

OFFICE DEPOT, INC.
RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

We report our results of operations using measures of financial performance prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We also disclose other non-GAAP financial measures that we use to assess our returns and capital structure. These measures are used to assist management in making business decisions to maximize stockholders' value and certain of these measures are included as metrics determining variable pay arrangements.

Non-GAAP results are presented where that presentation will afford management and investors an opportunity to make meaningful comparisons to results in prior periods. The presentation of such non-GAAP information is not intended to suggest that such information is superior to the presentation of GAAP information, but only to clarify some information and assist the reader. We have included reconciliations of this information to the most comparable GAAP measures in the tables included within this material.

OFFICE DEPOT, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
NET INCOME (LOSS)
(Dollars in millions, except per share amounts)

	13 Weeks Ended		52 Weeks Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Net Income (Loss)				
Net income (loss)	\$ 15	\$ (84)	\$ 8	\$ (352)
Add (Less):				
Charges and credits, after tax	24	124	221	473
Grupo OfficeMax	-	-	-	(4)
Adjusted net income (loss)*	<u>\$ 39</u>	<u>\$ 40</u>	<u>\$ 229</u>	<u>\$ 117</u>
Less: Results attributable to the noncontrolling interests	-	-	-	2
Add:				
Grupo OfficeMax	-	-	-	(2)
Adjusted income (loss) attributable to Office Depot, Inc.	<u>\$ 39</u>	<u>\$ 40</u>	<u>\$ 229</u>	<u>\$ 117</u>
Weighted average shares used:				
Basic	548	540	547	535
Diluted	555	548	555	544
EPS (most dilutive) - GAAP	\$ 0.03	\$ (0.15)	\$ 0.01	\$ (0.66)
Charges and credits, after tax	(0.04)	(0.22)	(0.40)	(0.88)
Adjusted EPS (most dilutive)	<u>\$ 0.07</u>	<u>\$ 0.07</u>	<u>\$ 0.41</u>	<u>\$ 0.22</u>
<u>Charges/Credits, after tax</u>				
Merger-related expenses	\$ 24	\$ 90	\$ 140	\$ 332
International restructuring and certain other expenses	18	38	81	71
Staples Acquisition expenses	16	-	111	-
Asset impairments	3	11	13	88
Legal Accrual	-	-	-	81
Net impact on operating income (loss)	<u>61</u>	<u>139</u>	<u>345</u>	<u>572</u>
Interest expense, net	-	-	-	(8)
Other income (expense), net	-	-	-	1
Tax expense (benefit)	<u>(37)</u>	<u>(15)</u>	<u>(124)</u>	<u>(92)</u>
Net impact on income (loss) attributable to Office Depot, Inc.	<u>\$ 24</u>	<u>\$ 124</u>	<u>\$ 221</u>	<u>\$ 473</u>

OFFICE DEPOT, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
OPERATING INCOME (LOSS)
(Dollars in millions)

	<u>13 Weeks Ended</u>		<u>52 Weeks Ended</u>	
	<u>December 26, 2015</u>	<u>December 27, 2014</u>	<u>December 26, 2015</u>	<u>December 27, 2014</u>
Operating Income (Loss)				
Operating income (loss)	\$ 27	\$ (61)	\$ 115	\$ (275)
Add:				
Charges and credits, pretax	61	139	345	572
Grupo OfficeMax	-	-	-	(8)
Adjusted operating income (loss)*	<u>\$ 88</u>	<u>\$ 78</u>	<u>\$ 460</u>	<u>\$ 289</u>
Sales	\$ 3,477	\$ 3,832	\$ 14,485	\$ 16,096
Less:				
Grupo OfficeMax	-	-	-	(155)
Adjusted sales	<u>\$ 3,477</u>	<u>\$ 3,832</u>	<u>\$ 14,485</u>	<u>\$ 15,941</u>
Operating income (loss) margin	0.8%	-1.6%	0.8%	-1.7%
Adjusted operating income (loss) margin	2.5%	2.0%	3.2%	1.8%

OFFICE DEPOT, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FREE CASH FLOW
(Dollars in millions)

