

**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 September 27, 2014	39 Weeks Ended September 27, 2014
<b>Net Income (Loss)</b>		
Net income (loss)	\$ 29	\$ (268)
Add (Less):		
Charges and credits, after tax	25	350
Grupo OfficeMax	(1)	(4)
Adjusted net income (loss)*	<u>\$ 52</u>	<u>\$ 77</u>
Less: Results attributable to the noncontrolling interests	-	2
Add:		
Grupo OfficeMax	-	(2)
Adjusted net income (loss) available to common shareholders	<u>\$ 52</u>	<u>\$ 77</u>
Weighted average shares used:		
Basic	536	534
Diluted	545	542
EPS (most dilutive) - GAAP	\$ 0.05	\$ (0.51)
Charges and credits, after tax	(0.05)	(0.65)
Adjusted EPS (most dilutive)	<u>\$ 0.10</u>	<u>\$ 0.14</u>
<u>Charges/Credits</u>		
Merger-related expenses	\$ 55	\$ 242
Restructuring and other expenses	17	34
Asset impairments	6	77
Legal accrual	1	81
Net impact on operating income (loss)	<u>79</u>	<u>434</u>
Interest expense, net	-	(8)
Other income (expense), net	-	1
Tax expense (benefit)	<u>(54)</u>	<u>(77)</u>
Net impact on income (loss) attributable to common stockholders	<u>\$ 25</u>	<u>\$ 350</u>

\*Amounts may not foot due to rounding

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

	<u>13 Weeks Ended</u> <u>September 27, 2014</u>	<u>39 Weeks Ended</u> <u>September 27, 2014</u>
<b>Operating Income (Loss)</b>		
Operating income (loss)	\$ 49	\$ (214)
Add:		
Charges and credits, pretax	79	434
Grupo OfficeMax	(1)	(8)
Adjusted operating income (loss)*	<u>\$ 126</u>	<u>\$ 211</u>
Sales	\$ 4,069	\$ 12,263
Less:		
Grupo OfficeMax	(28)	(155)
Adjusted sales	<u>\$ 4,041</u>	<u>\$ 12,108</u>
Operating income (loss) margin	1.2%	-1.7%
Adjusted operating income (loss) margin	3.1%	1.7%

\*Amounts may not foot due to rounding

**OFFICE DEPOT, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**NET (DEBT) CASH**  
**(Dollars in millions)**

	<u>September 27, 2014</u>
Cash and cash equivalents	\$ 965
Short-term borrowings and current maturities of long-term debt	(30)
Long-term debt, net of current maturities	<u>(680)</u>
Net (debt) cash	<u>\$ 255</u>
Timber notes receivable	\$ 931
Non-recourse debt	\$ 844

The Timber notes receivable and Non-recourse debt mature in 2020 and 2019, respectively. Both amounts were recoded at fair value on the date of the Merger with OfficeMax.

**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.

	<b>13 Weeks Ended September 27, 2014</b>	<b>39 Weeks Ended September 27, 2014</b>
<b>Cash Flow Summary</b>		
Net cash provided by (used in) operating activities*	\$ 197	\$ 35
Net cash provided by (used in) investing activities	16	1
Net cash provided by (used in) financing activities	(1)	(10)
Effect of exchange rate changes on cash and cash equivalents	(19)	(16)
Net increase (decrease) in cash and cash equivalents	<u>\$ 193</u>	<u>\$ 10</u>
<b>Free Cash Flow</b>		
Net cash provided by (used in) operating activities*	\$ 197	\$ 35
Less: Capital expenditures	24	90
Free Cash Flow*	<u>\$ 173</u>	<u>\$ (55)</u>

\* Includes approximately \$82 million and \$234 million use of cash associated to activities related to Merger and integration in the third quarter and nine months of 2014, respectively.

