 years	18.80%	13,139,696
35-44 years	16.70%	6,655,618
45-64 years	19.40%	15,874,050
65 years and older	35.70%	15,407,049
<b>Race and Hispanic Origin</b>		
White alone, non-Hispanic	17.50%	33,730,375
Black alone, non-Hispanic	32.70%	12,116,985
Asian alone, non-Hispanic	10.10%	1,567,924
Hispanic (of any race)	28.90%	15,314,688

Source: Computer and Internet Use in the United States: 2013, American Community Survey Reports, US Census Bureau

## BANKING STATUS BY HOUSEHOLD CHARACTERISTICS, 2013

	Percentage of households that are unbanked	Number of households that are unbanked
All	7.70%	9,528,750
<b>By Age Group</b>		
15 to 24 years	15.70%	97,968
25 to 34 years	12.50%	2,558,000
35 to 44 years	9.00%	1,926,720
45 to 54 years	7.50%	1,841,325
55 to 64 years	5.60%	1,271,760
65 years or more	3.50%	993,020
<b>By Race/Ethnicity</b>		
Black	20.50%	3,444,205
Hispanic	17.90%	2,675,692
Asian	2.20%	129,404
American Indian/Alaskan	16.90%	247,416
Hawaiian/Pacific Islanders	6.10%	19,154
White non-Black non-Hispanic	3.60%	3,035,160

Source: 2013 FDIC National Survey of Unbanked and Underbanked Households

## HEAD-TO-HEAD COMPETITION OF STAPLES AND OFFICE DEPOT STORES AT THE COUNTY LEVEL

	Staples	Office Depot
Percentage of U.S. counties in which the OSS chain operates where there is head-to-head competition with stores of the other OSS chain	54%	56%
Percentage of each OSS chain's stores that compete head-to-head at the county level	76%	76%

Source: Dun & Bradstreet data, accessed via Unicore on March 25, 2015

## POVERTY IN COUNTIES WHERE THERE IS HEAD-TO-HEAD COMPETITION BETWEEN STAPLES AND OFFICE DEPOT

Number of people in poverty living in head-to-head counties	32,818,374
Percentage of all people living in poverty in the United States	67%

Source: U.S. Census Data

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
ALASKA	AK	2	5	72,643
JEFFERSON	AL	4	4	122,167
MADISON	AL	4	2	47,136
MOBILE	AL	1	3	82,625
MORGAN	AL	1	1	20,479
SHELBY	AL	2	1	16,664
BENTON	AR	1	1	27,393
FAULKNER	AR	1	1	17,175
PULASKI	AR	3	3	66,197
COCONINO	AZ	1	1	29,461
MARICOPA	AZ	25	25	696,086
MOHAVE	AZ	3	2	42,044
PIMA	AZ	3	10	187,646
PINAL	AZ	1	2	60,575
YAVAPAI	AZ	2	2	34,732
ALAMEDA	CA	6	11	201,303
BUTTE	CA	1	1	46,621
CONTRA COSTA	CA	7	4	116,977
EL DORADO	CA	1	1	20,575
FRESNO	CA	1	9	268,773
KERN	CA	1	5	189,029
LOS ANGELES	CA	66	55	1,872,964
MARIN	CA	2	1	21,784
MONTEREY	CA	1	3	71,922
NAPA	CA	1	1	13,141
ORANGE	CA	28	17	416,204
PLACER	CA	4	2	30,287
RIVERSIDE	CA	15	13	392,513
SACRAMENTO	CA	7	9	272,592

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
SAN BERNARDINO	CA	14	8	392,242
SAN DIEGO	CA	23	14	476,184
SAN FRANCISCO	CA	3	5	113,217
SAN JOAQUIN	CA	3	5	137,451
SAN LUIS OBISPO	CA	4	1	39,140
SAN MATEO	CA	4	5	58,932
SANTA BARBARA	CA	4	2	67,725
SANTA CLARA	CA	8	14	191,898
SANTA CRUZ	CA	2	1	38,447
SOLANO	CA	2	2	53,441
SONOMA	CA	3	3	60,216
STANISLAUS	CA	3	3	113,074
SUTTER	CA	1	1	16,288
VENTURA	CA	6	4	99,227
YOLO	CA	1	2	35,367
ADAMS	CO	2	5	61,226
ARAPAHOE	CO	3	8	73,871
BOULDER	CO	2	5	40,438
BROOMFIELD	CO	2	1	3,754
DENVER	CO	1	11	118,670
DOUGLAS	CO	2	4	11,004
EL PASO	CO	3	7	72,360
GARFIELD	CO	1	1	7,008
JEFFERSON	CO	7	7	49,495
LARIMER	CO	2	5	42,547
PUEBLO	CO	1	2	31,539
WELD	CO	1	2	34,706
FAIRFIELD	CT	10	5	88,010
HARTFORD	CT	8	3	105,605