We define free cash flow as net cash provided by (used in) operating activities less capital expenditures. We believe that reporting free cash flow is useful to management and investors because it relates operating cash flow to the capital that is spent to continue and improve our existing businesses. Further, free cash flow facilitates management's ability to strengthen our balance sheet, repay our debt obligations and consider investment alternatives. Free cash flow is not a measure of financial performance under generally accepted accounting principles in the U.S. and may not be defined and calculated by other companies in the same manner. Free cash flow does not represent the residual cash flow available for discretionary expenditures as it does not incorporate certain cash payments, including payments made on capital lease obligations, scheduled debt repayments or other firm commitments and payments. Free cash flow should not be considered in isolation or as an alternative to cash flow provided by operating activities as an indicator of performance.

	13 Weeks Ended		52 Weeks Ended	
	December 26, 2015	December 27, 2014	December 26, 2015	December 27, 2014
Cash Flow Summary				
Net cash provided by (used in) operating activities	\$ 126	\$ 121	\$ 126	\$ 156
Net cash provided by (used in) investing activities	(7)	(29)	(74)	(28)
Net cash provided by (used in) financing activities	(8)	25	(25)	15
Effect of exchange rate changes on cash and cash equivalents	-	(11)	(29)	(27)
Net increase (decrease) in cash and cash equivalents	\$ 111	\$ 106	\$ (2)	\$ 116
Free Cash Flow				
Net cash provided by (used in) operating activities	\$ 126	\$ 121	\$ 126	\$ 156
Less: Capital expenditures	40	33	163	123
Free Cash Flow	\$ 86	\$ 88	\$ (37)	\$ 33

OFFICE DEPOT, INC
STATEMENT OF OPERATIONS ISOLATING CERTAIN IMPACTS
(In millions, except per share amounts)
(Unaudited)

	Q4 2015			Q4 2014		
	As reported	Charges/Credits	As adjusted*	As reported	Charges/Credits	As adjusted*
Sales	\$ 3,477	\$ -	\$ 3,477	\$ 3,832	\$ -	\$ 3,832
Cost of goods sold and occupancy costs	2,662	-	2,662	2,941	-	2,941
Gross profit	815	-	815	891	-	891
Selling, general, and administrative expenses	727	-	727	813	-	813
Asset impairments	3	3	-	11	11	-
Merger, restructuring and other operating expenses, net	58	58	-	128	128	-
Operating income (loss)	27	(61)	88	(61)	(139)	78
Other income (expense):						
Interest income	6	-	6	6	-	6
Interest expense	(22)	-	(22)	(24)	-	(24)
Other income (expense), net	1	-	1	1	-	1
Income (loss) before income taxes	12	(61)	73	(78)	(139)	61
Income tax expense (benefit) **	(3)	(37)	34	6	(15)	21
Net income (loss)	15	(24)	39	(84)	(124)	40
Less: Results attributable to the noncontrolling interests	-	-	-	-	-	-
Net income (loss) attributable to Office Depot, Inc.	\$ 15	\$ (24)	\$ 39	\$ (84)	\$ (124)	\$ 40
Earnings (loss) per share (most dilutive)	\$ 0.03	\$ (0.04)	\$ 0.07	\$ (0.15)	\$ (0.22)	\$ 0.07

See discussion of charges and credits in our Form 10-K and Forms 10-Q filed with the US Securities and Exchange Commission.

* As adjusted amounts are non-GAAP financial measures. These measures are presented to provide management and other users an opportunity to make meaningful assessments and comparisons of results from total operations (GAAP) and results after isolating Charges/Credits that are not indicative our core operations (non-GAAP). Such Charges/Credits may include but not be limited to charges and credits related to merger integration, restructuring, Staples acquisition, significant asset impairments, significant litigation accruals, and the related tax impacts of such items. These adjustments may be used for variable pay considerations. The presentation of non-GAAP information is not intended to suggest that such information is superior to the presentation of GAAP information, but only to provide information and assist the reader.

** Beginning with the first quarter of 2015, the Company has recognized deferred tax impacts in its US tax provision for determining non-GAAP net income attributable to Office Depot, Inc. and EPS. The change results from having accumulated non-GAAP earnings in that jurisdiction for a 36 month period and the projection of future non-GAAP earnings. This change has not been applied to the tax provision for determining GAAP net income attributable to Office Depot, Inc. or EPS as the Company remains in a cumulative loss for the 36 month period on a GAAP basis.

