Safe Harbor Statement

The Private Securities Litigation Reform Act of 1995, as amended, (the “Act”) provides protection from liability in private lawsuits for “forward-looking” statements made by public companies under certain circumstances, provided that the public company discloses with specificity the risk factors that may impact its future results. The company wants to take advantage of the “safe harbor” provisions of the Act. Certain statements made during this presentation are forward-looking statements under the Act. Except for historical financial and business performance information, statements made during this presentation should be considered forward-looking as referred to in the Act. Much of the information that looks towards future performance of the company is based on various factors and important assumptions about future events that may or may not actually come true. As a result, operations and financial results in the future could differ materially and substantially from those discussed in the forward-looking statements made during this presentation. Certain risks and uncertainties are detailed from time to time in the company’s filings with the United States Securities and Exchange Commission (“SEC”). You are strongly urged to review all such filings for a more detailed discussion of such risks and uncertainties. The company’s SEC filings are available at no charge at www.sec.gov and at the company’s website at investor.officedepot.com.

During portions of today’s presentation, the company may refer to results which are non-GAAP numbers. A reconciliation of GAAP to non-GAAP measures is available on the Office Depot website at investor.officedepot.com. The company’s outlook for 2019 includes non-GAAP measures, such as adjusted EBITDA, adjusted operating income, and Free Cash Flow which excludes charges or credits not indicative of core operations, which may include but not be limited to merger integration expenses, restructuring charges, acquisition-related costs, asset impairments, and other significant items that currently cannot be predicted. The exact amount of these charges or credits are not currently determinable, but may be significant. Accordingly, the company is unable to provide equivalent reconciliations from GAAP to non-GAAP for these financial measures.
Gerry Smith
Chief Executive Officer
First Quarter 2019 Highlights

✓ Generated $2.77 billion in Total Revenue
  • Down 2% versus 1Q18
    - CompuCom division sales down 4% due to lower project-related revenues
    - BSD division sales up 1% versus 1Q18
    - Retail division sales down 6% versus 1Q18; Down 4% on a comparable same store basis

✓ Operating Performance Impacted Primarily by Lower Results at CompuCom
  • GAAP operating income of $24 million; GAAP diluted EPS of $0.01
  • Adjusted EBITDA of $118 million\(^{(1)}\)
  • Adjusted operating income of $67 million\(^{(1)}\) and Adjusted EPS of $0.07\(^{(1)}\)

✓ Invested in Services Platform, Technology, and Demand Generation

✓ Balance Sheet Remains Strong and Returned Value to Shareholders
  • Net debt of $121 million
  • Dividends and share repurchases

✓ Transformation Efforts Continue to Make Progress
  • Grew service revenues: Up 13% in BSD division and Up 16% in Retail division versus 1Q18
  • Steady progress on supply chain as a service, collaboration efforts, expanded offerings

✓ Implementing Company-Wide Business Acceleration Program
  • At least $40 million in cost savings expected in second half of 2019; at least $100 million annual run-rate cost savings expected thereafter

\(^{(1)}\) Non-GAAP measure. A reconciliation of GAAP to non-GAAP measures can be found at investor.officedepot.com
Invested in demand generation, eCommerce & services platform
- Strong sales funnel plus winning new business
- Leveraging cross-selling opportunities
- Plan in place to mitigate rising paper-related costs

Office Products
- Paper
- Ink & Toner
- Supplies

Adjacencies
- Copy & Print
- Furniture
- Technology
- Cleaning & Breakroom

1Q 2019 % Change in Sales YOY

Revenue Growth

+ 1%
Improving Customer Metrics in Retail

YTD Retail Trends Improving

-9% ~-9%

Sales
1Q18 vs 1Q17

+300 bps

~6%

Sales
1Q19 vs 1Q18

Investing/Customer Experience

Training
Technology
Services Platform
In-store Experience

Improving Trends

Gross margins Up
Conversion Up
Retail Channel ~30% SMBs

Driving Omni-Channel

16% Growth YOY
Buy on-line/
Pick-up in Store
Services Continued to Grow in Core Channels

Copy & Print
Print Marketing Services
Documents and Finishing
Pack and Ship
Storage and Shredding

Subscriptions > 1.2 Million
Ink & Toner; Paper
Software
Technology Services

Tech Services
Device Management Services
Remote and Onsite Installation
Diagnostics and Repair
Managed IT as a Service (MITaaS)

Workonomy
Brand for Expanded SMB Service Offerings
Improving Capabilities and Engaging Customers

1Q 2019
Retail ↑ 16%
BSD ↑ 13%
# of Subscriptions ↑ ~20%
CompuCom: Strategic Component of Services Pivot

