SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee required)

For the fiscal year ended December 30, 1995

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No fee required) for the transition period from to

Commission file number 1-10948

OFFICE DEPOT, INC.
(Exact name of registrant as specified in its charter)

Delaware	59-2663954
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Old Germantown Road, Delray Beach, Florida	33445
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 407/278-4800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01 per share	New York Stock Exchange
Liquid Yield Option Notes due 2007 convertible into Common Stock	New York Stock Exchange
Liquid Yield Option Notes due 2008 convertible into Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 x No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by non-affiliates of the registrant as of March 25, 1996 was approximately $2,993,014,582.

As of March 25, 1996, the Registrant had 156,575,931 shares of Common Stock outstanding.

Documents Incorporated by Reference

Portions of the Registrant's Annual Report to Stockholders for the fiscal year ended December 30, 1995, are incorporated by reference in Part II and the Proxy Statement to be mailed to stockholders on or about April 23, 1996 for the Annual Meeting to be held on May 23, 1996, are incorporated by reference in Part III.

PART I

ITEM 1. BUSINESS.

GENERAL

Office Depot, Inc. (the "Company") operates the largest chain of high-volume retail office supply stores in North America, provides delivery service to small- and medium-size businesses and is a full-service contract stationer serving medium- and large-size businesses throughout the United States. The Company sells high-quality, brand-name office products at significant discounts at its office supply stores and through its delivery business.

The Company began its operations in 1986 with its first retail store. Currently, it operates 476 office supply stores in 37 states and the District of Columbia and 29 stores in five Canadian provinces. Through its 23 customer service centers and certain retail stores, the Company delivers office products to businesses of all sizes and provides value-added services to medium- and large-size businesses.

The Company's office supply stores carry a wide selection of merchandise, including general office supplies, business machines and computers, office furniture and other business-related products for sale primarily to small- and medium-size businesses. The stores utilize a "warehouse" format. The Company also operates three Images(TM) stores and one Furniture At Work(TM) store. The Company's business strategy for its office supply stores is to enhance the sales and profitability of its existing stores and to add new stores in locations where the Company can establish a significant market presence. During 1995, the Company opened 82 new office supply stores and closed 1 store. The Company intends to open approximately 80 stores during 1996.

The Company's delivery business provides delivery services of office products to small- and medium-size businesses and full service contract stationer service for medium- and large-size businesses (generally, organizations with over 75 white-collar employees), schools and other educational institutions and governmental agencies. The Company's delivery sales exceeded $1.65 billion in 1995. The Company provides its delivery customers access to a broad selection of office supplies and office furniture, including the approximately 6,000 items available at the Company's office supply stores and approximately 5,000 additional items which are only stocked at the Company's customer service centers. In addition, the Company provides its contract stationer customers with specialized resources and services designed to aid them in achieving improved efficiencies and significant reduction in their overall office supply and office furniture costs. These efficiencies include electronic ordering, stockless office procurement and business forms management services (which reduce customer need for office supplies storage facilities), desktop delivery programs (which reduce customer personnel requirements) and comprehensive product utilization reports. The Company's nationwide full service contract stationer business was built primarily through the acquisition of eight contract stationers in 1993 and 1994. The Company's strategy for its delivery business is to build an integrated national operation to provide delivery service to small- and medium-size businesses and to increase the Company's penetration into new and existing markets for its full service contract stationer business. The Company also seeks to enhance its operating margins through the conversion of businesses acquired by the Company into a national network of facilities providing a consistent high-level of customer service. The Company is in the process of combining the operations of its 23 contract stationer warehouses and delivery centers, as well as the delivery functions at the retail stores. During 1995, the Company replaced eight of its customer service centers with larger, more efficient facilities, closed three customer service centers, and added two new customer service centers. During 1996, the Company plans to replace three of its customer service centers.

Through expansion of both its office supply stores and delivery business, the Company seeks to increase efficiencies in operations, purchasing, marketing and management. The Company's merchandising strategy is to offer customers a wide selection of brand-name office products at everyday low prices. The Company is able to maintain its competitive price policy primarily as a result of the significant cost efficiencies achieved through its operating format and purchasing power. The Company buys substantially all of its inventory directly from manufacturers in large quantities. It does not utilize a central warehouse and maintains most of its inventory on the sales floors of its stores, its crossdocks and at its customer service centers. The Company operates in a highly competitive environment and no assurance can be given that increased competition will not have an adverse effect on the Company.

Following is a brief description of the eight contract stationer acquisitions noted above:

- In May 1993, the Company acquired the office supply business of Wilson Stationery & Printing Company ("Wilson"), a full service contract stationer with operations in Texas and North Carolina.

- In September 1993, the Company acquired Eastman Office Products Corporation ("Eastman"), a full service contract stationer and office furniture dealer headquartered in California that operates primarily in the western United States.

- In February 1994, the Company acquired L.E. Muran Co., Inc., based in Boston, and Yorkship Press, Inc. servicing customers in Philadelphia and southern New Jersey.

- In May 1994, the Company acquired Midwest Carbon Company, based in Minneapolis, and Silvers, Inc. based in Detroit.

- In August 1994, the Company acquired J.A. Kindel Company, based in Cincinnati, and Allstate Office Products, Inc., based in Tampa.

Each of the 1994 acquisitions was accounted for on a "pooling of interests" basis. Accordingly, the financial data, statistical data, financial statements and discussions of financial and other information included in or incorporated by reference herein for periods prior to the acquisitions have been restated to reflect the financial position, results of operations, and other information relating to these companies for all periods presented. No affiliations existed between the Company and any of the acquired companies prior to the acquisitions. The 1993 acquisitions were accounted for as purchases. Therefore, all information and data included or incorporated by reference herein include the results of those businesses from the respective dates of acquisition.

Since 1994, the Company has entered into licensing arrangements for the operation of office supply stores under the Office Depot(R) name in Colombia, Israel and Poland and a joint venture agreement to operate stores in Mexico. In June 1995, the Company entered into a joint venture agreement with Carrefour S.A. ("Carrefour") to own and operate office supply stores in France using a format similar to that utilized by the Company in its U.S. stores. Carrefour, through Fourcar B.V., an indirect, wholly-owned subsidiary, owns approximately 6% of the Company's issued and outstanding shares of common stock. The joint venture is owned 50% by Carrefour and 50% by the Company. The joint venture currently plans to open its first store in France in mid-1996. The Company also has entered into a licensing agreement with Central Department Store Co., Ltd., one of the largest retail conglomerates in Southeast Asia, to open stores in Thailand beginning in late-1996.

OFFICE PRODUCTS INDUSTRY

The office products industry is comprised of three broad categories of merchandise: office supplies, office machines and microcomputers, and office furniture. These products are distributed through different and sometimes overlapping channels of distribution, including manufacturers, distributors, dealers, retailers and catalog companies.

Sales of office products in the United States have historically been made primarily through office product dealers and contract stationers, which generally operate one or more retail stores and utilize a central warehouse facility. Smaller businesses have traditionally purchased office products from retail office products dealers, and there have been few regional or national chains. This portion of the industry is still typified by small stores operated by dealers that do not stock a full range of office products. Dealers purchase a significant portion of their merchandise from national or regional office supply distributors who, in turn, purchase merchandise from manufacturers. Dealers often employ a commissioned sales force that utilizes the distributor's catalog, showing products at retail list prices, for selection and price negotiation with the customer. The Company believes that small- and medium-size businesses typically have been able to obtain discounts on manufacturers' suggested retail list prices of only 20% or less. In addition, those businesses whose volume usage does not justify a dealer's one-to-one selling effort generally have been treated as retail customers and charged prices close to full retail list prices.

Over the past decade, high-volume office supply superstores have emerged throughout the United States. These stores offer selection, service and low prices and target the smaller businesses that traditionally purchased from dealers. The superstores' price advantages result primarily from direct, high-volume purchasing from manufacturers and warehouse retailing, thereby avoiding the distributor's mark-up and eliminating the need for a commissioned sales force and a central distribution facility. High-volume office products retailers typically offer substantial price savings to individuals and small- and medium-size businesses, which traditionally have had limited opportunities to buy at significant discounts from retail list prices.

Larger customers have been, and continue to be, served primarily by full service contract stationers which offer contract bids to larger businesses at discounts equivalent to or greater than those offered by the Company. These stationers traditionally serve larger businesses through commissioned sales forces, purchase in large quantities primarily from manufacturers and offer competitive pricing and customized services to their customers. The Company entered the full-service contract stationer portion of the office supply industry by acquiring eight contract stationers during 1993 and 1994 and opening new facilities in 1995.

MERCHANDISING AND PRODUCT STRATEGY

The Company's merchandising strategy is to offer a broad selection of brand-name office products at everyday low prices. The Company offers a comprehensive selection of paper and paper products, filing supplies, computer hardware and software, calculators, copiers, typewriters, telephones, facsimile and other business machines, office furniture, art and engineering supplies and virtually every other type of office supply. Each of the Company's office supply stores stocks approximately 6,000 stock-keeping units (including variations in color and size) and each customer service center stocks approximately 11,000 stock-keeping units, including the 6,000 stock-keeping units stocked at the stores.

The table below shows sales of each major product group as a percentage of total merchandise sales for the 1995, 1994, and 1993 fiscal years:

Caption

	1995 Fiscal Year	1994 Fiscal Year	1993 Fiscal Year
General office supplies(1)	47.2%	48.1%	50.9%
Business machines and related supplies, computers and computer accessories(2)	41.3%	39.0	36.2
Office furniture(3)	11.5%	12.9	12.9
	100.0%	100.0%	100.0%

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(1) Includes paper, filing supplies, organizers, writing instruments, mailing supplies, desktop accessories, calendars, business forms, binders, tape, art supplies, books, engineering and janitorial supplies and revenues from the business services center located in each store.
(2) Includes calculators, adding machines, typewriters, telephones, cash registers, copiers, facsimile machines, safes, tape recorders, computers, computer diskettes, computer paper and related accessories.
(3) Includes chairs, desks, tables, partitions and filing and storage cabinets.

The Company buys substantially all of its merchandise directly from manufacturers and other primary source suppliers. Products are generally delivered from manufacturers directly to the stores or customer service centers. The Company operates nine cross-dock operations that receive bulk deliveries from certain vendors and sort and deliver merchandise to the Company's stores and customer service centers. The cross-dock operations enable the Company to maintain better in-stock positions. No single customer accounts for more than one percent of the Company's sales. The Company has no material long-term contracts or commitments with any vendor or customer. The Company has not experienced any difficulty in obtaining desired quantities of merchandise for sale and does not foresee any significant difficulties in the future.

Initial purchasing decisions are generally made at the corporate headquarters level by buyers who are responsible for selecting and pricing merchandise. Inventory levels are monitored, and reorders for products are prepared by central replenishment buyers or "rebuyers" with the assistance of a computerized automatic replenishment system. This system allows buyers to devote more time to selecting products, developing new product lines, analyzing competitive developments and negotiating with vendors in order to obtain more favorable prices and product availability. Purchase orders to approximately 400 vendors are currently transmitted by electronic data interchange (EDI), which expedites orders and promotes accuracy and efficiency. The Company receives Advance Ship Notices (ASN) and invoicing via EDI from selected vendors and continues to expand this program to other vendors.

MARKETING AND SALES

Marketing. The Company's marketing programs are designed to attract new customers and to provide information to existing customers. The Company places advertisements with the major local newspapers in each of its markets. These newspaper advertisements are supplemented with local radio and television advertising and direct marketing efforts. During 1992, the Company launched a major national television advertising campaign utilizing the "Taking Care of Business" theme. The current series of television commercials is running on three national television networks and on twelve national cable stations. All print advertisements, as well as catalog layouts, are created by the Company's in-house graphics department. The Company periodically issues catalogs featuring merchandise offered in its stores. The catalogs compare the manufacturer's suggested retail list price and the Company's price to illustrate the savings offered. The catalogs are distributed through direct mail programs and are available in each store. Upon entering a new market, the Company purchases a list of businesses for an initial mailing of catalogs. This list is continually refined and updated by incorporating the names of private label credit card holders and guarantee card holders and forms the basis of a highly targeted proprietary mailing list for updated catalogs and other promotional mailings.

