

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended September 27, 2003

or

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-10948

OFFICE DEPOT, INC.

(Exact name of registrant as specified in its charter)

Office DEPOT

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, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The registrant had 313,140,476 shares of common stock outstanding as of October 20, 2003.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

OFFICE DEPOT, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	As of September 27, 2003	As of December 28, 2002
Assets		
Current assets:		
Cash and cash equivalents	\$ 822,961	\$ 877,088
Short-term investments	—	6,435
Receivables, net	1,088,935	771,632
Merchandise inventories, net	1,193,772	1,305,589
Deferred income taxes	129,546	143,073
Prepaid expenses and other current assets	74,479	105,898
	<hr/>	<hr/>
Total current assets	3,309,693	3,209,715
Property and equipment, net	1,204,550	1,118,062
Goodwill	836,538	257,797
Other assets	450,906	180,238
	<hr/>	<hr/>
Total assets	\$5,801,687	\$4,765,812
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$1,185,688	\$1,173,973
Accrued expenses and other current liabilities	676,054	662,490
Income taxes payable	144,454	139,431
Current maturities of long-term debt	18,181	16,115
	<hr/>	<hr/>
Total current liabilities	2,024,377	1,992,009
Deferred income taxes and other credits	273,307	64,721
Long-term debt, net of current maturities	831,865	411,970
Commitments and contingencies		
Stockholders' equity:		
Common stock — authorized 800,000,000 shares of \$.01 par value; issued 398,434,870 in 2003 and 393,905,052 in 2002	3,984	3,939
Additional paid-in capital	1,165,213	1,118,028
Unamortized value of long-term incentive stock grants	(904)	(1,295)
Accumulated other comprehensive income	98,395	1,165
Retained earnings	2,258,933	2,028,442
Treasury stock, at cost – 85,407,365 shares in 2003 and 85,389,591 in 2002	(853,483)	(853,167)
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Total stockholders' equity	2,672,138	2,297,112
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$5,801,687	\$4,765,812

The accompanying notes are an integral part of these statements.

OFFICE DEPOT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)
(Unaudited)

	13 Weeks Ended		39 Weeks Ended	
	September 27, 2003	September 28, 2002	September 27, 2003	September 28, 2002
Sales	\$3,235,580	\$2,870,781	\$9,107,140	\$8,514,913
Cost of goods sold and occupancy costs	2,219,984	2,020,352	6,272,450	6,024,991
Gross profit	1,015,596	850,429	2,834,690	2,489,922
Store and warehouse operating and selling expenses	720,119	576,747	2,042,744	1,718,610
General and administrative expenses	146,434	128,729	398,406	366,565
Other operating expenses, net	7,554	2,882	9,001	6,933
	874,107	708,358	2,450,151	2,092,108
Operating profit	141,489	142,071	384,539	397,814
Other income (expense):				
Interest income	1,611	5,550	11,466	13,920
Interest expense	(14,530)	(13,840)	(37,785)	(36,598)
Miscellaneous income, net	3,324	(637)	19,490	3,416
Earnings from continuing operations before income taxes and cumulative effect of accounting change	131,894	133,144	377,710	378,552
Income taxes	40,228	46,013	122,480	132,489
Earnings from continuing operations before cumulative effect of accounting change	91,666	87,131	255,230	246,063
Discontinued operations, net	—	1,041	1,153	1,763
Cumulative effect of accounting change, net	—	—	(25,892)	—
Net earnings	\$ 91,666	\$ 88,172	\$ 230,491	\$ 247,826
Earnings per share from continuing operations before cumulative effect of accounting change:				
Basic	\$ 0.30	\$ 0.28	\$ 0.83	\$ 0.80
Diluted	0.29	0.27	0.82	0.77
Cumulative effect of accounting change:				
Basic	—	—	(0.08)	—
Diluted	—	—	(0.08)	—
Net earnings per share:				
Basic	\$ 0.30	\$ 0.29	\$ 0.75	\$ 0.81
Diluted	0.29	0.28	0.74	0.78

The accompanying notes are an integral part of these statements.

OFFICE DEPOT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	39 Weeks Ended	
	September 27, 2003	September 28, 2002
Cash flow from operating activities:		
Net earnings	\$ 230,491	\$ 247,826
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Cumulative effect of accounting change, net	25,892	—
Discontinued operations, net	(1,153)	(1,763)
Depreciation and amortization	171,743	149,324
Provision for losses on inventories and receivables	100,110	76,565
Changes in working capital and other	(37,464)	205,303
Net cash provided by operating activities	<u>489,619</u>	<u>677,255</u>
Cash flows from investing activities:		
Acquisition, net of cash acquired	(918,966)	—
Capital expenditures	(145,202)	(142,372)
Proceeds from disposition of assets	41,054	11,332
Sale of short-term securities	6,435	—
Net cash used in investing activities	<u>(1,016,679)</u>	<u>(131,040)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options and sale of stock under employee stock purchase plans	42,533	83,484
Acquisition of treasury stock	—	(36,380)
Proceeds from issuance of Notes	398,880	—
Net payments on long- and short-term borrowings	(3,511)	(250,951)
Net cash provided by (used in) financing activities	<u>437,902</u>	<u>(203,847)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>35,031</u>	<u>32,431</u>
Net (decrease) increase in cash and cash equivalents	(54,127)	374,799
Cash and cash equivalents at beginning of period	877,088	565,388
Cash and cash equivalents at end of period	<u>\$ 822,961</u>	<u>\$ 940,187</u>
Supplemental disclosure of other cash flow activities:		
Interest paid	\$ 36,306	\$ 36,481
Income taxes paid	73,178	67,270
Supplemental disclosure of non-cash investing and financing activities:		
Assets acquired under capital leases	\$ 1,459	\$ 14,486

The accompanying notes are an integral part of these statements.

OFFICE DEPOT, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note A – Basis of Presentation

Office Depot, Inc., including consolidated subsidiaries (the “Company”), is a global supplier of office products and services. Fiscal years are based on a 52- or 53-week period ending on the last Saturday in December. The condensed consolidated balance sheet at December 28, 2002 has been derived from audited financial statements at that date. The condensed interim financial statements as of September 27, 2003 and for the 13- and 39-week periods ending September 27, 2003 (also referred to as “the third quarter of 2003” and “year-to-date 2003”) and September 28, 2002 (also referred to as “the third quarter of 2002” and “year-to-date 2002”) are unaudited. However, in our opinion, these financial statements reflect all adjustments (consisting only of normal, recurring items) necessary to provide a fair presentation of our financial position, results of operations and cash flows for the periods presented. Certain prior year amounts have been reclassified to conform to the current year’s presentation.

These interim results are not necessarily indicative of the results that should be expected for the full year. For a better understanding of the Company and its financial statements, we recommend reading these condensed interim financial statements in conjunction with the Company’s audited financial statements for the year ended December 28, 2002, which are included in our 2002 Annual Report on Form 10-K, filed on March 13, 2003.

Note B – Cumulative Effect of Accounting Change

At the beginning of our 2003 fiscal year, we adopted Emerging Issues Task Force (“EITF”) Issue No. 02-16, *Accounting by a Reseller for Cash Consideration Received from a Vendor*. This guidance primarily affects our accounting for cooperative advertising arrangements. Previously, these arrangements were accounted for as a reduction of advertising expense. After adoption, amounts received from vendors under these arrangements are considered a reduction of product cost, reducing both inventory values and cost of goods sold. This treatment is similar to our accounting for vendor rebate arrangements. The amounts deferred for both arrangements are reviewed quarterly. Changes in the deferral rates and changes in inventory balances may impact quarterly or annual earnings.

To record the initial amount of cooperative advertising deferred in inventory at the beginning of the year, we recorded an after-tax cumulative effect adjustment of \$25.9 million, or \$0.08 per share. Prior periods have not been restated. Excluding the charge to record the cumulative effect of adoption, the impacts of applying this method in 2003, and the estimated pro forma impacts for 2002 are summarized as follows:

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(in millions, except per share amounts)
Increase (decrease)

	Third Quarter		Year-to-Date	
	2003	Pro Forma 2002	2003	Pro Forma 2002
Cost of goods sold	\$(65.8)	\$(55.4)	\$(199.0)	\$(215.6)
Advertising expense	62.7	52.2	178.9	195.3
Operating profit	3.1	3.2	20.1	20.3
Net earnings	1.9	2.0	13.1	12.8
Diluted earnings per share	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04

Note C – Accounting for Stock-Based Compensation

The Company accounts for its stock-based compensation plans under Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees*. The pro forma information below is based on provisions of Statement of Financial Accounting Standard (“FAS”) No. 123, *Accounting for Stock-Based Compensation*, as amended by FAS 148, *Accounting for Stock-Based Compensation – Transition and Disclosure*, issued in December 2002.

(In thousands, except per share amounts)

	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
Net earnings as reported	\$91,666	\$88,172	\$230,491	\$247,826
Stock based employee compensation cost included in net income as reported, net of tax	174	154	365	506
Compensation expense under FAS 123, net of tax	(6,039)	(7,867)	(16,918)	(22,287)
Pro forma net earnings	\$85,801	\$80,459	\$213,938	\$226,045
Net earnings per share – Basic				
As reported	\$ 0.30	\$ 0.29	\$ 0.75	\$ 0.81
Pro forma	0.28	0.26	0.69	0.74
Net earnings per share – Diluted				
As reported	\$ 0.29	\$ 0.28	\$ 0.74	\$ 0.78
Pro forma	0.27	0.26	0.68	0.71

Note D – Acquisition

On June 2, 2003, the Company acquired all of the common shares of Guilbert S.A. (“Guilbert”) from Pinault-Printemps-Redoute S.A. Guilbert is the French parent company of a corporate group that constitutes one of the largest contract stationers in Europe. The results of Guilbert’s operations have been included in the consolidated financial statements since the date of acquisition.

The cash purchase price of euro 788.0 million was paid in two installments; euro 523.0 million was paid on June 2, 2003 and the additional euro 265.0 million was paid on June 30, 2003. Subsequent to the June 30 payment, the Company received a refund of approximately euro 8.0 million as a result of a working capital adjustment. The U.S. dollar value of the acquisition, net of the working capital adjustment and including transaction costs, totaled \$942.3 million, based on the euro to U.S. dollar exchange rate on the purchase date. The price is subject to an upward

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adjustment of euro 40 million in cash or the Company's common stock if the price per share of Office Depot common stock closes at or above \$20 per share for any five consecutive trading days during the 18-month period following June 2, 2003. This contingent consideration was not included in the cost initially allocated to assets and liabilities acquired because of the uncertainty of payment; but if paid, it would increase the amount of goodwill recorded. Additionally, the seller is required to pay the value of any unfunded pension liability as determined by a future independent valuation. The current estimated unfunded pension liability has been recorded as part of the fair value assigned to liabilities assumed, with a corresponding receivable recorded as due from the seller. This unfunded value and the related receivable from the seller have been classified in long-term liabilities and other assets, respectively, in the accompanying condensed consolidated balance sheet and will change with future plan valuations until settled.

