

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 13, 1998

Office Depot, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other
Jurisdiction of
Incorporation)

1-10948
(Commission
File Number)

59-2663954
(IRS Employer
Identification
Number)

2200 Old Germantown Road
Delray Beach, Florida
(Address of Principal Executive Offices)

33445
(Zip Code)

(561) 266-4800
(Registrant's telephone number, including area code)

None
(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. Other Events.

On August 13, 1998, Office Depot, Inc., a Delaware corporation ("Office Depot"), reached an agreement in principle for the settlement of the action entitled Szymczak v. Helford et al., Case No. BC191390, pending in the Superior Court of the State of California, County of Los Angeles (the "Action"). The settlement agreement provides that the measures set forth below shall be taken in connection with the merger (the "Merger") of VK Acquisition Corp., a California corporation and a wholly owned subsidiary of Office Depot ("Merger Sub"), with and into Viking Office Products, Inc., a California corporation ("Viking"). The terms of the Merger are set forth in an Agreement and Plan of Merger (the "Merger Agreement") dated as of May 18, 1998 among Office Depot, Merger Sub and Viking.

1. Viking will cause its investment bankers, Merrill Lynch, Pierce Fenner & Smith Incorporated and SBC Warburg Dillon Read Inc. to update each investment banker's written opinion to the Viking board of directors, dated May 17, 1998, regarding the fairness of the merger consideration to Viking stockholders from a financial point of view. The fairness opinions will be dated as of July 23, 1998, the date on which the Joint Proxy Statement/Prospectus on Form S-4 (the "Proxy Statement") was filed with the

Securities & Exchange Commission, or such other date as the parties may agree.

2. The Merger Agreement provides that Viking shall pay Office Depot a termination fee (the "Termination Fee") and Office Depot may terminate the Merger Agreement in the event that (i) the Viking stockholders do not approve the Merger, (ii) the Viking board of directors withdraws or modifies its recommendation that the Merger be approved, (iii) after receipt by Viking of an acquisition proposal from a party other than Office Depot, Office Depot requests in writing that the Viking board of directors reconfirms its recommendation of the Merger and the Viking board fails to do so, (iv) the Viking board of directors has recommended an alternative transaction in which an entity other than Office Depot would acquire more than 25% of the outstanding shares of Viking common stock or would acquire control of Viking's assets, (v) a tender offer or exchange for 25% or more of the outstanding shares of Viking common stock is commenced and the Viking board of directors recommends that the Viking stockholders tender their shares or fails to recommend that the stockholders reject such tender or exchange offer, or (vi) Viking fails to call or hold a special meeting of stockholders by November 30, 1998. The Termination Fee is \$30 million and, if an alternative transaction described in clause (iv) above is consummated within twelve months after the termination of the Merger Agreement, an additional \$50 million. Under the terms of the settlement agreement, the parties to the Merger Agreement have entered into an amendment to the Merger Agreement that provides that the Termination Fee payable by Viking is reduced by 5% to \$28,500,000, and \$47,500,000, respectively.

3. The parties to the Action will attempt in good faith to negotiate and execute the stipulation of settlement and any other documents required to obtain the approval of the settlement. The stipulation of settlement will expressly provide that the defendants in the Action continue to deny that they violated any law and are settling the Action to avoid the expense of further litigation. The parties will use their best efforts to obtain final court approval of the settlement and dismissal with prejudice of the Action. The consummation of the settlement is subject to the completion by plaintiff of discovery and the drafting of the stipulation of settlement.

4. The settlement will not be binding until the Merger is consummated, an appropriate stipulation of settlement has been signed, and the dismissal of the Action with prejudice and without costs other than reasonable out-of-pocket attorneys fees and expenses not exceeding \$300,000 has been obtained. Office Depot or Viking will pay plaintiff's counsel such attorneys' fees and expenses as may be awarded by the court, and will not oppose the application for award of such fees and expenses, up to \$300,000.

The foregoing summary of the settlement agreement, the Merger Agreement and the amendment to the Merger Agreement is qualified in its entirety by reference to (i) the Merger Agreement, which is filed as Annex I to the Proxy Statement and which is incorporated herein by reference, (ii) the Amendment to the Merger Agreement, which is filed as an exhibit hereto and (iii) the Memorandum of Understanding, which also is filed as an Exhibit hereto.

ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) - (b) Not Applicable.

(c) Exhibits.

2.1 Agreement and Plan of Merger dated as of May 18, 1998 among Office Depot, Inc., VK Acquisition Corp. and Viking Office Products, Inc. (filed as Annex I to the Joint Proxy Statement/Prospectus on Form S-4 dated July 22, 1998 and incorporated by reference herein).

