

**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 December 27, 2014	52 Weeks Ended December 27, 2014
<b>Net Income (Loss)</b>		
Net income (loss)	\$ (84)	\$ (352)
Add (Less):		
Charges and credits, after tax	124	473
Grupo OfficeMax	-	(4)
Adjusted net income (loss)*	<u>\$ 40</u>	<u>\$ 117</u>
Less: Results attributable to the noncontrolling interests	-	2
Add:		
Grupo OfficeMax	-	(2)
Adjusted net income (loss) available to common shareholders	<u>\$ 40</u>	<u>\$ 117</u>
Weighted average shares used:		
Basic	540	535
Diluted	548	544
EPS (most dilutive) - GAAP	\$ (0.15)	\$ (0.66)
Charges and credits, after tax	(0.22)	(0.88)
Adjusted EPS (most dilutive)	<u>\$ 0.07</u>	<u>\$ 0.22</u>
<u>Charges/Credits</u>		
Merger-related expenses	\$ 90	\$ 332
Restructuring and other expenses	38	71
Asset impairments	11	88
Legal accrual	-	81
Net impact on operating income (loss)	<u>139</u>	<u>572</u>
Interest expense, net	-	(8)
Other income (expense), net	-	1
Tax expense (benefit)	<u>(15)</u>	<u>(92)</u>
Net impact on income (loss) attributable to common stockholders	<u>\$ 124</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>December 27, 2014</u>	<u>52 Weeks Ended</u> <u>December 27, 2014</u>
<b>Operating Income (Loss)</b>		
Operating income (loss)	\$ (61)	\$ (275)
Add:		
Charges and credits, pretax	139	572
Grupo OfficeMax	-	(8)
Adjusted operating income (loss)*	<u>\$ 78</u>	<u>\$ 289</u>
Sales	\$ 3,832	\$ 16,096
Less:		
Grupo OfficeMax	-	(155)
Adjusted sales	<u>\$ 3,832</u>	<u>\$ 15,941</u>
Operating income (loss) margin	-1.6%	-1.7%
Adjusted operating income (loss) margin	2.0%	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.

	<u>13 Weeks Ended</u> <u>December 27, 2014</u>	<u>52 Weeks Ended</u> <u>December 27, 2014</u>
<b>Cash Flow Summary</b>		
Net cash provided by (used in) operating activities*	\$ 121	\$ 156
Net cash provided by (used in) investing activities	(29)	(28)
Net cash provided by (used in) financing activities	25	15
Effect of exchange rate changes on cash and cash equivalents	(11)	(27)
Net increase (decrease) in cash and cash equivalents	<u>\$ 106</u>	<u>\$ 116</u>
<b>Free Cash Flow</b>		
Net cash provided by (used in) operating activities*	\$ 121	\$ 156
Less: Capital expenditures	33	123
Free Cash Flow*	<u>\$ 88</u>	<u>\$ 33</u>

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

	Q4 2014		
	As reported	Charges/Credits	As adjusted*
Sales	\$ 3,832	\$ -	\$ 3,832
Cost of goods sold and occupancy costs	2,941	-	2,941
Gross profit	891	-	891
Selling, general, and administrative expenses	813	-	813
Asset impairments	11	11	-
Merger, restructuring and other operating expenses, net	128	128	-
Legal accrual	-	-	-
Operating income (loss)	(61)	(139)	78
Other income (expense):			
Interest expense, net	(18)	-	(18)
Other income (expense), net	1	-	1
Income (loss) before income taxes	(78)	(139)	61
Income tax expense (benefit)	6	(15)	21
Net income (loss)	(84)	(124)	40
Less: Results attributable to the noncontrolling interests	-	-	-
Income (loss) available to common stockholders	\$ (84)	\$ (124)	\$ 40
Earnings (loss) per share (most dilutive)	\$ (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 of our core operations (non-GAAP). Such Charges/Credits may include but not be limited to charges and credits related to merger integration, restructuring, significant asset impairments, significant litigation accruals, the related tax impacts of such items and significant tax settlements. 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.

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

	YTD 2014			
	As reported	Charges/Credits	Grupo OfficeMax**	As adjusted*
Sales	\$ 16,096	\$ -	\$ 155	\$ 15,941
Cost of goods sold and occupancy costs	12,320	-	114	12,205
Gross profit	3,776	-	40	3,736
Selling, general, and administrative expenses	3,479	-	32	3,446
Asset impairments	88	88	-	-
Merger, restructuring and other operating expenses, net	403	403	-	-
Legal accrual	81	81	-	-
Operating income (loss)	(275)	(572)	8	289
Other income (expense):				
Interest expense, net	(65)	8	-	(73)
Other income (expense), net	-	(1)	(2)	3
Income (loss) before income taxes	(340)	(565)	6	219
Income tax expense (benefit)	12	(92)	2	102
Net income (loss)	(352)	(473)	4	117
Less: Results attributable to the noncontrolling interests	2		2	-
Income (loss) available to common stockholders	<u>\$ (354)</u>	<u>\$ (473)</u>	<u>\$ 2</u>	<u>\$ 117</u>
Earnings (loss) per share (most dilutive)	\$ (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, significant asset impairments, significant litigation accruals, the related tax impacts of such items and significant tax settlements. Additionally, because of the sale of Grupo OfficeMax, 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.