The Company is in the process of assessing and formulating a plan of integration for the operations of Guilbert. The integration plan, once completed, will likely include the cost of exiting certain activities or operations and terminating or relocating certain personnel. Those costs associated with Guilbert operations or personnel will be recorded as an adjustment to the value of goodwill in the period in which the Company finalizes and commits to the integration plan. No estimate of integration-related activity has been included in the initial purchase price allocation. Exit costs associated with Office Depot operations or personnel will be charged to operations as incurred in accordance with FAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*.

All assets and liabilities of Guilbert, including goodwill of \$589.2 million and intangibles assets of \$181.5 million, have been allocated to the International Division. Intangible assets include \$117.1 million for tradenames, currently estimated to have indefinite lives. The remaining \$64.4 million has been assigned to customer-related intangibles that will be amortized on an accelerated basis over five years. The valuation of tradenames and other intangible assets, along with the related estimated lives, is in the preliminary stage and may change, possibly significantly. Intangible and other assets are included in other assets in Office Depot's condensed consolidated balance sheet.

Unaudited pro forma information giving effect to the acquisition of Guilbert as if it had been acquired at the beginning of 2002 is shown below. This information relates to the acquired contract business of Guilbert. Based on our review, Guilbert's results of operations have been modified from amounts originally prepared under French accounting principles to conform to accounting principles generally accepted in the United States of America. One such adjustment is the recognition in the first half of 2002 of a cumulative effect of an accounting change in the amount of \$20.9 million, or \$0.07 per diluted share, for the assumed adoption of FAS 142, *Goodwill and Other Intangible Assets*.

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(In thousands, except per share amounts)

	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
Revenues	\$3,235,580	\$3,185,846	\$9,708,738	\$9,455,731
Earnings from continuing operations before cumulative effect of change in accounting principle	\$ 91,666	\$ 81,496	\$ 255,401	\$ 232,591
Net earnings	\$ 91,666	\$ 82,537	\$ 230,662	\$ 213,401
Earnings per share from continuing operations before cumulative effect of change in accounting principle:				
Basic	\$ 0.30	\$ 0.26	\$ 0.83	\$ 0.76
Diluted	0.29	0.26	0.82	0.73
Net earnings per share				
Basic	\$ 0.30	\$ 0.27	\$ 0.75	\$ 0.70
Diluted	0.29	0.26	0.74	0.67

Note E – Discontinued Operations

The Company completed the sale of its Australian operations in January 2003, recognizing an after-tax gain of \$1.2 million. The results for Australia, including the gain on sale in 2003, are reported as a discontinued operation. Accordingly, the accompanying Condensed Consolidated Statements of Earnings for the third quarter and year-to-date 2002 were restated to reflect such classification. Additionally, Australia's assets and liabilities were classified as held for sale and are included in prepaid expenses and other current assets and in accrued expenses and other current liabilities in the accompanying Condensed Consolidated Balance Sheet as of December 28, 2002.

Australia's revenues were \$20.6 million and \$61.4 million for the third quarter of 2002 and year-to-date 2002, with pretax income of \$1.5 million and \$1.7 million, respectively. Diluted net earnings per share from discontinued operations were \$0.01 in both periods.

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Comprehensive income represents all non-owner changes in stockholders' equity and consists of the following:

(In thousands)

	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
Net earnings	\$ 91,666	\$88,172	\$230,491	\$247,826
Other comprehensive income (loss):				
Foreign currency translation adjustments, net	2,405	(5,987)	80,786	42,969
Proceeds from cash flow hedge	16,444	—	16,444	—
Total comprehensive income	\$110,515	\$82,185	\$327,721	\$290,795

Note G – Long-Term Debt

In August 2003, the Company completed an offering of \$400 million senior notes due August 2013 (the "Notes"). The Notes are not callable and bear interest at the rate of 6.250% per year, to be paid on February 15 and August 15 of each year. The Notes contain provisions that, in certain circumstances, place financial restrictions or limitations on the Company. Simultaneous with completing the offering, the Company liquidated a treasury rate lock, the proceeds of which have been recorded in "accumulated other comprehensive income" on the accompanying Condensed Consolidated Balance Sheet as of September 27, 2003. The proceeds on the treasury rate lock will be amortized over the term of the notes, reducing the effective interest rate to the Company on the Notes to 5.870%.

[Table of Contents](#)**Note H – Earnings Per Share (“EPS”)**

The information required to compute basic and diluted EPS is as follows:

(In thousands, except share amounts)

	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
Basic:				
Weighted average number of common shares outstanding	310,463	308,282	308,999	306,484
Diluted:				
Net earnings	\$ 91,666	\$ 88,172	\$230,491	\$247,826
Interest expense related to convertible notes, net of income taxes	—	1,058	—	4,795
Adjusted net earnings	\$ 91,666	\$ 89,230	\$230,491	\$252,621
Weighted average number of common shares outstanding				
Weighted average number of common shares outstanding	310,463	308,282	308,999	306,484
Shares issued upon assumed				
conversion of convertible notes	—	8,440	—	12,043
Shares issued upon assumed exercise of dilutive stock options	5,179	3,979	4,059	7,078
Shares used in computing diluted EPS	315,642	320,701	313,058	325,605

Options to purchase approximately 16.3 million shares of common stock were not included in our computation of diluted earnings per share for the third quarter of 2003 because their weighted average effect would have been anti-dilutive.

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Note I – Segment Information

The following is a summary of our significant accounts and balances by segment, reconciled to consolidated totals:

(In thousands)

	Sales			
	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
North American Retail Division	\$1,451,915	\$1,460,189	\$4,259,759	\$4,375,221
Business Services Group	1,006,561	1,004,074	2,998,429	2,950,308
International Division	777,812	407,375	1,851,223	1,191,707
Total reportable segments	3,236,288	2,871,638	9,109,411	8,517,236
Eliminations	(708)	(857)	(2,271)	(2,323)
Total	<u>\$3,235,580</u>	<u>\$2,870,781</u>	<u>\$9,107,140</u>	<u>\$8,514,913</u>

	Segment Operating Profit			
	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
North American Retail Division	\$101,014	\$119,893	\$265,587	\$337,512
Business Services Group	96,740	101,971	285,454	276,448
International Division	97,830	51,983	241,175	157,786
Total reportable segments	295,584	273,847	792,216	771,746
Eliminations	(107)	(165)	(270)	(434)
Total	<u>\$295,477</u>	<u>\$273,682</u>	<u>\$791,946</u>	<u>\$771,312</u>

A reconciliation of the measure of segment operating profit to consolidated earnings from continuing operations before income taxes and cumulative effect of accounting change is as follows:

	Third Quarter		Year-to-Date	
	2003	2002	2003	2002
	Total segment operating profit	\$ 295,477	\$ 273,682	\$ 791,946
General and administrative expenses	(146,434)	(128,729)	(398,406)	(366,565)
Interest income	1,611	5,550	11,466	13,920
Interest expense	(14,530)	(13,840)	(37,785)	(36,598)
Other, net	(4,230)	(3,519)	10,489	(3,517)
Earnings from continuing operations before income taxes and cumulative effect of accounting change	<u>\$ 131,894</u>	<u>\$ 133,144</u>	<u>\$ 377,710</u>	<u>\$ 378,552</u>

	Total Assets		Goodwill	
	September 27, 2003	December 28, 2002	September 27, 2003	December 28, 2002
	North American Retail Division	\$1,342,508	\$1,653,524	\$ 1,687
Business Services Group	1,080,816	1,063,700	229,950	229,950
International Division	2,126,049	771,734	604,901	26,377
Total From Reportable Segments	4,549,373	3,488,958	836,538	257,797
Other	1,252,314	1,276,854	—	—
Total	<u>\$5,801,687</u>	<u>\$4,765,812</u>	<u>\$836,538</u>	<u>\$257,797</u>

Note J – New Accounting Standards

In January 2003, the FASB issued FASB Interpretation (FIN) No. 46, *Consolidation of Variable Interest Entities*. FIN 46 addresses how to identify variable interest entities and provides guidance as to how a company may assess its interests in a variable interest entity for purposes of deciding whether consolidation of that entity is required. FIN 46 is effective for all variable interest entities created after January 31, 2003. The Company is required to adopt the provisions of FIN 46 for any variable interest entity created prior to February 1, 2003 by the

end of the current fiscal year. The Company is reviewing the provisions of this interpretation and currently does not expect its implementation to have a material effect on the financial position, results of operations or cash flows.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Office Depot, Inc., together with our subsidiaries, is a global supplier of office products and services. We sell to consumers and businesses of all sizes through our three business segments: North American Retail Division, Business Services Group (“BSG”) and International Division.

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide information to assist you in better understanding and evaluating our financial condition and results of operations. We recommend that you read this MD&A in conjunction with our condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q, as well as our 2002 Annual Report on Form 10-K.

This MD&A contains significant amounts of forward-looking information. Without limitation, when we use the words “believe,” “estimate,” “plan,” “expect,” “intend,” “anticipate,” “continue,” “project,” “probably,” “should” and similar expressions in this Quarterly Report on Form 10-Q, we are identifying forward-looking statements. Our Cautionary Statements, which you will find immediately following this MD&A and following the MD&A in our 2002 Annual Report on Form 10-K, apply to these forward-looking statements.

RESULTS OF OPERATIONS

Net earnings for the third quarter of 2003 were affected by a decline in sales in our North American Retail Division, increased contract sales at somewhat lower margins in our Business Services Group, and expansion and favorable foreign currency exchange in our International Division.

On June 2, 2003, the Company acquired all of the common shares of Guilbert S.A. (“Guilbert”) from Pinault-Printemps-Redoute S.A. Guilbert is the French parent company of a corporate group that constitutes one of the largest contract stationers in Europe. The acquisition provides the Company an immediate presence in targeted markets, increases substantially the scope and breadth of the Company’s contract business in Europe, and establishes Office Depot as the leading multi-channel reseller of office products in continental Europe and the United Kingdom. The results of Guilbert’s operations are included in the results of operations for the International Division as well as the overall Company since the date of acquisition.

During the first quarter of 2003, we completed the sale of our business in Australia. We have accounted for the disposition of this business as a discontinued operation and have restated all comparable amounts for 2002.

At the start of fiscal year 2003, we adopted new accounting guidance, Emerging Issues Task Force (“EITF”) Issue No. 02-16, *Accounting by a Reseller for Cash Consideration Received from a Vendor*. Accordingly, amounts previously shown as a reduction of advertising expense are now classified as a reduction of cost of goods sold.