The Company has a low price guarantee policy. Under this policy, the Company will match any competitor's lower price and give the customer 55% (up to $55) of the difference toward the customer's purchase. This program assures customers of always receiving the lowest price from the Company even during periodic sales promotions by competitors. Monthly competitive pricing analyses are performed to monitor each market, and prices are adjusted as necessary to adhere to this pricing philosophy and ensure competitive positioning.

Sales. In addition to the sales associates at each of its stores, the Company has a direct sales force serving its contract stationer customers. The sales force operates out of the Company's 23 customer service centers and additional satellite sales offices. All members of the Company's sales force are employees of the Company.

SERVICES

Each Office Depot store contains a multipurpose business center for printing, copying and a wide assortment of other services. These business centers offer shoppers a range of printing and reproduction capabilities, including business cards, letterhead stationery and envelopes, personalized checks and business forms, full- or self-service copies, color copies, custom stamps and labels, signs and banners. Each of the Company's office supply stores also has business machine specialists, specially-trained associates who are available to answer customer questions on a wide variety of technically sophisticated products.

The Company currently operates 23 regional customer service centers in 17 states. Delivery orders received from customers in these areas, whether through the Company's telephone centers, contract customer orders or at its stores, are substantially handled through these facilities. The Company believes that these facilities enable it to provide improved delivery services on a more cost effective basis.

The Company's small- to medium-size customers nationwide can place orders by telephone or facsimile using toll-free telephone numbers through the Company's order departments in South Florida and the San Francisco area. Orders received by the order departments are transmitted electronically to the store or delivery center nearest the customer for pick-up or delivery at a nominal delivery fee or free delivery with a minimum order size. Orders are packaged, invoiced and shipped for next-day delivery.

The Company provides the office supplies purchasing departments of its medium-to large-size business customers with a wide range of services designed to improve efficiencies and reduce costs, including electronic ordering, stockless office procurement and business forms management services, desktop delivery programs and comprehensive product utilization reports. For contract customers, the Company will typically sell on credit through an open account, although all credit options provided at the retail stores are also available to all delivery customers.

The Company offers revolving credit terms to its customers through the use of private label credit cards. Every customer can apply for one of these credit cards, which are issued without charge. Sales transactions using the private label credit cards are transmitted by computer to financial services companies, which credit the Company's bank account with the net proceeds within two days.

EXPANSION PROGRAM

Office Supply Stores. The Company's business strategy for its office supply stores is to enhance the sales and profitability of its existing stores, and to add new stores in locations where the Company can achieve a significant market presence. The Company opened 82 new stores and closed one store in 1995, and plans to open approximately 80 stores during 1996.

	Stores			
Year	Open Beginning of Period	Opened/Acquired	Closed	Open End of Period
1991.	173	57	2	228
1992.	228	58(1)	2	284
1993.	284	68	1	351
1994.	351	71	2	420
1995.	420	82	1	501(2)

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(1) Includes the acquisition of five stores in Canada.
(2) Does not include two Images(TM) stores and one Furniture At Work(TM) store.

Prior to selecting a new store site, the Company obtains detailed demographic information indicating business concentrations, traffic counts, population, income levels and future growth prospects. The Company's existing and scheduled new stores are located primarily in suburban strip shopping centers on major commercial thoroughfares where the cost of space is generally lower than at urban locations. Suburban locations are generally more accessible to the Company's primary customers, have convenient parking and facilitate delivery to customers and receipt of inventory from manufacturers. The Company expands by leasing existing space and renovating it according to its specifications or by constructing new space according to its specifications.

Accomplishing the Company's expansion goals will depend on a number of factors, including the Company's ability to locate and obtain acceptable sites, open new stores in a timely manner, hire and train competent managers, integrate new stores into its operations, generate funds from operations and continue to access external sources of capital.

Delivery Services. The Company's strategy for delivery services is to build an integrated national operation which will provide delivery services to small- and medium-size businesses and enable it to increase the penetration in new and existing markets by the Company's full service contract stationer business. The Company is in the process of combining the operations of its contract stationer warehouses and delivery centers, as well as the delivery functions at the retail stores. During 1995, the Company replaced eight of its existing customer service centers with larger, more efficient facilities, closed three customer service centers, and added two additional customer service centers. During 1996, the Company plans to replace three customer service centers.

New Opportunities. In addition to the Company's core business focus and expansion opportunities, the Company is also developing and testing new growth concepts including the following:

- International - Retail office supply stores operated under the Office Depot(R) name abroad, either through joint ventures or licensing arrangements. Since 1994, a total of 12 such stores and delivery centers have been opened in Colombia, Israel, Mexico and Poland and the Company expects additional stores to be opened in these countries as well as in France and Thailand during 1996.

- Images(TM) - Retail facilities which provide a range of business services including graphic design, printing, copying, shipping and fulfillment services. Three Images(TM) units are currently open in South Florida with additional openings planned during 1996.

- Office Depot(R) "Megastores" - 45,000-50,000 square foot Office Depot(R) retail stores with expanded assortments of furniture, computer software and accessories and general office supplies. The first megastore opened in August in Las Vegas. Three additional megastores opened during December 1995, when the Company entered the New York metropolitan market.

- Furniture At Work(TM) - Approximately 20,000 square foot office furniture stores, which offer a broad line of office furniture, office accessories and design services. The Company opened its first store in Texas in the fourth quarter of 1995 and will open an additional store in California at the beginning of the second quarter of 1996.

- Uptime Services(SM) - Providers, primarily through outside service companies, of a variety of technology support services which complement the Company's computer and business machine offerings, including on-site installation (at home or office), computer rentals and training, software support and product protection. The Company began offering these services to both United States and Canadian customers in July 1995.

STORE DESIGN AND OPERATIONS

Office Supply Stores. The Company's office supply stores average approximately 25,000-30,000 square feet of space (other than its Megastores, which average 45,000-50,000 square feet) and conform to a model designed to achieve cost efficiency by minimizing rent and eliminating the need for a central warehouse. Each store displays virtually all of its inventory on the sales floor according to a plan-o-gram that designates the location of each item in the store. The plan-o-gram is intended to ensure that merchandise is effectively displayed and to promote economy and efficiency in the use of merchandising space. On the sales floor, merchandise is displayed on various types of fixtures including low-profile fixtures, on pallets or in bins on ten to twelve foot high industrial steel shelving that permits the bulk stacking of inventory and quick and efficient restocking. The shelving is positioned to form aisles large enough to comfortably accommodate customer traffic and merchandise movement. Additional efficiencies are gained by selling merchandise in multiple quantity packaging, which significantly reduces duplicate handling and stocking costs.

In all of the Company's stores, inventory that has not been bar coded by the manufacturer is bar coded in the receiving area and moved directly to the sales floor. Sales are processed through centralized check-out facilities, which transmit sales and inventory information on a stock-keeping unit basis to the Company's central computer system where this information is updated daily. Rather than individually price marking each product, merchandise is identified by its stock-keeping unit number with a master sign for each product displaying the product's price. As price changes occur, a new master sign is automatically generated for the product display and the new price is reflected in the check-out register, allowing the Company to avoid labor costs associated with price remarking.

Delivery Services. The Company's customer service centers range from 38,000 to 325,000 square feet, with its more recently opened customer service centers averaging 150,000 square feet. Inventory is received and stocked in each center using an automated inventory tracking system. The Company is in the process of converting its customer service centers to an integrated system. Customer orders, placed via phone, fax or electronically, are filled by the appropriate customer service center for next day delivery. The appropriate customer service center is determined by the Company's automated routing systems and the order is filled by using both in-stock and wholesaler inventory.

MANAGEMENT INFORMATION SYSTEMS

The Company employs IBM ES9000 mainframes and IBM System AS/400 computers and client/server technologies to aid in controlling its merchandising and operations. The systems include advanced software packages that have been customized for the Company's specific business operations. By integrating these environments, the Company improved its ability to manage stock status, order processing, inventory replenishment and advertising maintenance. The Company is continuing its implementation of a multi-year strategy to upgrade and convert its systems to operate in an "open system" mainframe environment.

Inventory data is entered into the computer system upon its receipt by the store, and sales data is entered through the use of a point-of-sale or telemarketing system. The point-of-sale system permits the entry of sales data through the use of bar code laser scanning and also has a price "look-up" capability that permits immediate price checking and efficient movement of customers through the check-out process. Information is centrally processed at the end of each day, permitting a perpetual daily inventory and the calculation of average unit cost by stock-keeping unit for each store or warehouse. Daily compilation of sales and margin data permits the monitoring of sales, gross margin and inventory by item and product line, as well as the results of sales promotions. For all stock-keeping units, management has immediate access to on-hand daily unit inventory, units on order, current and past rates of sale, the number of weeks' sales for which quantities are on-hand and a recommended unit purchase reorder. Data from all of the Company's stores is transmitted to the Company's headquarters on a daily basis.

The Company is in the process of integrating the acquired contract stationer businesses and its commercial delivery business into a national delivery network. This integration encompasses many systems, including order entry, warehouse management and routing. This integrated system will allow a customer to place an order via phone, fax or electronically. When the order is placed, the system will determine the appropriate customer service center for delivery, look up the stock status of each item ordered and will automatically reserve the item for the customer or place it on order from the wholesaler. The wholesaler order will be delivered to the customer service center the same day, enabling the Company to deliver the most complete order possible the next day. The Company believes that the complete implementation of these systems will enable it to aggressively grow its delivery business.

EMPLOYEES, STORE MANAGEMENT AND TRAINING

As of March 18, 1996, the Company employed approximately 31,000 persons. Additional personnel will be added as needed to implement the Company's expansion program. The Company's goal is to promote as many existing employees into management positions as possible. Due to the rate of its expansion, however, for the foreseeable future the Company will continue to hire a portion of its management personnel from outside the Company.

The Company's policy is to hire and train additional personnel in advance of new store and customer service center openings. In general, store managers have extensive experience in retailing, particularly with warehouse store chains or discount stores that generate high sales volumes. Each new store manager usually spends two to four months in an apprenticeship position at an existing store prior to being assigned to a new store. The Company's retail sales associates are required to view product knowledge videos and complete written training programs relating to certain products. The Company creates some of these videos and training programs while the remainder are supplied by manufacturers. Typically, customer service center managers have extensive experience in distribution operations. The Company grants stock options to certain of its employees as an incentive to attract and retain such employees.

The Company has never experienced a strike or any other work stoppages and management believes that its relations with its employees are good. There are no collective bargaining agreements covering any of the Company's employees.

COMPETITION

The Company operates in a highly competitive environment. Its markets are presently served by traditional office products dealers that typically operate a central warehouse and one or more retail stores. The Company believes it competes favorably against these dealers, who purchase their products from distributors and generally sell their products at prices higher than those offered by the Company, because they generally offer small- and medium-size businesses discounts on manufacturers' suggested retail list prices of only 20% or less as compared to the Company's 30% to 60% discount to customers. The Company also competes with wholesale clubs selling general merchandise, discount stores, mass merchandisers, conventional retail stores, catalog showrooms and direct mail companies. While these competitors generally charge small business customers lower prices than traditional office products dealers, they typically have a more limited in-stock product selection than the Company's retail stores and do not provide many of the services provided by the Company.

Several high-volume office supply chains that are similar in concept to the Company in terms of store format, pricing strategy and product selection and availability also operate in the United States. The Company competes with these chains and wholesale club chains in substantially all of its current markets. The Company believes that in the future it will face increased competition from these chains as the Company and these chains expand their operations.

In the delivery and contract stationer portions of the industry, principal competitors are national and regional full service contract stationers, national and regional office furniture dealers, independent office product distributors, discount superstores and, to a lesser extent, direct mail order houses and stationery retail outlets. Certain office supply superstores are also developing a presence in the contract stationer portion of the business. The Company competes with these businesses in substantially all of its current markets.

Some of the entities against which the Company competes, or may compete, may have greater financial resources than the Company. No assurance can be given that increased competition will not have an adverse effect on the Company. The Company believes it competes based on product price, selection, availability and service.

ITEM 2. PROPERTIES.

