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 25, 1993

/ / 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. x

The aggregate market value of voting stock held by non-affiliates of the registrant as of March 18, 1994 was approximately $3,150,146,243.

As of March 18, 1994, the Registrant had 96,197,738 shares of Common Stock outstanding.

Documents Incorporated by Reference

Portions of the Registrant's Annual Report to Stockholders for the fiscal year ended December 25, 1993, are incorporated by reference in Part II and the Proxy Statement to be mailed to stockholders on or about April 14, 1994 for the Annual Meeting to be held on May 18, 1994, are incorporated by reference in Part III.

Exhibit Index on Sequentially Numbered Page
Page 1 of

PART I

ITEM 1. BUSINESS.

GENERAL

Office Depot, Inc. (the "Company") operates the largest chain of high-volume retail office supply stores in the United States, with 344 stores in 33 states and the District of Columbia and 18 stores in 5 Canadian provinces. The Company sells high-quality, brand-name office products at significant discounts primarily to small- and medium-sized businesses. The Company's stores utilize a "warehouse" format and carry a wide selection of merchandise, including general office supplies, business machines and computers, office furniture and other business-related products.

The Company also operates five delivery centers and a full-service contract stationer business serving medium- and large-sized businesses in the United States through twelve contract stationer warehouses. The Company is one of the leading full service contract stationers and office furniture dealers in the western United States and Texas through its contract stationer division. The Company, through this division, sells its products primarily to medium- and large-sized businesses (generally, organizations with over 75 white-collar employees), schools and other educational institutions and governmental agencies. The Company provides its customers access to a broad selection of office supplies and office furniture, as well as specialized resources and services designed to aid its customers in achieving improved efficiencies and significant reduction in their overall office supplies and office furniture costs, including electronic ordering, stockless office procurement and business forms management services (which reduce customer needs for office supplies storage facilities), desktop delivery programs (which reduce customer personnel requirements) and comprehensive product utilization reports.

The Company's business strategy is to enhance the sales and profitability of its existing stores, to add new stores in locations where the Company can achieve a significant market presence and to expand its contract stationer business. Through expansion, the Company seeks to increase efficiencies in operations, purchasing, marketing and management. During 1993, the Company added 67 new stores. The Company intends to open approximately 60 to 70 stores and additional delivery centers during 1994.

The Company's merchandising strategy is to offer customers a wide selection of brand-name office products at everyday low prices. The Company believes that its prices are significantly lower than those typically offered to small- and medium-sized businesses by their traditional sources of supply. The Company is able to maintain its low 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 its inventory on the sales floors of its "no frills" stores. The Company operates in a highly competitive environment and the Company believes that in the future it will face increased competition from other high-volume office supply and wholesale club chains as the Company and these chains expand their operations.

The Company recently has expanded its business into the full-service contract stationer portion of the office supply industry. On May 17, 1993, the Company acquired the office supply business of Wilson Stationery & Printing Company ("Wilson") from Steelcase Inc. for approximately $15 million of Common Stock and the assumption of certain liabilities. The Company and Steelcase Inc. were not, at the time of the acquisition, and are not currently, affiliated. Wilson is a full service contract stationer with operations in Texas and North Carolina.

On September 13, 1993, the Company acquired all of the outstanding common stock of 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. The Company acquired the Eastman common stock for approximately $80 million of Common Stock and $20 million in cash. The

Company also acquired the outstanding preferred stock of Eastman for approximately $13 million in cash, acquired pursuant to a tender offer approximately $82 million aggregate principal amount of Eastman, Inc.'s 13% Series B Subordinated Notes due 2002 for approximately $103 million in cash and paid approximately $19 million in cash to pay off the outstanding balance of Eastman, Inc.'s revolving credit facility. No affiliation existed between the Company and Eastman prior to this transaction.

Additionally, in February 1994, the Company acquired all of the outstanding common stock of L.E. Muran Co., a Boston-based contract stationer, and Yorkship Press Inc., a New Jersey-based contract stationer serving Philadelphia and southern New Jersey. No affiliation existed between the Company and either of L.E. Muran Co. or Yorkship Press Inc. prior to these transactions.

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. The retail office products industry, through which smaller businesses have traditionally purchased office products, is highly fragmented with few regional or national chains and is typified by stores that do not stock a full range of office products.

Retail sales of office products in the United States are made primarily through office product dealers, which generally operate one or more retail stores and utilize a central warehouse facility. 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. Contract bids are typically available to large businesses that are offered discounts equivalent to or greater than those offered by the Company. The Company believes that small- and medium-sized businesses, however, have typically been able to obtain from dealers 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.

In the past few years, high-volume office products retailers employing various formats have emerged in several geographic markets of the United States targeting the smaller businesses that traditionally purchased from dealers by offering significantly lower prices. These 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-sized businesses, which traditionally have had limited opportunities to buy at significant discounts off the retail list prices.

Larger customers have been, and continue to be, serviced primarily by full service contract stationers. 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.

MERCHANDISING AND PRODUCT STRATEGY

The Company's merchandising strategy is to offer a broad selection of brand-name office products at everyday low prices. Each of the Company's stores offer 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 stores carries approximately 5,600 stock-keeping units (including variations in color and size). In the Contract Stationer Division, in order to be able to respond satisfactorily to its customers' orders, certain of the contract stationer warehouses currently carry up to 18,000 stock-keeping units in inventory. Although the Company has not determined the number of stock-keeping units in inventory its contract stationer warehouses will carry in the future, the Company expects such number to be less than 18,000.

The table below shows sales of each major product group as a percentage of total merchandise sales for the 1993, 1992 and 1991 fiscal years:

	1993 Fiscal Year	1992 Fiscal Year	1991 Fiscal Year
General office supplies(1)	45.6%	48.5%	50.8%
Business machines and related supplies, computers and computer accessories(2)	41.3	38.7	34.8
Office furniture(3)	13.1	12.8	14.4
	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 approximately 95% of its merchandise directly from manufacturers and other primary source suppliers. Products are generally delivered from manufacturers directly to the stores or warehouses. The Company is currently expanding its cross-dock operations that utilize independent distributors' facilities to receive bulk deliveries from vendors and sort and deliver merchandise to the Company's stores. These operations use the Company's computer system and the distributors' existing facilities and trucks, which, when fully implemented, should enable the Company to realize savings from freight and handling charges and reduce store inventory levels. 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 such difficulty in the future.

Initial purchasing decisions are 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 250 vendors are currently transmitted by electronic data interchange (EDI), which expedites orders and promotes accuracy and efficiency. During 1993, the Company started to receive Advance Ship Notices (ASN) and invoicing via EDI from selected vendors. The Company plans to expand this program in 1994.

MARKETING AND SALES

Retail. The Company's marketing programs are designed to attract new customers to visit its stores for the first time 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 11 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, guarantee card holders and check paying customers 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 50% (up to $50) of the difference towards the customer's purchase. This program assures customers of always receiving the lowest price from the Company's stores 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.

Contract Stationer. The Company acquires and maintains its customers primarily through its direct sales force. The Company's sales force is divided between its office supplies and contract furniture divisions. All members of the Company's sales force are employees of the Company.

SERVICES

Retail. The Company provides three key services to its customers -- credit, telephone and facsimile ordering and delivery.

The Company offers revolving credit terms to its customers through the use of private label credit cards. Every business 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 the following day.

The Company's 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 opened two regional delivery warehouses in 1990 (in south Florida and northern California) and three regional delivery facilities in 1992 (in the Atlanta, Baltimore/Washington and Los Angeles markets). All delivery orders received from customers in these areas, whether through the Company's telephone centers or at its stores, are handled through these facilities. The Company believes that these facilities enable it to provide improved delivery services on a more cost effective basis and intends to open additional regional delivery warehouses during 1994. No new delivery centers were opened during 1993 pending the Company's entry into the contract stationer portion of the business and the determination of the optimal configuration of a facility which would support deliveries to both retail and contract customers.

The Company's stores each have a business services center, which offers self-service and high-volume photocopying as well as facsimile, printing, binding, typesetting and other business services.

Contract Stationer. The Company provides the office supplies purchasing departments of its 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 stationer customers, the Company will typically sell on credit through an open account.

The Company services its contract stationer customers from warehouses located in Arizona, California, Colorado, Massachusetts, New Jersey, North Carolina, Texas, Utah and Washington.

STORE DESIGN AND OPERATIONS

The Company's stores average approximately 25,000 square feet of space 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 pallets or in bins on 10 to 12 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 stock 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.

MANAGEMENT INFORMATION SYSTEMS

The Company employs an IBM ES9000 mainframe and multiple IBM System AS/400 computers to aid in controlling its merchandising and operations. The system includes advanced software packages that have been customized for the Company's specific business operations. The Company is currently implementing 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 scanning laser guns 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 the Company's stores (other than those in Florida) are transmitted by satellite to the Company's headquarters, which provides faster response and is more cost efficient than traditional telephonic transmission.

EXPANSION PROGRAM

The Company's business strategy is to enhance the sales and profitability of its existing stores, to add new stores in locations where the Company can achieve a significant market presence and to expand its contract stationer business. Through expansion, the Company seeks to increase efficiencies in operations, purchasing, marketing and management. The Company added 67 new stores in 1993, and plans to open approximately 60 to 70 stores and additional delivery centers during 1994.

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. No assurances can be given that these expansion plans will be accomplished.

Through its acquisitions in 1993, the Company is expanding its presence in the contract stationer portion of the office products industry. The Company's business strategy includes continued expansion in this portion of the industry, although no assurances can be given that it will be able to do so.

EMPLOYEES, STORE MANAGEMENT AND TRAINING

As of March 11, 1994, the Company employed approximately 20,400 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 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 sales employees 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. 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 work stoppage 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 primarily 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-sized businesses discounts on manufacturer's suggested retail list prices of only 20% or less as compared to the Company's 30% to 60% discount to all 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 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 and prospective 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. Some of the entities against which the Company competes, or may compete, are larger and have substantially 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.

In the contract stationer portion 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 discount superstores also appear to be attempting to develop a presence in the contract stationer portion of the business.

ITEM 2. PROPERTIES.

As of March 21, 1994, the Company operated 344 stores in 33 states and the District of Columbia and 18 stores in 5 Canadian provinces. The Company also operates five delivery centers and a full service contract stationer business through 12 contract stationer warehouses. The following table sets forth the locations of the Company's facilities.

State	Number of Stores	State	Number of Stores
Alabama	6	Nevada	4
Arizona	2	New Mexico	2
Arkansas	2	North Carolina	11
California	69	Ohio	2
Colorado	11	Oklahoma	5
District of Columbia	2	Oregon	7
Florida	57	Pennsylvania	5
Georgia	16	South Carolina	5
Hawaii	1	Tennessee	5
Idaho	1	Texas	45
Illinois	10	Virginia	4
Indiana	7	Washington	11
Iowa	1	Wisconsin	6
Kansas	4		
Kentucky	3		
Louisiana	7	CANADA	
Maryland	10		
Michigan	9	Alberta	5
Mississippi	1	British Columbia	4
Missouri	10	Manitoba	2
Nebraska	3	Ontario	6
		Saskatchewan	1

DELIVERY CENTERS AND CONTRACT STATIONER WAREHOUSES	
Arizona	1
California	5
Colorado	1
Florida	1
Georgia	1
Maryland	1
Massachusetts	1
New Jersey	1
North Carolina	1
Texas	2
Utah	1
Washington	1

All 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 1994 and 2015, except for two Oklahoma stores, three Florida stores, four Texas stores and one California store that are owned by the Company. The Company operates its stores under the names Office Depot and The Office Place in Ontario, Canada. The Company operates its contract stationer warehouses under the names Eastman Office Products, Wilson Business Products, L.E. Muran and Yorkship Business Supply.