The adoption of the accounting change at the beginning of the year resulted in a \$25.9 million after-tax charge, or \$0.08 per share, reflecting the cumulative effect of adoption. Prior periods have not been restated. Excluding the charge to record the cumulative effect of adoption, the impacts of applying this method in 2003, and the estimated pro forma impacts for 2002, are summarized as follows:

(in millions, except per share amounts)

Increase (decrease)

	Third Quarter		Year-to-Date	
	2003	Pro Forma 2002	2003	Pro Forma 2002
Cost of goods sold	\$(65.8)	\$(55.4)	\$(199.0)	\$(215.6)
Advertising expense	62.7	52.2	178.9	195.3
Operating profit	3.1	3.2	20.1	20.3
Net earnings	1.9	2.0	13.1	12.8
Diluted earnings per share	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.04

The table below provides a subtotal for segment operating profit. We use this measure of performance to assess the operations of each business unit; and we believe it is useful to investors because it reflects each segment’s direct activity. Our general and administrative expenses primarily consist of personnel and related costs associated with support functions. Because these functions support all segments of our business, we do not consider these costs in determining our segment profitability. Other companies, however, may charge more or less

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general and administrative expenses to their segments, and our results therefore may not be comparable to similarly titled measures used by other entities. Our measure of segment operating profit should not be considered as an alternative to operating income or net earnings determined in accordance with accounting principles generally accepted in the United States of America.

Overall

(\$ in millions)

	Third Quarter				Year-to-Date			
	2003		2002		2003		2002	
Sales	\$3,235.6	100.0%	\$2,870.8	100.0%	\$9,107.1	100.0%	\$8,514.9	100.0%
Cost of goods sold and occupancy costs	2,220.0	68.6%	2,020.4	70.4%	6,272.5	68.9%	6,025.0	70.8%
Gross profit	1,015.6	31.4%	850.4	29.6%	2,834.6	31.1%	2,489.9	29.2%
Store and warehouse operating and selling expenses	720.1	22.3%	576.7	20.1%	2,042.7	22.4%	1,718.6	20.2%
Segment operating profit	295.5	9.1%	273.7	9.5%	791.9	8.7%	771.3	9.0%
General and administrative expenses	146.4	4.5%	128.7	4.5%	398.4	4.4%	366.6	4.3%
Other operating expenses, net	7.6	0.2%	2.9	0.1%	9.0	0.1%	6.9	0.1%
Operating profit	\$ 141.5	4.4%	\$ 142.1	4.9%	\$ 384.5	4.2%	\$ 397.8	4.6%

Overall sales for the third quarter and first nine months of 2003 increased 13% and 7%, respectively, compared to the same periods in 2002. Comparable worldwide sales in the 902 stores and 37 delivery centers that have been open for more than one year decreased 1% for the third quarter and 2% for the first nine months of 2003. Sales of technology hardware and furniture declined in both periods.

Sales through our e-commerce channels continued their increasing trend. Worldwide e-commerce sales grew 24% to \$672 million during the quarter, and grew 23% to \$1.9 billion for the first nine months of 2003. These e-commerce sales are comprised of all worldwide online sales, including those from our domestic and international public web sites, as well as Office Depot's contract business-to-business sites. These sales are reported in the generating business segment, primarily BSG, but e-commerce sales in the International Division are beginning to make a greater contribution.

The increase in gross profit as a percent of sales reflects the impact of adopting EITF 02-16 and a larger mix of sales from BSG and International. These benefits were partially offset by a lower contribution from technology and furniture products in North American Retail, a higher mix of larger national contract accounts in BSG, and increased lower margin contract sales in our International Division.

Excluding the impact of the change in accounting for vendor arrangements, store and warehouse operating and selling expenses as a percent of sales increased during the third quarter and slightly

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decreased in the first nine months of 2003, reflecting new initiatives in North American Retail and the cost of expansion activities in Europe, partially offset by the benefits of continued cost control improvements in BSG.

Included in other operating expenses, net for the third quarter of 2003 were approximately \$6 million of costs relating to the Guilbert integration.

North American Retail Division

(\$ in millions)

	Third Quarter				Year-to-Date			
	2003		2002		2003		2002	
Sales	\$1,451.9	100.0%	\$1,460.2	100.0%	\$4,259.8	100.0%	\$4,375.2	100.0%
Cost of goods sold and occupancy costs	1,056.5	72.8%	1,084.8	74.3%	3,132.6	73.5%	3,274.8	74.8%
Gross profit	395.4	27.2%	375.4	25.7%	1,127.2	26.5%	1,100.4	25.2%
Store and warehouse operating and selling expenses	294.4	20.3%	255.5	17.5%	861.6	20.2%	762.9	17.5%
Segment operating profit	\$ 101.0	6.9%	\$ 119.9	8.2%	\$ 265.6	6.3%	\$ 337.5	7.7%

North American Retail sales declined by 1% for the third quarter and 3% for the first nine months of 2003 compared to the same periods last year. Comparable sales in the 859 stores open for more than one year declined 2% for the third quarter and 4% for the first nine months of 2003. Retail comparable sales results reflected a strong back-to-school season in the Company's core supplies categories, offset by continued negative comparable sales in technology. Traffic was up 4% in the third quarter and down 1% for the first nine months, and the average transaction size was down 5% and 3%, respectively, again reflecting continued weakness in technology and furniture sales.

Adopting EITF 02-16 reduced the cost of goods sold for the third quarter and first nine months of 2003 by \$36.7 million and \$115.0 million, and increased advertising expense by \$35.0 million and \$104.1 million, respectively. Had this change been adopted in the third quarter and first nine months of 2002, the pro forma impact would have decreased cost of goods sold by \$37.3 million and \$134.6 million, and increased advertising expense by \$35.7 million and \$123.4 million, respectively.

Comparing the third quarter and first nine months of 2003 to the same periods in 2002 without the impact of EITF 02-16, gross margins declined reflecting clearance activity related to the Company's new merchandising initiatives, a lower contribution from technology and furniture products, and higher charges for inventory shrink, offset in part by further improvements from better buying and globally sourced back-to-school products. Operating expenses as a percent of sales increased, reflecting de-leveraging from softer sales, higher benefits costs and increased costs associated with the Company's new merchandising initiatives.

During the third quarter, the Company opened three new office supply stores, closed one store, and relocated four stores in North America. At the end of the third quarter, Office Depot operated a total of 879 office products superstores throughout the U.S. and Canada. The Company remains on track to open a total of 35 new stores in 2003.

[Table of Contents](#)Business Services Group

(\$ in millions)

	Third Quarter				Year-to-Date			
	2003		2002		2003		2002	
Sales	\$1,006.6	100.0%	\$1,004.1	100.0%	\$2,998.4	100.0%	\$2,950.3	100.0%
Cost of goods sold and occupancy costs	684.1	68.0%	689.0	68.6%	2,026.9	67.6%	2,032.2	68.9%
Gross profit	322.5	32.0%	315.1	31.4%	971.5	32.4%	918.1	31.1%
Store and warehouse operating and selling expenses	225.8	22.4%	213.1	21.2%	686.0	22.9%	641.7	21.8%
Segment operating profit	\$ 96.7	9.6%	\$ 102.0	10.2%	\$ 285.5	9.5%	\$ 276.4	9.3%

Business Services Group sales were flat in the third quarter and increased 2% in the first nine months of 2003 compared to the same periods in 2002. The results reflect growth in the contract channel (3%), offset by declines in the North American catalog businesses. Domestic e-commerce sales grew by 11% during the quarter and 16% for the first nine months of 2003. Throughout BSG, furniture and technology sales were lower, but sales of supplies increased in both periods. Contract sales increased in most markets with the large customer segment growing at faster rates. Furthermore, both transactions and the average transaction value increased in the contract channel in both the quarter and year-to-date periods.

The change in accounting for vendor arrangements reduced the cost of goods sold for the third quarter and first nine months of 2003 by \$17.0 million and \$55.3 million, and increased advertising expense by \$15.1 million and \$46.1 million, respectively. Had this change been adopted in the third quarter and the first nine months of 2002, the pro forma impact would have decreased cost of goods sold by \$11.2 million and \$61.7 million, and increased advertising expense by \$10.0 million and \$53.3 million, respectively.

Without the impact of the change in accounting, gross margin decreased for both the third quarter and year-to-date, reflecting a higher mix of larger national contract accounts, offset by improvement in the Company's catalog merchandising strategies and continued disciplined pricing. Both the contract and catalog channels continued to benefit from a reduction in warehouse and distribution costs partially offset by higher third-party delivery costs.

International Division

(\$ in millions)

	Third Quarter				Year-to-Date			
	2003		2002		2003		2002	
Sales	\$777.8	100.0%	\$407.4	100.0%	\$1,851.2	100.0%	\$1,191.7	100.0%
Cost of goods sold and occupancy costs	479.9	61.7%	246.9	60.6%	1,114.2	60.2%	719.0	60.3%
Gross profit	297.9	38.3%	160.5	39.4%	737.0	39.8%	472.7	39.7%
Store and warehouse operating and selling expenses	200.1	25.7%	108.5	26.6%	495.8	26.8%	314.9	26.4%
Segment operating profit	\$ 97.8	12.6%	\$ 52.0	12.8%	\$ 241.2	13.0%	\$ 157.8	13.3%

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Sales in the International Division increased 91% (71% in local currency) in the third quarter and 55% (35% in local currency) in the first nine months of 2003 compared to the same periods in 2002. Guilbert added \$324 million of sales in the third quarter and a total of \$444 million since our acquisition in June 2003. Excluding the acquisition of Guilbert, sales increased 11% (2% in local currency) in the third quarter and 18% (3% in local currency) in the first nine months of 2003 compared to the same periods in 2002. The change in exchange rates from the corresponding periods of the prior year increased sales reported in U.S. dollars by \$39.9 million for the quarter and \$184.7 million for the first nine months of the year. For the quarter and year to date, most of our European operations generated mid-single digit growth in local currency. The principal exceptions were France, Germany and Japan, where local economic conditions have been weak.

The change in accounting for vendor arrangements reduced cost of goods sold for the third quarter and first nine months of 2003 by \$12.2 million and \$28.7 million, and increased advertising expenses by \$12.7 million and \$28.8 million, respectively. Had this change been adopted in the third quarter and first nine months of 2002, the pro forma impact would have decreased cost of goods sold by \$6.9 million and \$19.3 million, and increased advertising expense by \$6.5 million and \$18.6 million, respectively.

Excluding the impact of adopting EITF 02-16, gross profit margin was down for the quarter and the first nine months of 2003, reflecting a higher mix of contract sales and increased distribution of prospecting catalogs (which have lower margins) in Europe to support growth into new markets, partially offset by better buying and increased purchasing discounts as a result of the Company's recent Guilbert acquisition.

Store and warehouse operating and selling expenses as a percent of sales, after excluding the impact of EITF 02-16, declined slightly for both the third quarter and year-to-date as a result of strong cost controls and improved operating efficiencies across the Company's European operations.

The sale of our Australian operations was completed in January 2003. Accordingly, the gain on the sale of this portion of the Company's business has been presented as a discontinued operation in the Condensed Consolidated Statements of Earnings.

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Corporate and Other

Income and expenses not allocated to our business segments consist of general and administrative expenses, interest income and expense, miscellaneous income and expense, income taxes and inter-segment transactions.

General and Administrative Expenses: General and administrative expenses for the third quarter and nine months reflect the inclusion of Guilbert since acquisition in June, the impact of exchange rates on other international expenses, and amortization of recently implemented finance and human resources software applications. Additionally, net employee-related costs declined, reflecting lower costs associated with certain performance-based incentive plans (based on the established formulas for such plans), partially offset by higher health care and other benefit costs. As noted in our 2002 Annual Report on Form 10-K, other companies may charge more or less of their general and administrative costs to their segments, and comparisons to their operations could be affected.