As of March 25, 1996, the Company operated 476 office supply stores in 37 states and the District of Columbia and 29 stores in five Canadian provinces. The Company also operates 23 customer service centers. The following table sets forth the locations of these Company facilities.

State	Number of Stores	State	Number of Stores	State	Number of Customer Service Delivery Centers
Alabama	9	Nevada	5	Arizona	1
Arizona	2	New Jersey	2	California	5
Arkansas	4	New Mexico	3	Colorado	1
California	94	New York	1	Florida	2
Colorado	15	North Carolina	18	Georgia	1
District of Columbia	2	Ohio	11	Illinois	1
Florida	62	Oklahoma	5	Louisiana	1
Georgia	24	Oregon	11	Maryland	1
Hawaii	3	Pennsylvania	5	Massachusetts	1
Idaho	1	South Carolina	8	Michigan	1
Illinois	21	Tennessee	6	Minnesota	1
Indiana	9	Texas	52	New Jersey	1
Iowa	1	Virginia	7	North Carolina	1
Kansas	5	Washington	15	Ohio	1
Kentucky	3	West Virginia	1	Texas	2
Louisiana	13	Wisconsin	7	Utah	1
Maryland	11			Washington	1
Michigan	15	Canada			
Minnesota	6	------			
Mississippi	4	Alberta	7		
Missouri	12	British Columbia	7		
Nebraska	3	Manitoba	2		
		Ontario	11		
		Saskatchewan	2		

Most of the Company's facilities are leased or subleased by the Company with lease terms (excluding renewal options exercisable by the Company at escalated rents) expiring between 1996 and 2020, except for 30 stores that are owned by the Company. The owned retail facilities are located in eleven states, primarily Florida and Texas, and three Canadian provinces. The Company operates its retail stores under the names Office Depot and The Office Place (in Ontario, Canada). The Company operates its contract stationer businesses under the name Office Depot.

The Company's corporate offices in Delray Beach, Florida, containing approximately 350,000 square feet in two adjacent buildings, were purchased in February 1994.

ITEM 3. LEGAL PROCEEDINGS.

The Company is involved in litigation arising in the normal course of its business. The Company believes that these matters will not materially affect its financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS.

The Common Stock of the Company is listed on the New York Stock Exchange ("NYSE") under the symbol "ODP." At March 25, 1996, there were 3,745 holders of record of Common Stock. The last reported sales price of the Common Stock on the NYSE on March 25, 1996 was $19.25.

The following table sets forth, for the periods indicated, the high and low sale prices of the Common Stock quoted on the NYSE Composite Tape. These prices do not include retail mark-ups, mark-downs or commission, and have been adjusted to reflect a three-for-two stock split in June 1994.

	High	Low
1994		
First Quarter....................	$26.500	$22.000
Second Quarter...................	25.750	20.500
Third Quarter....................	26.500	18.875
Fourth Quarter...................	27.000	21.625
1995		
First Quarter....................	$26.500	$22.750
Second Quarter...................	29.500	20.875
Third Quarter....................	32.125	27.000
Fourth Quarter...................	31.750	19.000

The Company has never declared or paid cash dividends on its Common Stock and does not currently intend to pay cash dividends in the foreseeable future. Earnings and other cash resources of the Company will be used to continue the expansion of the Company's business.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data as of and for the fiscal years ended December 30, 1995, December 31, 1994 and December 25, 1993 set forth in the Company's Annual Report to Stockholders for the fiscal year ended December 30, 1995 (on the inside front cover) is incorporated herein by reference and made a part of this report.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in the Company's Annual Report to Stockholders for the fiscal year ended December 30, 1995 (on pages 21-25) is incorporated herein by reference and made a part of this report.

ITEM 8. FINANCIAL STATEMENTS.

The financial statements of the Company for the fiscal years ended December 30, 1995, December 31, 1994 and December 25, 1993 set forth in the Company's Annual Report to Stockholders for the fiscal year ended December 30, 1995 (on pages 26-41) are incorporated herein by reference and made a part of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information with respect to directors and executive officers of the Company is incorporated herein by reference to the information under the caption "Management--Directors and Executive Officers" in the Company's Proxy Statement for the 1996 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

Information with respect to executive compensation is incorporated herein by reference to the information under the caption "Management--Compensation" in the Company's Proxy Statement for the 1996 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to the tabulation under the caption "Security Ownership" in the Company's Proxy Statement for the 1996 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information with respect to certain relationships and related transactions is incorporated herein by reference to the information under the caption "Certain Transactions" in the Company's Proxy Statement for the 1996 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) The following documents are filed as a part of this report:

1. The financial statements listed in the "Index to Financial Statements."
2. The financial statement schedule listed in "Index to Financial Statement Schedule."
3. The exhibits listed in the "Index to Exhibits."

(b) Reports on Form 8-K.

The Company did not file any Reports on Form 8-K during the fourth quarter of fiscal 1995.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on March 28, 1996.

OFFICE DEPOT, INC.

By /S/ DAVID I. FUENTE

David I. Fuente, Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on March 28, 1996.

Signature	Capacity
/S/ DAVID I. FUENTE David I. Fuente	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/S/ BARRY J. GOLDSTEIN Barry J. Goldstein	Executive Vice President -- Finance, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)
/S/ MARK D. BEGELMAN Mark D. Begelman	Director
/S/ CYNTHIA COHEN TURK Cynthia Cohen Turk	Director
/S/ DENIS DEFFOREY Denis Defforey	Director
/S/ W. SCOTT HEDRICK W. Scott Hedrick	Director
/S/ JOHN B. MUMFORD John B. Mumford	Director
/S/ MICHAEL J. MYERS Michael J. Myers	Director
/S/ PETER J. SOLOMON Peter J. Solomon	Director
/S/ ALAN L. WURTZEL Alan L. Wurtzel	Director

INDEX TO FINANCIAL STATEMENTS

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* Incorporated herein by reference to the respective information in the Company's Annual Report to Stockholders for the fiscal year ended December 30, 1995.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of Office Depot, Inc.:

We have audited the consolidated financial statements of Office Depot, Inc. and Subsidiaries as of December 30, 1995 and December 31, 1994 and for each of the three years in the period ended December 30, 1995, and have issued our report thereon dated February 12, 1996; such consolidated financial statements and report are included in your 1995 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedule of Office Depot, Inc. and Subsidiaries listed in the Index to Financial Statement Schedule. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Certified Public Accountants
Fort Lauderdale, Florida
February 12, 1996

INDEX TO FINANCIAL STATEMENT SCHEDULE

All other schedules have been omitted because they are inapplicable, not required or the information is included elsewhere herein.

SCHEDULE II

OFFICE DEPOT, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Column A	Column B	Column C			Column D
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions - Write-offs	Balance at End of Period
Allowance for Doubtful Accounts:					
1995	$3,426	$1,869	$ --	$1,487	$3,808
1994	3,251	1,167	--	992	3,426
1993	659	1,024	1,909(1)	341	3,251

(1) Allowance for doubtful accounts of Eastman and Wilson at the respective dates of acquisition.

INDEX TO EXHIBITS

Exhibit Number	Exhibit	Sequentially Numbered Page +
3.1	Restated Certificate of Incorporation, as amended to date	(1)
3.2	Bylaws	(2)
4.1	Form of certificate representing shares of Common Stock	(2)
4.2	Form of Indenture (including form of LYON) between the Company and The Bank of New York, as Trustee	(3)
4.3	Form of Indenture (including form of LYON) between the Company and Bankers Trust Company, as Trustee	(4)
10.1	Stock Purchase Agreement, dated as of June 21, 1989, between the Company and Carrefour S.A.	(2)
10.2	Agreement and Plan of Reorganization, dated December 19, 1990, among the Company, The Office Club, Inc. and OD Sub Corp.	(2)
10.3	Stock Purchase Agreement, dated as of April 24, 1991, between the Company, Carrefour S.A. and Carrefour Nederland B. V.	(5)
10.4	Revolving Credit and Line of Credit Agreement dated as of September 30, 1993 by and among the Company and Sun Bank, National Association, individually and as Agent, NationsBank of Florida, N.A., PNC Bank, Kentucky, Inc., Bank of America National Trust and Savings Association and Royal Bank of Canada	(6)
10.5	Office Depot, Inc. Omnibus Equity Plan*	(1)
10.6	Directors' Stock Option Plan*	(7)
10.7	Amended and Restated Agreement and Plan of Merger dated as of July 12, 1993 and amended and restated as of August 30, 1993 by and among the Company, Eastman Office Products Corporation, EOPC Acquisition Corp. and certain investors	(8)
10.8	1994-1998 Office Depot, Inc. Designated Executive Incentive Plan*	(1)
10.9	Partnership Agreement, dated as of June 10, 1995, between the Company and Carrefour, a joint stock company incorporated under French law.	
13.1	Annual Report to Stockholders	
21.1	List of the Company's subsidiaries	
23.1	Consent of Deloitte & Touche LLP	
27.1	Financial Data Schedule (for SEC use only)	

+ This information appears only in the manually signed original copies of this report.

* Management contract or compensatory plan or arrangement.

(1) Incorporated by reference to the respective exhibit to the Company's Proxy Statement for its 1995 Annual Meeting of Stockholders.

(2) Incorporated by reference to the respective exhibit to the Company's Registration Statement No. 33-39473.

(3) Incorporated by reference to the respective exhibit to the Company's Registration Statement No. 33-54574.

(4) Incorporated by reference to the respective exhibit to the Company's Registration Statement No. 33-70378.

(5) Incorporated by reference to the respective exhibit to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 29, 1991.

(6) Incorporated by reference to the respective exhibit to the Company's Current Report on Form 8-K filed October 14, 1993.

(7) Incorporated by reference to the respective exhibit to the Company's Annual Report on Form 10-K for the year ended December 26, 1992.

(8) Incorporated by reference to the respective exhibit to the Company's Registration Statement No. 33-51409.

Upon request, the Company will furnish a copy of any exhibit to this report upon the payment of reasonable copying and mailing expenses.

EXHIBIT 10.9

PARTNERSHIP AGREEMENT

between

OFFICE DEPOT, INC.

and

CARREFOUR, S.A.

Dated as of June 10, 1995

PARTNERSHIP AGREEMENT

Between OFFICE DEPOT having its registered office at 220 Old Germantown Road, Delray Beach, Florida 33445, USA represented by Mr. David Fuente, (hereafter referred to as "OD") and

CARREFOUR, a joint stock company incorporated under French law, having its registered office at 6 Avenue Raymond Poincare, 75116 Paris, France, acting in its own name and on behalf of the other companies in the CARREFOUR Group, represented by Mr. Daniel Bernard, (hereafter referred to as "Carrefour").

(The parties are hereinafter collectively referred to as the "Partners").

PREAMBLE

OD carries on, in the USA and Canada, the activity of selling office supplies, office services, business machines, computer equipment and office furniture at discount prices in the retail format of warehouse formats (the "Business").

Carrefour carries on, in countries throughout the world, an activity establishing and operating hypermarkets proposing self-service at discount prices of a large assortment of food and non-food items, as well as various services.

1. OBJECT

The Partners have decided to pool their knowledge and experience and to create a joint venture company as described hereinafter, with the object of developing together a chain of stores that sells at discount prices office supplies, office services, business machines, computer equipment, and office furniture in the retail warehouse format similar to the format that OD operates in North America (the "Joint Venture").

2. TERRITORY

The territory in which the Joint Venture will exercise its activity shall be France (the "Territory").

3. JOINT VENTURE VEHICLE

3.1 The Partners shall cause a Societe par Actions Simplifiee ("SAS"), a company having limited liability under French law, to be formed with the name "Office Depot France SAS" (hereinafter the "Joint Venture Company"), in which the Partners shall each hold 50% of the capital stocks and 50% of the voting rights.

3.2 The initial share capital of the Joint Venture Company shall be 5,000,000 FF divided into 50,000 shares having a par value of 100 FF each. Initial capital contribution shall be the equivalent of 2,500,000 FF for each of Carrefour and OD.

