
**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: February 24, 2005

Date of Earliest Event Reported: February 17, 2005

Commission file number 1-10948

OFFICE DEPOT, INC.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction of
incorporation or organization)**

59-2663954

**(I.R.S. Employer
Identification No.)**

2200 Old Germantown Road, Delray Beach, Florida

(Address of principal executive offices)

33445

(Zip Code)

(561) 438-4800

(Registrant's telephone number, including area code)

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- 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))
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Item 1.01 — Entry into a Material Definitive Agreement

On February 17, 2005, the Compensation Committee (“Committee”) of the Board of Directors (the “Board”) of Office Depot, Inc. (the “Company”) and the Board, met in a joint session, and the Board approved the recommendations of the Committee in respect of the following executive compensation arrangements:

(a) Annual Bonus Plan for Officers — 2005

The Committee established the following performance goal parameters for the Bonus Plan for executive officers for 2005: Operating Income, Return on Invested Capital (ROIC) and attainment of personal business objectives. Bonuses are calculated as a percentage of base salary. The applicable percentages remain unchanged from the percentages applicable to the various classifications of officers in prior years. Plan participants can receive a bonus if the Company meets threshold, minimum, target or maximum attainments, as established by the Committee.

(b) Officer Retention Program

The Committee and the Board approved a retention program (“Retention Program”) for the Company’s officers. The Retention Program is viewed by the Committee and the Board as a one-time program to encourage executive officers and other officers to remain with the Company during the period of transition as the Board completes the search for a new Chief Executive Officer (“CEO”), the new CEO joins the Company, and a reasonable period of transition to his or her new leadership. Under the Retention Program, officers of the Company will receive awards calculated on the basis of a percentage of base salary, as follows:

Executive Officers	140% of base salary
Senior Vice Presidents	75% of base salary
Vice Presidents	60% of base salary

Awards are payable to the recipients upon the dates described below. In the event an officer is terminated prior to vesting of the retention award, or resigns for “Good Reason” as defined in employment agreements, the award will still be paid to the officer upon the attainment of the vesting dates set forth below. However, the award will terminate and become null and void if the officer either resigns without Good Reason, or is terminated for “Cause”.

Awards under the Retention Program consist of a combination of cash and stock, as follows:

- (i) Forty percent (40%) of the retention award consists of a deferred cash payment (payable on the earlier of October 3, 2005, or six months after the first date of employment of a new Chief Executive Officer).

(ii) Sixty percent (60%) of the retention award consists of time-based restricted stock, vesting

- (a) 16.6% on October 3, 2005
- (b) 66.7% on October 3, 2006, and
- (c) 16.6% on October 3, 2007

(c) Director Compensation Arrangements

The Board approved the following modifications to the terms of the compensation to be paid to the Company’s non-employee directors. All changes are effective as of January 1, 2005. The Board voted to dispense with payment of separate fees for attendance at meetings of the Board and its Committees.

Annual Board Retainer Fee	\$75,000
Additional Fee paid to Chair of Audit Committee	\$25,000
Additional Fees paid to Chairs of Compensation; Nominating and Corporate Governance and Finance Committees	\$15,000

Directors also shall receive annual compensation in the form of equity issued under the Company’s shareholder-approved Long Term Equity Incentive Plan. For 2005, a Director’s equity-based compensation shall consist of 4,200 stock options and 2,100 performance-restricted shares.

(d) Salary Adjustments for Certain Executive Officers

The Board approved the following salary adjustments for certain executive officers of the Company.

Name of Officer	Title/Position	2004 Base Salary (at 12/31/2004), Annual Rate	\$ Amount of Increase	Percentage of Increase	2005 Base Salary (In USD), Annual Rate as of 1/1/2005
Charles Brown	EVP, CFO	525,000	21,000	4.0%	546,000
David Fannin	EVP, General Counsel	400,000	12,000	3.0%	412,000
Rolf van Kaldekerken	President, Europe	620,000	17,360	2.8%	637,360*
Rick Lepley	EVP, North American Retail Stores	500,000	15,000	3.0%	515,000
Carl Rubin	EVP, Marketing, Merchandising	475,000	17,000	3.6%	492,000

*Mr. Van Kaldekerken is paid in euros. Exchange rate used in calculation is \$1.24 to €1.00

Item 8.01 — Other Events

The Board approved the recommendations of the Board's Compensation Committee relating to the following matters:

- a) **Share Ownership Guidelines.** Under the following guidelines, the Company's directors and executive officers are expected to acquire and to hold certain minimum amounts of Company stock, as a further means of aligning the interests of the directors and executive officers with shareholders of the Company. Directors shall have three (3) years in which to achieve the level of ownership specified, and executive officers shall have five (5) years in which to achieve the level of ownership specified. Directors and executive officers are expected to make reasonable progress towards attaining the specified ownership level during each year.