2.2 First Amendment to Agreement and Plan of Merger, dated as of August 13, 1998, among Office Depot, Inc., VK Acquisition Corp. and Viking Office Products, Inc.

2.3 Memorandum of Understanding, dated August 13, 1998, among counsel for plaintiff Thaddeus Szymczak and the Class, Office Depot, Inc., Viking Office Products, Inc., Irwin Helford, M. Bruce Nelson, Lee A. Ault, III, Neil R. Austrian, Charles P. Durkin, Jr. and Joan D. Manley.

99.1 Text of joint press release dated August 14, 1998, issued by Office Depot, Inc. and Viking Office Products, Inc.

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 hereunto duly authorized.

Dated: August 13, 1998 By: /s/ Barry Goldstein

Name: Barry Goldstein
Title: Executive Vice President
and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger dated as of May 18, 1998 among Office Depot, Inc., VK Acquisition Corp. and Viking Office Products, Inc. (filed as Annex I to the Joint Proxy Statement/Prospectus on Form S-4 dated July 22, 1998 and incorporated by reference herein).
2.2	First Amendment to Agreement and Plan of Merger, dated as of August 13, 1998, among Office Depot, Inc., VK Acquisition Corp. and Viking Office Products, Inc.
2.3	Memorandum of Understanding, dated August 13, 1998, among counsel for plaintiff Thaddeus Szymczak and the Class, Office Depot, Inc., Viking Office Products, Inc., Irwin Helford, M. Bruce Neslon, Lee A. Ault, III, Neil R. Austrian, Charles P. Durkin, Jr. and Joan D. Manley.
99.1	Text of joint press release dated August 14, 1998, issued by Office Depot, Inc. and Viking Office Products, Inc.

FIRST AMENDMENT TO AGREEMENT AND PLAN OF MERGER

First Amendment (the "First Amendment"), dated as of August 13, 1998, by and among Office Depot, Inc., a Delaware corporation ("Depot"), VK Acquisition Corp., a California corporation and a direct, wholly-owned subsidiary of Depot ("Sub"), and Viking Office Products, Inc., a California corporation ("Viking") to Agreement and Plan of Merger (the "Merger Agreement"), dated May 18, 1998, between Depot, Sub and Viking.

RECITALS

The Board of Directors of each of Depot, Sub and Viking have approved the terms of this First Amendment to the Merger Agreement. Depot, Sub and Viking desire to enter into this First Amendment, and the proposed First Amendment is in compliance with the terms of Section 8.04 of the Merger Agreement relating to amendments to the Merger Agreement. This amendment precedes approval by the stockholders of Viking and Depot of the matters presented in connection with the Merger (as defined in the Merger Agreement).

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

ARTICLE I

CERTAIN MODIFICATIONS TO THE MERGER AGREEMENT

Section 1.1 Amendment of Section 3.17 and the Viking Disclosure Schedule.

(a) Section 3.17 of the Merger Agreement is hereby amended to delete the word "Neither" in the first line thereof and to substitute in its place "Except as disclosed in Section 3.17 of the Viking Disclosure Schedule, neither".

(b) The Viking Disclosure Schedule to the Merger Agreement is hereby amended to add the following to the end of such schedule:

"Schedule 3.17

1. Employees of Viking Direct France, S.A.R.L., a subsidiary of Viking, are party to a collective bargaining agreement.

2. Employees of Viking Office Products Pty Limited are members of a labor union as prescribed by Australian law. Such union activity is ordinary course for like businesses in Australia."

Section 1.2. Amendment of Section 8.03(c). Section 8.03(c) of the Merger Agreement is hereby amended to read in its entirety as follows:

"(c) Upon the earliest to occur of the following events:

(i) the termination of this Agreement by Depot pursuant to Section 8.01(d), if prior to the Viking Stockholders' Meeting a proposal

for an Alternative Transaction (as defined below) reasonably capable of being performed involving Viking or which is a Superior Proposal shall have been made; or

(ii) the termination of this Agreement by Depot pursuant to Section 8.01(e),

Viking shall pay to Depot a termination fee of \$28,500,000 and, in the event an Alternative Transaction involving Viking is consummated within 12 months after such termination, Viking shall pay to Depot an additional fee of \$47,500,000.