3.3 The Partners may initially hold their respective interests in the Joint Venture Company either directly or through affiliated companies and hereby expressly warrant to each other that they will continue to have lasting control over these companies (the "Affiliates"). For purposes of this Agreement, the term control shall mean the relevant Partner holding more than 50% of the voting stock shares or a majority of the voting rights in the relevant Affiliate company.

3.4 Additionally subsidiary companies, such as a Societe en Nom Collectif with the name "Office Depot France SNC" ("SNC"), may be organized, if justified by practical commercial grounds or for other sound reasons. Unless such companies are fully owned by the Joint Venture Company, the principle of equality of the shareholding ratio between Partners and all other provisions of this Agreement will apply to those companies on the same basis. Upon mutual consent of the Partners, the SAS form of the Joint Venture Company shall be converted into any other suitable form of limited liability entity.

3.5 One of the goals of the Joint Venture being to arrange for the listing of the Joint Venture Company, the Partners agree that in the event of listing, they will make such changes to the present Agreement and the Joint Venture Company as may be necessary or desirable.

4. MANAGEMENT

4.1 The Joint Venture Company shall be controlled by a Board of Directors (the "Board") comprised of six directors, three of whom shall be appointed by OD and three of whom shall be appointed by Carrefour. All decisions of the Board except those specified in Article 4.5, shall be adopted by majority decisions of all members present or represented. The Chairman of the Board will be elected by the Board. In addition, the General Manager will sit on the Board and shall have no voting rights on matters brought before the Board.

4.2 OD shall be responsible for the operation and management of the Joint Venture Company. The OD Directors shall have the right to appoint and replace the General Manager, who shall initially be Mr. Bernard Louvat. The General Manager shall be empowered to take all decisions concerning the Joint Venture

Company which arise in the ordinary course of business.

4.3 The General Manager shall be responsible for preparing an annual budget for the Joint Venture Company, to be submitted to the Board of Directors for approval. The General Manager shall also be responsible for the preparation, monitoring, and updating of a four-year business plan and shall provide all relevant financial information to the Board of Directors.

4.4 The General Manager shall manage the Company in accordance with the approved budget and business plan. The initial business plan will be prepared and submitted to the Board of Directors within four months of signing, will be duly approved for the next four years by the Partners and will be reviewed annually.

4.5 The unanimous approval of all members of the Board shall be required for the Joint Venture Company to carry out the following restricted transactions:

a) any modifications to the Articles of the Incorporation of the Joint Venture Company;

b) any modifications to, or the adoption of, expansion of financing strategies of the Joint Venture Company and adoption/approval of the business plan and each annual budget.

4.6 The Board of Directors shall meet at least twice a year upon the written request of the Chairman of the Board or the General Manager. The written request shall be sent 15 days in advance. At least one Board meeting may be held in the United States if contemporaneously held with the OD Board Meeting.

5. TECHNICAL ASSISTANCE

Carrefour shall enter into certain service arrangement contracts with the Joint Venture Company for purposes of providing the necessary technical expertise, as set forth in the Technical Assistance Agreement in the form annexed hereto. The fee as outlined in the Technical Assistance Agreement of two-tenths of one percent (2/10%) of net sales payable to Carrefour. The fee structure cannot be changed without the agreement of the Partners.

6. MASTER AGREEMENT

OD and the Joint Venture Company shall enter into the Master Agreement, which is annexed hereto, for purposes of granting OD rights and trademarks to the Joint Venture Company. The fee structure is as outlined in the Master Agreement of .50% (1/2 of one percent) of Net Sales payable to Office Depot in addition to the initial fee for France of USD$400,000 for the software licenses. The fee structure cannot be changed without the agreement of the Partners.

7. SHARE TRANSFERS

The Partner that wishes to transfer, sell or otherwise dispose of any of its shares must first obtain the written consent of the non-transferring Partner. In the case of transfer by a Partner to an Affiliate of that Partner, the consent of the other Partners shall not be unreasonably withheld.

8. TERMINATION/DEFAULTING PARTNER

8.1 Term Unless earlier terminated as provided herein, the Joint Venture shall continue as long as the Partners remain Shareholders of the Joint Venture Company.

8.2 A notice of termination of this Agreement may be given by a Partner in the event that the other Partner is in material breach of any of its obligations under this Agreement (or any of the other agreements contemplated hereby), where such breach has not been cured within a reasonable time, which in no event shall be less than 30 working days after receipt of such notification by such other Partner, provided that the cure for such breach is commenced within such 30-day period.

8.3 In the event this Agreement is terminated under Section 8.2, the effect will be to compel the defaulting Partner, at the non-defaulting Partner's option, to either offer to sell its shares to the non-defaulting Partner or purchase the non-defaulting Partner's shares in each case at a price determined by an independent expert. The expert shall be named by mutual agreement of the Partners or, failing agreement, by the President of the Commercial Court of Paris upon the request of the most diligent Partner. The expert shall render his determination within three months after nomination and his determination shall be final and not subject to appeal.

8.4 Bankruptcy The Joint Venture will automatically terminate and the Joint Venture Company will be dissolved upon the bankruptcy, resignation or expulsion of either Partner.

9. NON-COMPETITION

OD and Carrefour agree that for the term of this Agreement they shall not engage or take any interest or shareholding, whether directly or indirectly, in any entity in the territory having an activity identical or similar to the Business, provided, however, that Carrefour shall reserve the right to sell office equipment, furniture and products in its hypermarkets.

10. DISPUTE RESOLUTION AND DEADLOCK

10.1 The Partners hereby agree that in the event of major or persistent disagreement between the Partners concerning the business plan or the management of the Joint Venture Company which leads to the inability of the Joint Venture Company to conduct business in due course, or a disagreement between the Partners involving a transfer of shares, the procedure set forth in Section 10.2 shall apply.

10.2 Either Partner may, upon written notice, call a meeting of the President of each Partner. The purpose of the meeting shall be to resolve amicably, and in good faith, any dispute. In the event that the dispute cannot be resolved successfully within one month of the delivery of such notice (the "Notice") date, then for a period of three months, OD shall have the option to purchase all of Carrefour's shares in the Joint Venture Company at a price to be determined by an independent expert in accordance with the procedure described in Article 8.3.

10.3 In the event that OD does not exercise its option, then for a succeeding period of three months, Carrefour shall have the option to purchase all of OD's shares in the Joint Venture Company at the same price.

10.4 If neither OD nor Carrefour exercise their options, then the Joint Venture shall terminate and the Joint Venture Company either be sold to a third party with the agreement of both Partners or shall be liquidated.

11. TRANSPARENCY AND ACCESS TO THE BOOKS OF THE JOINT VENTURE COMPANY

The Partners subscribe to the principle of transparency in connection with the Joint Venture Company.

12. ASSUMPTION

A pre-condition of the validity of such transfer of shares under Section 7 is that the acquiring party must expressly and simultaneously accept to be bound by the terms of this Agreement and that the Partner transferring the shares guarantees the due performance of all obligations hereunder if so required by the other Partner.

13. AUDIT

The accounts of the Joint Venture Company shall be audited once per year by Deloitte and Touche.

Each Partner shall have the right to carry out a supplementary independent audit of the Joint Venture Company, no more than once per year and at its own cost, and the Joint Venture Company shall cooperate in supplying the necessary information.

14. MODIFICATIONS

This Agreement may not be modified except by written agreement signed by both the Partners.

15. WHOLE AGREEMENT

This Agreement and the related agreements annexed hereto constitute the entire agreement between the Partners and supersede any prior understanding, whether written or oral concerning the present Joint Venture.

16. SEVERABILITY

In the event that any of the provisions of this Agreement should prove to be invalid or illegal, this fact shall not affect the validity of the remaining provisions and the offending provision shall be severed from this Agreement. The Partners undertake to replace the invalid or illegal provision with a permissible provision which as nearly as possible reproduces the legal and financial purposes of the invalid or illegal provision.

17. WAIVER

No failure or delay on the part of either Partner hereto to exercise any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any express waiver or assent to any breach or default operate as a waiver or assent to any subsequent breach or default of the same or any other term or condition of this Agreement.

18. CONFIDENTIALITY

The Partners agree, both during this Agreement and after its termination for whatever reason, except as otherwise required by applicable law, to keep strictly confidential all technical, financial, commercial, and other confidential information obtained by them during the course of the Agreement and the related agreements annexed hereto.

19. APPLICABLE LAW

This Agreement shall be governed and construed in accordance with the law of France.

20. LANGUAGE

This Agreement is executed in the English language and any translations made into another language for the convenience of the Partners shall in no way prevail over the English version, which is the sole binding Agreement between the Partners.

21. RELATION AMONG AGREEMENTS

The Partners agree that the present Agreement and all other agreements and documents attached or relating to the Joint Venture shall be considered as one complete whole. In the event of inconsistency or disagreement among such agreements and/or documents, the terms of the Partnership Agreement shall prevail. In the event of termination of the Joint Venture for any reason, all of such agreements shall terminate (except for clauses expressly surviving termination). All disputes between the Partners concerning any of such agreements shall be resolved in a consistent and coordinated manner by arbitration as set forth herein.

22. AUTHORIZATIONS - DECLARATIONS

The Partners agree to take all necessary steps to obtain any authorizations and to complete any declarations which may be necessary for the proper performance of this Agreement.

23. ARBITRATION

23.1 In the event of any dispute concerning the interpretation, validity, or performance of this Agreement, and any other agreement relating to the Joint Venture, the Partners agree that they shall meet, with a view to finding an amicable resolution. Failing such an amicable resolution within 30 days from the date of the meeting between the Partners to which they have been called by either Partner, by way of registered letter, the question shall be submitted to arbitration in accordance with the rules of the International Chamber of Commerce.

23.2 The Partners shall each name an arbitrator in the month following the expiration of the 30-day delay referred to above. Each Partner shall notify the other by registered letter of the name of the arbitrator chosen and the questions it wishes to submit for decision. The arbitrators chosen shall have a further 30 days in which to appoint a third arbitrator, who shall preside as Chairman of the arbitration.

23.3 In the event that one of the Partners fails to designate an arbitrator, or the two arbitrators fail to agree on the appointment of the third, any missing arbitrator shall be designated in accordance with the ICC Rules.

23.4 The arbitration shall take place in Geneva and the arbitrators shall use their best efforts to render a decision in the shortest time possible. The language of the arbitration shall be English.

23.5 The decision of the arbitrators shall be final and binding and incapable of appeal. The decision may be registered with a competent Court, upon the request of either of the Partners.