The Company's corporate offices in Delray Beach, Florida, containing approximately 350,000 square feet in two adjacent buildings, were purchased in February 1994 for approximately $16 million. The Company had previously occupied one of the buildings under a lease covering approximately 150,000 square feet.

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 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 18, 1994, there were 3,354 holders of record of Common Stock. The last reported sales price of the Common Stock on the NYSE on March 18, 1994 was $39-1/4.

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 commissions, and have been adjusted to reflect a two-for-one stock split in May 1992 and a three-for-two stock split in May 1993.

		High	Low
1992			
	First Quarter	$ 19	$ 15-1/4
	Second Quarter	17-3/64	12-1/2
	Third Quarter	20-43/64	15-59/64
	Fourth Quarter	23-1/4	16-27/64
1993			
	First Quarter	$ 25-11/64	$ 17-53/64
	Second Quarter	27-3/4	20-43/64
	Third Quarter	33-7/8	25-3/8
	Fourth Quarter	35-7/8	31-5/8

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. In addition, the Company is limited in the amount of cash dividends it can pay under the terms of its credit facility.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data as of and for the 52 weeks ended December 28, 1991, December 26, 1992 and December 25, 1993 set forth in the Company's Annual Report to Stockholders for the fiscal year ended December 25, 1993 (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 25, 1993 (on pages 17-20) is incorporated herein by reference and made a part of this report.

ITEM 8. FINANCIAL STATEMENTS.

The financial statements of the Company for the 52 weeks ended December 28, 1991, December 26, 1992 and December 25, 1993 set forth in the Company's Annual Report to Stockholders for the fiscal year ended December 25, 1993 (on pages 21- 36) 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 1994 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 1994 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 1994 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 1994 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 schedules listed in "Index to Financial Statement Schedules."
3. The exhibits listed in the "Index to Exhibits."

(b) Reports on Form 8-K.

None.

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 23, 1994.

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 23, 1994.

Signature	Capacity
/s/ David I. Fuente David I. Fuente	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)David I. Fuente
/s/ Mark D. Begelman Mark D. Begelman	Director, President and Chief Operating Officer
/s/ Barry J. Goldstein Barry J. Goldstein	Executive Vice President -- Finance, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)
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

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

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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 25, 1993.

INDEPENDENT AUDITORS' REPORT ON SCHEDULES

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 25, 1993 and December 26, 1992 and for each of the three years in the period ended December 25, 1993, and have issued our report thereon dated February 8, 1994; such consolidated financial statements and report are included in your 1994 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the financial statement schedules of Office Depot, Inc. and subsidiaries referred to in Item 14(a)(2) and listed in the Index to Financial Statement Schedules. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE

Certified Public Accountants
Fort Lauderdale, Florida
February 8, 1994

INDEX TO FINANCIAL STATEMENT SCHEDULES

SCHEDULE V

OFFICE DEPOT, INC. AND SUBSIDIARIES
PROPERTY, PLANT AND EQUIPMENT
(IN THOUSANDS)

Column A	Column B	Column C	Column D	Column E	Column F
Classifications	Balance at Beginning of Period	Additions at Cost	Retirements	Other Changes	Balance at End of Period
Period Ended December 25, 1993					
Land and buildings	$ 16,442	$ 21,098	$(2,138)		$ 35,402
Furniture, fixtures and equipment	82,080	50,866	(2,035)		130,911
Automotive equipment . . .	8,179	6,977	(488)		14,668
Leasehold improvements . .	100,339	43,312	(1,085)		142,566
Equipment under capital lease.	12,899	3,436	(57)		16,278
	$219,939	$125,689	$(5,803)	$ --	$339,825
Period Ended December 26, 1992					
Land and buildings	$ 5,842	$ 12,327	$ (1,727)		$ 16,442
Furniture, fixtures and equipment	62,552	20,309	(781)		82,080
Automotive equipment . . .	6,181	2,088	(90)		8,179
Leasehold improvements . .	74,395	26,596	(652)		100,339
Equipment under capital lease.	12,899				12,899
	$161,869	$61,320	$(3,250)	$ ---	$219,939
Period Ended December 28, 1991					
Land and buildings	$ 4,010	$ 2,272	$ (440)		$ 5,842
Furniture, fixtures and equipment	38,635	25,259	(227)	$(1,115)	62,552
Automotive equipment . . .	3,918	1,166	(18)	1,115	6,181
Leasehold improvements . .	47,680	27,139	(424)		74,395
Equipment under capital lease	12,552	347			12,899
	$106,795	$56,183	$(1,109)	$ ---	$161,869

SCHEDULE VI

OFFICE DEPOT, INC. AND SUBSIDIARIES
ACCUMULATED DEPRECIATION, DEPLETION AND
AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
(IN THOUSANDS)

Column A	Column B	Column C	Column D	Column E	Column F
Classifications	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirements	Other Changes	Balance at End of Period
Period Ended December 25, 1993					
Land and buildings	$ 245	$ 291	$ (5)		$ 531
Furniture, fixtures and equipment	24,294	15,481	(883)		38,892
Automotive equipment . . .	4,470	2,292	(425)		6,337
Leasehold improvements . .	14,004	7,262	(450)		20,816
Equipment under capital lease	8,458	2,704	(57)		11,105
	$51,471	$28,030	$(1,820)	$ --	$77,681
Period Ended December 26, 1992					
Land and buildings	$ 118	$ 148	$(21)		$ 245
Furniture, fixtures and equipment	13,906	10,749	(361)		24,294
Automotive equipment . . .	3,009	1,530	(69)		4,470
Leasehold improvements . .	8,590	5,600	(186)		14,004
Equipment under capital lease	6,047	2,411			8,458
	$31,670	$20,438	$(637)	$ ---	$51,471
Period Ended December 28, 1991					
Land and buildings	$ 48	$ 70			$ 118
Furniture, fixtures and equipment	7,034	7,278	$ (75)	$(331)	13,906
Automotive equipment . . .	1,352	1,327	(1)	331	3,009
Leasehold improvements . .	4,453	4,288	(151)		8,590
Equipment under capital lease	3,616	2,431			6,047
	$16,503	$15,394	$(227)	$ ---	$31,670

SCHEDULE VIII

OFFICE DEPOT, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
(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
Allowances for Doubtful Accounts:					
1993	$389	$675	$1,909(1)	$182	$2,791
1992	269	302	-	182	389
1991	247	158	-	136	269

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

SCHEDULE X

OFFICE DEPOT, INC. AND SUBSIDIARIES
SUPPLEMENTARY INCOME STATEMENT INFORMATION
(In thousands)

Column A - Item	Column B - Charged to Costs and Expenses
Advertising costs, net:	
1993	$28,617
1992	24,290
1991	29,147

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	Form of Subscription Agreement entered into between the Company and each of the purchasers of units of the Company's Class A Preferred Stock and Common Stock	(2)
10.2	Registration Agreement, dated as of July 24, 1987, among the Company and certain purchasers of the Company's Convertible Preferred Stock	(2)
10.3	Stock Purchase Agreement, dated as of June 21, 1989, between the Company and Carrefour S.A.	(2)
10.4	Agreement and Plan of Reorganization, dated December 19, 1990, among the Company, The Office Club, Inc. and OD Sub Corp.	(2)
10.5	Stock Purchase Agreement, dated as of April 24, 1991, between the Company, Carrefour S.A. and Carrefour Nederland B. V.	(5)
10.6	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)
10.7	Office Depot, Inc. Stock Option and Stock Appreciation Rights Plan*	(7)
10.8	Directors' Stock Option Plan*	(8)
10.9	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	(9)
13.1	Annual Report to Stockholders	
21.1	List of the Company's subsidiaries	
23.1	Consent of Deloitte & Touche	

+ 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 Registration Statement No. 33-66642.

(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 Proxy Statement for the 1993 Annual Meeting of Stockholders

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

(9) 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.

ANNUAL REPORT 1993 EXHIBIT 13.1

[PHOTO]

OFFICE
DEPOT

TAKING CARE OF BUSINESS

Office Depot Inc. And Subsidiaries
FINANCIAL HIGHLIGHTS
(In thousands, except per share amounts and statistical data)

	52 WEEKS ENDED DECEMBER 25, 1993	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991	52 Weeks Ended December 29, 1990	53 Weeks Ended December 30, 1989
STATEMENTS OF EARNINGS DATA:					
Sales	$2,579,494	$1,732,965	$1,300,847	$903,306	$ 459,449
Cost of goods sold and occupancy costs	1,980,429	1,334,305	1,001,484	699,309	358,099
Gross profit	599,065	398,660	299,363	203,997	101,350
Store and warehouse operating and selling expenses	399,966	275,016	214,525	146,907	70,935
Pre-opening expenses	9,073	7,453	7,774	8,838	7,782
General and administrative expenses	75,851	53,933	39,007	28,530	18,087
Amortization of goodwill	1,613	49	--	--	--
Operating profit	112,562	62,209	38,057	19,722	4,546
Interest income	4,556	1,303	151	685	3,166
Interest expense	(10,598)	(1,459)	(2,386)	(1,594)	(878)
Merger costs	--	--	(8,950)	--	--
Earnings before income taxes and extraordinary credit (1)	106,520	62,053	26,872	18,813	6,834
Income taxes	43,103	24,261	12,495	7,329	3,761
Earnings before extraordinary credit (1)	63,417	37,792	14,377	11,484	3,073
Extraordinary credit (2)	--	1,396	614	1,063	532
Net earnings (1)	$ 63,417	$ 39,188	$ 14,991	$ 12,547	$ 3,605
Per Common Share:					
Earnings before extraordinary credit (1)	$ .67	$ .41	$ .18	$ .16	$ .05
Extraordinary credit (2)	--	.02	.01	.01	--
Net earnings (1)	$ .67	$ .43	$ .19	$ .17	$ .05
Dividends	--	--	--	--	--
STATISTICAL DATA:					
Facilities open at end of period:					
Stores	351	284	228	173	99
Contract stationer/delivery warehouses	15	5	2	2	--

	DECEMBER 25, 1993	December 26, 1992	December 28, 1991	December 29, 1990	December 30, 1989
BALANCE SHEET DATA:					
Working capital	$ 440,957	$ 357,452	$ 179,818	$ 74,583	$ 68,869
Total assets	1,463,899	848,373	559,275	355,935	235,740
Long-term debt (3)	366,527	154,566	6,456	21,349	5,012
Common stockholders' equity	554,689	382,447	305,443	144,062	118,655

- ------------------

(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. See Note E to Consolidated Financial Statements.