Miscellaneous Income: In addition to equity in the earnings of our joint venture investments, miscellaneous income for the first nine months of 2003 includes recognition of approximately \$12 million of net foreign currency gains, primarily resulting from holding euros during the second quarter of 2003 in advance of purchasing Guilbert on June 2, 2003. Additionally, the third quarter of 2002, includes a \$3 million charge for the impairment of our investments in Internet partners.

Income Taxes: The effective income tax rate declined to 30.5% for the third quarter and 32.5% for the first nine months of 2003, compared to 35% in the same periods in 2002. These declines in the rates are attributable to a shift in the mix of domestic and international taxable income, which have different effective tax rates and, in the third quarter, from additional tax benefits earned in certain states.

Other: The Company is currently in the process of evaluating several matters that may result in certain charges to earnings during the fourth quarter of 2003. These matters include a possible loss in connection with the necessary replacement of a warehouse/distribution facility in the United Kingdom due to structural defects relating to the original construction of the facility and the possible write-offs of certain investments in Internet startup companies which the Company made several years ago.

In addition, the Company remains obligated under certain leases for closed retail stores, most of which were closed as part of the Company's comprehensive business review in the first quarter of 2001. Since 2001, the Company has periodically evaluated and updated its estimates of the costs to be incurred under these obligations. As a result of the current real estate market and economic conditions and their impact on the amount of time and costs required to sublease or otherwise dispose of its obligations on these remaining leases, the Company is reassessing the prospects and uses for these properties which could impact the adequacy of the related reserves.

The ultimate outcome of these matters is unknown at this time. We anticipate completing these analyses and reflecting their results in the fourth quarter of 2003.

LIQUIDITY AND CAPITAL RESOURCES

During the first nine months of 2003, cash provided by operating activities totaled \$489.6 million compared to \$677.3 million during the same period last year. This change primarily reflects a higher liquidation of trade and other payables in 2003, partially offset by faster collection of accounts receivable and by a lower ending inventory on hand. The condensed consolidated balance sheet at the end of the third quarter includes the accounts of Guilbert, and Guilbert's cash flow impact for four months.

Cash used in investing activities was \$1,016.7 million in the first nine months of 2003 compared to \$131.0 million in the same period last year. Investing activities for 2003 include approximately \$919.0 million for payments made in connection with our acquisition of Guilbert, net of cash acquired. The purchase price of Guilbert is subject to an upward adjustment of 40 million euros of Office Depot common stock or cash if Office Depot stock closes above \$20 per share for five consecutive days over an 18-month period following the closing date of the acquisition. See Note D to our Condensed Consolidated Financial Statements for additional discussion of the purchase transaction. The increase in cash used for investing activities was partially offset by cash proceeds from selling our Australian business in January 2003.

Capital expenditures for first nine months of 2003 reflect the opening of fourteen new store locations and seven relocations in North American Retail, the opening of thirteen wholly-owned retail stores internationally (including the introduction of retail stores in Spain with the opening of five stores), as well as continued corporate infrastructure additions. The Company remains on track to open a total of approximately 35 new stores in North America in 2003.

Cash provided by financing activities was \$437.9 million in the first nine months of 2003 compared to a use of \$203.8 million in the same period in 2002. The major components in 2003 include proceeds from the issuance of our \$400 million senior notes due 2013 as well as proceeds from exercises of stock options in the amount of \$42.5 million. Cash used by financing activities in 2002 is primarily a result of our redemption of the Liquid Yield Option Notes (LYONS®) due in 2007 and 2008 for approximately \$243 million as well as our purchase of \$36 million of Office Depot common stock, partially offset by exercises of employee stock options and stock purchase plans in the amount of \$83.5 million.

At September 27, 2003, we had approximately \$431.2 million of available credit under our revolving credit facility and letters of credit outstanding totaling \$72.9 million.

NEW ACCOUNTING STANDARDS

In January 2003, the FASB issued FASB Interpretation (FIN) No. 46, *Consolidation of Variable Interest Entities*. FIN 46 addresses how to identify variable interest entities and provides guidance as to how a company may assess its interests in a variable interest entity for purposes of deciding whether consolidation of that entity is required. FIN 46 is effective for all variable interest entities created after January 31, 2003. The Company is required to adopt the provisions of FIN 46 for any variable interest entity created prior to February 1, 2003 by the end of the current fiscal year. The Company is reviewing the provisions of this interpretation and currently does not expect its implementation to have a material effect on the financial position, results of operations or cash flows.

CRITICAL ACCOUNTING POLICIES

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these financial statements. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in our 2002 Annual Report on Form 10-K, filed on March 13, 2003, in the Notes to the Consolidated Financial Statements, Note A and the Critical Accounting Policies Section.

CAUTIONARY STATEMENTS for Purposes of the “Safe Harbor” Provisions of the Private Securities Litigation Reform Act of 1995

In December 1995, the Private Securities Litigation Reform Act of 1995 (the “Act”) was enacted by the United States Congress. The Act, as amended, contains certain amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934. These amendments provide protection from liability in private lawsuits for “forward-looking” statements made by public companies. We want to take advantage of the “safe harbor” provisions of the Act. In doing so, we have disclosed these forward-looking statements by informing you in specific cautionary statements of the circumstances which may cause the information in these statements not to transpire as expected.

This Quarterly Report on Form 10-Q contains both historical information and other information that you may use to infer future performance. Examples of historical information include our quarterly financial statements and the commentary on past performance contained in our MD&A. While we have specifically identified certain information as being forward-looking in the context of its presentation, we caution you that, with the exception of information that is clearly historical, all the information contained in this Quarterly Report on Form 10-Q should be considered to be “forward-looking statements” as referred to in the Act. Without limiting the generality of the preceding sentence, any time we use the words “estimate,” “project,” “intend,” “expect,” “believe,” “anticipate,” “continue,” and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature.

Forward-looking information involves risks and uncertainties, including certain matters that we discuss in more detail below and in our 2002 Annual Report on Form 10-K filed with the Securities and Exchange Commission. This information is based on various factors and important assumptions about future events that may or may not actually come true. As a result, our operations and financial results in the future could differ materially and substantially from those we have discussed in the forward-looking statements in this Quarterly Report. In particular, the factors we discuss below and in our 2002 Annual Report on Form 10-K could affect our actual results and could cause our actual results during the remainder of 2003 and in future years to differ materially from those expressed in any forward-looking statement made by us in this Quarterly Report on Form 10-Q. Those Cautionary Statements contained in our 2002 Annual Report on Form 10-K are incorporated herein by this reference to them; and, in addition, we urge you to also consider the following cautionary statements:

Risks and Uncertainties Associated with the Acquisition of Guilbert S.A.: On June 2, 2003, we acquired Guilbert, a European contract business. This acquisition almost doubles the size of our operations in Europe. Guilbert is itself the product of a number of relatively recent acquisitions in a variety of different European locations and is not yet a fully-integrated company. Its integration with our existing business operations in Europe will present many difficult challenges and will demand the full-time attention of several key managers in Europe, and the part-time attention of most others. The demands placed on the time of our management team in the Guilbert integration may adversely affect the operation of our existing businesses in Europe. Our experience in integrating large acquisitions, such as the integration of Viking, indicates that the integration could take longer than planned and be subject to unanticipated difficulties and expenses. Key risks involve failure to execute as well or as quickly as anticipated on our integration plans; loss of key personnel in the acquired company; more difficulty in achieving cash savings than originally contemplated; and resistance to cultural changes in the acquired organization.

Furthermore, prior to our acquisition, Guilbert reported only under French generally accepted accounting principles and was not subject to U.S. securities laws or accounting rules. We may encounter unforeseen difficulties implementing the different and demanding accounting and disclosure controls required by U.S. law to be applied to Guilbert now that it is a subsidiary of a U.S. reporting company.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risks

Refer to the disclosure in our 2002 Annual Report on Form 10-K. We do not believe that the risk we face related to interest rate changes is materially different than it was at the date of the Annual Report.

Foreign Exchange Rate Risks

Refer to the disclosure in our 2002 Annual Report on Form 10-K. The acquisition of Guilbert S.A. in June 2003 has increased our operations in countries with euro and British pound functional currencies. Accordingly, a greater percentage of the Company's reported results of operations is subject to changes in foreign currency exchange rates. Similar to our previously existing business in Europe, the Guilbert operations generally are conducted in the relevant local currency and Office Depot's overall foreign currency transaction exposure has not changed materially.

Item 4. CONTROLS AND PROCEDURES

- (a) Disclosure Controls and Procedures. The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.
- (b) Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are involved in litigation arising in the normal course of our business. While, from time to time, claims are asserted that make demands for large sums of money (including, from time to time, actions which are asserted to be maintainable as class action suits), we do not believe that any of these matters, either individually or in the aggregate, will materially affect our financial position or the results of our operations.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

- 4.1 Exchange and Registration Rights Agreement dated August 11, 2003 by and among the Company and the initial purchasers of the \$400 million 6.250% Senior Notes due August 15, 2013 (incorporated by reference from the Form S-4 filed by Office Depot, Inc. on September 8, 2003)
- 4.2 Indenture, dated as of August 11, 2003, for the \$400 million 6.250% Senior Notes due August 15, 2013, between the Company and SunTrust Bank (incorporated by reference from the Form S-4 filed by Office Depot, Inc. on September 8, 2003)
- 4.3 Supplemental Indenture No. 1, dated as of August 11, 2003, for the \$400 million 6.250% Senior Notes due August 15, 2013, between the Company and SunTrust Bank
- 4.4 Supplemental Indenture No. 2, dated as of October 9, 2003, for the \$400 million 6.250% Senior Notes due August 15, 2013, between the Company and SunTrust Bank
- 31.1 Section 302 Certification of CEO
- 31.2 Section 302 Certification of CFO
- 32 Section 906 Certifications

b) Reports on Form 8-K

- 1. Form 8-K/A filed on July 31 to amend and supplement the information contained in the Form 8-K filed on June 17 and the Form 8-K/A filed on June 19
- 2. Form 8-K filed on August 5 announcing planned issuance of \$300 million of debt securities, pursuant to an institutional private placement of ten-year senior notes
- 3. Form 8-K filed on August 6 announcing completion of the previously announced private placement offering
- 4. Form 8-K filed on September 3 regarding a third quarter mid-quarter performance update
- 5. Form 8-K filed on September 16 announcing the resignation of the EVP, Merchandising
- 6. Form 8-K filed on September 18 announcing an exchange offer related to the issuance of \$400 million senior notes

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7. Form 8-K filed on September 29 announcing certain organizational changes in senior management
8. Form 8-K filed on October 9 announcing extension of the exchange offer related to the \$400 million senior notes
9. Form 8-K filed on October 16 regarding a press release issued with earnings information for the quarter ended September 27
10. Form 8-K filed on October 17 announcing extension of the exchange offer related to the \$400 million senior notes
11. Form 8-K filed on October 17 regarding a transcript of the conference call on financial results of Office Depot, Inc. conducted on October 16
12. Form 8-K filed on October 21 regarding completion of the exchange offer related to the \$400 million senior notes

SIGNATURES

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.