Signed this 10th day of June, 1995

/s/ D. Bernard	/s/ D. Fuente
CARREFOUR	OFFICE DEPOT
D. Bernard	D. Fuente

EXHIBIT 13.1

FINANCIAL HIGHLIGHTS
(In thousands, except per share amounts and statistical data)

STATEMENTS OF EARNINGS DATA:	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991
Sales	$5,313,192	$4,266,199	$2,836,787	$1,962,953	$1,497,882
Cost of goods sold and occupancy costs	4,110,334	3,283,498	2,185,145	1,512,304	1,152,766
Gross profit	1,202,858	982,701	651,642	450,649	345,116
Store and warehouse operating and selling expenses	782,478	642,572	423,272	301,743	240,572
Pre-opening expenses	17,746	11,990	9,073	7,453	7,774
General and administrative expenses	153,344	130,022	95,142	69,549	52,076
Amortization of goodwill	5,213	5,288	1,617	49	-
Operating profit	244,077	192,829	122,538	71,855	44,694
Interest income	1,357	4,000	4,626	1,393	280
Interest expense	(22,551)	(18,096)	(11,322)	(2,658)	(3,992)
Equity and franchise income (loss), net	(962)	197	108	-	-
Merger costs	_	_	_	_	(8,950)
Earnings before income taxes and extraordinary credit(1)	221,921	178,930	115,950	70,590	32,032
Income taxes	89,522	73,973	45,118	25,345	13,246
Earnings before extraordinary credit(1)	132,399	104,957	70,832	45,245	18,786
Extraordinary credit(2)	_	_	_	1,396	614
Net earnings(1)	$ 132,399	$ 104,957	$ 70,832	$ 46,641	$ 19,400
Per common share and common equivalent share:					
Earnings before extraordinary credit(1)	$ .85	$ .69	$ .48	$ .32	$ .15
Extraordinary credit(2)	_	_	_	.01	_
Net earnings(1)	$ .85	$ .69	$ .48	$ .33	$ .15
Per common share and common equivalent share-assuming full dilution:					
Earnings before extraordinary credit(1)	$ .83	$ .68	$ .48	$ .32	$ .15
Extraordinary credit(2)	_	_	_	.01	_
Net earnings(1)	$ .83	$ .68	$ .48	$ .33	$ .15
Dividends	_	_	_	_	_

STATISTICAL DATA:	December 30, 1995	December 31, 1994	December 25, 1993	December 26, 1992	December 28, 1991
Facilities open at end of period:					
Office supply stores	501	420	351	284	228
Contract stationer/delivery warehouses	23	24	23	13	10
Other retail locations	3	_	_	_	_

BALANCE SHEET DATA:					
Working capital	$ 708,984	$ 487,333	$ 471,114	$386,426	$203,326
Total assets	2,531,217	1,903,983	1,531,092	908,585	607,938
Long-term debt(3)	494,910	393,800	367,602	158,313	9,259
Common stockholders' equity	1,002,995	715,271	590,284	413,907	331,699

(1) Includes effect of $8,950,000 of merger costs in 1991.
(2) The extraordinary credit represents the benefit derived from the utilization of a net operating loss carryforward.
(3) Excludes current maturities.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

GENERAL

Office Depot began operations by opening its first retail store in Florida in October 1986. The Company implemented an expansion program to establish itself as a leader in targeted market areas with high concentrations of small- and medium-sized businesses. This program included opening new stores and acquiring stores in strategic markets. At the end of 1995, the Company operated 501 office supply stores in 37 states, the District of Columbia and Canada. Store opening activity for the last five years is summarized as follows:

	Open Beginning of Period	Opened/ Acquired	Closed	Open End of Period
1991	173	57	2	228
1992	228	58(1)	2	284
1993	284	68	1	351
1994	351	71	2	420
1995	420	82	1	501(2)

(1) Includes the acquisition of five stores in Canada.
(2) Does not include two Images stores and one Furniture At Work store.

In 1993, the Company expanded into the full service contract stationer portion of the office supply industry by acquiring two contract stationers with ten warehouses through the acquisitions of Wilson Stationery and Printing Company ("Wilson") in May and Eastman Office Products Corporation ("Eastman") in September, both of which were accounted for as purchases. During 1994, the Company acquired the outstanding stock of six contract stationers with eight warehouses; L. E. Muran Co., Inc. and Yorkship Press, Inc. in February, Midwest Carbon Company and Silver's, Inc. in May, and J.A. Kindel Company and Allstate Office Products, Inc. in August. Each of these 1994 acquisitions was accounted for on a "pooling of interests" basis and, accordingly, the accompanying financial data, statistical data, financial statements and discussions of financial and other information included for periods prior to the acquisitions have been restated to reflect the financial position, results of operations and other information relating to these companies for all periods presented. The Company operated 23 delivery and contract stationer warehouses throughout the United States at the end of 1995.

The Company's results are impacted by the costs incurred in connection with its aggressive new store opening schedule. Pre-opening expenses are charged to earnings as incurred. Corporate general and administrative expenses are also incurred in anticipation of store openings. As the Company's store base and sales volume continue to grow, the Company expects that the adverse impact on profitability from new store openings will decrease as expenses incurred prior to store openings continue to represent a declining percentage of total sales.

The Company operates on a 52 or 53 week fiscal year ending on the last Saturday in December. The fiscal years for the financial statements presented were comprised of the 52 weeks ended December 30, 1995, the 53 weeks ended December 31, 1994 and the 52 weeks ended December 25, 1993.

RESULTS OF OPERATIONS FOR THE YEARS 1995, 1994 AND 1993

SALES

Sales increased to $5,313,192,000 in 1995 from $4,266,199,000 in 1994 and $2,836,787,000 in 1993. Sales in 1995 increased 25% from 1994 sales, and sales in 1994 increased 50% from 1993 sales. Adjusting for the additional week in 1994, the 1995 sales increase was 27%, and the 1994 sales increase was 47%. The increases in sales were due primarily to the 81 additional stores in 1995 and the 69 additional stores in 1994. Sales of computers, business machines and related supplies have risen as a percentage of total sales over 1993 and 1994 sales in this category. The increases also were attributable to same store sales growth. Comparable sales in 1995 for the 419 stores and 23 warehouses open for more than one year at December 30, 1995 increased 17% from 1994. Comparable sales in 1994 for the 349 stores and 23 warehouses open for more than one year at December 31, 1994 increased 27% from 1993. Comparable sales in the future may be affected by competition from other stores, the opening of additional stores in existing markets and economic conditions.

Office Depot Inc. And Subsidiaries

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

(continued)

GROSS PROFIT

Gross profit as a percentage of sales was 22.6% in 1995 and 23.0% in 1994 and 1993. Purchasing efficiencies gained through vendor volume, rebate and other discount programs, improved inventory loss experience and leveraging occupancy costs through higher average sales per store were offset by lower gross margins resulting from an increase in sales of lower margin business machines and computers, combined with decreased margins in the contract stationer business. The Company's management believes that gross profit as a percentage of sales may fluctuate as a result of the continued expansion of its contract stationer base, the result of competitive pricing in more market areas, continued change in sales product mix and increased occupancy costs in certain new markets and in existing markets where the Company desires to add stores and warehouses in particular locations to complete its market plan, as well as purchasing efficiencies realized as total merchandise purchases increase.

STORE AND WAREHOUSE OPERATING AND SELLING EXPENSES

Store and warehouse operating and selling expenses as a percentage of sales were 14.7% in 1995, 15.1% in 1994 and 14.9% in 1993. Store and warehouse operating and selling expenses, consisting primarily of payroll and advertising expenses, have increased in the aggregate primarily due to the Company's expansion program. While the majority of these expenses vary proportionately with sales, there is a fixed cost component to these expenses that, as sales increase within each store and within a cluster of stores in a given market area, should decrease as a percentage of sales. This benefit may not be fully realized, however, during periods when a large number of new stores and delivery centers are being opened, as new facilities typically generate lower sales than the average mature location, resulting in higher operating and selling expenses as a percentage of sales for new facilities. This percentage is also affected when the Company enters large metropolitan market areas where the advertising costs for the full market must be absorbed by the small number of stores initially opened. As additional stores in these large markets are opened, advertising costs, which are substantially a fixed expense for a market area, will be reduced as a percentage of sales. The Company has also continued a strategy of opening stores in existing markets. While increasing the number of stores increases operating results in absolute dollars, this also has the effect of increasing expenses as a percentage of sales since the sales of certain existing stores in the market may initially be adversely affected. In addition to the Company's retail expansion, the expenses incurred in the integration and replacement of acquired facilities in its delivery business has contributed to increased warehouse expenses.

PRE-OPENING EXPENSES

As a result of continued store and delivery warehouse openings, pre-opening expenses incurred were $17,746,000 in 1995, $11,990,000 in 1994 and $9,073,000 in 1993. Pre-opening expenses, which are currently approximately $150,000 per prototype store and greater for a megastore, are predominately incurred during a six-week period prior to the store opening. Warehouse pre-opening expenses approximate $500,000; however, these expenses may vary with the size of future warehouses. These expenses consist principally of amounts paid for salaries and property expenses. Since the Company's policy is to expense these items during the period in which they occur, the amount of pre-opening expenses in each quarter is generally proportional to the number of new stores and delivery centers opening.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses as a percentage of sales were 2.9% in 1995, 3.0% in 1994 and 3.4% in 1993. General and administrative expenses include, among other costs, site selection expenses and store management training expenses, and therefore vary with the number of new store openings. During 1993 through 1995, the Company increased its commitment to improving the efficiency of its management information systems and significantly increased its information systems programming staff. While this increases general and administrative expenses in current periods, the Company believes the systems investment will provide benefits in the future. These increases have been partially offset by a decrease in other general and administrative expenses as a percentage of sales, primarily as a result of the Company's ability to increase sales without a proportionate increase in corporate expenditures. However, there can be no assurance that the Company will be able to continue to increase sales without a proportionate increase in corporate expenditures. General and administrative expenses have been higher in the contract stationers' business than in the retail business.

OTHER INCOME AND EXPENSES

During 1995, 1994 and 1993, interest expense was $22,551,000, $18,096,000 and $11,322,000, respectively. The increase in interest expense is primarily due to the subordinated debt issued in 1993 and increase in 1995 and 1994 in the draws on the working capital line of credit. In November 1993, the Company completed a public offering of zero coupon, convertible, subordinated debt, raising net proceeds of approximately $185 million. In August 1995, the Company completed a public offering of 4,325,000 shares of common stock, raising net proceeds of approximately $121.8 million. As the Company has utilized the funds raised in its public offerings to fund its expansion, interest income has fluctuated. Interest income during 1995, 1994 and 1993 was $1,357,000, $4,000,000 and $4,626,000, respectively.

AMORTIZATION OF GOODWILL

The Company recorded amortization of goodwill of $5,213,000, $5,288,000 and $1,617,000 in 1995, 1994 and 1993, respectively. Goodwill amortization was higher in 1994 than in 1993, reflecting a full year of amortization arising from the Wilson and Eastman acquisitions in 1993.

INCOME TAXES

The effective income tax rate for 1995, 1994 and 1993 was negatively impacted by nondeductible goodwill amortization. The effective income tax rate for 1994 and 1993 was impacted by the combining of certain acquired companies which had no provision for income taxes because they were organized as S Corporations (as defined under income tax laws).

LIQUIDITY & CAPITAL RESOURCES
- --

Since the Company's inception in March 1986, the Company has relied upon equity capital, convertible debt, and bank borrowings as the primary sources of its funds. The Company completed a public offering of zero coupon, convertible, subordinated debt in 1993 raising net proceeds of approximately $185,000,000. The Company issued approximately 5.7 million shares of common stock for acquisitions in 1994. In August 1995, the Company issued 4,325,000 shares of common stock in a public offering raising net proceeds of $121,799,000.

Since the Company's store sales are substantially on a cash and carry basis, cash flow generated from operating stores provides a source of liquidity to the Company. Working capital requirements are reduced by vendor credit terms that allow the Company to finance a portion of its inventory. The Company utilizes private label credit card programs administered and financed by financial services companies, which allow the Company to expand store sales without the burden of additional receivables. All credit card receivables sold to the financial services company under one program were sold on a recourse basis. Proceeds to the Company for such receivables sold with recourse were approximately $313,000,000, $253,000,000 and $185,000,000 in 1995, 1994 and 1993, respectively. The outstanding balance of such receivables at December 30, 1995 was $54,400,000. The Company has also utilized capital equipment financings as a source of funds.

Sales made from the customer service centers are generally made under regular commercial credit terms where the Company carries its own receivables. As the Company expands the contract stationer portion of its business, it is expected that the Company's receivables will continue to grow.

The Company added (net of closures) 81 stores in 1995, 69 stores in 1994 and 67 stores in 1993. Net cash provided by operating activities was $25,974,000, $46,107,000 and $86,226,000 for 1995, 1994 and 1993, respectively. As stores mature and become more profitable, and as the number of new stores opened in a year becomes a smaller percentage of the existing store base, cash generated from operations should provide a greater portion of funds required for new store inventories and other working capital requirements. Cash generated from operations will continue to be affected by an increase in receivables carried without outside financing and increases in inventory at the stores as the Company continues to expand its efforts in computers and business machines. Capital expenditures are also affected by the number of stores and warehouses opened or acquired each year and the increase in computer and other equipment at the corporate office required to support such expansion. Cash utilized for capital expenditures (including $22 million for the corporate headquarters in 1994) was $219,892,000 in 1995, $171,810,000 in 1994 and $104,568,000 in 1993.

During 1995, the Company's cash balance increased by $29,587,000 and long- and short-term debt increased by $100,389,000, including $16,505,000 in non-cash accretion of interest on the Company's zero coupon, convertible debt.