(3) Excludes current maturities.

[PHOTO] CORPORATE PROFILE.

"Office Depot has revolutionized the distribution of office products and has the best prices and selection in its industry."

Michael DiCarlo, 8/9/93
John Hancock Special Equity Fund
Quoted in Fortune Magazine

Office Depot, Inc. operates the largest chain of office supply superstores in North America, ending 1993 with 351 stores and 15 delivery and contract stationer warehouses. The average Office Depot store is approximately 25,000 square feet in size.

Office Depot stores carry a full inventory averaging more than $1.5 million in top quality, brand name merchandise. Everything from pencils to powerbooks, from a simple paper clip to the most advanced computer hardware and software, from file folders to file cabinets -- all sold at discounts of up to 60% off list price, every day.

Office Depot stores cater to small and mid-size businesses, with a majority of business customers shopping for companies with fewer than 50 employees. The retail locations also serve the rapidly growing home office market.

To reach larger businesses, those with 50 to 5,000 employees or more, the Company has entered into the contract stationer arena, through both the concentrated development of Office Depot's current commercial delivery business and through the acquisition of existing companies serving this important segment of the $60-80 billion a year office products industry.

TABLE OF CONTENTS

[PHOTO] A RECORD OF SUCCESSFUL EXPANSION.

1986
* Opens first store in Fort Lauderdale, revolutionizing the way in which small and mid-size businesses purchase office products, furniture and business machines.
* Ends the year with sales of $2 million* and three stores in South Florida.

1987
* Opens seven new stores across Florida and Georgia with funding from venture capitalists.
* Launches advertising campaign, Office Depot..."Where America Saves on Office Supplies.(TR)"
* Ends the year with sales of $33 million*.

1988
* Opens 16 new stores and expands into four new states.
* Completes initial public offering, selling 9,067,500 shares of common stock at $2.22 per share.
* Ends the year with sales of $132 million*, a 292% increase over the previous year.

1989
* Opens 41 stores in 29 new markets throughout the United States.
* Declares a 3-for-2 stock split of Office Depot's common stock in the form of a 50% stock dividend.
* Sells 5,400,000 shares of previously unissued common stock for $41.4 million to Carrefour, a French hypermarket retailer.
* Ends the year with sales of $314 million*, a 138% increase over the previous year.

1990
* Opens 55 new stores and the Company's first delivery center.
* Adds personal computers and peripherals to the merchandise assortment and introduces expanded computer centers in 31 stores.
* Implements an Office Depot private label credit card with revolving credit for business customers.
* Announces the signing of a definitive merger agreement, subject to shareholder approval, with The Office Club, Inc., the West Coast's leading office supply superstore chain.
* Ends the year with sales of $625 million*, a 99% increase over the previous year.

1991
* Adds 55 stores.
* Issues an additional 25,970,781 shares of common stock to acquire Office Club's 59 stores in nine states.
* Sells an additional 4,290,000 shares to Carrefour, adding over $40 million in capital to fund continued expansion.
* Raises an additional $92 million through a public offering of 6,900,000 shares of common stock.
* Ends the year with a total of 228 stores in 29 states and sales of $1.3 billion, a 44% increase over the previous year. Operating profit jumps 93% to $38 million.

1992

* Adds 56 stores and three new delivery centers.
* Acquires the five stores and two lease locations of an office supply superstore chain in western Canada.
* Declares a 2-for-1 split of Office Depot common stock.
* Launches national TV and print advertising campaign with the theme "Taking Care of Business."
* Completes a successful offering of Liquid Yield Option Notes (LYONs(TM)), raising approximately $146 million to finance expansion and related working capital requirements.
* Posts 15% comparable store sales increases for the 226 stores which have been open for more than one year.
* Ends the year with a total of 284 stores throughout the United States and Canada and sales of $1.733 billion, a 33% increase over the previous year. Operating profit increases 63% to $62 million.

*Sales results and number of stores opened prior to 1991 have not been adjusted to reflect the acquisition of The Office Club, Inc. All share numbers and per share amounts have been adjusted to reflect 3-for-2 stock splits in 1989 and 1993, and a 2-for-1 split in 1992.

1 9 9 3

JANUARY
* Opens eight new stores in California, Colorado, Illinois, Missouri and Texas.
* Launches Business News, a quarterly magazine for owners of small and mid-size businesses.

FEBRUARY
* Opens three new stores, including the first The Office Place store in Ontario. The other stores are in Florida and Washington, D.C.

MARCH
* Opens three new stores in California and Illinois.
* Ends first quarter with sales of $582 million, a 34% increase from the previous year. Comparable store sales increases for the 246 stores open for more than one year are 19%.

APRIL
* Opens six new stores in California, Illinois, New Mexico, Texas and Virginia.
* Opens the Company's 300th store, located in San Francisco.
* The Miami Herald names Office Depot as "The Company of the Year."

MAY
* Opens five new stores in California, Illinois, Oregon and Washington.
* Enters the contract stationer segment of the office products industry by acquiring Texas-based Wilson Business Products.
* Declares a 3-for-2 split of Office Depot common stock.
* Launches Home Business Advisor, a quarterly newsletter for the home office market.

JUNE
* Opens four new stores in Florida, Michigan, Oregon and Ontario.
* Ends second quarter with sales of $527 million, a 36% increase from 1992's second quarter. Comparable store sales increases for the 255 stores open for more than one year rise to 20%.

JULY
* Opens three new stores in Louisiana, Michigan, and Alberta.
* Changes the name of the five Office Town stores in Tennessee to Office Depot.

AUGUST
* Opens seven new stores in Illinois, Michigan, Texas and Ontario.
* Announces the signing of two international licensing agreements to open Office Depot stores in Colombia and Israel.
* Releases first four-color catalog, featuring full photography throughout.
* Launches program to sell specially-priced business information from Dun & Bradstreet to Office Depot customers.

SEPTEMBER
* Opens four new stores in California, Florida, and Michigan.
* Completes the acquisition of Eastman, the West Coast's leading contract stationer.
* Ends third quarter with sales of $659.9 million, a 52% increase from the third quarter of 1992. Comparable store sales increases for the 270 stores open for more than one year jump to 31%.

OCTOBER
* Opens four new stores in Arkansas, California, Nevada and Ontario.
* Raises approximately $185 million in an offering of Liquid Yield Option Notes (LYONs(TM)). Proceeds from the sale are to repay outstanding debt, finance continued expansion, and related working capital requirements.

NOVEMBER
* Opens nine new stores in British Columbia, Kansas, Michigan, Ontario, South Carolina, Virginia and Washington.
* Launches new Technology Card for individual customers making high tech, high ticket purchases.

DECEMBER
* Opens 12 new stores in California, Colorado, Florida, Illinois, Missouri, North Carolina, Ontario, Saskatchewan and Texas.
* Files a "shelf" registration statement covering 4,000,000 shares of Office Depot common stock for future acquisitions.
* Ends fourth quarter with sales of $809.5 million, a 69% increase over 1992's

fourth quarter. Comparable store sales increases for the 283 stores open for more than one year are 33%.

[PHOTO]

LETTER TO SHAREHOLDERS.

Office Depot enjoyed its best year ever in 1993. The Company reported significant increases in sales, operating profit, net earnings and earnings per share, as well as some of the highest comparable store sales increases in the retail industry today.

In 1993, we strengthened our retail leadership position by adding 67 new stores, while making new acquisitions for continued future growth in the commercial/contract stationer segment of the office products industry.

[PHOTO]
David I. Fuente

OPERATING PERFORMANCE

Office Depot ended 1993 with sales of $2,579,494,000, a 49% increase over 1992 sales of $1,732,965,000. Operating profit for 1993 was $112,562,000, an 81% increase over the $62,209,000 reported in 1992.

Net earnings per share for 1993 was $.67, compared to $.41 in 1992 (excluding an extraordinary credit of $.02 per share relating to utilization of net operating loss carryforwards, which raised the 1992 earnings per share to $.43).

Comparable store sales increased 26% in 1993 for the 283 stores which were open for more than one year. This increase followed a 15% increase in comparable store sales that the Company experienced in 1992.

FINANCING

Office Depot's stockholders' equity increased to $554 million in 1993, from $382 million in 1992. During 1993, the Company continued its history of financing its rapid growth through the issuance of equity or convertible instruments rather than through straight debt.

In November 1993, Office Depot once again took advantage of the strong capital market and low interest rates and raised approximately $185 million from the issuance of Liquid Yield Option Notes (LYONs(TM)). These zero coupon convertible subordinated notes carry a 4% interest rate. In December 1992, the Company raised $146 million through its first LYONs offering.

Proceeds from 1993's LYONs offering are being used by the Company to repay outstanding debt, finance continued expansion and for related working capital requirements. This issuance of convertible debt adds a conservative amount of leverage to Office Depot's balance sheet.

GROWTH

Office Depot planned to open between 50 and 60 new stores in 1993 and actually added 67. The Company ended the year with a total of 351 stores throughout the United States and Canada, plus 15 delivery/contract warehouses in the U.S.

The Company entered two major markets in 1994, opening six new stores in the Toronto area and 10 in Michigan, including five in Detroit and its suburbs. Additional stores are planned for both markets in 1994.

The Company added "fill-in" stores in many existing markets to increase penetration and enhance Office Depot's position as the leading office products superstore chain in the retail industry. By the end of 1993, for example, Office Depot had a total of eight stores in the Chicago area and nine stores in and around Washington, D.C., the two major markets the Company had entered in 1992.

This is consistent with our policy of saturating markets with Office Depot stores, allowing the Company to achieve significant economies of scale, particularly in marketing and advertising.

ACQUISITIONS

Office Depot entered the contract portion of the office products industry in 1993 through the acquisition of two leading contract stationers: the Texas-based Wilson Business Products and Eastman, the West Coast's leading contract office products dealer. In February 1994, the Company completed the acquisition of two additional contract stationers: the L.E. Muran Company, which is based in Boston and covers most of New England, and Yorkship Press, which serves southern New Jersey and the Philadelphia area.

[Graph]
TOTAL NET SALES
(In Millions)

By merging our existing delivery business with that of the acquired contract stationers, the Company will be positioned as a significant player in this portion of the office supply industry. Why is this important to Office Depot's continued growth? As Office Products Distribution Magazine recently reported:

"Corporate America still consumes the vast majority of office products, and these businesses continue to rely on traditional commercial and contract dealers as their primary source of supplies. These large commercial and contract dealers move nearly as much product as superstores, warehouse clubs, mail order houses and mass merchants combined."

We believe the sales potential of the commercial and contract business is huge, perhaps even equal to that of Office Depot's retail division.

ACCOMPLISHMENTS

Office Depot successfully achieved several important goals in 1993:

* The Company solidified its position as the leading office products superstore chain in the industry. Office Depot is first in total sales and sales growth, first in total number of stores, first in average sales per store and average weekly store sales, first in net earnings and first in comparable store sales increases.

* The Company refined its merchandise assortment, putting extra emphasis in the product categories of office furniture, business machines and computer hardware and software. This has resulted in increased sales.