Viking's payment of a termination fee pursuant to this subsection shall be the sole and exclusive remedy of Depot against Viking and any of its Subsidiaries and their respective directors, officers, employees, agents, advisors or other representatives with respect to the occurrences giving rise to such payment (other than as set forth in the Viking Stock Option Agreement); provided such limit shall not limit liability for a willful breach of this Agreement."

ARTICLE 11

MISCELLANEOUS

Section 2.1 Terms and Conditions. Except as specifically modified herein, all other terms and conditions of the Merger Agreement shall remain in full force and effect.

Section 2.2 Binding, Effect of Amendment to Merger Agreement. This First Amendment is an amendment to the Merger Agreement and, as provided therein, will be binding on all the parties thereto.

Section 2.3 Counterparts. This First Amendment may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be signed by their respective officers thereunto duly authorized as of the date first written above.

Office Depot, Inc.

By: /s/ David I. Fuente

Name: David I. Fuente
Title: Chairman of the Board

By: /s/ Barry J. Goldstein

Name: Barry J. Goldstein
Title: Secretary

VK Acquisition Corp.

By: /s/ David I. Fuente

Name: David I. Fuente
Title: President

By: /s/ Barry J. Goldstein

Name: Barry J. Goldstein
Title: Secretary

Viking Office Products, Inc.

By: /s/ Irwin Helford

Name: Irwin Helford
Title: Chairman of the Board

By: /s/ Charlotte Wiethoff

Name: Charlotte Wiethoff
Title: Secretary

MEMORANDUM OF UNDERSTANDING

The parties to the action entitled *Szymczak v. Helford et al.*, Case No. BC191390, pending in the Superior Court of the State of California, County of Los Angeles (the "Action") have reached an agreement in principle for the settlement of the Action on the terms and subject to the conditions set forth below:

1. As a result of the negotiations between the undersigned attorneys for the parties, the following measures shall be taken in connection with the proposed merger provided for in the Agreement and Plan of Merger, dated as of May 18, 1998, among VK Acquisition Corp., a wholly owned subsidiary of Office Depot, Inc. ("Office Depot"), and Viking Office Products, Inc. ("Viking"), (the "Merger Agreement"):

a. Viking will cause its investment bankers, Merrill Lynch, Pierce Fenner & Smith Incorporated ("Merrill Lynch") and SBC Warburg Dillon Read Inc. ("Warburg Dillon Read") (collectively, the "financial advisors") to update each's written opinion to the Viking board of directors, dated May 17, 1998 (collectively, the "fairness opinion"), in which Merrill Lynch and Warburg Dillon Read each opined that as of that date the exchange ratio provided for in the Merger Agreement of one share of Office Depot common stock for each share of Viking common stock was fair from a financial point of view to the holders of shares of Viking common stock. The updated fairness opinion will reflect the financial advisors' opinion of the fairness of the exchange ratio from a financial point of view to the holders of shares of Viking common stock as of the date the Joint Proxy Statement/Prospectus on Form S-4 (the "Proxy Statement") was filed with the United States Securities Exchange Commission in final form (July 22, 1998), or such other date as the parties may agree. Viking will promptly publicly disclose through a press release the conclusion reached by its financial advisors in the updated fairness opinion;

b. The Merger Agreement will be modified to provide that the termination fee ("Termination Fee") payable, under certain circumstances, by Viking to Office Depot pursuant to Section 8.03 of the Merger Agreement shall be reduced by five percent. Viking will promptly disclose through a press release the reduction in the Termination Fee.

2. The parties to the Action will attempt in good faith to agree upon and execute a Stipulation of Settlement and such other documentation as may be required in order to obtain the approval of the California State Court of the settlement and the dismissal of the Action upon the terms set forth in this Memorandum of Understanding. The Stipulation of Settlement will

expressly provide, inter alia, that Defendants in the Action have denied, and continue to deny, that they have committed or have threatened to commit any violations of law and that they are entering into the Stipulation because the proposed settlement would eliminate the burden and expense of further litigation.

3. The parties to the Action will present the settlement to the California State Court for approval following appropriate notice to the class members on whose behalf the Action was instituted, and will use their best efforts to obtain final court approval of the settlement, and the dismissal with prejudice of the Action, as against the named plaintiff and the class members on whose behalf the Action was brought.

4. The consummation of the settlement is subject to the completion by Plaintiff of such discovery as is deemed necessary by Plaintiff's Counsel (subject to appropriate objections), the drafting and execution of an appropriate Stipulation of Settlement and such other documentation as may be required to obtain final court approval of the settlement and the dismissal of the Action with prejudice as to all claims

asserted therein as against the named Plaintiff and the class of Viking shareholders on whose behalf the Action was brought and without costs to any party [except as provided for in paragraph 6 below].