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
NEW HAVEN	CT	7	2	106,771
NEW CASTLE	DE	4	2	63,555
BREVARD	FL	3	5	81,663
BROWARD	FL	7	23	276,804
CHARLOTTE	FL	1	1	23,295
COLLIER	FL	3	4	45,016
DUVAL	FL	5	11	148,217
HERNANDO	FL	1	2	26,818
HILLSBOROUGH	FL	8	7	213,320
INDIAN RIVER	FL	1	1	19,777
LAKE	FL	2	3	43,917
LEE	FL	4	6	106,446
LEON	FL	2	3	58,109
MANATEE	FL	2	3	54,016
MARION	FL	2	2	64,258
MARTIN	FL	1	2	19,866
MIAMI-DADE	FL	9	22	541,443
OKALOOSA	FL	1	3	25,155
ORANGE	FL	7	14	217,956
OSCEOLA	FL	2	1	61,012
PALM BEACH	FL	6	21	202,396
PASCO	FL	2	2	63,271
PINELLAS	FL	5	11	137,942
POLK	FL	5	3	117,893
SARASOTA	FL	2	5	49,989
SEMINOLE	FL	3	6	55,555
ST. LUCIE	FL	3	1	53,893
VOLUSIA	FL	1	5	81,107
CHATHAM	GA	2	2	53,817

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
CHEROKEE	GA	1	3	24,473
COBB	GA	7	8	97,520
DEKALB	GA	3	6	139,646
DOUGLAS	GA	1	3	24,159
FAYETTE	GA	2	2	7,726
FORSYTH	GA	2	2	14,882
FULTON	GA	7	11	173,866
GWINNETT	GA	6	10	116,604
HENRY	GA	1	2	24,408
HOUSTON	GA	1	1	22,511
MUSCOGEE	GA	2	2	44,883
PAULDING	GA	1	1	16,907
RICHMOND	GA	1	1	53,068
ROCKDALE	GA	2	1	14,462
JOHNSON	IA	1	1	20,945
LINN	IA	2	1	20,448
POLK	IA	3	6	55,095
SCOTT	IA	1	1	23,656
ADA	ID	3	4	55,271
BONNEVILLE	ID	1	1	12,792
CANYON	ID	1	1	39,337
KOOTENAI	ID	1	1	18,941
LATAH	ID	1	1	6,345
CHAMPAIGN	IL	1	1	40,848
COOK	IL	22	39	918,295
DUPAGE	IL	5	23	64,734
KANE	IL	1	5	56,348
KANKAKEE	IL	1	1	17,935
LA SALLE	IL	1	4	15,001

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
LAKE	IL	6	7	64,721
MCHENRY	IL	1	4	21,631
ROCK ISLAND	IL	1	1	22,561
SANGAMON	IL	1	2	29,693
TAZEWELL	IL	1	1	11,790
WILL	IL	4	4	57,514
ALLEN	IN	2	2	60,464
CLARK	IN	1	1	13,047
ELKHART	IN	1	1	30,324
HAMILTON	IN	1	2	16,329
LA PORTE	IN	1	1	17,678
LAKE	IN	2	4	86,320
MARION	IN	5	5	193,459
MONROE	IN	1	1	30,427
ST. JOSEPH	IN	1	1	51,374
TIPPECANOE	IN	1	1	32,401
VANDEBURGH	IN	1	2	32,670
VIGO	IN	2	1	23,603
JOHNSON	KS	4	7	34,429
BOONE	KY	1	1	10,704
DAVISS	KY	1	1	14,598
FAYETTE	KY	3	3	56,359
JEFFERSON	KY	5	5	119,846
KENTON	KY	1	1	21,585
CALCASIEU	LA	1	2	31,752
EAST BATON ROUGE	LA	1	6	90,205
RAPIDES	LA	1	1	25,418
BRISTOL	MA	6	1	75,775
MIDDLESEX	MA	24	4	129,965