✓ Lower revenue and operating income in 1Q19
  • Lower project-related revenue and volume
  • Industry/customer driven dynamics; Timing; Scope changes

✓ Actions
  • Realigning sales force to address share of wallet opportunities
  • Streamlining operational structure
  • Reorganizing customer-facing organization
  • Aggressively pursuing cross-selling opportunities
  • Profit improvement initiatives: drive productivity & automation

✓ Continuing to win new contracts
  • 26 significant new customers in 1Q19

✓ Investing in new technology
  • Automation; Self-healing networks; Digital transformation tools

✓ Positioning for opportunities
  • Digital transformation and services; Infrastructure modernization; managed workplace
  • Enterprise and SMB
2019 Business Acceleration Program

✓ Company-wide, multi-year, profit improvement plan
  • Leaner/more competitive enterprise; Cost discipline; Future growth

✓ Improves position to deliver long-term profitable growth
  • Drive cost efficiencies; Enhance service delivery; Enable investment for future growth

✓ Leverages use of technology and automation

✓ Organizational realignments
  • Sales & field force; Operating structure, Centralization

✓ Footprint optimization
  • Potential closure of underperforming retail stores and other facilities

✓ Significant cost savings repositions enterprise for future growth
  • Expected cost savings of at least $40 million in 2019 (2\textsuperscript{nd} half)
  • Expected annual run-rate cost savings of at least $100 million at maturity
Potential Benefits from Alibaba Collaboration

✓ Utilizes relative strengths of both companies

✓ Creates ability to address larger SMB opportunity

✓ Expanded offerings beyond office products
  • Moving from customers’ overhead-only and into a key business enabler
  • “G&A” to “COGS”

✓ Stronger “solutions” relationship with customers
  • Share of wallet opportunities and new customer growth
  • Churn reduction opportunity

✓ Supply chain services for partnership and customers
  • Additional revenue opportunity that validates valuable asset base
Joe Lower
Chief Financial Officer
First Quarter 2019 Summary

<table>
<thead>
<tr>
<th>($ in millions, except per share amounts)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$2,769</td>
<td>$2,830</td>
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<tr>
<td>Operating Income (GAAP)</td>
<td>$24</td>
<td>$77</td>
</tr>
<tr>
<td>Adjusted Operating Income(^{(1)})</td>
<td>$67</td>
<td>$93</td>
</tr>
<tr>
<td>Earnings Per Share from Continuing Operations (GAAP)</td>
<td>$0.01</td>
<td>$0.06</td>
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<tr>
<td>Adjusted Diluted EPS from Continuing Operations (^{(1)})</td>
<td>$0.07</td>
<td>$0.08</td>
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<tr>
<td>Adjusted EBITDA(^{(1)})</td>
<td>$118</td>
<td>$141</td>
</tr>
<tr>
<td>Operating Cash Flow from Continuing Operations</td>
<td>$60</td>
<td>$207</td>
</tr>
<tr>
<td>Free Cash Flow from Continuing Operations(^{(1)(2)})</td>
<td>$14</td>
<td>$170</td>
</tr>
</tbody>
</table>

- Total reported Company sales decreased 2% compared to 1Q18
  - CompuCom division sales down 4% due to lower project-related revenues
  - BSD division sales up 1% versus 1Q18
  - Retail division sales down 6% versus 1Q18; Down 4% on same store sales comparable basis
- Adjusted EBITDA\(^{(1)}\) of $118 million, versus 1Q18 of $141 million
  - 1Q19 adjusted operating income\(^{(1)}\) of $67 million vs. $93 million in prior year
- 1Q19 Free Cash Flow\(^{(1)(2)}\) of $14 million versus $170 million in 1Q18
  - $9 million additional capital investments year-over-year in business platform and services
  - Significant working capital improvements in 1Q18 not repeated in 1Q19

\(^{(1)}\) Non-GAAP measure. A reconciliation of GAAP to non-GAAP measures can be found at investor.officedepot.com.