* The Company made a major commitment to improving customer satisfaction in 1993, through the implementation of new training programs and by repeatedly communicating to all Associates the critical importance that Office Depot places on superior customer care.

* The Company continued its Canadian expansion by adding nine new stores in 1993, bringing our total to 18 stores across five provinces. We also signed

[Photo]
Mark Begelman

international licensing agreements to open Office Depot stores in Colombia and Israel.

* The Company declared a 3-for-2 split of our common stock during the second quarter of 1993. This was effected in the form of a stock dividend to shareholders.

* The Company strengthened its management information systems by installing a mainframe computer. It is now handling our general ledger, accounts payable, distribution and fixed asset systems. In 1994, we'll also be adding to the mainframe Office Depot's replenishment, inventory management, order entry and fulfillment operations. These system enhancements will prepare the Company for sustained growth through the rest of this decade.

* The Company implemented a management training program that will help us identify and develop Office Depot's next generation of managers. To this end, more than 800 of our current management team underwent "Frontline Leadership" training in 1993.

* The Company expanded its national television advertising campaign "Taking Care of Business" and is now running TV commercials on the three national networks (ABC, CBS, and NBC) as well as on 11 national cable channels.

OUTLOOK

In 1994, we are working to increase sales and profitability at our existing stores, delivery centers, and contract stationer facilities. The Company expects to open between 60 and 70 new stores, ending the year with more than 410 stores throughout the United States and Canada. It is our intention to open Office Depot stores in at least two major new markets in 1994, including Cincinnati and Minneapolis.

The Company is committed to the aggressive expansion of its commercial and contract sales in 1994, and to completing the integration of the acquired contract stationers into Office Depot's management and operating structure.

As we continue to grow and move into new segments of the office supply industry, Office Depot is committed to maintaining a solid financial base. This will enable the Company to fund our retail and delivery expansion, improve both the appearance and operation of our stores, explore new product lines and services, and continue to hire and develop a first rate team of retail professionals. We are determined to keep alive that dynamic entrepreneurial spirit which has been so critical to Office Depot's success.

We are proud of the excellent management team now in place at Office Depot. Each and every person is dedicated to providing the leadership necessary to maintain our Company's position as the leading office products retailer in the world.

These are not mere words. It is a pledge we put into action every day.

There are, of course, many people that we need to thank for making 1993 such a successful year for Office Depot:

First, our customers. We must never forget that it is their continued support that fuels every expansion and funds every paycheck.

We also owe thanks to our shareholders. Without their trust and support, Office Depot could never have grown so quickly in size and profitability.

Finally, a very special thank you goes to Office Depot's 20,000 Associates all across North America. Without these hard working men and women in the front line, we wouldn't be achieving such outstanding results in our bottom line. It is their dedication that drives our business and transforms our vision of success into profitable reality. They bring true meaning to the words "Taking Care of Business."

Sincerely,

/s/ DAVID I. FUENTE
David I. Fuente
Chairman of the Board
Chief Executive Officer

/s/ MARK BEGELMAN
Mark Begelman
President
Chief Operating Officer

[Photo]

NEW STORES,
NEW MARKETS,
EXPANDING THE
CUSTOMER BASE

[Map]

As North America's largest and fastest growing office supply superstore chain, Office Depot added 67 new stores in 1993, opening them in 19 different states and four Canadian provinces. Nine new Office Depot stores opened in California, Illinois and Michigan; seven stores were added in Florida; six in Ontario; and five in Texas.

Consistent with our tradition of aggressive expansion and rapid market saturation, the Company entered into two major new markets in 1993 -- Detroit and Toronto -- opening multiple locations in each. Additional Office Depot stores were opened in the Chicago and Washington, D.C. metropolitan areas, the two large markets that the Company had entered in 1992.

Office Depot ended 1993 with a total of 351 stores, including 333 retail locations and 15 delivery centers and contract warehouses in 33 American states and 18 stores in five Canadian provinces.

[Photo]

NEW PRODUCTS,
NEW SERVICES,
EXPANDING THE
RETAIL BUSINESS.

"TAKING CARE OF BUSINESS EVERY DAY"

The above words and melody are rocker Randy Bachman's, but as the musical theme behind the Company's on-going advertising and marketing campaign, the message is key to Office Depot's continued leadership position as North America's premier office supply warehouse retailer. We're taking care of business!

BUILDING ON THE BASICS

Office Depot's core formula remains unchanged. The Company's multi-billion dollar buying power enables it to buy brand name products in large volume and at significant discounts directly from the world's leading manufacturers, effectively eliminating middleman mark-ups.

These products are then sold through the Company's "warehouse-style" stores or ordered from one of Office Depot's two computerized, state-of-the-art TeleCenters. The orders are then delivered either from the stores or from one of Office Depot's strategically-located Delivery Centers.

In the Company's on-going effort to remain the industry leader, both technologically and operationally, Office Depot systematically re-examined every aspect of the business process during 1993. The Company made improvements where necessary, responding to specific comments and suggestions made by customers, and upgraded equipment and systems to meet the increasing demands of sustained and rapid growth.

The actual results from this effort have been rewarding. Overall sales have increased substantially, customer satisfaction is at an all-time high, and the Company is now "taking care of business" with the most enthusiastic, dedicated, and best trained team of Associates in our eight year history.

BROADER MERCHANDISE ASSORTMENT

Office Depot offers customers a choice of nearly 5,600 top quality products from some of the most respected and recognized manufacturers in the world, including 3-M, Apple, Acco, Hon Industries, Hewlett-Packard, Xerox, IBM, Avery Dennison, Compaq, Casio, Globe-Weiss, Sharp, O'Sullivan, NCR and Eberhard Faber. Major merchandise categories stocked in every store include:

* General office supplies.
* Office furniture, ranging from ready-to-assemble desks and bookcases to fully-upholstered executive chairs and case goods.
* Computer hardware, software, accessories and peripherals.
* Typewriters, word processors, printers and copiers.
* Telephones, fax machines and cellular phones.
* Paper, including a special selection of recycled paper products.
* Writing instruments and color markers.
* Accounting and bookkeeping supplies.

[Photo]

"TAKING CARE OF BUSINESS EVERY WAY . . . WE'RE TAKING CARE OF BUSINESS."

* Art and engineering supplies.
* Back-to-school necessities.

Office Depot's buyers and merchandise specialists are constantly researching and evaluating new products, insuring that the Company's product assortment is well tested and always at the cutting edge of today's technology. We are also actively involved with our vendors in the design and development of new products, as well as in making major contributions in the areas of marketing, packaging and merchandise display.

In the Company's continuing effort towards offering a balanced assortment of both new and familiar products, Office Depot noticeably expanded two important merchandise categories in 1993: Office Furniture and Business Machines. This was done in direct response to growing customer demand.

After successfully re-merchandising our furniture assortment, Office Depot has substantially increased the amount of floor space allocated to this category. Our new furniture products include more upscale, commercial-oriented styles that are of higher quality, greater durability, and with a more modern contemporary design.

To better accommodate the expanding business machine needs of both the home office market and our mid-sized commercial business shoppers, Office Depot is now offering more technologically advanced computers, plain paper fax machines and larger, more powerful copiers.

To best meet the service requirements of customers that prefer technically sophisticated sales associates who are able to answer a wide variety of product questions, Office Depot hired, trained and deployed to every store a team of professional Business Machine Specialists. More than 700 Associates have completed a special three-day training workshop to learn the latest product information, industry insights and sales techniques. This investment in our Associates has resulted in increased sales of computers and business machines.

ADDITIONAL BUSINESS SERVICES

Every Office Depot store has a Business Services Center that shoppers can use for printing, copying and faxing. Customers can also have color or blueprint copies made for them, order personalized checks and business forms, even take advantage of Office Depot's discount long-distance phone service.

During 1993, we revamped and expanded our custom printing program so customers can order a much wider selection of business cards, letterhead stationery, envelopes and other printed pieces. Customers can now also order computer-cut custom signs and banners, which heretofore were available only at small custom sign

[Photo]

shops. Our Business Services Centers have also added engraving of fine pens, business gifts, awards and plaques.

Credit and marketing information from Dun & Bradstreet is now available at specially-reduced prices for Office Depot customers through our Business Services Centers. Credit reports, customized mailing lists, prospect profiles, and business payment records can all be ordered. This is the first time in D & B's 150-year history that it has worked directly with a major retailer.

The Company is also testing and may soon expand District Copy Centers to handle large, high speed duplication orders from commercial customers on a 24-hour turn-around basis. At all of our Business Services Centers, our pledge of excellence is clear and consistent:

We guarantee every Business Services order will be done right, on time, or it will be free!

A STRONG COMMITMENT TO CUSTOMER CARE

At Office Depot, assuring 100% customer satisfaction is more than just a promise, it's a written policy. Shoppers are guaranteed complete satisfaction with every product purchased from Office Depot. A "no questions asked" refund and exchange policy is in effect in all stores. And with our "Everyday Low Price Guarantee," if a customer finds a product advertised for less by another local retailer, we will match that price and give the customer an immediate credit of 50% of the difference on the purchase, up to a maximum of $50.

Office Depot places the highest priority on superior Customer Service. Associates in every store are knowledgeable, available to answer product questions and ready to help shoppers who need assistance, whether in locating specific items or by carrying a customer's packages out to the car.

The Company made a major commitment in 1993 to educate our Associates on the critical importance that Office Depot places on customer satisfaction. Office Depot significantly strengthened its Human Resources department and rolled out new training and development programs companywide.

By developing profiles of all customer contact positions (sales personnel, cashiers, telecenter specialists), the Company improved its hiring process. Office Depot instituted an enhanced orientation program to educate all new Associates on our commitment to customer care. To encourage and reward Associates for outstanding performance in this area, Office Depot has implemented programs such as Associate of the Month, The Customer Courtesy Award, the President's Circle, the Kudos, and the Wall of Fame.

The management of Office Depot believes strongly that "our customers know best." That is why we listen very closely to what they say. Through numerous focus groups and an average of 13,000 Scantron surveys which our customers mail in each month,

[PHOTO]

we are able to understand the expectations of our shoppers and be better prepared to meet them. For example, when surveys showed that our customers wanted faster check-outs, we made several procedural changes that substantially quickened the process.

[PHOTO]

Office Depot's goal for our customers is simple:

Easy in. Easy shop. Easy out.

BETTER, BRIGHTER STORES

At all Office Depot locations, products are attractively displayed on easy-to-reach steel shelving in a floor-to-ceiling format. The vast majority of store space is devoted to the selling area, with only a very small portion dedicated to receiving and office space. Each store serves both a selling and a warehousing function. This allows the Company to maximize the square footage dedicated to generating revenue while minimizing overhead costs.

The front and center aisles feature bulk displays of frequently purchased/high demand office products, with colorful and eye-catching endcap displays promoting seasonal items or special buys. The easy-to-read signage and easy-to-find informational Fact Tags explaining product features are also appreciated and frequently used by shoppers.

During 1993, the Company upgraded the lighting in many stores and covered the concrete floors with tile in about half of the stores. The remaining stores will all be tiled by the end of 1994. These improvements give the stores a cleaner, brighter look. We also enhanced the exterior presentation of many stores to make them more visible and attractive to shoppers.