(Registrant)

Date: October 27, 2003

By: /s/ Bruce Nelson

Bruce Nelson
Chief Executive Officer

Date: October 27, 2003

By: /s/ Charles E. Brown

Charles E. Brown
Executive Vice President, Finance and Chief Financial Officer
(Principal Financial Officer)

Date: October 27, 2003

By: /s/ James A. Walker

James A. Walker
Senior Vice President, Finance and Controller
(Principal Accounting Officer)

OFFICE DEPOT, INC.

SUPPLEMENTAL INDENTURE NO. 1

6.250% Senior Notes due August 15, 2013

THIS SUPPLEMENTAL INDENTURE NO. 1, dated as of August 11, 2003 (this "Supplemental Indenture"), between OFFICE DEPOT, INC., a Delaware corporation (the "Company"), and SUNTRUST BANK, a Florida banking corporation, as trustee (the "Trustee").

RECITALS OF THE COMPANY:

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of August 11, 2003 (the "Indenture"), providing for the issuance from time to time of one or more Series of Securities;

WHEREAS, Article Eight of the Indenture provides for various matters with respect to any Series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 8.1(e) of the Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any Series as permitted by Sections 2.1 and 2.3 of the Indenture; and

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid and binding agreement in accordance with its terms and for the purposes herein expressed, have been performed and fulfilled.

NOW THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the issuance of the Series of Securities provided for herein, the Company and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective Holders of the Securities of such Series as follows:

ARTICLE ONE

RELATION TO INDENTURE; DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.1 RELATION TO INDENTURE. This Supplemental Indenture constitutes an integral part of the Indenture.

SECTION 1.2 DEFINITIONS. For all purposes of this Supplemental Indenture, the following terms shall have the respective meanings set forth in this Section.

"Additional Interest" shall have the meaning set forth in the form of the Securities included as Exhibit A hereto.

"Applicable Procedures" means, with respect to any transfer or transaction involving a Regulation S Global Security or beneficial interest therein, the rules and procedures of the Depository for such Global Security, Euroclear and Clearstream, in each case to the extent applicable to such transaction and as in effect from time to time.

"Clearstream" means Clearstream Banking, societe anonyme.

"Definitive Security" means a certificated Initial Security or Exchange Security (bearing the Restricted Securities Legend if the transfer of such Security is restricted by applicable law) that does not include the Global Securities Legend.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Exchange and Registration Rights Agreement" means the Exchange and Registration Rights Agreement dated August 11, 2003, among the Company and the Initial Purchasers.

"Exchange Securities" means the Securities of the Company issued in exchange for Initial Securities pursuant to the Indenture and this Supplemental Indenture in connection with the Registered Exchange Offer.

"Global Securities Legend" means the legend set forth under that caption in Exhibit A to this Supplemental Indenture.

"Initial Purchasers" means Citigroup Global Markets Inc. and Goldman, Sachs & Co. and the other initial purchasers listed on Schedule I to the Purchase Agreement.

"Initial Securities" means the Rule 144A Securities and the Regulation S Securities.

"Participant" means members of, or participants in, the Depository.

"Private Exchange" means an offer by the Company, pursuant to the Exchange and Registration Rights Agreement, to issue and deliver to certain purchasers, in exchange for the Initial Securities held by such purchasers as part of their initial distribution, a like aggregate principal amount of Private Exchange Securities.

"Private Exchange Securities" means the Securities of the Company issued in exchange for Initial Securities pursuant to the Indenture and this Supplemental Indenture in connection with the Private Exchange pursuant to the Exchange and Registration Rights Agreement.

"Purchase Agreement" means the Purchase Agreement dated August 6, 2003, among the Company and the Initial Purchasers.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Registered Exchange Offer" means the offer by the Company, pursuant to the Exchange and Registration Rights Agreement, to certain Holders of Initial Securities, to issue and deliver to such Holders, in exchange for their Initial Securities, a like aggregate principal amount of Exchange Securities registered under the Securities Act.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Securities" means all Initial Securities offered and sold outside the United States in reliance on Regulation S.

"Restricted Period" with respect to any Securities means the period of 40 consecutive days beginning on and including the later of (i) the day on which such Securities are first offered to persons other than distributors (as defined in Regulation S under the Securities Act) in reliance on Regulation S and (ii) the Original Issue Date with respect to such Securities.

"Restricted Securities Legend" means the legend set forth in Section 2.6(e)(i) herein.

"Rule 144A" means Rule 144A under the Securities Act.

"Rule 144A Securities" means all Initial Securities offered and sold to QIBs in reliance on Rule 144A.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities" means the 6.250% Senior Notes due August 15, 2013.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depositary) or any successor person thereto, who will initially be the Trustee.

"Shelf Registration Statement" means a registration statement filed by the Company in connection with the offer and sale of the Initial Securities or Private Exchange Securities pursuant to Section 3 of the Exchange and Registration Rights Agreement.

"Transfer Restricted Securities" means Definitive Securities and any other Securities that bear or are required to bear the Restricted Securities Legend.

SECTION 1.3 AMENDMENT TO SECTION 1.1 OF THE INDENTURE. For the sole benefit of the Holders of the Securities, Section 1.1 of the Indenture shall be amended by deleting the definition of "interest" and replacing such definition with the following definition:

"interest" includes Additional Interest.

SECTION 1.4 RULES OF CONSTRUCTION. For all purposes of this Supplemental Indenture:

(a) capitalized terms used herein without definition shall have the meanings specified in the Indenture;

(b) all references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture;

(c) the terms "herein", "hereof", "hereunder" and other words of similar import refer to this Supplemental Indenture; and

(d) in the event of a conflict with the definition of terms in the Indenture, the definitions in this Supplemental Indenture shall control.

ARTICLE TWO

THE SECURITIES

SECTION 2.1 TITLE OF THE SECURITIES. There shall be a Series of Securities designated the 6.250% Senior Notes due August 15, 2013 (the "Securities").

SECTION 2.2 LIMITATION ON AGGREGATE PRINCIPAL AMOUNT. The Securities will be initially issued in an aggregate principal amount of \$400,000,000; provided that the Company may from time to time, without giving notice to or seeking the consent of the Holders of the Securities, issue securities having the same ranking and the same interest rate, maturity and other terms as the Securities and any additional securities having such similar terms, together with the applicable Securities, will constitute a single Series of Securities under the Indenture.

SECTION 2.3 FORM AND DATING.

(a) GENERAL. The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Securities may have notations, legends or endorsements required by law, stock exchange rules or usage. Each Security shall be dated the date of its authentication. The Securities shall be in denominations of \$1,000 and integral multiples thereof.

The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Supplemental Indenture, and the Company and the Trustee, by their execution and delivery of this Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Security conflicts with the express provisions of this Supplemental Indenture, the provisions of this Supplemental Indenture shall govern and be controlling.

The Initial Securities issued on the date hereof will be (i) offered and sold by the Company pursuant to the Purchase Agreement and (ii) resold initially only to (A) QIBs in reliance on Rule 144A and (B) Persons other than U.S. Persons (as defined in Regulation S) in

reliance on Regulation S. Such Initial Securities may thereafter be transferred to, among others, QIBs and purchasers in reliance on Regulation S.

The Company hereby designates The Depository Trust Company as the initial Depository for the Global Securities.

(b) GLOBAL SECURITIES. The Rule 144A Securities shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form (collectively, the "Rule 144A Global Security") and the Regulation S Securities shall be issued initially in the form of one or more global Securities (collectively, the "Regulation S Global Security"), in each case without interest coupons and bearing the Global Securities Legend and Restricted Securities Legend, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Securities Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in the Indenture. Beneficial ownership interests in the Regulation S Global Security shall not be exchangeable for interests in the Rule 144A Global Security or any other Security without a Restricted Securities Legend until the expiration of the Restricted Period. The Rule 144A Global Security and the Regulation S Global Security are each referred to herein as a "Global Security" and are collectively referred to herein as "Global Securities." The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(c) BOOK-ENTRY PROVISIONS. This Section 2.3(c) shall apply only to a Global Security deposited with or on behalf of the Depository. The Company shall execute and the Trustee shall, in accordance with this Section 2.3(c) and pursuant to an order of the Company, authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as Securities Custodian.

Participants shall have no rights under the Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as Securities Custodian or under such Global Security, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(d) DEFINITIVE SECURITIES. Except as provided in Section 2.7, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of certificated Securities.

SECTION 2.6 TRANSFER AND EXCHANGE.

(a) TRANSFER AND EXCHANGE OF DEFINITIVE SECURITIES. When Definitive Securities are presented to the Registrar with a request:

(i) to register the transfer of such Definitive Securities; or

(ii) to exchange such Definitive Securities for an equal principal amount of Definitive Securities of other authorized denominations, the Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Securities surrendered for transfer or exchange:

(A) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(B) are accompanied by the following additional information and documents, as applicable:

(x) if such Definitive Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect (in the form set forth on the reverse side of the Initial Security); or

(y) if such Definitive Securities are being transferred to the Company, a certification to that effect (in the form set forth on the reverse side of the Initial Security); or

(C) if such Definitive Securities are being transferred pursuant to an exemption from registration in accordance with Rule 144 under the Securities Act or in reliance upon another exemption from the registration requirements of the Securities Act, (i) a certification to that effect (in the form set forth on the reverse side of the Initial Security) and (ii) if the Company so requests, an opinion of counsel or other evidence reasonably satisfactory to it as to the compliance with the restrictions set forth in the legend set forth in Section 2.6(e)(i).

(b) RESTRICTIONS ON TRANSFER OF A DEFINITIVE SECURITY FOR A BENEFICIAL INTEREST IN A GLOBAL SECURITY. A Definitive Security may not be exchanged for a beneficial interest in a Global Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Security, duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar, together with:

(i) certification (in the form set forth on the reverse side of the Initial Security) that such Definitive Security is being transferred (A) to a QIB in accordance with Rule 144A or (B) outside the United States in an offshore transaction within the meaning of Regulation S and in compliance with Rule 904 under the Securities Act; and

(ii) written instructions directing the Trustee to make, or to direct the Securities Custodian to make, an adjustment on its books and records with respect to such

Global Security to reflect an increase in the aggregate principal amount of the Securities represented by the Global Security, such instructions to contain information regarding the Depositary account to be credited with such increase, then the Trustee shall cancel such Definitive Security and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Securities Custodian, the aggregate principal amount of Securities represented by the Global Security to be increased by the aggregate principal amount of the Definitive Security to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Security equal to the principal amount of the Definitive Security so canceled. If no Global Securities are then outstanding and the Global Security has not been previously exchanged for certificated securities pursuant to Section 2.7, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new Global Security in the appropriate principal amount.

(c) TRANSFER AND EXCHANGE OF GLOBAL SECURITIES.