5. The Settlement contemplated by this Memorandum of Understanding will not be binding upon any party until the transaction referred to in paragraph 1 is consummated, discovery referred to in paragraph 4 is completed, an appropriate Stipulation of Settlement has been signed, final court approval of the settlement and the dismissal of the Action with prejudice and without costs (except as provided in paragraph 6 below) has been obtained. This Memorandum of Understanding shall be null and void and of no force and effect should any of these conditions not be met or should Plaintiff's Counsel determine based upon discovery or otherwise, that the settlement is not fair and reasonable and, in that event, this Memorandum of Understanding shall not be admissible in any proceeding or be deemed to prejudice in any way the positions of the parties with respect to any action.

6. Plaintiff's Counsel in the Action intend to apply to the California State Court for an award of attorneys' fees and reasonable out-of-pocket disbursements in an aggregate amount not to exceed \$300,000 (together, the "Fees"). Subject to the terms and conditions of this Memorandum of Understanding and the Stipulation of Settlement contemplated hereby, Office Depot or Viking and/or their successors in interest will pay Plaintiff's Counsel the Fees, up to such amount of \$300,000 as may be awarded by the California State Court. Office Depot and Viking and/or their successors in interest shall pay the costs and expenses relating to providing notice of the settlement to members of the plaintiff class in the Action. Office Depot and Viking and/or their successors in interest agree not to oppose Plaintiff's Counsel's application for an award of attorneys' fees and reimbursement of expenses to the California State Court.

7. The parties shall agree to extensions of time with respect to pleadings and other court filings as are appropriate in the context of this agreement in principle.

8. This Memorandum of Understanding may be executed in any number of counterparts with the same effect as if all parties hereto had executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

Dated: August __, 1998

MILBERG WEISS BERSHAD HYNES
& LERACH LLP

By: _____
Counsel for Plaintiff Thaddeus
Szymczak and the Class
355 South Grand Avenue
Suite 4170
Los Angeles, CA 90071
Telephone: (213) 617-9007
and
One Pennsylvania Plaza
New York, NY 10119-0165
Telephone: (212) 594-5300

BERNSTEIN LIEBHARD & LIFSHITZ

By:

Counsel for Plaintiff Thaddeus
Szymczak and the Class
274 Madison Avenue
New York, NY 10016
Telephone: (212) 779-1414

SIMPSON THACHER & BARTLETT

By:

Counsel for Defendant,
Office Depot, Inc.
101 Universal City Plaza
Suite 852
Universal City, CA 91608
Telephone: (818) 755-7000
and
425 Lexington Avenue
New York, NY 10017
Telephone: (212) 455-2000

LATHAM & WATKINS

By:

Counsel for Defendants,
Viking Office Products Inc.,
Irwin Helford, M. Bruce Nelson,
Lee A. Ault, III, Neil R. Austrian,
Charles P. Durkin, Jr., and Joan D.
Manley
633 West Fifth Street
Suite 4000
Los Angeles, CA 90071-2007
Telephone: (213) 485-1234

PRESS RELEASE

Office Depot Contacts

Barry Goldstein
Executive Vice President & CFO
561/265-4237

Gary Schweikhart
Vice President Public Relations
Secretary
561/265-4399

Viking Office Products Contacts

Frank R. Jarc
Executive Vice President & CFO
310/225-4466

Charlotte Wiethoff
Vice President Administration &
Secretary
310/225-4263

Office Depot, Inc. and Viking Office Products, Inc.
Settle Shareholder Litigation

AUGUST 14, 1998 (Delray Beach, FL and Los Angeles, CA) - OFFICE DEPOT, INC. (NYSE: ODP) and VIKING OFFICE PRODUCTS, INC. (Nasdaq: VKNG) today announced the settlement of Viking shareholder litigation in connection with the companies' May 18, 1998 agreement to merge into a single company.

On August 13, 1998, Office Depot, Viking and the individual defendants, reached an agreement in principle for the settlement of the action entitled Szymczak v. Helford et al., Case No. BC191390, pending in the Superior Court of the State of California, County of Los Angeles. The terms of the settlement agreement are set forth in a Form 8-K filed today with the Securities and Exchange Commission, which is attached.

Various statements in this release may constitute forward-looking statements. Actual results may differ materially from those indicated as a result of various important factors, which are discussed in Viking's and Office Depot's most recent Annual Reports or Forms 10-K and 10-Q, which are on file with the Securities and Exchange Commission.