SHARPENING THE SYSTEMS

From its inception, Office Depot has utilized state-of-the-art support systems, particularly within the MIS area. During 1993, the Company made dramatic upgrades to improve day-to-day operations companywide, and to anticipate the increasing challenges from sustained growth ahead.

Office Depot refined and expanded our cross-dock program in 1993, more than tripling the dollar volume of the product involved. The Company is currently using seven cross-dock facilities across the country, all operated by third parties but with a full-time Office Depot manager on site at each location. The benefits of this program are a reduction in store labor costs while enhancing the store's in-stock position. It also simplifies the Company's purchasing process.

Inventory control systems track merchandise from the placing of orders through the recording of sales, thus facilitating timely and cost-effective merchandise replenishment at the store level. Cash registers equipped with laser scanners read UPC bar codes, supply point-of-sale price look-up ability and eliminate time and labor costs associated with merchandise labeling. Office Depot utilizes a sophisticated shared satellite system to provide real-time communication capabilities between the stores and the corporate headquarters in Delray Beach, Florida.

"Office Depot has grown in every way: acquisitions, new-store growth and same-store-sales growth. ODP is working toward an integrated system that will put contract, commercial and the store business all on the same system. The company is doing exciting things with respect to inventory management and distribution."

Thomas Kully
William Blair & Co.
March 10, 1994

[PHOTO]

[PHOTO]

NEW DIRECTIONS, NEW OPPORTUNITIES, EXPANDING THE DELIVERY AND CONTRACT BUSINESS

"Office Depot's management group has not only assembled the strongest superstore chain in the office supplies sector, but they have put the company on track to eventually become the leading contract stationer in the U.S. In other words, Office Depot could eventually become the leading retailer or distributor of office products in every growth segment of the market: retail stores, telemarketing/delivery to small customers, contract stationers, and eventually targeting markets that are not large enough to support retail locations."

Dan Wewer
The Robinson-Humphrey Co.
January 19, 1994

The delivery business has been an important factor in Office Depot's growth from the very beginning. At first, call-in orders were delivered from a nearby store. Later, the Company started opening delivery centers. Office Depot currently operates two major TeleCenters, one in Florida and the other in California, and five delivery centers (Atlanta, Baltimore, Fort Lauderdale, Los Angeles and San Francisco). Between 600 and 700 Office Depot trucks are on the road every business day, each truck making dozens of deliveries.

FREE DELIVERY BOOSTS SALES

In August 1993, Office Depot announced a new delivery policy in many markets. Delivery is now free for all orders over $50. Not only did total sales increase, but so did the average dollar amount per order. Free delivery is just part of the reason why the rate of growth for the Company's "call-in" delivery business surpassed even the Company's overall 26% increase in comparable store sales in 1993.

Under the slogan of "Satisfy Every Customer Every Day," Office Depot's TeleCenter Operations have substantially increased their capacity to handle phone-in orders. Advanced Automatic Call Distribution (ACD) technology was installed in both TeleCenters to provide more effective call-handling service and support aggressive growth in the Company's delivery sales.

ENTERING THE CONTRACT MARKET

While Office Depot has long been recognized as the leading office supply retailer serving the small business market, the Company was barely penetrating the large business market, a segment of the total office products industry that is estimated to be between $20 and $30 billion in sales each year. That changed in 1993, when the Company announced the acquisition of two major contract stationers:

Wilson Business Products serves many large corporations in five important markets in which Office Depot already has a strong retail presence: Houston, Dallas, Austin and San Antonio, Texas, and Charlotte, North Carolina.

[PHOTO]

[map]

The location of Office Depot's 17 delivery centers and contract stationer warehouses as of March 1994.

Eastman, headquartered in Southern California, is the West Coast's leading contract stationer. It serves thousands of major companies from San Diego to Seattle, from Portland to Denver, and posts annual sales in excess of $300 million.

Over the last year, Office Depot has successfully integrated these two contract stationers into the Company. An experienced and talented management team is in place to spearhead the further growth and development of the commercial and contract business.

By entering the contract market, the Company is enhancing its ability to continue Office Depot's rapid growth, both in total annual sales and the size of our customer base. Additionally, the Company will benefit from operational synergies and economies of scale as we eliminate duplicate systems while strengthening our overall buying power.

Office Depot has announced its intention to aggressively grow the commercial and contract business over the next few years. In fact, the Company completed the acquisition of two additional contract stationers in February 1994: the Boston based L.E. Muran Co., and Yorkship Press, based in southern New Jersey. These two new acquisitions will enable Office Depot to expand its contract stationer operations into the strategically important mid-Atlantic and New England markets with a team of experienced professionals and an established business base.

[PHOTO]

NEW MEDIA, NEW MESSAGE, EXPANDING THE MARKETING PLAN

"Office Depot continues to enjoy just about the strongest sales momentum of any retailer in our universe, as the Company's redoubled emphasis on customer service and its proactive marketing programs yield sizable share gains."

Christopher Vroom
Alex. Brown & Sons
January 12, 1994

Office Depot's successful "Taking Care of Business" television and radio advertising campaign is now in its third generation and still going strong. The current series of TV commercials are running on three national television networks (ABC, CBS and NBC) and on 11 national cable stations ranging from CNN and ESPN to CNBC and Lifetime. The broadcast campaign is also being shown in more than 25 local markets with multiple store locations.

TARGETING THE MARKET

Television is just one part of the Company's multi-million dollar and multi-media marketing approach, which also includes radio commercials, newspaper ads and inserts, billboards in key cities, color-filled catalogs and a variety of attention-grabbing direct mail campaigns, including special purchase offers, grand opening announcements, preapproved credit applications and seasonal supplements for back-to-school and gift-giving holidays.

Office Depot's 240-page catalog remains the backbone of our marketing efforts. It is published several times each year and is mailed directly to both current and potential customers. Over the last year, the Company completely revamped the catalog, going from black and white line drawings of products to sharp, four-color photography.

During 1993, Office Depot launched BusinessNews, a glossy quarterly magazine filled with how-to advice and product information for the small business market. The Company also published a quarterly newsletter, Office Depot's Home Business Advisor, aimed at people with a home office. In 1994, the two publications will merge into one magazine, and the Company will be unveiling a Canadian version.

This combination of broadcast, newspaper and direct mail advertising targets our customer base of small and mid-size businesses, building store traffic companywide while, at the same time, increasing name recognition of Office Depot throughout the United States and Canada.

[PHOTO COLLAGE]

[PHOTO]

STRENGTHENING OUR COMMUNITY TIES

As part of the Company's stong sense of corporate and social responsibility, Office Depot is involved with a number of charitable and community service activities. The Company is a major contributor to the Leukemia Society of America and is national sponsor of their semiannual "Dress Down Day" fundraising event. The Company is also sponsoring the March of Dimes WalkAmerica '94 campaign in 19 cities and states. In support of schools and educational opportunities, Office Depot is actively involved with both Junior Achievement and North Carolina's Computer Learning Center.

To assist our Associates in times of personal need, whether it be from an unexpected medical emergency or sudden displacement by a natural disaster like Hurricane Andrew, the Mississippi River floods or the Los Angeles earthquake, the Company is formalizing its existing helping-hand program under the auspices of a new Office Depot Foundation.

GENERAL

The Company opened its first store in October 1986. Two more stores were opened in 1986 and an additional 12 stores were opened in 1987. The Company continued its expansion program in 1988 and 1989 as part of a strategy to establish itself as a leader in targeted market areas with high concentrations of small- and medium-sized businesses. During 1988, the Company opened 26 stores in California, Colorado, Florida, Georgia, Kentucky, North Carolina, Oregon, Tennessee and Texas, ending the year with 41 stores. During 1989, the Company opened 58 new stores and ended 1989 with 99 stores. During 1990, the Company opened 75 new stores, ending the year with 173 stores in 27 states. During 1991, the Company opened 57 new stores ending the year with 228 stores. During 1992, the Company achieved its expansion plans by opening 53 new stores and acquiring five stores. The Company also closed two former Club stores, thus ending 1992 with 284 stores in 32 states, the District of Columbia and Canada. During 1993, the Company opened 68 new stores and closed one store, ending the period with 351 stores in 33 states, the District of Columbia and Canada. The Company also acquired ten contract stationer warehouses through the acquisition of Wilson and Eastman, ending 1993 with 15 delivery and contract stationer warehouses.

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.

RESULTS OF OPERATIONS FOR THE YEARS 1993, 1992 AND 1991

In April 1991, a subsidiary of the Company merged with and into The Office Club, Inc. ("Club") and Club became a wholly-owned subsidiary of the Company. The merger was accounted for in 1991 on a "pooling of interests" basis for accounting and financial reporting purposes. Accordingly, financial data in 1991, statistical data, financial statements and discussions of financial and other information included for periods prior to the merger have been restated to reflect the financial position and results of operations as if they had merged as of the beginning of operations in 1986. Office Depot, Inc. and The Office Club, Inc. before the merger will be referred to as "Depot" and "Club," respectively. Also, as a result of the merger with Club, the Company incurred merger costs of $8,950,000 in 1991.

Sales. Sales increased to $2,579,494,000 in 1993 from $1,732,965,000 in 1992 and $1,300,847,000 in 1991. Sales in 1993 increased 49% from 1992 sales. The increases in sales were due primarily to 67 additional stores in 1993 and 56 additional stores in 1992, including the five Canadian stores acquired. The increases also were attributable to same store sales growth. Comparable store sales in 1993 for the 283 stores open for more than one year at December 25, 1993 increased 26% from 1992. Comparable store sales in 1992 for the 226 stores open for more than one year at December 26, 1992 increased 15% from 1991. Comparable store sales in the future may be affected by competition from other stores, the opening of additional stores in existing markets and economic conditions.

Gross Profit. Gross profit as a percentage of sales increased from 23.0% during 1991 and 1992 to 23.2% during 1993 primarily as a result of purchasing efficiencies gained through vendor volume discount programs as purchasing levels continue to increase and leveraging occupancy costs through higher average sales per store offset by somewhat lower gross margins resulting from an increase in sales of lower margin business machines and computers. The Company's management believes that gross profit as a percentage of sales may continue to fluctuate as a result of the expansion of its contract stationer base, the result of competitive pricing in more market areas, 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, and 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 15.5% in 1993, 15.9% in 1992 and 16.5% in 1991 as the Company opened its new stores in 1993 and 1992. Store and warehouse operating and selling expenses, consisting primarily of payroll and advertising expenses, have increased in the aggregate 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 are being opened, as new stores typically generate lower sales than the average mature store, resulting in higher store operating and selling expenses as a percentage of sales for new stores. 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. During 1992 and 1993, the combination of an increase in average sales per store and an increase in the amount of cooperative advertising support received resulted in a decrease in store and warehouse operating and selling expenses as a percentage of sales as compared to prior periods.

Pre-opening Expenses. As a result of continued store openings, pre-opening expenses incurred were $9,073,000 in 1993, $7,453,000 in 1992 and $7,774,000 in 1991. Pre-opening expenses currently are approximately $125,000 per store and are predominantly incurred during a six-week period prior to the store opening. These expenses consist principally of amounts paid for salaries and supplies. 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 opened.