(i) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depositary, in accordance with this Supplemental Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depositary therefor. A transferor of a beneficial interest in a Global Security shall deliver a written order given in accordance with the Depositary's procedures containing information regarding the participant account of the Depositary to be credited with a beneficial interest in such Global Security or another Global Security and such account shall be credited in accordance with such order with a beneficial interest in the applicable Global Security and the account of the Person making the transfer shall be debited by an amount equal to the beneficial interest in the Global Security being transferred. Transfers by an owner of a beneficial interest in a Rule 144A Global Security to a transferee who takes delivery of such interest through a Regulation S Global Security, whether before or after the expiration of the Restricted Period, shall be made only upon receipt by the Trustee of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or (if available) Rule 144 under the Securities Act and that, if such transfer is being made prior to the expiration of the Restricted Period, the interest transferred shall be held immediately thereafter through Euroclear or Clearstream.

(ii) If the proposed transfer is a transfer of a beneficial interest in one Global Security to a beneficial interest in another Global Security, the Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Security to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of Global Security from which such interest is being transferred.

(iii) Notwithstanding any other provisions of this Supplemental Indenture (other than the provisions set forth in Section 2.7), a Global Security may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a

nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(iv) In the event that a Global Security is exchanged for Definitive Securities pursuant to Section 2.7 prior to the consummation of the Registered Exchange Offer or the effectiveness of the Shelf Registration Statement with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.6 (including the certification requirements set forth on the reverse of the Initial Securities intended to ensure that such transfers comply with Rule 144A, Regulation S or such other applicable exemption from registration under the Securities Act, as the case may be) and such other procedures as may from time to time be adopted by the Company.

(d) RESTRICTIONS ON TRANSFER OF REGULATION S GLOBAL SECURITY.

(i) Prior to the expiration of the Restricted Period, interests in a Regulation S Global Security may only be held through Euroclear or Clearstream. During the Restricted Period, beneficial ownership interests in a Regulation S Global Security may only be sold, pledged or transferred through Euroclear or Clearstream in accordance with the Applicable Procedures and only (A) to the Company, (B) so long as such security is eligible for resale pursuant to Rule 144A, to a person whom the selling holder reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (C) in an offshore transaction in accordance with Regulation S, (D) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) under the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States. Prior to the expiration of the Restricted Period, transfers by an owner of a beneficial interest in a Regulation S Global Security to a transferee who takes delivery of such interest through a Rule 144A Global Security shall be made only in accordance with the Applicable Procedures and upon receipt by the Trustee of a written certification from the transferor of the beneficial interest in the form provided on the reverse of the Initial Security to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A. Such written certification shall no longer be required after the expiration of the Restricted Period.

(ii) Upon the expiration of the Restricted Period, beneficial ownership interests in a Regulation S Global Security shall be transferable in accordance with applicable law and the other terms of the Indenture.

(e) LEGENDS FOR SECURITIES

(i) Except as permitted by the following paragraphs (ii), (iii), (iv) or (vi), each Security certificate evidencing the Global Securities and the Definitive Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in

substantially the following form (each defined term in the legend being defined as such for purposes of the legend only):

Global Security Legend - [THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH EITHER THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE RIGHT OF THE COMPANY AND THE TRUSTEE PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.]

Each Security evidencing a Global Security offered and sold to QIBs pursuant to Rule 144A shall bear a legend in substantially the following form

EACH PURCHASER OF THIS SECURITY IS HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

Each Definitive Security shall bear the following additional legend:

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

(ii) Upon any sale or transfer of a Transfer Restricted Security that is a Definitive Security, the Registrar shall permit the Holder thereof to exchange such Transfer Restricted Security for a Definitive Security that does not bear the legends set forth above and rescind any restriction on the transfer of such Transfer Restricted Security if the Holder certifies in writing to the Registrar that its request for such exchange was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Initial Security).

(iii) After a transfer of any Initial Securities or Private Exchange Securities during the period of the effectiveness of a Shelf Registration Statement with respect to such Initial Securities or Private Exchange Securities, as the case may be, all requirements pertaining to the Restricted Securities Legend on such Initial Securities or such Private Exchange Securities shall cease to apply and the requirements that any such Initial Securities or such Private Exchange Securities be issued in global form shall continue to apply.

(iv) Upon the consummation of a Registered Exchange Offer with respect to the Initial Securities pursuant to which Holders of such Initial Securities are offered Exchange Securities in exchange for their Initial Securities, all requirements pertaining to Initial Securities that Initial Securities be issued in global form shall continue to apply, and Exchange Securities in global form without the Restricted Securities Legend shall be available to Holders that exchange such Initial Securities in such Registered Exchange Offer.

(v) Upon the consummation of a Private Exchange with respect to the Initial Securities pursuant to which Holders of such Initial Securities are offered Private Exchange Securities in exchange for their Initial Securities, all requirements pertaining to such Initial Securities that Initial Securities be issued in global form shall continue to apply, and Private Exchange Securities in global form with the Restricted Securities Legend shall be available to Holders that exchange such Initial Securities in such Private Exchange.

(vi) Upon a sale or transfer after the expiration of the Restricted Period of any Initial Security acquired pursuant to Regulation S, all requirements that such Initial

Security bear the Restricted Securities Legend shall cease to apply and the requirements requiring any such Initial Security be issued in global form shall continue to apply.

(f) CANCELLATION OR ADJUSTMENT OF GLOBAL SECURITY. At such time as all beneficial interests in a Global Security have either been exchanged for Definitive Securities, transferred, redeemed, repurchased or canceled, such Global Security shall be returned by the Depository to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Definitive Securities, transferred in exchange for an interest in another Global Security, redeemed, repurchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(g) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF SECURITIES.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate, Definitive Securities and Global Securities at the Registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 8.5 or 12.3 of the Indenture).

(iii) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent or the Registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

(iv) The Company shall not be required to make and the Registrar need not register transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(v) All Securities issued upon any transfer or exchange pursuant to the terms of this Supplemental Indenture shall evidence the same Debt and shall be entitled to the same benefits under the Indenture as the Securities surrendered upon such transfer or exchange.

(h) NO OBLIGATION OF THE TRUSTEE.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depository or any other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.7 DEFINITIVE SECURITIES.

(a) A Global Security deposited with the Depository or with the Trustee as Securities Custodian pursuant to Section 2.3 shall be transferred to the beneficial owners thereof in the form of Definitive Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.6 and (i) the Company notifies the Trustee that the Depository, Euroclear or Clearstream is no longer willing or able to act as a depository or clearing system for the Securities or the Depository or the Depository ceases to be a "clearing agency" registered under the Exchange Act, and a successor depository or clearing system is not appointed by the Company within 90 days of such notice or cessation, (ii) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Definitive Securities under the Indenture, or (iii) upon the occurrence and continuation of an Event of Default.

(b) Any Global Security that is transferable to the beneficial owners thereof pursuant to this Section 2.7 shall be surrendered by the Depository to the Trustee, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Security, an equal aggregate principal amount of Definitive Securities of authorized denominations. Any portion of a Global Security transferred pursuant to this Section 2.7 shall be executed, authenticated and delivered only in denominations of \$1,000 of principal amount and any integral multiple thereof and registered in such names as the Depository shall direct. Any certificated Initial Security in the form of a

Definitive Security delivered in exchange for an interest in the Global Security shall, except as otherwise provided by Section 2.6, bear the Restricted Securities Legend.

(c) The registered Holder of a Global Security may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action which a Holder is entitled to take under the Indenture or the Securities.

(d) In the event of the occurrence of any of the events specified in Section 2.7(a)(i), (ii) or (iii), the Company will promptly make available to the Trustee a reasonable supply of Definitive Securities in fully registered form without interest coupons.

ARTICLE THREE

MISCELLANEOUS PROVISIONS

SECTION 3.1 RATIFICATION. The Indenture, as supplemented and amended by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

SECTION 3.2 CONFLICTS. In the event of a conflict with any term or provision in the Indenture, the term or provision in this Supplemental Indenture shall control.

SECTION 3.3 COUNTERPARTS. This Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 3.4 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE AND EACH SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CHOICE OF LAW PRINCIPLES THEREOF.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 1 to be duly executed as of the day and year first above written.

OFFICE DEPOT, INC.

By: /s/ CAROLYN CLARKE

Name: Carolyn Clarke
Title: Vice President and Treasurer

SUNTRUST BANK,
as Trustee

By: /s/ HOLLY LEE JESKE

Name: Holly Lee Jeske
Title: Vice President

OFFICE DEPOT, INC.

6.250% Senior Notes due August 15, 2013

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, Cede & Co., has an interest herein.

No. [_____]

U.S.\$[_____]
 CUSIP No.: [_____]
 ISIN No.: [_____]
 Common Code No.: [_____]

Office Depot, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum set forth above or such other principal sum on the Schedule attached hereto (which shall not exceed U.S.\$400,000,000) on August 15, 2013, and to pay interest thereon from August 11, 2003 or from the most recent interest payment date to which interest has been paid or duly provided for, semiannually on February 15 and August 15 in each year, commencing February 15, 2004, at the rate of 6.250% per annum, until the principal hereof is paid or made available for payment; provided, however, in the event (each such event in clauses (i) through (iii) below, being referred to as a "Registration Default") that: (i) the Company is permitted under the law and currently prevailing interpretations of the Commission's staff to effect the Registered Exchange Offer and (A) the Exchange Offer Registration Statement is not filed with the Commission on or prior to the 90th day following the Issue Date, (B) the Exchange Offer Registration Statement is not declared effective on or prior to the 180th day following the Issue Date, or (C) the Registered Exchange Offer is not consummated on or prior to the 210th day following the Issue Date; (ii) in the event the Company is required to file a Shelf Registration Statement and the Shelf Registration Statement (A) is not filed with the Commission on or prior to the date specified in Section 3 of the Exchange and Registration Rights Agreement, or (B) is not declared effective by the Commission on or prior to the date specified in Section 3 of the Exchange and Registration Rights Agreement; or (iii) after a Registration Statement is declared effective, (A) such Registration Statement ceases to be effective prior to the end of the Exchange Offer Registration Period or the Shelf Registration Period, as applicable, or (B) such Registration Statement or the related Prospectus ceases to be useable in connection with resales of the Securities covered by such Registration Statement prior to the end of the Exchange Offer Registration Period or the Shelf Registration Period, as

applicable then, in the event of a Registration Default under clause (i) or (ii) above, Additional Interest shall accrue on the Securities affected thereby over and above the interest rate set forth in the title to the Securities from and including the next day following each such Registration Default, in each case at a rate equal to 0.25% per annum and, in the event of a Registration Default under clause (iii) above, if the aggregate number of days in any consecutive 12-month period for which the Registration Statement shall not be usable exceeds 90 days in the aggregate, then Additional Interest shall accrue on the Securities affected thereby over and above the interest rate set forth in the title to the Securities from and including the next day following the 60th such day at a rate equal to 0.25% per annum; PROVIDED, that the aggregate Additional Interest will in no event exceed 0.25% per annum. Additional Interest attributable to a Registration Default shall cease to accrue once such Registration Default is cured.

The Company shall notify the Trustee within three Business Days after the occurrence of a Registration Default, and Additional Interest shall be paid by depositing with the Trustee, in trust for the benefit of the Holders entitled to receive the Additional Interest, on or before the applicable semiannual interest payment date, immediately available funds in sums sufficient to pay the Additional Interest then due. The Additional Interest due shall be payable on each interest payment date to the record Holder entitled to receive the interest payment to be paid on such date as set forth in the Indenture.