The Company has a credit agreement with its principal bank and a syndicate of commercial banks to provide for a working capital line and letters of credit totaling $300,000,000. The credit agreement provides that funds borrowed will bear interest, at the Company's option, at either: the higher of the prime rate or .5% over the Federal Funds rate; the LIBOR rate plus .25% to .375%, depending on the fixed charge coverage ratio; 1.75% over the Federal Funds rate; or under a competitive bid facility. The Company must also pay a facility fee of between .125% and .25% per annum, depending on the Company's fixed charge coverage ratio on the available and unused portion of the credit facility. The credit facility currently expires June 30, 2000. As of December 30, 1995, the Company had borrowed $95,000,000 and had outstanding letters of credit totaling $15,612,000 under the credit facility. The credit agreement contains certain restrictive covenants relating to various financial statement ratios. In addition to the credit facility, the bank has provided a lease facility to the Company under which the bank has agreed to purchase up to $25,000,000 of equipment on behalf of the Company and lease such equipment to the Company. As of December 30, 1995, the Company has utilized approximately $7,621,000 of this lease facility.

The Company plans to open approximately 80 stores and 1 to 2 delivery warehouses during 1996. Management estimates that the Company's cash requirements, exclusive of pre-opening expenses, will be approximately $1,700,000 for each additional store, which includes an average of approximately $900,000 for leasehold improvements, fixtures, point-of-sale terminals and other equipment in the stores, as well as approximately $800,000 for the portion of the store inventory that is not financed by vendors. The cash requirements, exclusive of pre-opening expenses, for a delivery warehouse is expected to be approximately $5,300,000, which includes an average of $3,100,000 for leasehold improvements, fixtures and other equipment and $2,200,000 for the portion of inventory not financed by vendors. In addition, management estimates that each new store and warehouse requires pre-opening expenses of approximately $150,000 and $500,000, respectively. Pre-opening expenses for a megastore will be higher than a regular store. The Company's management continually reviews its financing options and, although they currently anticipate that the 1996 expansion, including investments in international joint ventures, will be financed through cash on hand, funds generated from operations, equipment leased under the Company's lease facility and funds borrowed under the Company's revolving credit facility, alternative financing will be considered if market conditions make it financially attractive. The Company's financing requirements beyond 1996 will be affected by the number of new stores or warehouses opened or acquired.

NEW ACCOUNTING PRONOUNCEMENTS

The Company will adopt the following Statements of Financial Accounting Standards ("SFAS") in the year ending December 28, 1996.

SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of. Long-lived assets and certain identifiable intangibles to be held and used by a company are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of an impairment loss for such long-lived assets and identifiable intangibles should be based on the fair value of the asset. Long-lived assets and certain identifiable intangibles to be disposed of are required to be reported generally at the lower of the carrying amount or fair value less cost to sell. SFAS No. 121 is effective for fiscal years that begin after December 15, 1995. Management has not yet determined the effect of SFAS No. 121 on the Company's financial position or results of operations.

SFAS No. 123, "Accounting for Stock-Based Compensation" establishes financial accounting and reporting standards for stock-based employee compensation plans, including stock options, stock purchase plans, restricted stock and stock appreciation rights. SFAS No. 123 defines and encourages the use of the fair value method of accounting for employee stock-based compensation. Continuing use of the intrinsic value based method of accounting prescribed in Accounting Principles Board Opinion No. 25 ("APB 25") for measurement of employee stock-based compensation is allowed with pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied. Transactions in which equity instruments are issued in exchange for goods or services from non-employees must be accounted for based on the fair value of the consideration received or of the equity instrument issued, whichever is more reliably measurable. SFAS No. 123 is effective for transactions entered into in fiscal years that begin after December 15, 1995. The Company has determined that it will continue to use the method of accounting prescribed in APB 25 for measurement of employee stock-based compensation, and will begin providing the required pro forma disclosures in its financial statements for the year ending December 28, 1996 as allowed by SFAS No. 123.

Office Depot Inc. And Subsidiaries

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS (continued)

INFLATION & SEASONALITY

Although the Company cannot accurately determine the precise effects of inflation, it does not believe inflation has a material effect on sales or results of operations. The Company considers its business to be somewhat seasonal with sales generally slightly higher during the first and fourth quarters of each year.

STATEMENT 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. The Act contains amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934 which provide protection from liability in private lawsuits for "forward-looking" statements made by persons specified in the Act. The Company desires to take advantage of the "safe harbor" provisions of the Act.

The Company wishes to caution readers that with the exception of historical matters, the matters discussed in this Annual Report are forward-looking statements that involve risks and uncertainties, including but not limited to factors related to the highly competitive nature of the office products supply industry and its sensitivity to changes in general economic conditions, the Company's expansion plans and ability to integrate the acquired contract stationer businesses, the results of financing efforts and other factors discussed in the Company's filings with the Securities and Exchange Commission. Such factors could affect the Company's actual results and could cause the Company's actual results during 1996 and beyond to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company.

Office Depot Inc. And Subsidiaries

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Office Depot, Inc.

We have audited the consolidated balance sheets of Office Depot, Inc. and Subsidiaries as of December 30, 1995 and December 31, 1994, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Office Depot, Inc. and Subsidiaries as of December 30, 1995 and December 31, 1994 and the results of their operations and their cash flows for each of the three years in the period ended December 30, 1995 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Certified Public Accountants
Fort Lauderdale, Florida
February 12, 1996

Office Depot Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share amounts)

	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993
Sales	$5,313,192	$4,266,199	$2,836,787
Cost of goods sold and occupancy costs	4,110,334	3,283,498	2,185,145
Gross profit	1,202,858	982,701	651,642
Store and warehouse operating and selling expenses	782,478	642,572	423,272
Pre-opening expenses	17,746	11,990	9,073
General and administrative expenses	153,344	130,022	95,142
Amortization of goodwill	5,213	5,288	1,617
	958,781	789,872	529,104
Operating profit	244,077	192,829	122,538
Other income (expense)			
Interest income	1,357	4,000	4,626
Interest expense	(22,551)	(18,096)	(11,322)
Equity and franchise income (loss), net	(962)	197	108
Earnings before income taxes	221,921	178,930	115,950
Income taxes	89,522	73,973	45,118
Net earnings	$ 132,399	$ 104,957	$ 70,832
Earnings per common and common equivalent share:			
Primary	$ .85	$ .69	$ .48
Fully diluted	.83	.68	.48

The accompanying notes are an integral part of these statements.

Office Depot Inc. And Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

Assets	December 30, 1995	December 31, 1994
Current Assets:		
Cash and cash equivalents	$ 61,993	$ 32,406
Receivables, net of allowances of $3,808 in 1995 and $3,426 in 1994	380,431	266,629
Merchandise inventories	1,258,413	936,048
Deferred income taxes	18,542	32,093
Prepaid expenses	11,620	7,046
Total current assets	1,730,999	1,274,222
Property and Equipment, net	565,082	397,229
Goodwill, net of amortization	195,302	200,449
Other Assets	39,834	32,083
	$ 2,531,217	$ 1,903,983

Liabilities & Stockholders' Equity	December 30, 1995	December 31, 1994
Current Liabilities:		
Accounts payable	$ 841,589	$ 609,914
Accrued expenses	166,575	154,894
Income taxes	10,542	18,051
Current maturities of long-term debt	3,309	4,030
Total current liabilities	1,022,015	786,889
Long-Term Debt, less current maturities	112,340	27,460
Deferred Taxes and Other Credits	11,297	8,023
Zero Coupon, Convertible, Subordinated Notes	382,570	366,340
Commitments and Contingencies	-	-
Common Stockholders' Equity:		
Common stock - authorized 400,000,000 shares of $.01 par value; issued 157,961,801 in 1995 and 151,536,781 in 1994	1,580	1,515
Additional paid-in capital	605,876	453,117
Foreign currency translation adjustment	(794)	(3,295)
Retained earnings	398,083	265,684
Less: 2,163,447 shares of treasury stock, at cost	(1,750)	(1,750)
	1,002,995	715,271
	$2,531,217	$1,903,983

The accompanying notes are an integral part of these statements.

Office Depot Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Period from December 27, 1992 to December 30, 1995
(In thousands, except for number of shares)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Foreign Currency Translation Adjustment	Retained Earnings	Treasury Stock
Balance at December 27, 1992	142,088,182	$1,421	$320,421	$ 98	$ 93,717	$(1,750)
Issuance of common stock for acquisitions	5,035,401	50	94,647	-	-	-
Exercise of stock options (including tax benefits)	1,841,505	18	11,272	-	-	-
Sale of stock under employee purchase plan	89,489	1	1,604	-	-	-
401k plan matching contributions	59,619	1	947	-	-	-
S corporation distribution to stockholders	-	-	-	-	(3,280)	-
Foreign currency translation adjustment	-	-	-	285	-	-
Net earnings for the period	-	-	-	-	70,832	-
Balance at December 25, 1993	149,114,196	1,491	428,891	383	161,269	(1,750)
Exercise of stock options (including tax benefits)	2,137,696	21	17,526	-	-	-
Sale of stock under employee purchase plan	199,974	2	4,651	-	-	-
401k plan matching contributions	84,915	1	2,049	-	-	-
S corporation distribution to stockholders	-	-	-	-	(542)	-
Foreign currency translation adjustment	-	-	-	(3,678)	-	-
Net earnings for the period	-	-	-	-	104,957	-
Balance at December 31, 1994	151,536,781	1,515	453,117	(3,295)	265,684	(1,750)
Issuance of common stock	4,325,000	43	121,756	-	-	-
Exercise of stock options (including tax benefits)	1,751,620	17	22,146	-	-	-
Sale of stock under employee purchase plan	274,161	3	7,019	-	-	-
401k plan matching contributions	59,438	1	1,564	-	-	-
Conversion of LYONs to common stock	14,801	1	274	-	-	-
Foreign currency translation adjustment	-	-	-	2,501	-	-
Net earnings for the period	-	-	-	-	132,399	-
Balance at December 30, 1995	157,961,801	$1,580	$605,876	$ (794)	$ 398,083	$(1,750)

The accompanying notes are an integral part of these statements.

Office Depot Inc. And Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Change in Cash and Cash Equivalents
(in thousands)

	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993
Cash flows from operating activities			
Cash received from customers	$ 5,243,724	$ 4,208,675	$ 2,805,053
Cash paid for inventory	(4,090,129)	(3,239,438)	(2,130,771)
Cash paid for store and warehouse operating, selling and general and administrative expenses	(1,045,448)	(860,354)	(559,440)
Interest received	1,357	4,296	4,654
Interest paid	(5,665)	(2,078)	(2,595)
Taxes paid	(77,865)	(64,994)	(30,675)
Net cash provided by operating activities	25,974	46,107	86,226
Cash flows from investing activities			
Capital expenditures - net	(219,892)	(171,810)	(104,568)
Purchase of Eastman common stock	-	-	(20,001)
Acquisition of cash overdraft assumed, net	_	_	(4,106)
Net cash used in investing activities	(219,892)	(171,810)	(128,675)
Cash flows from financing activities			
Proceeds from exercise of stock options and sales of stock under employee stock purchase plan	20,883	14,976	10,308
Proceeds from stock offering	121,799	_	_
Foreign currency translation adjustment	2,501	(3,678)	285
Proceeds from long- and short-term borrowings	178,410	30,466	231,359
Payments on long- and short-term borrowings	(100,088)	(25,584)	(188,722)
S corporation distribution to stockholders	_	(542)	(3,280)
Net cash provided by financing activities	223,505	15,638	49,950
Net increase (decrease) in cash and cash equivalents	29,587	(110,065)	7,501
Cash and cash equivalents at beginning of period	32,406	142,471	134,970
Cash and cash equivalents at end of period	$ 61,993	$ 32,406	$ 142,471
Reconciliation of net earnings to net cash provided by operating activities			
Net earnings	$ 132,399	$ 104,957	$ 70,832
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	64,830	49,585	31,762
Accreted interest on convertible, subordinated notes	16,505	16,042	8,754
Contributions of common stock to employee benefit and stock purchase plans	2,271	2,458	1,107
Changes in assets and liabilities (net of effect in 1993 of the Eastman and Wilson acquisitions)			
Increase in receivables	(113,802)	(64,640)	(50,200)
Increase in merchandise inventories	(322,365)	(272,901)	(151,991)
Increase in prepaid expenses, deferred income taxes and other assets	(583)	(18,337)	(15,646)
Increase in accounts payable, accrued expenses and deferred credits	246,719	228,943	191,608
Total adjustments	(106,425)	(58,850)	15,394
Net cash provided by operating activities	$ 25,974	$ 46,107	$ 86,226

The accompanying notes are an integral part of these statements.