General and Administrative Expenses. General and administrative expenses as a percentage of sales were 2.9% in 1993, 3.1% in 1992, 3.0% in 1991. 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, the Company increased its commitment to improving the efficiency of its systems and significantly increased its information systems programming staff. While this increases general and administrative expenses in the current year, the Company believes the systems investment will provide benefits in the future. These increases were partially offset by a decrease in 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. During 1992, the increase in general and administrative expenses as a percentage of sales was primarily attributable to expenses incurred in connection with the acquisition of the Company's Canadian operation, expenses related to Hurricane Andrew disaster relief efforts and the beginning of the significant investment in the ongoing program to upgrade the Company's information systems. Although the Company anticipates further increases in corporate staff expenditures as its expansion continues, general and administrative expenses as a percentage of sales should continue to decrease.

Other Income and Expenses. During 1993, 1992 and 1991, interest expense was $10,598,000, $1,459,000 and $2,386,000, respectively. In June 1991, the Company received $40,040,000 as a result of a private placement of 4,290,000 shares of its Common Stock to a subsidiary of Carrefour, a French hypermarket retailer. Also in December 1991, the Company completed a public offering of 6,900,000 shares of Common Stock raising net proceeds of approximately $92 million. In December 1992 and November 1993, the Company completed public offerings of zero coupon, convertible, subordinated debt raising net proceeds of approximately $146 million and $185 million, respectively. As the Company has utilized the funds raised in its public offerings to fund its expansion, interest income has fluctuated. Interest income during 1993, 1992 and 1991 was $4,556,000, $1,303,000 and $151,000, respectively.

Net Earnings. The Company recorded amortization of goodwill of $1,613,000 in 1993 and $49,000 in 1992. The increase in 1993 was attributable to goodwill arising from the acquisition of Wilson in May 1993 and Eastman in September 1993. Goodwill in 1994 will be higher than 1993 reflecting a full year of amortization arising from the Wilson and Eastman acquisitions.

Earnings before income taxes and extraordinary credit were $106,520,000 in 1993, $62,053,000 in 1992, and $26,872,000 in 1991. In 1991, earnings were negatively affected by merger costs of $8,950,000.

The effective income tax rate for 1991 was negatively impacted by certain nondeductible merger costs. The effective income tax rate for 1993 was negatively impacted by the increase in the federal statutory rate and by nondeductible goodwill amortization.

Net earnings were $63,417,000 in 1993, $39,188,000 in 1992, and $14,991,000 in 1991. Net earnings for 1992, and 1991 include extraordinary credits from the utilization of net operating loss carryforwards of $1,396,000 and $614,000 respectively. The increases in net earnings were attributable to the significant increases in sales without commensurate increases in expenses.

LIQUIDITY AND CAPITAL RESOURCES

Since the Company's inception in March 1986, the Company has relied upon equity capital and convertible debt as the primary source of its funds. Shortly after inception, the Company was capitalized with $250,000 and in 1986 and 1987 private placements of Common Stock and Preferred Stock provided an aggregate of $25,704,000 in net proceeds to the Company. Additional net proceeds of $31,932,000 were raised by the Company in public equity offerings in 1988. Net proceeds of $24,070,000, $11,944,000 and $92,386,000 were raised by the Company in subsequent public equity offerings completed in 1989, 1990 and 1991, respectively. The Company also received proceeds of approximately $41,400,000 and $40,040,000 from private placements of its Common Stock with a subsidiary of Carrefour, completed in July 1989 and June 1991, respectively. The Company completed public offerings of zero coupon, convertible, subordinated debt in 1992 and 1993 raising net proceeds of approximately $146,000,000 and $185,000,000, respectively.

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 its retail sales without the burden of additional receivables. All credit card receivables sold to the financial service company under one program were sold on a recourse basis. Proceeds to the Company for such receivables sold with recourse were approximately $185,000,000, $138,000,000 and $123,000,000 in 1993, 1992 and 1991, respectively. The outstanding balance of such receivables at December 25, 1993 was $39,900,000. The Company has also utilized capital equipment financings to fund working capital requirements.

Sales made from the Eastman and Wilson contract stationer warehouses are made under regular commercial credit terms, where the Company carries its own receivables. This contributed to the increase in receivables in 1993 from 1992. As the Company expands into servicing additional large companies in the contract stationer portion of its business, it is expected that a greater portion of the Company's receivables will be carried.

In 1993, the Company added 67 stores, in 1992 it added 56 stores, and in 1991 it added 55 stores. 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 will provide a greater portion of funds required for new store fixed assets, inventories and other working capital requirements. This has resulted in net cash provided (used) in operating activities of $82,191,000, $(11,411,000), and $(41,717,000) for 1993, 1992 and 1991 respectively. Cash generated from operations will 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 was $102,417,000 in 1993, $62,542,000 in 1992 and $53,877,000 in 1991.

The Company plans to open approximately 60 to 70 stores during 1994. Management estimates that the Company's cash requirements, exclusive of pre-opening expenses, will be approximately $1,200,000 for each additional store. These expenditures include an average of approximately $600,000 for leasehold improvements, fixtures, point-of-sale terminals and other equipment in the stores, as well as approximately $600,000 for the portion of the store inventory that is not financed by vendors. In addition, management estimates that each new store will require pre-opening expenses of approximately $125,000. The Company's management currently anticipates that its expansion through 1994 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. The Company's financing requirements beyond 1994 will be affected by the number of new stores or warehouses opened or acquired.

During 1993, the Company's cash balance increased by $8,306,000 and long- and short-term debt increased by $212,118,000. This increase in cash and debt was primarily attributable to cash provided and debt incurred in the public debt offering, partially offset by payments for fixed assets and inventories for new stores. Additionally, cash of $136,573,000 was utilized in various transactions associated with the acquisition of Eastman and redemption of outstanding Eastman debt (see Note I to Consolidated Financial Statements).

The Company has a credit agreement with its principal bank and a syndicate of commercial banks to provide for a working capital line of $200,000,000. The credit agreement provides that funds borrowed will bear interest, at the Company's option, at either 3/4% over the LIBOR rate or at a base rate linked to the prime rate. The Company must also pay a fee of 1/4% per annum on the available and unused portion of the credit facility. The credit facility expires in September 1996. As of December 25, 1993, the Company had no outstanding borrowings under the credit facility. 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 $15,000,000 of equipment from the Company and lease such equipment back to the Company. As of December 25, 1993, the Company has utilized approximately $7,711,000 of this lease facility.

INFLATION AND 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.

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 25, 1993 and December 26, 1992, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended December 25, 1993. 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 25, 1993 and December 26, 1992 and the results of their operations and their cash flows for each of the three years in the period ended December 25, 1993 in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE

Certified Public Accountants
Fort Lauderdale, Florida
February 8, 1994

Office Depot Inc. And Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)

	52 Weeks Ended December 25, 1993	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991
Sales	$2,579,494	$1,732,965	$1,300,847
Cost of goods sold and occupancy cost	1,980,429	1,334,305	1,001,484
Gross profit	599,065	398,660	299,363
Store and warehouse operating and selling expenses	399,966	275,016	214,525
Pre-opening expenses	9,073	7,453	7,774
General and administrative expenses	75,851	53,933	39,007
Amortization of goodwill	1,613	49	--
	486,503	336,451	261,306
Operating profit	112,562	62,209	38,057
Other income (expense)			
Interest income	4,556	1,303	151
Interest expense	(10,598)	(1,459)	(2,386)
Merger costs	--	--	(8,950)
Earnings before income taxes and extraordinary credit	106,520	62,053	26,872
Income taxes	43,103	24,261	12,495
Earnings before extraordinary credit	63,417	37,792	14,377
Extraordinary credit	--	1,396	614
Net earnings	$ 63,417	$ 39,188	$ 14,991
Earnings per common and common equivalent share			
Earnings before extraordinary credit	$ .67	$ .41	$ .18
Extraordinary credit	--	.02	.01
Net earnings	$ .67	$ .43	$ .19

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)

	December 25, 1993	December 26, 1992
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 138,498	$ 130,192
Receivables, net of allowances of $2,791 in 1993 and $389 in 1992	165,182	62,012
Merchandise inventories	643,773	456,252
Deferred income taxes	25,931	9,059
Prepaid expenses and refundable income taxes	4,778	6,497
Total current assets	978,162	664,012
Property and Equipment, at Cost	339,825	219,939
Less accumulated depreciation and amortization	77,681	51,471
	262,144	168,468
Goodwill, net of amortization	200,462	2,224
Other Assets	23,131	13,669
	$ 1,463,899	$ 848,373
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 393,185	$ 237,385
Accrued expenses	128,129	66,227
Income taxes	12,786	--
Current maturities of long-term debt	3,105	2,948
Total current liabilities	537,205	306,560
Long-Term Debt, less current maturities	16,229	3,486
Deferred Taxes and Other Credits	5,478	4,800
Zero Coupon, Convertible, Subordinated Notes	350,298	151,080
Commitments and Contingencies	--	--
Common Stockholders' Equity		
Common stock-authorized 200,000,000 shares of $.01 par value; issued 95,609,233 in 1993 and 90,925,224 in 1992	956	909
Additional paid-in capital	427,326	318,833
Foreign currency translation adjustment	383	98
Retained earnings	127,774	64,357
Less: 1,442,298 shares of treasury stock, at cost	(1,750)	(1,750)
	554,689	382,447
	$ 1,463,899	$ 848,373

The accompanying notes are an integral part of these statements.

Office Depot Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Period from December 30, 1990 to December 25, 1993 (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 30, 1990......	73,742,931	$ 738	$ 134,896	$ -	$ 10,178	$ (1,750)
Sales of common stock, net of related costs.....................	11,190,000	112	132,314	-	-	-
Exercise of stock options (including tax benefits).......	2,129,094	21	13,359	-	-	-
Sale of stock under employee purchase plan....................	26,376	-	225	-	-	-
401k plan matching contributions..	38,787	-	359	-	-	-
Net earnings for the period.......	-	-	-	-	14,991	-
Balance at December 28, 1991......	87,127,188	871	281,153	-	25,169	(1,750)
Exercise of stock options (including tax benefits).......	3,721,320	38	36,532	-	-	-
Sale of stock under employee purchase plan.....................	39,932	-	705	-	-	-
401k plan matching contributions..	36,784	-	443	-	-	-
Foreign currency translation adjustment........................	-	-	-	98	-	-
Net earnings for the period.......	-	-	-	-	39,188	-
Balance at December 26, 1992......	90,925,224	909	318,833	98	64,357	(1,750)
Issuance of common stock for acquisitions......................	3,356,934	34	94,664	-	-	-
Exercise of stock options (including tax benefits).......	1,227,670	13	11,278	-	-	-
Sale of stock under employee purchase plan.....................	59,659	-	1,604	-	-	-
401k plan matching contributions..	39,746	-	947	-	-	-
Foreign currency translation adjustment........................	-	-	-	285	-	-
Net earnings for the period.......	-	-	-	-	63,417	-
Balance at December 25, 1993......	95,609,233	$ 956	$ 427,326	$ 383	$127,774	$ (1,750)

The accompanying notes are an integral part of these statements.