\(^{(2)}\) Free Cash Flow is a non-GAAP measure and is defined as operating cash flow from continuing operations less capital expenditures.
Business Solutions Division – 1Q19

- 1Q19 reported sales increased 1% versus 1Q18
  - Acquisitions and strong performance in Contract channel fueled growth
  - Offset by actions to improve profitability in online channel, resulting in negative impact to sales
- Growth in adjacency categories and service revenue in 1Q19
  - Adjacency categories grew year-over-year and account for 37% of BSD revenue
  - Services revenue up 13%; Product revenue grew 1%
- Operating income decreased due to rise in paper production costs and continued investments
  - Industry-wide paper production cost increases of over 20% in past twelve months
  - Continued investments in services and eCommerce platform; demand generation; collaboration efforts
  - Flow-through impact from lower online sales resulting from actions to protect margins
Retail Division – 1Q19

- 1Q19 total reported sales declined 6%; Same store sales down 4%
  ✓ Planned closures of underperforming retail stores
  ✓ Lower store traffic offset by higher conversion rates and a 16% increase in Buy on-line pick in store (BOPIS)
- Product sales down 8%, Services sales up 16%
- 1Q19 operating income decreased $5 million compared to 1Q18
  ✓ Higher gross margins from improvements in distribution/inventory management costs
  ✓ Operating margins generally consistent year-over-year
  ✓ Flow-through impact of lower sales and deleveraging related to store closures; Lower reported lease costs
  ✓ Investments in services platform, targeted advertising, training and customer oriented initiatives
1Q19 sales decreased 4% versus 1Q18
✓ Lower sales from project-related revenue in existing accounts
✓ Industry dynamics within customer-end markets; timing of project related work
✓ Partially offset by strong product related sales up 35% versus last year

1Q19 operating loss of $15 million compared to operating income of $5 million 1Q18
✓ Flow-through impact due to lower project-related revenue without commensurate reductions in expense
✓ Continued investments in the development of additional service offerings

Executing plan to improve performance
✓ Realignment of sales efforts incentivized to identify and pursue opportunities more effectively
✓ Realignment of customer facing organization to better align with customers needs
✓ Aggressively pursuing cross-selling opportunities
### Balance Sheet / Cash Flow Highlights*

| Net Cash Position | Total available liquidity of approximately $1.5 billion at end of 1Q19  
✓ $604 million in cash and cash equivalents  
✓ $943 million available credit under asset-based lending facility  
• Total debt of $725 million at end of 1Q19, excluding non-recourse Timber Notes  
✓ Net debt of $121 million |
|-------------------|--------------------------------------------------------------------------------------------------------------------------|
| Operating Cash Flow | Operating cash flow of $60 million in 1Q19, driven by working capital improvements and included cash outflows related to:  
✓ $7 million in acquisition and integration-related costs  
✓ $6 million in restructuring costs |
| Capital Expenditures | Capital expenditures of $46 million in 1Q19, up from $37 million in 1Q18  
• Investments in services platform, distribution network, and eCommerce capabilities |
| Free Cash Flow* | Free Cash Flow of $14 million 1Q19 |

*Balance sheet and cash flow financial measures are for continuing operations only; Free Cash Flow is a non-GAAP measure and is defined as operating cash flow from continuing operations less capital expenditures. A reconciliation of GAAP to non-GAAP measures can be found at investor.officedepot.com.
Balanced Capital Allocation

Capital Deployment 1Q19

- Capital Expenditures
  - $46 Million

- Shareholder Dividends
  - $14 Million

- Debt Pay Down
  - $19 Million

- Distribution Acquisitions
  - $5 Million

- Stock Repurchases
  - $11 Million

Significant Capital Returned and Reinvested in Business
## Updated 2019 Guidance (*)

<table>
<thead>
<tr>
<th></th>
<th>Updated FY2019 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$10.8 - $10.9 billion</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$525 - $550 million</td>
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<tr>
<td>Adjusted Operating Income</td>
<td>$325 - $350 million</td>
</tr>
<tr>
<td>Free Cash Flow (FCF)</td>
<td>$300 - $325 million</td>
</tr>
</tbody>
</table>

- Reflects expected stabilizing trends at CompuCom and addressing certain supplier cost pressures
- Includes expected cost benefit of $40 million from Business Acceleration Program in 2019 (2\textsuperscript{nd} half)
- Accelerated pace of operating cost investments supporting transformation efforts
- Free Cash Flow estimates exclude:
  - Federal Trade Commission settlement of $25 million (previously announced)
  - Business Acceleration Program expected cash charge of approximately $70 million in 2019

\* The Company's outlook for fiscal year 2019 included in this presentation is for continuing operations only and includes non-GAAP measures, such as adjusted EBITDA, adjusted operating income, and Free Cash Flow which excludes charges or credits not indicative of core operations, which may include but not be limited to merger integration expenses, restructuring charges, acquisition-related costs, executive transition costs, asset impairments and other significant items that currently cannot be predicted without reasonable efforts. The exact amount of these charges or credits are not currently determinable, but may be significant. Accordingly, the Company is unable to provide equivalent reconciliations from GAAP to non-GAAP for these financial measures.
Q & A