Office Depot Inc. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Office Depot, Inc. and subsidiaries (the "Company") operates a national chain of high-volume office supply stores and contract stationer/delivery warehouses. The Company was incorporated in March 1986 and opened its first store in October 1986.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. Investments in joint ventures are accounted for using the equity method.

The Company is on a 52 or 53 week fiscal year ending on the last Saturday in December. The fiscal years presented in the financial statements include 52 weeks in 1995, 53 weeks in 1994 and 52 weeks in 1993.

All common stock share and per share amounts for all periods presented have been adjusted for two three-for-two stock splits in June 1994 and June 1993 effected in the form of stock dividends.

Certain reclassifications were made to prior year statements to conform to current year presentations.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers any highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

RECEIVABLES

Receivables as of December 30, 1995 and December 31, 1994 are comprised of trade receivables not financed through outside programs, totaling approximately $187,476,000 and $119,203,000, respectively, as well as amounts due from others. An allowance for doubtful accounts is provided for estimated amounts considered to be uncollectible. The credit risk related to these trade receivables is limited due to the large number of customers comprising the Company's customer base, and their dispersion across many different industries and geographies.

Amounts due from others, totaling approximately $192,955,000 and $147,426,000 as of December 30, 1995 and December 31, 1994, respectively, consist primarily of estimated receivables from vendors under various rebate, cooperative advertising and miscellaneous marketing programs. Funds received from vendors under rebate and miscellaneous marketing programs related to the purchase price of merchandise inventories are capitalized and recognized as a reduction of cost of sales as merchandise is sold. Amounts relating to cooperative advertising and marketing are recognized as a reduction of advertising expense in the period that the related expenses are incurred.

MERCHANDISE INVENTORIES

Inventories are stated at the lower of weighted average cost or market value.

INCOME TAXES

The Company provides for Federal and state income taxes currently payable as well as deferred income taxes resulting from temporary differences between the basis of assets and liabilities for tax purposes and for financial statement purposes using the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Under this standard, deferred tax assets and liabilities represent the tax effects, based on current tax law, of future deductible or taxable amounts attributable to events that have been recognized in the financial statements.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Depreciation and amortization are provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on a straight line basis. Estimated useful lives are 30 years for buildings and 3 to 10 years for furniture, fixtures and equipment. Leasehold improvements are amortized over the lesser of the terms of the respective leases, including applicable renewal periods, or the service lives of the improvements. The Company capitalized interest costs of approximately $600,000 in 1995 and $1,000,000 in 1994 as part of the cost of major asset construction projects. Since there were no such projects in 1993, no interest costs were capitalized in that year.

GOODWILL

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible assets of businesses acquired. Goodwill is amortized on a straight-line basis over 40 years. Accumulated amortization of goodwill was $12,164,000 and $6,946,000 as of December 30, 1995 and December 31, 1994, respectively. Management periodically evaluates the recoverability of goodwill, which would be adjusted for a permanent decline in value, if any, as measured by projected undiscounted future cash flows from the acquired businesses.

ADVERTISING

Advertising costs are charged to expense when incurred. The Company and its vendors participate in cooperative advertising programs in which the vendors reimburse the Company for a portion of certain advertising costs. Advertising expense, net of vendor reimbursements, amounted to $42,878,000 in 1995, $45,361,000 in 1994, and $28,270,000 in 1993.

PRE-OPENING EXPENSES

Pre-opening expenses related to new store and delivery warehouse openings are expensed as incurred.

POSTRETIREMENT BENEFITS

The Company does not currently provide postretirement benefits for its employees.

INSURANCE RISK RETENTION

The Company retains certain risks for workers' compensation, general liability and employee medical programs and accrues estimated liabilities on an undiscounted basis for known claims and claims incurred but not reported.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments," requires disclosure of the fair value of financial instruments, both assets and liabilities, recognized and not recognized in the Consolidated Balance Sheets of the Company, for which it is practicable to estimate fair value. The estimated fair values of financial instruments which are presented herein have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of amounts the Company could realize in a current market exchange.

The following methods and assumptions were used to estimate fair value:

- the carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair value due to their short term nature;
- discounted cash flows using current interest rates for financial instruments with similar characteristics and maturity were used to determine the fair value of short-term and long-term debt; and,
- market prices were used to determine the fair value of the zero coupon, convertible, subordinated notes.

There were no significant differences as of December 30, 1995 and December 31, 1994 in the carrying value and fair value of financial instruments except for the zero coupon, convertible, subordinated notes which had a carrying value of $382,570,000 and $366,340,000 and a fair value of $422,407,000 and $407,675,000 at the end of 1995 and 1994, respectively.

NEW ACCOUNTING PRONOUNCEMENTS

The Company will adopt the following Statements of Financial Accounting Standards ("SFAS") in the year ending December 28, 1996.

SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of. Long-lived assets and certain identifiable intangibles to be held and used by a company are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Measurement of an impairment loss for such long-lived assets and identifiable intangibles should be based on the fair value of the asset. Long-lived assets and certain identifiable intangibles to be disposed of are required to be reported generally at the lower of the carrying amount or fair value less cost to sell. SFAS No. 121 is effective for fiscal years that begin after December 15, 1995. Management has not yet determined the effect of SFAS No. 121 on the Company's financial position or results of operations.

SFAS No. 123, "Accounting for Stock-Based Compensation" establishes financial accounting and reporting standards for stock-based employee compensation plans, including stock options, stock purchase plans, restricted stock, and stock appreciation rights. SFAS No. 123 defines and encourages the use of the fair value method of accounting for employee stock-based compensation. Continuing use of the intrinsic value based method of accounting prescribed in Accounting Principles Board Opinion No. 25 ("APB 25") for measurement of employee stock-based compensation is allowed with pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied. Transactions in which equity instruments are issued in exchange for goods or services from non-employees must be accounted for based on the fair value of the consideration received or of the equity instrument issued, whichever is more reliably measurable. SFAS No. 123 is effective for transactions entered into in fiscal years that begin after December 15, 1995. The Company has determined that it will continue to use the method of accounting prescribed in APB 25 for measurement of employee stock-based compensation, and will begin providing the required pro forma disclosures in its financial statements for the year ending December 28, 1996 as allowed by SFAS No. 123.

NOTE B - PROPERTY & EQUIPMENT

Property and equipment consists of:

	December 30, 1995	December 31, 1994
	(in thousands)	
Land	$ 64,094	$ 38,058
Buildings	66,703	31,619
Leasehold improvements	278,821	215,503
Furniture, fixtures and equipment	338,308	239,170
	747,926	524,350
Less accumulated depreciation and amortization	182,844	127,121
	$565,082	$397,229

Equipment held under capital leases included in furniture, fixtures and equipment above consists of:

	December 30, 1995	December 31, 1994
	(in thousands)	
Equipment	$22,439	$15,681
Less accumulated depreciation	12,919	12,258
	$ 9,520	$ 3,423

NOTE C LONG-TERM DEBT

Long-term debt consists of the following:

	December 30, 1995	December 31, 1994
	(in thousands)	
Capital lease obligations collateralized by certain equipment and fixtures	$ 8,570	$ 3,417
13% senior subordinated notes, unsecured and due 2002	9,888	10,126
Non-interest bearing promissory note, due February 1996, guaranteed by an irrevocable letter of credit	1,980	-
Bank borrowings	95,000	15,000
Installment notes, interest rates ranging from 5.9% to 18.7%, payable in monthly installments through 2007, collateralized by certain equipment	211	2,947
	115,649	31,490
Less current portion	3,309	4,030
	$112,340	$27,460

Office Depot Inc. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE C - LONG-TERM DEBT (continued)

The Company has a credit agreement with its principal bank and a syndicate of commercial banks to provide for a working capital line and letters of credit totaling $300,000,000. The agreement provides that funds borrowed will bear interest, at the Company's option, at either: the higher of the prime rate or .5% over the Federal Funds rate; the LIBOR rate plus .25% to .375%, depending on the fixed charge coverage ratio; 1.75% over the Federal Funds rate; or under a competitive bid facility. The Company must also pay a fee of between .125% and .25% per annum, depending on the Company's fixed charge coverage ratio, on the available and unused portion of the credit facility. The credit facility expires in June 2000. In addition to the credit facility, the bank has provided a lease facility to the Company under which the bank has agreed to purchase up to $25,000,000 of equipment on behalf of the Company and lease such equipment to the Company. As of December 30, 1995, the Company had $95,000,000 of outstanding borrowings under the revolving credit facility and had utilized approximately $7,621,000 of the lease facility. Additionally, the Company had outstanding letters of credit under the credit agreement totaling $15,612,000 as of December 30, 1995. The loan agreement contains covenants relating to maintaining various financial statement ratios.

Contractual maturities of long-term debt are as follows:

	December 30, 1995 (in thousands)
1996	$ 3,309
1997	1,964
1998	1,841
1999	1,903
2000	96,849
Thereafter	9,783
	$115,649

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 30, 1995 are as follows:

	December 30, 1995 (in thousands)
1996	$1,759
1997	1,692
1998	1,718
1999	1,680
2000	1,288
Thereafter	1,000
Minimum lease payments	9,137
Less: amount representing interest at 9.5% to 15.0%	567
Present value of net minimum lease payments	8,570
Less: current portion	1,318
Non-current portion	$7,252

Office Depot Inc. And Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE D - ZERO COUPON, CONVERTIBLE, SUBORDINATED NOTES

On December 11, 1992, the Company issued $316,250,000 principal amount of Liquid Yield Option Notes (LYONs) with a price to the public of $150,769,000. The issue price of each such LYON was $476.74 and there will be no periodic payments of interest. The LYONs will mature on December 11, 2007 at $1,000 per LYON, representing a yield to maturity of 5% (computed on a semi-annual bond equivalent basis).

On November 1, 1993, the Company issued $345,000,000 principal amount of LYONs with a price to the public of $190,464,000. The issue price of each such LYON was $552.07 and there will be no periodic payments of interest. These LYONs will mature on November 1, 2008 at $1,000 per LYON, representing a yield to maturity of 4% (computed on a semi-annual bond equivalent basis).

All LYONs are subordinated to all existing and future senior indebtedness of the Company.

Each LYON is convertible at the option of the holder at any time on or prior to maturity, unless previously redeemed or otherwise purchased by the Company, into common stock of the Company at a conversion rate of 29.263 shares per 1992 LYON and 21.234 shares per 1993 LYON. The LYONs may be required to be purchased by the Company, at the option of the holder, as of December 11, 1997 and December 11, 2002 for the 1992 LYONs and as of November 1, 2000 for the 1993 LYONs, at the issue price plus accrued original issue discount. The Company, at its option, may elect to pay the purchase price on any particular purchase date in cash or common stock, or any combination thereof. During 1995, $506,000 par value of 1992 LYONs were converted to 14,801 shares of common stock of the Company for an aggregate conversion price of approximately $275,000, including accrued interest.

In addition, prior to December 11, 1997 for the 1992 LYONs and prior to November 1, 2000 for the 1993 LYONs, the LYONs will be purchased for cash by the Company, at the option of the holder, in the event of a change in control of the Company. Beginning on December 11, 1996, for the 1992 LYONs and on November 1, 2000 for the 1993 LYONs, the LYONs are redeemable for cash at any time at the option of the Company in whole or in part at the issue price plus accrued original issue discount through the date of redemption.