Office Depot Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase in Cash and Cash Equivalents (in Thousands)

	52 Weeks Ended December 25, 1993	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991
Cash flows from operating activities			
Cash received from customers	$ 2,383,345	$ 1,686,468	$ 1,285,534
Cash paid for inventories	(1,925,005)	(1,335,487)	(1,019,799)
Cash paid for store and warehouse operating, selling and general and administrative expenses	(350,201)	(354,146)	(296,841)
Interest received	4,557	1,303	151
Interest paid	(1,845)	(1,459)	(2,386)
Taxes paid	(28,660)	(8,090)	(8,376)
Net cash provided (used) in operating activities	82,191	(11,411)	(41,717)
Cash flows from investing activities			
Capital expenditures - net	(102,417)	(62,542)	(53,877)
Purchase of Eastman common stock	(20,001)	-	-
Acquisition cash overdraft assumed, net	(4,106)	-	-
Net cash used in investing activities	(126,524)	(62,542)	(53,877)
Cash flows from financing activities			
Proceeds from issuance of common stock	-	-	132,426
Proceeds from exercise of stock options	10,308	15,836	7,257
Foreign currency translation adjustment	285	98	-
Proceeds from long- and short-term borrowing	190,464	151,147	1,989
Payments on long- and short-term debt	(148,418)	(3,101)	(16,452)
Net cash provided by financing activities	52,639	163,980	125,220
Net increase in cash and cash equivalents	8,306	90,027	29,626
Cash and cash equivalents at beginning of period	130,192	40,165	10,539
Cash and cash equivalents at end of period	$ 138,498	$ 130,192	$ 40,165
Reconciliation of net earnings to net cash provided (used) in operating activities			
Net earnings	$ 63,417	$ 39,188	$ 14,991
Adjustments to reconcile net earnings to net cash provided (used) in operating activities			
Depreciation and amortization	30,434	20,792	15,328
Changes in assets and liabilities (net of effect of acquisitions)			
Increase in receivables	(45,006)	(26,075)	(19,440)
Increase in merchandise inventories	(150,234)	(118,379)	(107,079)
Increase in prepaid expenses, deferred income taxes and other assets	(15,862)	(16,348)	(7,288)
Increase in accounts payable, accrued expenses and deferred credit	199,442	89,411	61,771
Total adjustments	18,774	(50,599)	(56,708)
Net cash provided (used) in operating activities	$ 82,191	$ (11,411)	$ (41,717)

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 chain of high-volume office supply stores and contract stationer/delivery warehouses throughout the country. 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.

All common stock share and per share amounts for all periods presented have been adjusted for a three-for-two stock split in June 1993 and a two-for-one stock split in May 1992 effected in the form of stock dividends.

Certain reclassifications were made to prior year statements to conform to 1993 presentations.

CASH AND CASH EQUIVALENTS

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

RECEIVABLES

Receivables are comprised of trade receivables not financed through outside programs as well as amounts due from vendors under rebate and cooperative advertising programs.

MERCHANDISE INVENTORIES

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

INCOME TAXES

The Company currently provides for Federal and state income taxes currently payable as well as for those deferred because of temporary differences between reporting 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. In prior years, the Company had provided for income taxes using the provisions of APB No. 11.

PROPERTY AND EQUIPMENT

Depreciation and amortization are provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight line basis. Leasehold improvements are amortized over the terms of the respective leases or the service lives of the improvements.

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 $1,657,000 and $49,000 as of December 25, 1993 and December 26, 1992, respectively.

Pre-opening Expenses

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

Acquisition of The Office Club, Inc.

On April 10, 1991, the Company completed its acquisition of The Office Club, Inc. ("Club"). The merger with Club was accounted for in 1991 on a "pooling of interests" basis for accounting and financial reporting purposes. Financial statements for periods prior to the merger have been restated to reflect the financial position and results of operations of the combined companies as if they had merged as of the beginning of the earliest period reported. Club became a wholly-owned subsidiary of the Company through the exchange of 25,970,781 shares of the Company's common stock for all of the outstanding stock of Club on a ratio of 1.194 shares of Depot stock for each Club share. References to Office Depot, Inc. and to The Office Club, Inc. before the merger will be referred to as "Depot" and "Club," respectively. Costs of $8,950,000 associated with the merger have been reflected in the results of operations for 1991.

Earnings Per Common and Common Equivalent Shares

Net earnings per common equivalent share is based upon the weighted average number of shares and equivalents outstanding during each period. The weighted average number of common and common equivalent shares outstanding for the years ended December 25, 1993, December 26, 1992 and December 28, 1991 were 94,627,000, 91,709,000 and 80,178,000, respectively. Stock options and warrants are considered common stock equivalents. The zero coupon, convertible, subordinated notes are not common stock equivalents and are anti-dilutive in the fully diluted computation.

Fiscal Year

The Company is on a 52 or 53 week fiscal year ending on the last Saturday in December.

Postretirement Benefits

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

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 Sheet 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 value of the zero coupon, convertible, subordinated notes.

There was no significant difference as of December 25, 1993 in the carrying value and fair market value of financial instruments except for the zero coupon, convertible, subordinated notes which had a carrying value of $350,298,000 and a fair value of $419,750,000.

NOTE B--PROPERTY AND EQUIPMENT

Property and equipment consists of:

	December 25, 1993	December 26, 1992
	(in thousands)	
Land and buildings	$ 35,402	$ 16,442
Furniture, fixtures and equipment	130,911	82,080
Automotive equipment	14,668	8,179
Leasehold improvements	142,566	100,339
Equipment under capital lease	16,278	12,899
	339,825	219,939
Less accumulated depreciation and amortization	77,681	51,471
	$ 262,144	$ 168,468

Equipment under capital leases consists of:

	December 25, 1993	December 26, 1992
	(in thousands)	
Equipment	$ 16,278	$ 12,899
Accumulated depreciation	11,105	8,458
	$ 5,173	$ 4,441

NOTE C--LONG-TERM DEBT

Long-term debt consists of the following:

	December 25, 1993	December 26, 1992
	(in thousands)	
Capital lease obligations collateralized by certain equipment and fixtures	$ 5,496	$ 4,258
13% senior subordinated notes, unsecured and due 2002	10,368	--
Installment notes payable in monthly installments through January 1996, collateralized by certain telephone equipment and vehicles	3,470	2,176
	19,334	6,434
Less current portion	3,105	2,948
	$ 16,229	$ 3,486

Maturities of long-term debt are as follows:

	December 25, 1993
	(in thousands)
1994	$ 3,105
1995	1,808
1996	610
1997	526
1998 and after	13,285
	$ 19,334

Future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of December 25, 1993 are as follows:

	December 25, 1993
	(in thousands)
1994	$ 2,624
1995	1,271
1996	542
1997	437
1998 and after	1,927
Minimum lease payments	6,801
Less: amount representing interest at 9.5% to 15.0%	1,305
Present value of net minimum lease payments	5,496
Less: current portion	2,264
Noncurrent portion	$ 3,232

The Company has a credit agreement with its principal bank and a syndicate of commercial banks to provide for a working capital line of $200,000,000. The agreement provides that funds borrowed will bear interest, at the Company's option, at either 3/4% over the LIBOR rate or at a base rate linked to the prime rate. The Company must also pay a fee of 1/4% per annum on the available and unused portion of the credit facility. The credit facility expires in September 1996. 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 $15,000,000 of equipment from the Company and lease such equipment back to the Company. As of December 25, 1993, the Company had no outstanding borrowings under the revolving credit facility and had utilized approximately $7,711,000 of the lease facility. The loan agreement contains covenants relating to various financial statement ratios and provides for a limitation on the payment of cash dividends on common stock, not to exceed 25% of net earnings, without the bank's consent.

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 LYONs 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 19.509 shares per 1992 LYON and 14.156 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.

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

Effective December 27, 1992, the Company adopted the provisions of Statement No. 109, "Accounting for Income Taxes." The Company's adoption in 1993 of Statement No. 109 did not result in a material adjustment and was recognized in the results of operations. The Company chose not to restate prior years' results or disclosures as permitted by the Statement.

Club commenced operations in 1986 and incurred losses through 1989. The resulting net operating loss carryforward was partially utilized in 1991 and fully utilized in 1992.

The income tax provision consists of the following:

	52 Weeks Ended December 25, 1993	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991
		(in thousands)	
Current			
Federal	$ 38,410	$ 22,887	$ 12,089
State	9,026	3,386	2,908
Deferred (benefit)	(4,333)	(2,012)	(2,502)
Total provision for income taxes	$ 43,103	$ 24,261	$ 12,495

The tax effected components of deferred income tax accounts as of December 25, 1993 are as follows:

	Assets	Liabilities
	(in thousands)	
Interest premium on notes redeemed	$ 7,832	
Self-insurance costs	6,466	
Inventory costs capitalized for tax purposes	3,184	
Excess of tax over book depreciation	--	$ 3,208
Capitalized leases	--	3,160
Other items	14,231	3,218
	$31,713	$ 9,586

The components of deferred income tax (benefit) are as follows:

	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991
	(in thousands)	
Excess of tax over book depreciation	$ 470	$ 67
Inventory costs capitalized for tax purposes	(526)	(435)
Vacation pay	(380)	(305)
Self-insurance costs	(3,032)	(1,941)
Capitalized leases	720	368
Deferred book loss benefit recognized	888	148
Other items, net	(152)	(46)
Pre-opening costs	--	(358)
Total deferred benefit	$(2,012)	$(2,502)

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

	52 Weeks Ended December 25, 1993	52 Weeks Ended December 26, 1992	52 Weeks Ended December 28, 1991
		(in thousands)	
Tax computed at the statutory rate	$37,282	$21,098	$ 9,136
State taxes net of federal benefit	5,326	3,330	1,598
Nondeductible goodwill amortization	483	--	--
Nondeductible merger costs	--	--	1,700
Other items, net	12	(167)	61
Provision for income taxes	$43,103	$24,261	$12,495

NOTE F--COMMITMENTS AND 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 1994 and 2015. 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 25, 1993 (in thousands)
1994	$ 93,960
1995	92,987
1996	86,246
1997	80,333
1998	76,658
Thereafter	318,390
	$748,574

The above amounts include 27 stores leased but not yet opened as of December 25, 1993. The Company is in the process of opening new stores in the ordinary course of business and leases signed subsequent to December 25, 1993 are not included in the above described commitment amount. Rent expense, including equipment rental, was approximately $91,005,000, $71,820,000 and $61,656,000, during 1993, 1992 and 1991, respectively.

Other

Certain holders of the Company's common stock have limited demand registration rights. The costs 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 25, 1993, the Company has reserved 11,053,542 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 25, 1993, the Company had reserved 11,367,136 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 Directors Stock Option Plan and the Club Incentive 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 2,556,848 shares were exercisable at December 25, 1993. No amounts have been charged to income under the plan.