**OFFICE DEPOT, INC**  
**PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS RECONCILIATION**  
(Dollars in millions)  
(Unaudited)

The schedule below provides a reconciliation of the Consolidated Statements of Operations as filed by Office Depot, Inc. in Form 10-K for the year ended December 28, 2013 to the Pro Forma Consolidated Statement of Operations filed in Form 8-K on August 5, 2014. The Pro Forma shows the Consolidated Statements of Operations as if the merger had occurred at the beginning of 2013. Pro Forma adjustments include: (i) certain non-GAAP adjustments for each of the merged companies, which were disclosed by each of the companies prior to the merger; (ii) adjustments for removal of the results of operations related to Grupo OfficeMax, which was sold in Q3 2014; (iii) OfficeMax results for the partial period after the Q3 Form 10-Q and before the merger date, combined with accounting policy harmonization and purchase accounting impacts associated with the merger - the pro forma adjustments for these items are similar to those included in pro forma material included in the Company's S-4 filings, as amended, relating to the merger. Refer to comments below for further details. Such non-GAAP pro forma statement of operations is intended to provide a measure of core ongoing operations and is not intended to represent a measure of performance superior to what would be recognized in accordance with accounting principles generally accepted in the United States (US GAAP). Because of the inherent difficulties in presenting a pro forma period as if the two companies had combined at the beginning of fiscal year 2013, amounts are presented only as a tool to assess future performance. For example, these pro forma amounts do not include costs to be incurred to effect the combining of the companies, including but not limited to additional asset impairments, severance costs, facility closure costs, professional fees and other costs, nor do they include projected benefits to be achieved through synergies.

	Q4 2013					<u>Pro Forma Adjustments Comments</u>
	Historical Office Depot	Historical Office Depot Charges/Credits**	Less: Grupo OfficeMax (Mexico)	OfficeMax Results of Operations for Period from Sep. 29, 2013 through Merger Date and Pro Forma Adjustments	Combined Company Pro Forma***	
Sales	\$ 3,486 *	\$ -	\$ (66)	\$ 641	\$ 4,061	Conforming accounting policies and purchase accounting adjustments
Cost of goods sold and occupancy costs	2,699	-	(53)	508	3,154	Primarily conforming accounting policies, partially offset by purchase accounting adjustments for inventory, fair value of assets.
Gross profit	787 *	-	(13)	133	907	
Selling, general, and administrative expenses	782	-	(14)	148	916	Primarily conforming accounting policies, partially offset by purchase accounting adjustments for fair value of long-term assets, pension, lease, stock comp
Asset impairments	12	(12)	-	-	-	
Merger, restructuring and other operating expenses, net	111	(111)	-	-	-	
Operating income (loss)	(118)	123	1	(15)	(8)	
Other income (expense):						
Interest expense, net	(17)	-	-	(1)	(18)	
Other income (expense), net	-	-	-	1	1	
Income (loss) before income taxes	(134)	123	2	(15)	(26)	
Income tax expense (benefit)	(14)	15	1	-	2	
Net income (loss)	(121) *	109	1	(15)	(27)	
Less: Results attributable to the noncontrolling interests	-	-	(1)	1	-	
Net income (loss) attributable to Office Depot, Inc.	(121) *	109	-	(14)	(27)	
Preferred stock dividends	24	(22)	-	(2)	-	Elimination of preferred stock dividends due to redemption in connection with the Merger
Income (loss) available to common stockholders	<u>\$ (144) *</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ (27)</u>	

\* Unaudited Quarterly Financial Data as disclosed in Note 20 of the Consolidated Financial Statements, which was filed with the U.S. Securities and Exchange Commission in Office Depot, Inc.'s Form 10K for the year ended December 28, 2013.

\*\* Non-GAAP adjustments for the quarterly period ended on December 28, 2013, as disclosed at Office Depot's Investor Center at officedepot.com.

\*\*\* Pro Forma as filed with the U.S. Securities and Exchange Commission in Form 8-K on August 5, 2014.