Directors	Three times the annual retainer amount
Chief Executive Officer	Five times annual base salary
Executive Officers	1.5 times annual base salary

- b) **Compensation Committee Charter**

The Board adopted a Charter for the Compensation Committee of the Board, a copy of which is attached to this filing on Form 8-K as Exhibit 99.1.1.

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.

OFFICE DEPOT, INC.

Date: February 24, 2005

By: /s/ DAVID C. FANNIN

David C. Fannin

Executive Vice President and General Counsel

Exhibit 99.1.1

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF OFFICE DEPOT, INC.**

This charter ("Charter") is adopted as and for the Charter of the Compensation Committee of the Board of Directors of Office Depot, Inc., a Delaware corporation, by action of the Board of Directors, dated February 17, 2005.

Statement of Purpose and Responsibilities: The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Office Depot, Inc. (the "Company") has been created by the Board for the following purposes:

- Review and recommend to the Board the establishing and modification of the overall compensation policies for the Company.
 - Review and approve, in cooperation with the Governance Committee of the Board, the corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer (CEO), evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with other independent directors (as directed by the Board), including the Governance Committee, determine and approve the CEO's compensation level based on this evaluation.
 - Review and approve the performance of the Company's senior executive officers in addition to the CEO, inclusive of Presidents of Operating Divisions and the Executive Vice Presidents of the Company.
 - Make recommendations to the board with respect to incentive-compensation plans and equity-based plans that are subject to Board approval.
 - Serve as the Committee, consisting entirely of outside directors, required under Section 162(m) of the Internal Revenue Code, for the purpose of administering compensation to all senior Executives of the Company, including the CEO, whose total compensation may exceed \$1 million in any one year of the Company.
 - Serve as the Committee, consisting entirely of non-employee directors, required under Section 16(b) of the Securities Exchange Act of 1934, for the purpose of administering the Company's equity compensation plans, and granting awards under any and all such plans.
 - Serve as the Committee having authority with respect to all equity-based and incentive compensation plans of the Company, to discharge the responsibilities of the Committee as specified by any such plans, with the authority to delegate all or
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part of such responsibilities to one or more subcommittees, including management members, to the maximum extent permitted by applicable laws and the rules of the New York Stock Exchange (NYSE).

- Appoint and oversee the activities of the individuals or committees responsible for administering the Company's employee benefit plans (other than the Company's equity-based and incentive-compensation plans), including but not limited to appointing the individuals or committees serving as the "plan administrator" of each such plan that is subject to the Employee Retirement Income Security Act of 1974, as amended, and to discharge any responsibilities imposed on the Committee by any of these plans.
- Comply with requirements of NYSE requiring that the Company have a compensation committee, consisting entirely of independent directors.
- Write a compensation committee report on executive compensation as required by the United States Securities and Exchange Commission (SEC) to be included in the company's annual proxy statement or annual report on Form 10-K filed with the SEC.

Additional Powers, Duties and Responsibilities:

The Committee shall discharge the following duties and responsibilities, as and when required, in furtherance of the purposes for which it has been created, as set forth in the Preamble to this Charter, and shall have the authority and delegated powers, all as set forth below:

- a. Take all actions necessary to discharge the purposes for which the Committee has been created, as set forth in the preceding section of this Charter. Perform such other tasks as are consistent with the purposes of the Committee, or as are delegated to the Committee by the full Board from time to time.
 - b. Evaluate and recommend to the full Board from time to time, the overall compensation philosophy of the Company and compensation for the executive management of the Company (other than the CEO, whose compensation is set by the Committee), for approval by the full Board.
 - c. At least once per year, evaluate the Company's performance in the area of diversity in the Company's workforce.
 - d. Ensure that the Company is aware of the provisions of Section 162(m) of the Internal Revenue Code with regard to limitations on the deductibility of compensation paid to the Company's CEO and its other four most highly compensated executives, but the Committee shall have the authority to recommend to the Board executive-level compensation that exceeds the amounts permitted to
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be deducted pursuant to Section 162(m) if the Committee determines that doing so is in the long-term best interests of the Company and its shareholders.

