



**Corporate Express
Australia Limited**

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23 March 2010

Dear Shareholder,

TAKEOVER OFFER BY STAPLES, INC. ("STAPLES")

On 17 March 2010, Corporate Express Australia Limited ("Corporate Express") announced a recommended takeover offer from the company's major shareholder, Staples, priced at \$5.60 per share (the Staples Offer) to acquire all the shares in Corporate Express that it does not already own. Staples currently holds a relevant interest of 58.6% in Corporate Express.

Shareholders will also receive the final fully franked dividend of 12.5 cents per share to be paid on 14 April 2010.

Recommendation by the Independent Directors

Following an initial indicative, conditional and confidential proposal received from Staples in late February ("the Initial Proposal"), an Independent Board Committee comprising non-Staples representatives was established to consider the proposal on behalf of the minority shareholders.

Following a detailed review of alternatives, the Independent Directors have concluded that the Staples Offer is a material improvement on the Initial Proposal and delivers better value to all minority shareholders. The Directors unanimously recommend shareholders accept the Staples Offer in the absence of a superior proposal and subject to an Independent Expert determining that the Staples Offer is fair and reasonable to minority shareholders.

Summary of the Staples Offer

The Staples Offer, which will be implemented by an off-market takeover, values Corporate Express at approximately \$1.0 billion.

The Staples Offer of \$5.60 per share represents a premium of ¹:

- 25.1% to the ASX closing share price of Corporate Express of \$4.60 on 16 March 2010;
- 40.2% to the average ASX share price of Corporate Express of \$4.12 in the three months up to and including 16 March 2010;

¹ After adjusting for the 12.5 cents per share final dividend declared on 2 March and expected to be paid on 14 April 2010

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- 52.0% to the average ASX share price of Corporate Express of \$3.81 in the twelve months up to and including 16 March 2010.

Enhancing the Staples Offer

The Independent Directors have explored with Staples various ways to deliver maximum value to Corporate Express' minority shareholders. Following this review, an Australian tax ruling is being sought to facilitate the payment of a fully franked special dividend of no more than 78 cents per share.

Subject to obtaining a favourable tax ruling, the special dividend would be declared and become payable upon the Staples Offer becoming unconditional. To the extent the special dividend is declared and paid, the Staples Offer price of \$5.60 will reduce by the amount of the special dividend but the total cash received by shareholders would remain at \$5.60, albeit comprised of a share sale component and a dividend component.

Staples Offer Conditions

The Staples Offer is subject to several conditions (these are set out in full in the ASX release on Corporate Express' website www.ce.com.au). Some of the key conditions are:

- Staples achieving acceptances to give it a relevant interest of 90% in shares in Corporate Express; and
- between 17 March and the close of the Staples Offer, the ASX All Ordinaries Index not falling and remaining 20% or more below the 16 March 2010 closing level of 4809 for three consecutive trading days.

Current trading

Shareholders should note that the share price of Corporate Express has traded at \$5.54² or higher since the announcement on 17 March. Shareholders may wish to take advantage of the current level of market trading to sell some or all of their holding having regard to the conditions of the Staples Offer. However, in doing so they should recognise that they would forego the benefit of any increase in offer price, should one emerge, and the value of the franking component of the special dividend if declared. Shareholders should seek advice in relation to their own particular financial circumstances in making investment decisions.

Next steps

You will receive documentation from Staples (Bidder's Statement) and Corporate Express (Target's Statement) in due course.

The Target's Statement will set out the detailed basis of the recommendation by the Independent Directors and will include the report by the Independent Expert, Lonergan Edwards & Associates. This will be mailed directly to you indicatively by mid April 2010.

² In calculating the lowest traded price since the announcement, trade values on 17 March 2010 have been adjusted for the 12.5 cent final dividend per share declared on 2 March 2010, rounded to the nearest cent.

Further information is available on the Corporate Express website
www.ce.com.au which will be updated regularly with any new developments.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Pollard', with a horizontal line underneath the name.

Ian Pollard
Chairman
Corporate Express Australia Limited

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