**OFFICE DEPOT, INC**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS RECONCILIATION**  
(Dollars in millions)  
(Unaudited)

The schedule below provides a reconciliation of the Consolidated Statements of Operations as filed by Office Depot, Inc. in Form 10-K for the year ended December 28, 2013 and OfficeMax Incorporated in Form 10Q for the year-to-date period ended September 28, 2013 to the Pro Forma Consolidated Statement of Operations filed in Form 8-K on August 5, 2014. The Pro Forma shows the Consolidated Statements of Operations as if the merger had occurred at the beginning of 2013. Pro Forma adjustments include: (i) certain non-GAAP adjustments for each of the merged companies, which were disclosed by each of the companies prior to the merger; (ii) adjustments for removal of the results of operations related to Grupo OfficeMax, which was sold in Q3 2014; (iii) OfficeMax results for the partial period after the Form 10-Q through the merger dates, combined with accounting policy harmonization and purchase accounting impacts associated with the merger - the pro forma adjustments for these items are similar to those included in pro forma material included in the Company's S-4 filings, as amended, relating to the merger. Refer to comments below for further details. Such non-GAAP pro forma statement of operations is intended to provide a measure of core ongoing operations and is not intended to represent a measure of performance superior to what would be recognized in accordance with accounting principles generally accepted in the United States (US GAAP). Because of the inherent difficulties in presenting a pro forma period as if the two companies had combined at the beginning of fiscal year 2013, amounts are presented only as a tool to assess future performance. For example, these pro forma amounts do not include costs to be incurred to effect the combining of the companies, including but not limited to additional asset impairments, severance costs, facility closure costs, professional fees and other costs, nor do they include projected benefits to be achieved through synergies.

	FY 2013							
	Historical Office Depot*	Historical OfficeMax YTD Q3 2013**	Historical Office Depot Charges/Credits***	Historical OfficeMax YTD Q3 2013 Charges/Credits**	Less: Grupo OfficeMax (Mexico)	OfficeMax Results of Operations for Period from Sep. 29, 2013 through Merger Date and Pro Forma Adjtsments	Combined Company Pro Forma****	<u>Pro Forma Adjustments Comments</u>
Sales	\$ 11,242	\$ 4,965	\$ -	\$ -	\$ (282)	\$ 624	\$ 16,549	Conforming accounting policies and purchase accounting adjustments
Cost of goods sold and occupancy costs	8,616	3,701	-	-	(220)	603	12,700	Primarily conforming accounting policies, partially offset by purchase accounting adjustments for inventory, fair value of assets.
Gross profit	2,626	1,264	-	-	(62)	21	3,849	
Selling, general, and administrative expenses	2,560	1,201	-	1	(53)	42	3,751	Primarily conforming accounting policies, partially offset by purchase accounting adjustments for fair value of long-term assets, pension, lease, stock comp
Asset impairments	70	-	(70)	-	-	-	-	
Merger, restructuring and other operating expenses, net	201	(105)	(201)	105	-	-	-	
Operating income (loss)	(205)	168	271	(106)	(9)	(21)	99	
Other income (expense):								
Interest expense, net	(64)	(18)	-	-	2	3	(77)	Net purchase accounting adjustments for Non-recourse debt, Timber Notes, and deferred financing costs
Gain on disposition of joint venture	382	-	(382)	-	-	-	-	
Other income (expense), net	14	-	-	-	1	(13)	2	Elimination of Office Depot's results from the investment in Office Depot de Mexico
Income (loss) before income taxes	127	150	(111)	(106)	(6)	(31)	23	
Income tax expense (benefit)	147	69	(123)	(54)	(1)	(13)	25	Tax impact
Net income (loss)	(20)	81	12	(52)	(4)	(18)	(2)	
Less: Results attributable to the noncontrolling interests	-	(3)	-	-	2	1	-	
Net income (loss) attributable to Office Depot, Inc.	(20)	78	12	(52)	(2)	(17)	(2)	
Preferred stock dividends	73	2	(45)	-	-	(30)	-	Elimination of preferred stock dividends due to redemption in connection with the Merger
Income (loss) available to common stockholders	<u>\$ (93)</u>	<u>\$ 77</u>	<u>\$ 57</u>	<u>\$ (52)</u>	<u>\$ (2)</u>	<u>\$ 13</u>	<u>\$ (2)</u>	

\* Consolidated Statement of Operations as filed with the U.S. Securities and Exchange Commission in Office Depot, Inc.'s Form 10K for the year ended December 28, 2013.

\*\* Condensed Consolidated Statement of Operations as filed with the U.S. Securities and Exchange Commission in OfficeMax Incorporated's Form 10Q for the quarterly period ended September 28, 2013.

\*\*\* Non-GAAP adjustments for the annual period ended on December 28, 2013, as disclosed at Office Depot's Investor Center at officedepot.com.

\*\*\*\* Pro Forma as filed with the U.S. Securities and Exchange Commission in Form 8-K on August 5, 2014.