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
NORFOLK	MA	9	1	46,490
PLYMOUTH	MA	4	1	39,080
SUFFOLK	MA	9	1	144,672
ANNE ARUNDEL	MD	5	3	39,333
BALTIMORE	MD	8	8	76,434
CARROLL	MD	1	1	11,089
CHARLES	MD	1	1	12,119
FREDERICK	MD	2	1	16,413
HARFORD	MD	1	1	18,177
HOWARD	MD	5	3	16,071
MONTGOMERY	MD	9	4	70,842
PRINCE GEORGE'S	MD	11	1	85,855
WASHINGTON	MD	2	1	16,960
ANDROSCOGGIN	ME	1	1	17,295
AROOSTOOK	ME	1	1	11,217
CUMBERLAND	ME	4	1	33,475
CALHOUN	MI	1	1	24,518
GENESEE	MI	2	2	88,844
GRAND TRAVERSE	MI	1	1	10,175
INGHAM	MI	1	2	59,177
KENT	MI	2	5	90,452
MACOMB	MI	2	8	113,152
MIDLAND	MI	1	1	12,115
OAKLAND	MI	8	13	123,819
OTTAWA	MI	2	1	29,818
SAGINAW	MI	1	1	35,555
WASHTENAW	MI	2	2	55,001
WAYNE	MI	5	9	440,885
BLUE EARTH	MN	2	1	10,431



## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
DAKOTA	MN	1	5	33,987
HENNEPIN	MN	3	13	143,427
OLMSTED	MN	1	1	12,153
RAMSEY	MN	2	3	82,805
WASHINGTON	MN	1	4	14,085
BOONE	MO	1	1	31,884
GREENE	MO	2	1	55,046
JACKSON	MO	3	7	114,942
PLATTE	MO	1	1	7,082
ST. LOUIS	MO	3	16	106,520
JACKSON	MS	1	1	22,820
LEE	MS	1	1	15,100
CASCADE	MT	1	1	12,575
FLATHEAD	MT	1	1	15,378
GALLATIN	MT	2	1	12,780
LEWIS AND CLARK	MT	1	1	8,026
BUNCOMBE	NC	1	4	37,794
CUMBERLAND	NC	1	2	57,018
DURHAM	NC	1	2	46,789
FORSYTH	NC	3	4	71,772
GUILFORD	NC	4	5	94,530
MECKLENBURG	NC	10	12	150,572
NEW HANOVER	NC	2	2	39,124
ONslow	NC	1	1	28,633
PITT	NC	1	1	42,483
ROWAN	NC	1	1	25,159
WAKE	NC	9	9	103,650
WAYNE	NC	1	1	25,219
BURLEIGH	ND	1	1	7,088

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
WARD	ND	1	1	5,785
DOUGLAS	NE	3	8	80,032
BERGEN	NJ	15	2	73,719
BURLINGTON	NJ	3	1	27,192
CAMDEN	NJ	4	1	74,058
CAPE MAY	NJ	1	1	10,159
HUDSON	NJ	3	1	126,653
MIDDLESEX	NJ	8	3	75,437
PASSAIC	NJ	3	2	82,368
SOMERSET	NJ	2	1	18,582
UNION	NJ	4	1	61,990
BERNALILLO	NM	6	7	124,381
DONA ANA	NM	1	1	56,536
SAN JUAN	NM	1	2	27,265
SANTA FE	NM	1	3	26,209
CLARK	NV	5	22	325,684
WASHOE	NV	2	6	64,443
ALBANY	NY	3	1	39,857
DUTCHESS	NY	2	1	26,524
KINGS	NY	9	1	597,129
MONROE	NY	5	3	112,828
NASSAU	NY	14	3	86,249
NEWYORK	NY	21	3	3,367,198
ONONDAGA	NY	5	2	69,016
ONTARIO	NY	2	1	10,641
ORANGE	NY	3	1	49,520
ROCKLAND	NY	2	1	46,874
SARATOGA	NY	2	1	17,347
SUFFOLK	NY	12	3	110,070

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
ULSTER	NY	1	1	22,049
WESTCHESTER	NY	10	1	92,933
BUTLER	OH	1	3	47,855
CUYAHOGA	OH	5	13	237,268
DELAWARE	OH	2	2	10,290
FRANKLIN	OH	10	6	210,322
HAMILTON	OH	10	4	146,764
LAKE	OH	1	3	21,402
MAHONING	OH	1	1	40,786
MEDINA	OH	1	1	11,524
MONTGOMERY	OH	2	4	97,443
RICHLAND	OH	1	1	20,198
STARK	OH	1	4	56,543
SUMMIT	OH	3	4	78,879
TRUMBULL	OH	1	1	37,805
WOOD	OH	1	2	15,799
COMANCHE	OK	1	1	23,094
OKLAHOMA	OK	3	6	753,465
TULSA	OK	4	5	95,783
BENTON	OR	1	1	16,999
DESCHUTES	OR	1	1	25,103
DOUGLAS	OR	1	1	20,585
JACKSON	OR	1	1	38,475
LANE	OR	2	4	73,471
MARION	OR	1	3	58,836
MULTNOMAH	OR	6	6	137,021
WASHINGTON	OR	3	6	59,829
ALLEGHENY	PA	6	9	161,788
BERKS	PA	1	3	56,294