The interest (and Additional Interest, if any) so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the regular record date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), as the case may be, next preceding such interest payment date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such regular record date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such special record date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of (and premium, if any) and interest (and Additional Interest, if any) on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register, provided that such Person shall have given the Trustee written wire instructions at least five Business Days prior to the applicable Interest Payment Date.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Signatures appear on next page]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: August 11, 2003

OFFICE DEPOT, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

SUNTRUST BANK,
as Trustee

By: _____
Authorized Signatory

Section 1. INDENTURE

The Company issued the Securities under an Indenture, dated as of August 11, 2003, between the Company and the Trustee, and Supplemental Indenture No. 1 thereto, dated as of August 11, 2003 (collectively, the "Indenture"). The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act as in effect on the date of the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all terms and provisions of the Indenture, and Securityholders are referred to the Indenture and the Trust Indenture Act for a statement of such terms and provisions.

The Securities are senior unsecured obligations of the Company initially limited to \$400,000,000 aggregate principal amount at any one time outstanding. This Security is one of the Initial Securities referred to in the Indenture. The Securities include the Initial Securities and any Exchange Securities and Private Exchange Securities issued in exchange for Initial Securities. The Initial Securities, the Exchange Securities and the Private Exchange Securities are treated as a single class of securities under the Indenture.

Section 2. REDEMPTION

The Securities may be redeemed, in whole or in part, at the option of the Company at any time or from time to time. The redemption price for the Securities to be redeemed on any redemption date will be equal to the greater of the following amounts:

- o 100% of the principal amount of the Securities being redeemed on the redemption date; or
- o the sum of the present values of the remaining scheduled payments of principal of and interest on the Securities being redeemed on that redemption date (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semiannual basis at the Treasury Rate (as defined below), plus 30 basis points,

plus, in each case, accrued and unpaid interest on the notes to the redemption date.

Notwithstanding the foregoing, installments of interest on Securities that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the Holders as of the close of business on the relevant record date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Comparable Treasury Issue" means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations, or (C) if only one Reference Treasury Dealer Quotation is received, such Quotation.

"Reference Treasury Dealer" means (A) Citigroup Global Markets Inc. or Goldman, Sachs & Co. (or their respective affiliates which are Primary Treasury Dealers), and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Section 3. SINKING FUND

The Securities are not subject to any sinking fund.

Section 4. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form without coupons in denominations of \$1,000 and whole multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption or to transfer or exchange any Securities for a period of 15 days prior to the mailing of a notice of redemption of Securities to be redeemed.

Section 5. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

Section 6. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

Section 7. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time may terminate some of or all its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity, as the case may be.

Section 8. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the Trust Indenture Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

Section 9. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

Section 10. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

Section 11. GOVERNING LAW

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 12. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

Section 13. HOLDERS' COMPLIANCE WITH THE EXCHANGE AND REGISTRATION RIGHTS AGREEMENT

Each Holder of a Security, by acceptance hereof, acknowledges and agrees to the provisions of the Exchange and Registration Rights Agreement, including, without limitation, the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein. In the event of a conflict between the terms of this Security and the Exchange and Registration Rights Agreement, the terms of the Exchange and Registration Rights Agreement shall control.

The Company will furnish to any Holder of Securities upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Security.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF TRANSFER OF SECURITIES

This Certificate relates to \$_____ principal amount of Securities held in (check applicable space) ___ book-entry or ___ definitive form by _____ (the "Transferor").

The Transferor (check one box below):

has requested the Trustee by written order to deliver in exchange for its beneficial interest in the Global Security held by the Depository a Security or Securities in definitive, registered form of authorized denominations in an aggregate principal amount equal to its beneficial interest in such Global Security (or the portion thereof indicated above); or

has requested the Trustee by written order to exchange or register the transfer of a Security or Securities.

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act of 1933, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1) to the Company; or
- (2) pursuant to an effective registration statement under the Securities Act of 1933; or
- (3) inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (4) outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933; or
- (5) pursuant to another available exemption from registration provided by Rule 144 under the Securities Act of 1933.

Prior to the expiration of the period referred to in Rule 144(k), unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidenced by this certificate in the name of any Person other than the registered holder thereof; provided, however, that if box

(3), (4) or (5) is checked, the Trustee may require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information satisfactory to the Company and the Trustee to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

[INSERT NAME OF TRANSFEROR]

Dated: -----

By: -----

SCHEDULE OF EXCHANGES

The following exchanges of a part of this Book-Entry Security have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Book-Entry Security	Amount of increase in Principal Amount of this Book-Entry Security	Principal Amount of this Book-Entry Security following such decrease (or increase)	Signature of authorized signatory of Trustee or Security Custodian
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ASSIGNMENT FORM

To assign this Security, fill in the form below:
I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer
this Security on the books of the Company. The agent may substitute another to
act for him.

Date: _____ Your Signature: _____

Sign exactly as your name appears on the other side of this Security.

OFFICE DEPOT, INC.

SUPPLEMENTAL INDENTURE NO. 2

6.250% Senior Notes due August 15, 2013

THIS SUPPLEMENTAL INDENTURE NO. 2, dated as of October 9, 2003 (this "Supplemental Indenture"), between OFFICE DEPOT, INC., a Delaware corporation (the "Company"), and SUNTRUST BANK, a Georgia banking corporation, as trustee (the "Trustee").

RECITALS OF THE COMPANY:

WHEREAS, the Company has heretofore executed and delivered to the Trustee an Indenture, dated as of August 11, 2003 (the "Indenture"), providing for the issuance from time to time of one or more Series of Securities;

WHEREAS, Article Eight of the Indenture provides for various matters with respect to any Series of Securities issued under the Indenture to be established in an indenture supplemental to the Indenture;

WHEREAS, Section 8.1(e) of the Indenture provides that the Company and the Trustee may enter into an indenture supplemental to the Indenture to establish the form or terms of Securities of any Series as permitted by Sections 2.1 and 2.3 of the Indenture; and

WHEREAS, all the conditions and requirements necessary to make this Supplemental Indenture, when duly executed and delivered, a valid and binding agreement in accordance with its terms and for the purposes herein expressed, have been performed and fulfilled.

NOW THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the issuance of the Series of Securities provided for herein, the Company and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective Holders of the Securities of such Series as follows:

ARTICLE ONE

RELATION TO INDENTURE; DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.1 RELATION TO INDENTURE. This Supplemental Indenture constitutes an integral part of the Indenture.

SECTION 1.2 DEFINITIONS. For all purposes of this Supplemental Indenture, the following terms shall have the respective meanings set forth in this Section.

"Definitive Security" means a certificated Security.

"Depository" means The Depository Trust Company, its nominees and their respective successors.

"Participant" means members of, or participants in, the Depository.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities" means the 6.250% Senior Notes due August 15, 2013 as registered with the Securities and Exchange Commission under the Securities Act in the Registration Statement No. 333-108602 on Form S-4.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository) or any successor person thereto, who will initially be the Trustee.

SECTION 1.3 RULES OF CONSTRUCTION. For all purposes of this Supplemental Indenture:

(a) capitalized terms used herein without definition shall have the meanings specified in the Indenture;

(b) all references herein to Articles and Sections, unless otherwise specified, refer to the corresponding Articles and Sections of this Supplemental Indenture;

(c) the terms "herein", "hereof", "hereunder" and other words of similar import refer to this Supplemental Indenture; and

(d) in the event of a conflict with the definition of terms in the Indenture, the definitions in this Supplemental Indenture shall control.

ARTICLE TWO

THE SECURITIES

SECTION 2.1 TITLE OF THE SECURITIES. There shall be a Series of Securities designated the 6.250% Senior Notes due August 15, 2013 (the "Securities").

SECTION 2.2 LIMITATION ON AGGREGATE PRINCIPAL AMOUNT. The Securities will be initially issued in an aggregate principal amount of \$400,000,000; provided that the Company may from time to time, without giving notice to or seeking the consent of the Holders of the Securities, issue securities having the same ranking and the same interest rate, maturity and other terms as the Securities and any additional securities having such similar terms, together with the applicable Securities, will constitute a single Series of Securities under the Indenture.

SECTION 2.3 FORM AND DATING.

(a) GENERAL. The Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Securities may have notations, legends or endorsements required by law, stock exchange rules or usage. Each Security shall be dated the date of its authentication. The Securities shall be in denominations of \$1,000 and integral multiples thereof.

The terms and provisions contained in the Securities shall constitute, and are hereby expressly made, a part of this Supplemental Indenture, and the Company and the Trustee, by their execution and delivery of this Supplemental Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Security conflicts with the express provisions of this Supplemental Indenture, the provisions of this Supplemental Indenture shall govern and be controlling.

The Company hereby designates The Depository Trust Company as the initial Depository for the Global Securities.

(b) GLOBAL SECURITIES. The Securities shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form (collectively referred to herein as "Global Securities"), in each case without interest coupons, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Securities Custodian, and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in the Indenture. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(c) BOOK-ENTRY PROVISIONS. This Section 2.3(c) shall apply only to a Global Security deposited with or on behalf of the Depository. The Company shall execute and the Trustee shall, in accordance with this Section 2.3(c) and pursuant to an order of the Company, authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as Securities Custodian.

Participants shall have no rights under the Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as Securities Custodian or under such Global Security, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Participants, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(d) DEFINITIVE SECURITIES. Except as provided in Section 2.5, owners of beneficial interests in Global Securities will not be entitled to receive physical delivery of certificated Securities.

SECTION 2.4 TRANSFER AND EXCHANGE.

(a) TRANSFER AND EXCHANGE OF DEFINITIVE SECURITIES. When Definitive Securities are presented to the Registrar with a request to (i) register the transfer of such Definitive Securities or (ii) exchange such Definitive Securities for an equal principal amount of Definitive Securities of other authorized denominations; the Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Securities surrendered for transfer or exchange:

(A) shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing; and

(B) are accompanied by the following additional information and documents, as applicable:

(x) if such Definitive Securities are being delivered to the Registrar by a Holder for registration in the name of such Holder, without transfer, a certification from such Holder to that effect (in the form set forth on the reverse side of the Security); or

(y) if such Definitive Securities are being transferred to the Company, a certification to that effect (in the form set forth on the reverse side of the Security).

(b) RESTRICTIONS ON TRANSFER OF A DEFINITIVE SECURITY FOR A BENEFICIAL INTEREST IN A GLOBAL SECURITY. A Definitive Security may not be exchanged for a beneficial interest in a Global Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Security, duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar, together with written instructions directing the Trustee to make, or to direct the Securities Custodian to make, an adjustment on its books and records with respect to such Global Security to reflect an increase in the aggregate principal amount of the Securities represented by the Global Security, such instructions to contain information regarding the Depository account to be credited with such increase, then the Trustee shall cancel such Definitive Security and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing between the Depository and the Securities Custodian, the aggregate principal amount of Securities represented by the Global Security to be increased by the aggregate principal amount of the Definitive Security to be exchanged and shall credit or cause to be credited to the account of the Person specified in such instructions a beneficial interest in the Global Security equal to the principal amount of the Definitive Security so canceled. If no Global Securities are then outstanding and the Global Security has not been previously exchanged for certificated securities pursuant to Section 2.5, the Company shall issue and the Trustee shall authenticate, upon written order of the Company in the form of an Officers' Certificate, a new Global Security in the appropriate principal amount.