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

	Q3 2014			
	As reported	Charges/Credits	Grupo OfficeMax**	As adjusted*
Sales	\$ 4,069	\$ -	\$ 28	\$ 4,041
Cost of goods sold and occupancy costs	3,082	-	20	3,062
Gross profit	987	-	7	979
Selling, general, and administrative expenses	859	-	6	853
Asset impairments	6	6	-	-
Merger, restructuring and other operating expenses, net	72	72	-	-
Legal accrual	1	1	-	-
Operating income (loss)	49	(79)	1	126
Other income (expense):				
Interest expense, net	(19)	-	-	(19)
Other income (expense), net	1	-	-	1
Income (loss) before income taxes	31	(79)	1	108
Income tax expense (benefit)	2	(54)	-	56
Net income (loss)	29	(25)	1	52
Less: Results attributable to the noncontrolling interests	-	-	-	-
Income (loss) available to common stockholders	\$ 29	\$ (25)	\$ -	\$ 52
Earnings (loss) per share (most dilutive)	\$ 0.05	\$ (0.05)	\$ -	\$ 0.10

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 and Income (loss) available for common stockholders may not foot due to rounding of certain Statement of Operations lines being lower than rounding threshold. The loss associated with the disposition of this business is included in Merger, restructuring, and other operating expenses, net.

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

	YTD Q3 2014			
	As reported	Charges/Credits	Grupo OfficeMax**	As adjusted*
Sales	\$ 12,263	\$ -	\$ 155	\$ 12,108
Cost of goods sold and occupancy costs	9,378	-	114	9,264
Gross profit	2,885	-	40	2,844
Selling, general, and administrative expenses	2,665	-	32	2,633
Asset impairments	77	77	-	-
Merger, restructuring and other operating expenses, net	276	276	-	-
Legal accrual	81	81	-	-
Operating income (loss)	(214)	(434)	8	211
Other income (expense):				
Interest expense, net	(47)	8	-	(55)
Other income (expense), net	(1)	(1)	(2)	2
Income (loss) before income taxes	(262)	(427)	6	158
Income tax expense (benefit)	6	(77)	2	81
Net income (loss)	(268)	(350)	4	77
Less: Results attributable to the noncontrolling interests	2	-	2	-
Income (loss) available to common stockholders	<u>\$ (270)</u>	<u>\$ (350)</u>	<u>\$ 2</u>	<u>\$ 77</u>
Earnings (loss) per share (most dilutive)	\$ (0.51)	\$ (0.65)	\$ -	\$ 0.14

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 of Office Depot, Inc. and OfficeMax Incorporated as filed in Forms 10Q for the quarterly 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) 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.

	Q3 2013						Pro Forma Adjustments	Combined Company Pro Forma***	Pro Forma Adjustments Comments
	Historical Office Depot*	Historical OfficeMax*	Historical Office Depot Charges/Credits**	Historical OfficeMax Charges/Credits*	Less: Grupo OfficeMax (Mexico)	Pro Forma Adjustments			
Sales	\$ 2,619	\$ 1,665	\$ -	\$ -	\$ (80)	\$ (6)	\$ 4,198	Conforming accounting policies and purchase accounting adjustments	
Cost of goods sold and occupancy costs	1,987	1,247	-	-	(62)	28	3,200	Primarily conforming accounting policies, partially offset by purchase accounting adjustments for inventory, fair value of assets.	
Gross profit	633	417	-	-	(18)	(34)	998		
Operating and selling expenses	452							Combined in Q4 2013 to report Selling General and Administrative expenses	
General and administrative expenses	145							Combined in Q4 2013 to report Selling General and Administrative expenses	
Selling, general, and administrative expenses	597	389	(4)	-	(13)	(33)	936	Primarily conforming accounting policies, partially offset by purchase accounting adjustments for fair value of long-term assets, pension, lease, stock comp	
Asset impairments	49	-	(49)	-	-	-	-	Office Depot non-GAAP elimination of asset impairments	
Merger, restructuring and other operating expenses, net	40	(39)	(40)	39	-	-	-	Office Depot and OfficeMax non-GAAP elimination of merger and restructuring expenses, Boise gain	
Operating income (loss)	(52)	67	93	(39)	(5)	(1)	62		
Other income (expense):									
Interest expense, net	(14)	(6)	-	-	-	1	(19)	Net purchase accounting adjustments for Non-recourse debt, Timber Notes, and deferred financing costs	
Gain on disposition of joint venture	381	-	(381)	-	-	-	-		
Other income (expense), net	1	-	-	-	-	-	1		
Income (loss) before income taxes	315	61	(288)	(39)	(4)	-	45		
Income tax expense (benefit)	155	28	(138)	(23)	(1)	(3)	18	Tax impact	
Net income (loss)	161	32	(150)	(16)	(3)	3	27		
Less: Results attributable to the noncontrolling interests	-	(1)	-	-	1	-	-		
Net income (loss) attributable to Office Depot, Inc.	161	31	(150)	(16)	(2)	3	27		
Preferred stock dividends **	28	1	(22)	-	-	(7)	-	Elimination of preferred stock dividends due to redemption in connection with the Merger	
Income (loss) available to common stockholders	<u>\$ 133</u>	<u>\$ 30</u>	<u>\$ (128)</u>	<u>\$ (16)</u>	<u>\$ (2)</u>	<u>\$ 10</u>	<u>\$ 27</u>		