- e. Engage and establish the terms of engagement of any compensation consultant desired to be engaged on behalf of the Company to study and make recommendations regarding executive-level compensation matters. This Committee shall have the sole authority to retain and terminate such compensation consultants, including the sole authority to approve fees and retention terms, and such authority may not be delegated to the management of the Company. Only the Committee shall have the power to engage compensation consultants with regard to executive-level compensation.
 - f. Evaluate the incentive-compensation plans of the Company and make recommendations to the full Board regarding modifications to existing incentive-compensation plans, establishing of any new plans and/or termination of existing incentive-compensation plans.
 - g. Evaluate the bonus plans, long-term incentive plans, and other compensation plans of the Company and establish the annual bonus targets for bonuses to be paid to executive officers of the Company, including the CEO, as well as the bonus plans for other bonus-eligible employees.
 - h. Cooperate with the Governance Committee of the Board to ensure that all members of the Committee are “non-employee directors” as defined by rules of the SEC, “outside directors” within the meaning of section 162(m) of the Internal Revenue Code and “independent directors” as required by rules of NYSE.
 - i. Jointly with the Governance Committee of the Board, establish a succession planning process for the Company’s executive officers, including the CEO, and report on such process to the full Board.
 - j. Conduct an annual self-evaluation of the Committee and each of its members individually; its performance of its duties under this Charter; and the effectiveness of the overall compensation philosophy of the Company. It is intended that the Committee shall evaluate its performance as a whole, and that individual members shall evaluate their own performance, using a questionnaire or similar device as approved by the Committee from time to time.
 - k. Stay abreast of developments in the area of corporate compensation generally to ensure that the Company remains current in its compensation policies.
 - l. Review at least annually the compensation provided to non-employee Directors of the Company and recommend to the full Board any adjustment in the compensation paid to such Directors, but all decisions on Director compensation are reserved to the decision of the entire Board.
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- m. Make all grants of stock options and restricted stock awards under the Company's equity incentive plans in effect from time to time, and serve as the sole authority of the Company to make awards under Section 16(b).
- n. Serve as the interpreter of the provisions of all equity-based and incentive compensation plans. This duty may be delegated to a subcommittee, including or consisting of management, with respect to non equity-based compensation and welfare plans. The Committee shall serve as the final arbiter of any disputes or disagreements as to interpretation of the Company's equity-based and non equity-based compensation plans and welfare plans.
- o. The Committee has the authority to engage independent attorneys, accountants or other independent advisers to the Committee from time to time, at the expense of the Company.
- p. The Committee shall have the power to remove any member who fails to attend at least 75% of the meetings of the Committee, or who otherwise fails to serve as a productive and fully participating member of the Committee.
- q. The Committee shall establish an annual calendar of activities, including scheduling of regular meetings of the Committee, and evaluate and update such calendar from time to time.

Qualifications for Membership; Procedures

Only duly elected Directors of the Company who are fully qualified as "outside" directors under Section 162(m) of the Internal Revenue Code, "non-employee" directors under Section 16(b) of the Securities Exchange Act and "independent" under the rules of NYSE are eligible to serve on the Committee.

The Committee shall be comprised of three (3) or more directors, appointed by the Board in accordance with the By-laws of the Company and based upon the recommendation of the Governance Committee. The Committee will serve at the pleasure of the Board for such term or terms as the Board may determine or until their earlier resignations, death or removal. The Board shall designate the Chairperson of the Committee based on the recommendation of the Governance Committee. Except as expressly provided in this Charter or the By-laws of the Company, the Committee shall fix its own rules of procedure."

The Compensation Committee shall report to the Board at the next meeting of the Board following each Compensation Committee meeting, as to actions taken and recommendations made to the full Board.