	Number of Shares	Option Price Per Share
Outstanding at December 30, 1990	5,964,519	$ .03- 8.75
Granted	3,217,530	$ 3.14-13.09
Canceled	364,611	$ 2.97-12.00
Exercised	1,579,224	$ .03- 8.67
Outstanding at December 28, 1991	7,238,214	$ .03-13.09
Granted	1,705,575	$ 13.33-22.92
Canceled	509,688	$ .63-19.42
Exercised	2,609,971	$ .03-13.09
Outstanding at December 26, 1992	5,824,130	$ .03-22.92
Granted	1,476,468	$ 19.83-35.75
Canceled	299,752	$ 2.65-26.88
Exercised	1,190,352	$ .44-22.50
Outstanding at December 25, 1993	5,810,494	$ .03-35.75

Other Stock Options

On December 28, 1987, a nonqualified option to purchase 2,099,997 shares of common stock was issued to the Company's chief executive officer. The option with respect to 299,997 shares was exercisable upon issuance, with the balance exercisable one-third each year commencing one year from the date of issue. Options to purchase an aggregate of 224,997 shares were also issued to two of the Company's principal officers.

The exercise price on the above described nonqualified options is $.63 per share. Options for 299,997 shares were exercised in February 1988. In 1990, options for 149,997 shares were exercised and options for 75,000 shares were canceled. In 1991, options for 600,000 shares were exercised. In 1992, options for the remaining 1,200,000 shares were exercised.

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 number of shares eligible for purchase under the plan is 750,000.

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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 Office Club plan provided a cash match up to certain limits. The Office Club Plan was terminated in early 1993 and all employees were given the opportunity to join the Depot plan.

NOTE H--CAPITAL STOCK

In May 1993, the Board of Directors and stockholders approved an amendment to the Company's Certificate of Incorporation, which increased the authorized number of shares of common stock from 100,000,000 to 200,000,000 shares. As of December 25, 1993, there were 1,000,000 shares of $.01 par value preferred stock authorized of which none are issued or outstanding.

Common Stock

On June 7, 1991, 4,290,000 shares of common stock were sold to a subsidiary of Carrefour, a French hypermarket retailer, at a price of $9.33 per share.

On December 24, 1991, the Company completed a public offering of 6,900,000 shares of common stock at $14.00 per share.

NOTE I--ACQUISITIONS

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 663,881 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 2,693,053 shares of common stock with a market value of approximately $79,707,000 and paid out $20,001,000 in cash. This acquisition was accounted for as a purchase. The Company has allocated the purchase price to the assets acquired and liabilities assumed based on information obtained to date. The allocation will be finalized when all necessary information regarding the fair values of the assets and liabilities is available. 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 a straight-line method. The Company's Consolidated Statement of Earnings includes the operating results of acquisitions from the respective dates of the purchases. The following represents the pro forma results of operations assuming the acquisitions of Eastman and Wilson had taken place on December 29, 1991.

	52 Weeks Ended December 25, 1993	52 Weeks Ended December 26, 1992
	(in thousands, except per share amounts) (unaudited)	
Sales	$2,828,630	$2,078,504
Net Earnings Before Extraordinary Credit	62,520	37,841
Net Earnings Before Extraordinary Credit Per Share	.65	.40

This pro forma information is not necessarily indicative of the actual results of operations that would have occurred had the acquisitions been made as of December 29, 1991, or of results which may occur in the future.

NOTE J - SUPPLEMENTAL INFORMATION OF NONCASH INVESTING AND FINANCING ACTIVITIES

The Consolidated Statements of Cash Flows for 1993 and 1992 do not include noncash financing transactions of $3,525,000 and $21,882,000, respectively, relating to additional paid in capital associated with tax benefits of stock options exercised and $8,754,000 for 1993 associated with accreted interest on convertible, subordinated notes.

The Consolidated Statement of Cash Flows for 1993 does not include noncash investing and financing transactions associated with common stock issued for the acquisition of net assets of Wilson and of Eastman. The components of the transactions are as follows:

	(in thousands)
Fair value of assets acquired (including goodwill)	$ 328,603
Liabilities assumed	(213,895)
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 sold to the financial services company under one of these programs were sold on a recourse basis. Proceeds to the Company for such receivables sold with recourse were approximately $185,000,000, $138,000,000 and $123,000,000 in 1993, 1992 and 1991, 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 $39,900,000 at December 25, 1993. 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 sale to the financial services company.

NOTE L - QUARTERLY FINANCIAL DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)			
FISCAL YEAR ENDED DECEMBER 25, 1993				
Net sales	$582,115	$527,871	$659,925	$809,583
Gross profit(a)	133,632	122,671	151,478	191,284
Net earnings	$ 14,138	$ 10,861	$ 17,206	$ 21,212
Net earnings per common share	$ .15	$ .12	$ .18	$ .22
FISCAL YEAR ENDED DECEMBER 26, 1992				
Net sales	$433,303	$386,832	$434,793	$478,037
Gross profit(a)	99,845	88,758	100,303	109,754
Earnings before extraordinary item	9,351	6,451	9,758	12,232
Extraordinary item	---	---	---	1,396
Net earnings	$ 9,351	$ 6,451	$ 9,758	$ 13,628
Earnings per common share before extraordinary item	$ .10	$ .07	$ .11	$ .13
Extraordinary item	---	---	---	.02
Net earnings per common share	$ .10	$ .07	$ .11	$ .15

(a) Gross profit is net of occupancy costs.

CORPORATE DATA

Directors

DAVID I. FUENTE (3,4)
Chairman of the Board
Chief Executive Officer

MARK D. BEGELMAN (3)
President
Chief Operating Officer

DENIS DEFFOREY (1)
Director
Carrefour
Director
De Noyange, S.A.

W. SCOTT HEDRICK (2)
General Partner
InterWest Partners

JOHN B. MUMFORD (1)
President
Crosspoint Corporation

MICHAEL J. MYERS (1)
President
First Century Partners
Management Company
Director
Smith Barney Venture Corp.

PETER J. SOLOMON (3,4)
Chairman of the Board
Chief Executive Officer
Peter J. Soloman Company Limited

ALAN J. WURTZEL (2,3,4)
Chairman of the Board
Circuit City Stores, Inc.

(1) Member of Audit Committee
(2) Member of Compensation Committee
(3) Member of Nominating Committee
(4) Member of Executive Committee

Corporate Officers

DAVID I. FUENTE
Chairman of the Board
Chief Executive Officer

MARK D. BEGELMAN
President
Chief Operating Officer

F. TERRY BEAN
Executive Vice President-
Human Resources

RICHARD M. BENNINGTON
Executive Vice President-
Operations

GARY D. FOSS
Executive Vice President-
Merchandising & Marketing

BARRY J. GOLDSTEIN
Executive Vice President-Finance
Chief Financial Officer and Secretary

WILLIAM SELTZER
Executive Vice President-
Systems & Distribution

BRAD COSTELLO
Executive Vice President-
Contract Furniture

JOHN O. GRODE
Vice President-Real Estate

R. JOHN SCHMIDT, JR.
Vice President-Controller

OPERATING OFFICERS

MICHAEL K. BRENNAN
Vice President-
General Merchandising Manager

CHARLES CARMICHAEL
Vice President-Construction

MARK CLARK
Vice President-Marketing

STEVEN S. EMBREE
Vice President-
General Merchandise Manager

RICHARD ESTALELLA
Regional Vice President-Stores

MARTIN GONZALEZ
Regional Vice President-Stores

GEORGE HANDGIS
Vice President-Business Services

JOHN MALONEY
Executive Vice President-
Commercial/Contract

JAY MUTSCHLER
Executive Vice President-
Commercial/Contract

JIM PETERS
Regional Vice President-Stores

KEVIN PHILLIPS
Regional Vice President-Stores

LARRY PHILLIPS
Regional Vice President-Stores

ART QUINTANA
Vice President-General
Merchandising Manager

THOMAS W. SMITH
Vice President-Operations

MICHAEL E. THOMPSON
Vice President-Distribution &
Distribution Systems

Stockholder Information

Corporate Offices
2200 Old Germantown Road
Delray Beach, Florida 33445
(407) 278-4800

Annual Meeting
May 18, 1994
Marriott Crocker Center
5140 Town Center Circle
Boca Raton, Florida 33486

Legal Counsel
Kirkland & Ellis
Chicago, Illinois

Certified Public Accountants
Deloitte & Touche
Ft. Lauderdale, Florida

Transfer Agent and Registrar
Mellon Financial Servicer
Four Station Square
Third Floor
Pittsburgh, Pennsylvania
15219-1173

Trustee For Liquid Yield
Option Notes Due 2007
Bank of New York
48 Wall Street
New York, New York 10286

Trustee for Liquid Yield
Option Notes Due 2008
Bankers Trust Company
Four Albany Street
New York, New York 10006

Common Stock
Office Depot's Common Stock is quoted on the New York Stock Exchange under the symbol ODP. As of March 14, 1994, there were 3,355 stockholders of record. This number excludes individual stockholders holding stock under nominee security position listings.

Dividend Policy
The Company has never declared or paid cash dividends on its Common Stock and does not intend to pay cash dividends in the foreseeable future.

Form 10-K
A Form 10-K is available without charge upon written request to:
Investor Relations
Office Depot, Inc.
2200 Old Germantown Road
Delray Beach, Florida 33445

The following table sets forth, for the periods indicated, the high and low sales prices of the common stock quoted on the NYSE Composite Tape. These prices do not include retail mark-ups, mark-downs or commissions, and have been adjusted to reflect a 2-for-1 stock split in May 1992, and a 3-for-2 stock split in May 1993.

Quarterly Stock Price Range

1992	High	Low
First Quarter	$19	$15 1/4
Second Quarter	17 3/64	12 1/2
Third Quarter	20 43/64	15 59/64
Fourth Quarter	23 1/4	16 27/64

1993	High	Low
First Quarter	$25 11/64	$17 53/64
Second Quarter	27 3/4	20 43/64
Third Quarter	33 7/8	25 3/8
Fourth Quarter	35 7/8	31 5/8

Office
Depot
CORPORATE OFFICES 2200 OLD GERMANTOWN ROAD
DELRAY BEACH, FLORIDA 33445 (407) 278-4800

EXHIBIT 21.1

LIST OF THE COMPANY'S SUBSIDIARIES

Name	Jurisdiction of Incorporation
Eastman, Inc.	Delaware
Eastman Office Products Corporation	Delaware
Nevada O.C., Inc.	California
ODI, Inc.	Delaware
OD International, Inc.	Delaware
Office Depot of Texas, Inc.	Texas
Office Town, Inc.	Puerto Rico
Texas O.C., Inc.	Texas
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
OD Wilson, Inc.	Delaware
ODO, Inc.	Florida
L.E. Muran Co.	Massachusetts
Yorkship Press Inc.	New Jersey

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-26972, No. 33-31743, No. 33-40057, No. 33-40058, and No. 33-40059 of Office Depot, Inc. on Forms S-8 of our report dated February 8, 1994 appearing in and incorporated by reference in the Annual Report on Form 10-K of Office Depot, Inc. for the year ended December 25, 1993.

DELOITTE & TOUCHE

Certified Public Accountants
Fort Lauderdale, Florida
March 23, 1994