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

\*\* Non-GAAP adjustments for the quarterly period ended on September 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 of Office Depot, Inc. and OfficeMax Incorporated as filed in Forms 10Q for the quarterly 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) 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.

	YTD Q3 2013							Pro Forma Adjustments	Combined Company Pro Forma***	Pro Forma Adjustments Comments
	Historical Office Depot*	Historical OfficeMax*	Historical Office Depot Charges/Credits**	Historical OfficeMax Charges/Credits*	Less: Grupo OfficeMax (Mexico)	Pro Forma Adjustments	Combined Company Pro Forma***			
Sales	\$ 7,756	\$ 4,965	\$ -	\$ -	\$ (216)	\$ (17)	\$ 12,488		Conforming accounting policies and purchase accounting adjustments	
Cost of goods sold and occupancy costs	5,917	3,701	-	-	(166)	94	9,546		Primarily conforming accounting policies, partially offset by purchase accounting adjustments for inventory, fair value of assets.	
Gross profit	1,839	1,264	-	-	(50)	(111)	2,942			
Operating and selling expenses	1,342								Combined in Q4 2013 to report Selling General and Administrative expenses	
General and administrative expenses	455								Combined in Q4 2013 to report Selling General and Administrative expenses	
Selling, general, and administrative expenses	1,797	1,201	(18)	1	(39)	(107)	2,835		Primarily conforming accounting policies, partially offset by purchase accounting adjustments for fair value of long-term assets, pension, lease, stock comp	
Asset impairments	58	-	(58)	-	-	-	-		Office Depot non-GAAP elimination of asset impairments	
Merger, restructuring and other operating expenses, net	72	(105)	(72)	105	-	-	-		Office Depot and OfficeMax non-GAAP elimination of merger and restructuring expenses, Boise gain	
Operating income (loss)	(88)	168	148	(106)	(9)	(4)	107			
Other income (expense):										
Interest expense, net	(47)	(18)	-	-	-	5	(60)		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	261	150	(234)	(106)	(7)	(12)	49			
Income tax expense (benefit)	161	69	(138)	(54)	(2)	(13)	23		Tax impact	
Net income (loss)	100	81	(96)	(52)	(5)	1	26			
Less: Results attributable to the noncontrolling interests	-	(3)	-	-	3	-	-			
Net income (loss) attributable to Office Depot, Inc.	100	78	(96)	(52)	(2)	1	26			
Preferred stock dividends **	48	2	(22)	-	-	(28)	-		Elimination of preferred stock dividends due to redemption in connection with the Merger	
Income (loss) available to common stockholders	<u>\$ 52</u>	<u>\$ 77</u>	<u>\$ (74)</u>	<u>\$ (52)</u>	<u>\$ (2)</u>	<u>\$ 29</u>	<u>\$ 26</u>			

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

\*\* Non-GAAP adjustments for the quarterly period ended on September 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.