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
BUCKS	PA	8	4	39,831
BUTLER	PA	2	1	16,901
CENTRE	PA	1	1	25,320
CHESTER	PA	6	2	34,633
CUMBERLAND	PA	3	3	19,611
DAUPHIN	PA	2	1	36,617
DELAWARE	PA	7	1	58,964
LANCASTER	PA	3	1	54,181
LEHIGH	PA	3	1	49,242
LUZERNE	PA	2	2	49,721
MONTGOMERY	PA	9	4	54,020
NORTHAMPTON	PA	3	1	29,237
PHILADELPHIA	PA	7	1	390,541
WASHINGTON	PA	1	1	22,123
WESTMORELAND	PA	2	1	38,016
YORK	PA	3	2	46,480
PROVIDENCE	RI	4	1	111,626
AIKEN	SC	1	1	29,553
ANDERSON	SC	1	1	31,258
CHARLESTON	SC	3	4	63,040
GREENVILLE	SC	3	4	74,913
HORRY	SC	1	5	54,572
LEXINGTON	SC	2	1	34,587
RICHLAND	SC	3	3	68,491
YORK	SC	1	1	29,799
MINNEHAHA	SD	1	1	19,185
BLOUNT	TN	1	1	18,339
DAVIDSON	TN	5	8	112,795
HAMILTON	TN	2	2	57,280

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

*(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)*

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
KNOX	TN	1	5	70,442
PUTNAM	TN	1	1	18,930
RUTHERFORD	TN	2	2	33,766
SHELBY	TN	2	8	199,215
SUMNER	TN	1	1	18,386
WILLIAMSON	TN	1	3	10,919
WILSON	TN	1	1	13,020
BELL	TX	2	3	48,151
BEXAR	TX	3	17	309,381
CAMERON	TX	1	1	133,497
COLLIN	TX	2	7	67,525
DALLAS	TX	16	26	477,557
DENTON	TX	4	8	64,055
ECTOR	TX	1	1	22,446
GALVESTON	TX	1	3	42,814
HARRIS	TX	13	39	788,276
HIDALGO	TX	2	6	274,209
JOHNSON	TX	2	1	19,521
LUBBOCK	TX	1	3	49,627
MIDLAND	TX	1	1	15,790
TARRANT	TX	11	15	286,019
TRAVIS	TX	3	15	174,374
DAVIS	UT	1	4	26,190
SALT LAKE	UT	6	11	134,970
UTAH	UT	4	3	434,308
WEBER	UT	1	2	31,343
ALBEMARLE	VA	2	1	9,223
CAMPBELL	VA	1	1	7,250
CHESTERFIELD	VA	2	3	25,704

## ESTIMATED NUMBER OF PEOPLE LIVING IN POVERTY AND NUMBER OF OSS STORES IN COUNTIES WHERE THERE IS HEAD-TO-HEAD OSS COMPETITION

(Sources: U.S. Census Bureau data; Dun & Bradstreet data accessed via Unicore on March 25, 2015. Note: Number of stores is subject to change. Both Staples and Office Depot announced a significant number of planned closings of retail stores prior to the announcement of the proposed merger.)

County	State	Number of Staples OSS	Number of Office Depot OSS	Estimated Number of People Living in Poverty
FAIRFAX	VA	14	6	66,840
FREDERICK	VA	1	1	6,311
HENRICO	VA	4	6	35,788
LOUDOUN	VA	2	1	13,343
MONTGOMERY	VA	1	1	20,243
PRINCE WILLIAM	VA	3	2	30,243
ROANOKE	VA	2	1	7,062
SPOTSYLVANIA	VA	2	1	9,733
BENTON	WA	1	1	24,056
CHELAN	WA	1	1	11,715
KING	WA	13	21	250,514
KITSAP	WA	2	1	27,967
PIERCE	WA	2	6	113,256
SNOHOMISH	WA	3	4	82,517
SPOKANE	WA	3	3	79,280
THURSTON	WA	1	3	32,383
DANE	WI	2	5	68,205
LA CROSSE	WI	1	2	16,585
MILWAUKEE	WI	1	13	208,877
ROCK	WI	2	1	22,494
WALWORTH	WI	1	1	12,883
WINNEBAGO	WI	1	1	20,328
WOOD	WI	1	1	8,585
KANAWHA	WV	2	1	28,685
NATRONA	WY	1	1	8,003