OFFICE DEPOT, INC
STATEMENT OF OPERATIONS ISOLATING CERTAIN IMPACTS
(In millions, except per share amounts)
(Unaudited)

	YTD Q4 2015			YTD Q4 2014			
	As reported	Charges/Credits	As adjusted*	As reported	Charges/Credits	Grupo OfficeMax**	As adjusted*
Sales	\$ 14,485	\$ -	\$ 14,485	\$ 16,096	\$ -	\$ 155	\$ 15,941
Cost of goods sold and occupancy costs	10,983	-	10,983	12,320	-	114	12,205
Gross profit	3,502	-	3,502	3,776	-	40	3,736
Selling, general, and administrative expenses	3,042	-	3,042	3,479	-	32	3,446
Asset impairments	13	13	-	88	88	-	-
Merger, restructuring and other operating expenses, net	332	332	-	403	403	-	-
Legal accrual	-	-	-	81	81	-	-
Operating income (loss)	115	(345)	460	(275)	(572)	8	289
Other income (expense):							
Interest income	24	-	24	24	8	-	16
Interest expense	(93)	-	(93)	(89)	-	-	(89)
Other income (expense), net	1	-	1	-	(1)	(2)	3
Income (loss) before income taxes	47	(345)	392	(340)	(565)	6	219
Income tax expense (benefit) ***	39	(124)	163	12	(92)	2	102
Net income (loss)	8	(221)	229	(352)	(473)	4	117
Less: Results attributable to the noncontrolling interests	-	-	-	2	-	2	-
Net income (loss) attributable to Office Depot, Inc.	\$ 8	\$ (221)	\$ 229	\$ (354)	\$ (473)	\$ 2	\$ 117
Earnings (loss) per share (most dilutive)	\$ 0.01	\$ (0.40)	\$ 0.41	\$ (0.66)	\$ (0.88)	\$ -	\$ 0.22

See discussion of charges and credits in our Form 10-K and Forms 10-Q filed with the US Securities and Exchange Commission.

* As adjusted amounts are non-GAAP financial measures. These measures are presented to provide management and other users an opportunity to make meaningful assessments and comparisons of results from total operations (GAAP) and results after isolating Charges/Credits that are not indicative our core operations (non-GAAP). Such Charges/Credits may include but not be limited to charges and credits related to merger integration, restructuring, Staples acquisition, significant asset impairments, significant litigation accruals, and the related tax impacts of such items. Additionally, because of the sale of Grupo OfficeMax in the third quarter of 2014, their results have been removed to provide a measure without their contribution by line item to assist with evaluating future performance. These adjustments may be used for variable pay considerations. The presentation of non-GAAP information is not intended to suggest that such information is superior to the presentation of GAAP information, but only to provide information and assist the reader.

** Amounts relate to the results of operations of Grupo OfficeMax consolidated joint venture. Gross profit amount may not foot due to rounding. The loss associated with the disposition of this business is included in Merger, restructuring, and other operating expenses, net.

*** Beginning with the first quarter of 2015, the Company has recognized deferred tax impacts in its US tax provision for determining non-GAAP net income attributable to Office Depot, Inc. and EPS. The change results from having accumulated non-GAAP earnings in that jurisdiction for a 36 month period and the projection of future non-GAAP earnings. This change has not been applied to the tax provision for determining GAAP net income attributable to Office Depot, Inc. or EPS as the Company remains in a cumulative loss for the 36 month period on a GAAP basis.

OFFICE DEPOT, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Sales Comparability Adjustments

Sales Factors Impacting Comparability	13 Weeks Ended December 26, 2015	52 Weeks Ended December 26, 2015
Reported (GAAP) sales decline	-9%	-10%
Exclusion of foreign currency translation impact	-3%	-3%
Exclusion of U.S. store closure impacts	-4%	-3%
Exclusion of 2014 Grupo OfficeMax JV sales	0%	-1%
Adjusted Sales decline excluding impact from foreign currency translation, U.S. retail store closures, and 2014 Grupo OfficeMax JV sales	-3%	-3%

Note: Amounts may not foot due to rounding.