(c) TRANSFER AND EXCHANGE OF GLOBAL SECURITIES.

(i) The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depositary, in accordance with this Supplemental Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depositary therefor. A transferor of a beneficial interest in a Global Security shall deliver a written order given in accordance with the Depositary's procedures containing information regarding the participant account of the Depositary to be credited with a beneficial interest in such Global Security or another Global Security and such account shall be credited in accordance with such order with a beneficial interest in the applicable Global Security and the account of the Person making the transfer shall be debited by an amount equal to the beneficial interest in the Global Security being transferred.

(ii) Notwithstanding any other provisions of this Supplemental Indenture (other than the provisions set forth in Section 2.5), a Global Security may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(d) CANCELLATION OR ADJUSTMENT OF GLOBAL SECURITY. At such time as all beneficial interests in a Global Security have either been exchanged for Definitive Securities, transferred, redeemed, repurchased or canceled, such Global Security shall be returned by the Depositary to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Definitive Securities, transferred in exchange for an interest in another Global Security, redeemed, repurchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(e) OBLIGATIONS WITH RESPECT TO TRANSFERS AND EXCHANGES OF SECURITIES.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate, Definitive Securities and Global Securities at the Registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charge payable upon exchange or transfer pursuant to Sections 8.5 or 12.3 of the Indenture).

(iii) Prior to the due presentation for registration of transfer of any Security, the Company, the Trustee, the Paying Agent or the Registrar may deem and treat the person in whose name a Security is registered as the absolute owner of such Security for

the purpose of receiving payment of principal of and interest on such Security and for all other purposes whatsoever, whether or not such Security is overdue, and none of the Company, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

(iv) The Company shall not be required to make and the Registrar need not register transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(v) All Securities issued upon any transfer or exchange pursuant to the terms of this Supplemental Indenture shall evidence the same Debt and shall be entitled to the same benefits under the Indenture as the Securities surrendered upon such transfer or exchange.

(f) NO OBLIGATION OF THE TRUSTEE.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depository or any other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption or repurchase) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Supplemental Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Supplemental Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.5 DEFINITIVE SECURITIES.

(a) A Global Security deposited with the Depository or with the Trustee as Securities Custodian pursuant to Section 2.3 shall be transferred to the beneficial owners thereof in the

form of Definitive Securities in an aggregate principal amount equal to the principal amount of such Global Security, in exchange for such Global Security, only if such transfer complies with Section 2.4 and (i) the Company notifies the Trustee that the Depository is no longer willing or able to act as a depository or clearing system for the Securities or the Depository or the Depository ceases to be a "clearing agency" registered under the Exchange Act, and a successor depository or clearing system is not appointed by the Company within 90 days of such notice or cessation, (ii) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Definitive Securities under the Indenture, or (iii) upon the occurrence and continuation of an Event of Default.

(b) Any Global Security that is transferable to the beneficial owners thereof pursuant to this Section 2.5 shall be surrendered by the Depository to the Trustee, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Security, an equal aggregate principal amount of Definitive Securities of authorized denominations. Any portion of a Global Security transferred pursuant to this Section 2.5 shall be executed, authenticated and delivered only in denominations of \$1,000 of principal amount and any integral multiple thereof and registered in such names as the Depository shall direct.

(c) The registered Holder of a Global Security may grant proxies and otherwise authorize any Person, including Participants and Persons that may hold interests through Participants, to take any action which a Holder is entitled to take under the Indenture or the Securities.

ARTICLE THREE

MISCELLANEOUS PROVISIONS

SECTION 3.1 RATIFICATION. The Indenture, as supplemented and amended by this Supplemental Indenture, is in all respects hereby adopted, ratified and confirmed.

SECTION 3.2 CONFLICTS. In the event of a conflict with any term or provision in the Indenture, the term or provision in this Supplemental Indenture shall control.

SECTION 3.3 COUNTERPARTS. This Supplemental Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 3.4 GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE AND EACH SECURITY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CHOICE OF LAW PRINCIPLES THEREOF.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture No. 2 to be duly executed as of the day and year first above written.

OFFICE DEPOT, INC.

By: /S/ DAVID C. FANNIN

Name: David C. Fannin
Title: Executive Vice President, General
Counsel and Secretary

SUNTRUST BANK,
as Trustee

By: /S/ HOLLY LEE JESKE

Name: Holly Lee Jeske
Title: Vice President

OFFICE DEPOT, INC.

6.250% Senior Notes due August 15, 2013

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. [_____]

U.S.\$[_____]
CUSIP No.: [_____]
ISIN No.: [_____]
Common Code No.: [_____]

Office Depot, Inc., a corporation duly organized and existing under the laws of Delaware (herein called the "Company", which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to CEDE & CO., or registered assigns, the principal sum set forth above or such other principal sum on the Schedule attached hereto (which shall not exceed U.S.\$400,000,000) on August 15, 2013, and to pay interest thereon from August 11, 2003 or from the most recent interest payment date to which interest has been paid or duly provided for, semiannually on February 15 and August 15 in each year, commencing February 15, 2004, at the rate of 6.250% per annum, until the principal hereof is paid or made available for payment.

The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the regular record date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), as the case may be, next preceding such interest payment date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such regular record date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such special record date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register, provided that such Person shall have given the Trustee written wire instructions at least five Business Days prior to the applicable Interest Payment Date.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

[Signatures appear on next page]

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

Dated: October 9, 2003

OFFICE DEPOT, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

SUNTRUST BANK,
as Trustee

By: _____
Authorized Signatory

Section 1. INDENTURE

The Company issued the Securities under an Indenture, dated as of August 11, 2003, between the Company and the Trustee, and Supplemental Indenture No. 1 thereto, dated as of August 11, 2003 (collectively, the "Indenture"). The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act as in effect on the date of the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Securities are subject to all terms and provisions of the Indenture, and Securityholders are referred to the Indenture and the Trust Indenture Act for a statement of such terms and provisions.

The Securities are senior unsecured obligations of the Company initially limited to \$400,000,000 aggregate principal amount at any one time outstanding. This Security is one of the Initial Securities referred to in the Indenture. The Securities include the Initial Securities and any Exchange Securities and Private Exchange Securities issued in exchange for Initial Securities. The Initial Securities, the Exchange Securities and the Private Exchange Securities are treated as a single class of securities under the Indenture.

Section 2. REDEMPTION

The Securities may be redeemed, in whole or in part, at the option of the Company at any time or from time to time. The redemption price for the Securities to be redeemed on any redemption date will be equal to the greater of the following amounts:

- o 100% of the principal amount of the Securities being redeemed on the redemption date; or
- o the sum of the present values of the remaining scheduled payments of principal of and interest on the Securities being redeemed on that redemption date (not including any portion of any payments of interest accrued to the redemption date) discounted to the redemption date on a semiannual basis at the Treasury Rate (as defined below), plus 30 basis points,

plus, in each case, accrued and unpaid interest on the notes to the redemption date.

Notwithstanding the foregoing, installments of interest on Securities that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the Holders as of the close of business on the relevant record date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

"Comparable Treasury Issue" means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such Quotations, or (C) if only one Reference Treasury Dealer Quotation is received, such Quotation.

"Reference Treasury Dealer" means (A) Citigroup Global Markets Inc. or Goldman, Sachs & Co. (or their respective affiliates which are Primary Treasury Dealers), and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the Company will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Section 3. SINKING FUND

The Securities are not subject to any sinking fund.

Section 4. DENOMINATIONS; TRANSFER; EXCHANGE

The Securities are in registered form without coupons in denominations of \$1,000 and whole multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. Upon any transfer or exchange, the Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay any taxes required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption or to transfer or exchange any Securities for a period of 15 days prior to the mailing of a notice of redemption of Securities to be redeemed.

Section 5. PERSONS DEEMED OWNERS

The registered Holder of this Security may be treated as the owner of it for all purposes.

Section 6. UNCLAIMED MONEY

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Company at its written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company and not to the Trustee for payment.

Section 7. DISCHARGE AND DEFEASANCE

Subject to certain conditions, the Company at any time may terminate some of or all its obligations under the Securities and the Indenture if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal and interest on the Securities to redemption or maturity, as the case may be.

Section 8. TRUSTEE DEALINGS WITH THE COMPANY

Subject to certain limitations imposed by the Trust Indenture Act, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

Section 9. NO RECOURSE AGAINST OTHERS

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Securityholder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

Section 10. AUTHENTICATION

This Security shall not be valid until an authorized signatory of the Trustee (or an authenticating agent) manually signs the certificate of authentication on the other side of this Security.

Section 11. GOVERNING LAW

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 12. CUSIP NUMBERS

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Securities and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Securityholders. No representation is made as to the accuracy of such numbers either as printed on the Securities or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF TRANSFER OF SECURITIES

This Certificate relates to \$_____ principal amount of Securities held in (check applicable space) ___ book-entry or ___ definitive form by _____ (the "Transferor").

The Transferor (check one box below):

- has requested the Trustee by written order to deliver in exchange for its beneficial interest in the Global Security held by the Depository a Security or Securities in definitive, registered form of authorized denominations in an aggregate principal amount equal to its beneficial interest in such Global Security (or the portion thereof indicated above); or
- has requested the Trustee by written order to exchange or register the transfer of a Security or Securities.

[INSERT NAME OF TRANSFEROR]

Dated: _____

By: _____

SCHEDULE OF EXCHANGES

The following exchanges of a part of this Book-Entry Security have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Book-Entry Security	Amount of increase in Principal Amount of this Book-Entry Security	Principal Amount of this Book-Entry Security following such decrease (or increase)	Signature of authorized signatory of Trustee or Security Custodian
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ASSIGNMENT FORM

To assign this Security, fill in the form below:
I or we assign and transfer this Security to

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. No.)

and irrevocably appoint _____ agent to transfer
this Security on the books of the Company. The agent may substitute another to
act for him.

Date: _____ Your Signature: _____

Sign exactly as your name appears on the other side of this Security.

CERTIFICATION

I, Bruce Nelson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Office Depot, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2003

/s/ Bruce Nelson

Bruce Nelson
Chief Executive Officer

CERTIFICATION

I, Charles E. Brown, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Office Depot, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2003

/s/ Charles E. Brown

Charles E. Brown
Executive Vice President, Finance and Chief Financial Officer

Office Depot, Inc.

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Office Depot, Inc. (the "Company") for the quarterly period ended September 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Bruce Nelson, as Chief Executive Officer of the Company, and Charles E. Brown, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bruce Nelson

Name: Bruce Nelson
Title: Chief Executive Officer
Date: October 27, 2003

/s/ Charles E. Brown

Name: Charles E. Brown
Title: Chief Financial Officer
Date: October 27, 2003

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.