NOTE E - INCOME TAXES

The income tax provision consists of the following:

	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993
		(in thousands)	
Current			
Federal	$65,573	$62,211	$40,068
State	12,613	14,616	9,449
Deferred (benefit)	11,336	(2,854)	(4,399)
Total provision for income taxes	$89,522	$73,973	$45,118

The tax effected components of deferred income tax accounts consist of the following:

	As of December 30, 1995	As of December 31, 1994	As of December 25, 1993
		(in thousands)	
Interest premium on notes redeemed	$ 2,004	$ 4,944	$ 7,832
Self-insurance accruals	5,839	8,302	6,466
Inventory costs capitalized for tax purposes	2,797	4,483	3,215
Other items, net	24,308	20,563	14,435
Deferred tax assets	34,948	38,292	31,948
Excess of tax over book depreciation	7,468	3,524	3,208
Capitalized leases	4,781	4,509	3,160
Other items, net	8,819	5,043	3,218
Deferred tax liabilities	21,068	13,076	9,586
Net deferred tax assets	$13,880	$25,216	$22,362

The following schedule is a reconciliation of income taxes at the federal statutory rate to the provision for income taxes:

	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993
		(in thousands)	
Tax computed at the statutory rate	$77,672	$62,626	$40,583
State taxes net of federal benefit	8,877	8,944	5,748
Effect of S Corporation income prior to acquisitions	_	(1,161)	(1,709)
Nondeductible goodwill amortization	1,843	1,955	483
Other items, net	1,130	1,609	13
Provision for income taxes	$89,522	$73,973	$45,118

Four of the contract stationers acquired in 1994 were organized as S Corporations and, therefore, did not provide for income taxes prior to their respective acquisitions.

Office Depot Inc. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE F - COMMITMENTS & CONTINGENCIES

LEASES

The Company conducts its operations in various leased facilities under leases that are classified as operating leases for financial statement purposes. The leases provide for the Company to pay real estate taxes, common area maintenance, and certain other expenses, including, in some instances, contingent rentals based on sales. Lease terms, excluding renewal option periods exercisable by the Company at escalated rents, expire between 1996 and 2020. In addition to the base lease term, the Company has various renewal option periods. Also, certain equipment used in the Company's operations is leased under operating leases. A schedule of fixed operating lease commitments follows:

	December 30, 1995
	(in thousands)
1996	$ 142,155
1997	132,099
1998	121,660
1999	111,117
2000	95,794
Thereafter	532,366
	$1,135,191

The above amounts include 42 stores leased but not yet opened as of December 30, 1995. The Company is in the process of opening new stores and delivery warehouses in the ordinary course of business, and leases signed subsequent to December 30, 1995 are not included in the above described commitment amount. Rent expense, including equipment rental, was approximately $154,633,000, $124,693,000 and $94,017,000, during 1995, 1994 and 1993, respectively.

OTHER

Certain holders of the Company's common stock have limited demand registration rights. The cost of such registration will generally be borne by the Company.

The Company is involved in litigation arising in the normal course of its business. In the opinion of management, these matters will not materially affect the financial position or results of operations of the Company.

As of December 30, 1995, the Company has reserved 16,565,515 shares of unissued common stock for conversion of the subordinated notes (see Note D).

NOTE G - EMPLOYEE BENEFIT PLANS

STOCK OPTION PLANS

As of December 30, 1995, the Company had reserved 11,639,710 shares of common stock for issuance to officers and key employees under its 1986 and 1987 Incentive Stock Option Plans, its 1988 and 1989 Employees Stock Option Plans, its Omnibus Equity Plan, and its Directors Stock Option Plan. Under these plans, the option price must be equal to or in excess of the market price of the stock on the date of the grant or, in the case of employees who own 10% or more of common stock, the minimum price must be 110% of the market price.

Options granted to date become exercisable from one to four years after the date of grant, provided that the individual is continuously employed by the Company. All options expire no more than ten years after the date of grant. Options to purchase 4,774,106 shares were exercisable at December 30, 1995. No amounts have been charged to income under the plans.

Office Depot Inc. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE G - EMPLOYEE BENEFIT PLANS (continued)

	Number of Shares	Option Price Per Share
Outstanding at December 27, 1992	8,736,195	$ .02 - 15.28
Granted	2,214,702	$ 13.22 - 23.84
Canceled	449,628	$ 1.76 - 17.92
Exercised	1,785,528	$ .30 - 15.00
Outstanding at December 25, 1993	8,715,741	$ .02 - 23.84
Granted	1,944,002	$ 20.00 - 26.50
Canceled	342,094	$ 2.09 - 25.13
Exercised	1,948,270	$ .02 - 21.92
Outstanding at December 31, 1994	8,369,379	$ .02 - 26.50
Granted	1,983,750	$ 19.69 - 31.94
Canceled	291,487	$ 5.89 - 31.00
Exercised	1,735,841	$ .02 - 26.50
Outstanding at December 30, 1995	8,325,801	$ 2.21 - 31.94

EMPLOYEE STOCK PURCHASE PLAN

In October 1989, the Board of Directors approved an Employee Stock Purchase Plan, which permits eligible employees to purchase common stock from the Company at 90% of its fair market value through regular payroll deductions. The maximum aggregate number of shares eligible for purchase under the plan is 1,125,000.

RETIREMENT SAVINGS PLAN

In February 1990, the Board of Directors approved a Retirement Savings Plan, which permits eligible employees to make contributions to the plan on a pretax salary reduction basis in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The Company makes a matching stock contribution of 50% of the employee's pretax contribution up to a maximum of 3% of the employee's compensation in any calendar year. The Retirement Savings Plans of the acquired companies were merged into the Company's Plan during 1994 and 1995.

NOTE H - CAPITAL STOCK

In August 1995, the Company completed a public offering of 4,325,000 shares of common stock, raising net proceeds of approximately $121,799,000.

As of December 30, 1995, there was 1,000,000 shares of $.01 par value preferred stock authorized of which none are issued or outstanding.

NOTE I - PURCHASE OF EASTMAN AND WILSON

On May 17, 1993, the Company acquired substantially all of the assets and assumed certain of the liabilities of the office supply business of Wilson Stationery & Printing Company ("Wilson"), a contract stationer based in Houston, Texas. The Company issued 995,821 shares of common stock, representing $15,000,000 at market value at date of issuance, in exchange for the acquired net assets of Wilson. This acquisition was accounted for as a purchase.

On September 13, 1993, the Company acquired the common stock of Eastman Office Products Corporation ("Eastman"), a contract stationer and office furniture dealer headquartered in California that operates primarily in the western United States. In connection with the acquisition, the Company issued 4,039,580 shares of common stock with a market value of approximately $79,707,000 and paid $20,001,000 in cash. This acquisition was accounted for as a purchase. The Company also acquired the outstanding preferred stock of Eastman for $13,158,000. Additionally, the Company offered to purchase for cash, pursuant to a tender offer, $90,000,000 principal amount of Eastman, Inc.'s 13% Series B Subordinated Notes due 2002 (the "Notes"). Pursuant to the tender offer, in October 1993 the Company purchased $81,750,000 principal amount of the Notes for $103,414,000 in cash.

The excess of the cost over the fair value of net assets acquired for the above acquisitions is being amortized over 40 years on the straight-line method. The Company's Consolidated Statements of Earnings include the operating results of acquisitions from the respective dates of the purchases.

NOTE J - SUPPLEMENTAL INFORMATION OF NON-CASH INVESTING AND FINANCING ACTIVITIES

The Consolidated Statements of Cash Flows for 1995, 1994 and 1993 do not include the following non-cash investing and financing transactions:

	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993
		(in thousands)	
Equipment purchased under capital leases	$5,836	-	-
Conversion of convertible, subordinated debt to common stock	275	-	-
Additional paid-in capital related to tax benefit on stock options exercised	7,598	$6,816	$ 3,525
Acquisition of net assets of Wilson and Eastman:			
Fair value of assets acquired (including goodwill)	-	-	333,805
Liabilities assumed	-	-	(219,097)
Net assets acquired	-	-	114,708
Total issuance of common stock	-	-	94,707
Cash used to purchase Eastman common stock	-	-	$ 20,001

NOTE K - RECEIVABLES SOLD WITH RECOURSE

The Company has two private label credit card programs which are managed by financial services companies. All credit card receivables related to one of these programs were sold on a recourse basis. Proceeds to the Company for such receivables sold with recourse were approximately $313,000,000, $253,000,000 and $185,000,000 in 1995, 1994 and 1993, respectively. The Company's maximum exposure to off-balance sheet credit risk is represented by the outstanding balance of private label credit card receivables with recourse, which totaled approximately $54,400,000 at December 30, 1995. The financial services company periodically estimates the percentage to be withheld from proceeds for receivables sold to achieve the necessary reserve for potential uncollectible amounts. The Company expenses such withheld amounts at the time of the sale to the financial services company.

Office Depot Inc. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE L - NET EARNINGS PER SHARE

Net earnings per common and common equivalent share is based upon the weighted average number of shares and equivalents outstanding during each period. Stock options are considered common stock equivalents. The zero coupon, convertible, subordinated notes are not common stock equivalents. Net earnings per common share assuming full dilution was determined on the assumption that the convertible notes were converted as of the beginning of the period or when issued. Net earnings under this assumption has been adjusted for interest net of its tax effect.

The information required to compute net earnings per share on a primary and fully diluted basis is as follows:

	52 Weeks Ended December 30, 1995	53 Weeks Ended December 31, 1994	52 Weeks Ended December 25, 1993
		(in thousands)	
Primary:			
Weighted average number of common and common equivalent shares	155,551	152,570	147,640
Fully diluted:			
Net earnings	$132,399	$104,957	$ 70,832
Interest expense related to convertible notes, net of tax	10,068	9,359	5,340
Adjusted net earnings	$142,467	$114,316	$ 76,172
Weighted average number of common and common equivalent shares	155,674	152,654	147,959
Shares issued upon assumed conversion of convertible notes	16,568	16,580	10,466
Shares used in computing net earnings per common and common equivalent share assuming full dilution	172,242	169,234	158,425

Office Depot Inc. And Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE M - QUARTERLY FINANCIAL DATA (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)			
Fiscal Year Ended December 30, 1995				
Net sales	$1,351,212	$1,200,410	$1,337,108	$1,424,462
Gross profit(1)	304,829	271,804	307,490	318,735
Net earnings	32,474	27,418	36,842	35,665
Net earnings per common share (fully diluted)	$ .21	$ .18	$ .23	$ .22
Fiscal Year Ended December 31, 1994				
Net sales	$1,041,396	$ 924,676	$1,044,815	$1,255,312
Gross profit(1)	236,937	215,600	243,538	286,626
Net earnings	24,546	20,809	27,411	32,191
Net earnings per common share (fully diluted)	$ .16	$ .14	$ .18	$ .20

(1) Gross profit is net of occupancy costs.

EXHIBIT 21.1

LIST OF THE COMPANY'S SUBSIDIARIES

Name	Jurisdiction of Incorporation
Eastman, Inc.	Delaware
Eastman Office Products Corporation	Delaware
ODI, Inc.	Delaware
OD International, Inc.	Delaware
Office Town, Inc.	Puerto Rico
The Canadian Office Depot, Inc.	British Columbia, Canada
The Office Club, Inc.	California
Southern Terminals, Inc.	North Carolina
Carolina Rail Service, Inc.	North Carolina
Con Eng Coal, Inc.	Pennsylvania
OD Commercial, Inc.	Delaware
ODO, Inc.	Florida
ODNV, Inc.	Nevada
ODHC, Inc.	Delaware
MG Realty, Inc.	California
OD France L.L.C.	Delaware

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-31743, No. 33-62781 and No. 33-62801 of Office Depot, Inc. on Forms S-8 of our reports dated February 12, 1996 appearing in and incorporated by reference in the Annual Report on Form 10-K of Office Depot, Inc. for the year ended December 30, 1995.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Certified Public Accountants
Fort Lauderdale, Florida
March 26, 1996

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF OFFICE DEPOT FOR THE YEAR ENDED DECEMBER 30, 1995, AND IS QUALFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000
U.S. DOLLARS

YEAR
DEC-30-1995
JAN-01-1995
DEC-30-1995
1
61,993
0
187,476
3,808
1,258,413
1,730,999
747,926
182,844
2,531,217
1,022,105
498,219
0
0
1,580
1,001,415
2,531,217
5,313,192
5,313,192
4,110,334
4,910,558
158,557
1,869
22,551
221,921
89,522
132,399
0
0
0
132,399
.85
.83