

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report October 16, 2002

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)

(561) 438-4800

(Registrant's telephone number, including area code)

Former name or former address, if changed since last report: N/A

ITEM 5. OTHER EVENTS

On October 16, 2002, Office Depot, Inc. issued a press release, with earnings information for its fiscal third quarter of 2002. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

- 99.1 Press release dated October 16, 2002, announcing financial results for the Company's fiscal third quarter for its fiscal year 2002.

SIGNATURE

Pursuant to the requirements 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.

OFFICE DEPOT, INC.

Date: October 16, 2002

By: /S/ DAVID C. FANNIN

David C. Fannin
Executive Vice President and
General Counsel

CONTACT: Eileen H. Dunn
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OFFICE DEPOT ANNOUNCES THIRD QUARTER 2002 RESULTS

- o Earnings Per Share Rose 40% to \$0.28, EPS Exceeds Consensus Estimates
- o Accelerating Growth Trends in North American Delivery
- o European Sales Grew 9% in Local Currencies
- o Free Cash Flow on Track to Exceed \$400 Million for Full Year

(Delray Beach, FL) October 16, 2002 - OFFICE DEPOT, INC. (NYSE: ODP), the world's largest seller of office products, today announced third quarter results for the fiscal period ended September 28, 2002.

Total Company sales for the third quarter grew 4% to \$2.9 billion compared to the third quarter of 2001. For the first nine months of 2002, sales grew 3% to \$8.5 billion compared to the same period of 2001. Worldwide comparable sales in the 864 stores and 39 delivery centers that have been open for more than one year improved 1% for the third quarter and were flat for the first nine months of 2002. Worldwide e-commerce sales grew 35% to \$542.9 million during the quarter and by 36% to \$1.5 billion for the first nine months of 2002. The Company remains on track to exceed \$2 billion of worldwide e-commerce revenue in 2002.

Operating income for the third quarter increased 41% to \$142.1 million compared to the same period in 2001. Earnings per share rose 40% to \$0.28 for the third quarter from \$0.20 in the comparable period last year. Results for the period include approximately \$3 million of costs related to legal reserves for the anticipated settlement of class action litigation in the state of California.

For the first nine months of 2002, operating income increased 44% to \$397.8 million compared to the same period in 2001. Earnings per share rose 47% to \$0.78 during the first nine months of 2002 compared to the same period in 2001. Results for the period now include approximately \$15 million (\$0.03 per share) of costs related to legal reserves for the anticipated settlement of class action litigation in the state of California.

Bruce Nelson, Office Depot's Chairman & CEO, commented, "Our performance in the third quarter reflects the continued strength in operating performance across all segments of our business. We believe these results, along with our outlook for continued strong cash flow, are further evidence of our ability to generate solid earnings growth despite a challenging sales environment. Our conservative balance sheet remains the strongest in the industry and as a result of our strong free cash flow, our cash position once again approaches the \$1 billion mark, despite the over \$240 million redemption of outstanding LYONS(R) during the third quarter.

"While our North American retail sales results have not met our expectations, the business continues to perform exceedingly well. Gross margins continued the positive trends of the past four quarters, and our new store payroll model is generating the level of benefits we were expecting. Our North American Retail business is well positioned to benefit from any incremental lift in the current economic climate.

"We saw a meaningful acceleration in sales and profit growth in our North American Business Services Group during the quarter. Our quality and customer service metrics have continued to outperform our expectations.

"International operating margins remained strong in spite of our significant growth investments in both new countries and new channels. Results from our start-up contract operations in five European countries remain very encouraging, and during the quarter we saw accelerating growth in our two newest countries: Switzerland and Spain.

"We continue to see strength across all of our businesses in virtually all of our key operating, quality, customer service and employee retention metrics. Our supply chain remains best in class, with industry-leading inventory turns and customer service levels. We are on track to significantly improve our RONA in 2002 to low double-digit levels.

"One of the most important goals we have set for ourselves is to be recognized as one of the 100 best companies to work for in the United States. We have made significant strides in making Office Depot a more "Compelling Place to Work, Shop and Invest" as evidenced by our ability to continue to generate strong operating results in a difficult economic environment."

FOURTH QUARTER OUTLOOK

When commenting on the Company's outlook for the fourth quarter, Mr. Nelson noted, "We remain comfortable at this time with the fourth quarter consensus

earnings expectations. Our assumptions for the quarter look for gradual revenue acceleration in our North American delivery business, somewhat softer growth rates in our International business than in the third quarter, and flat to slightly positive comps in our North American Retail business. While we experienced strong growth in operating income in the third quarter, we do expect some pressure on fourth quarter operating margins, as we increase the mix of technology sales in retail and 4Sure.com, activate additional sales force hiring deferred from the third quarter and manage the ongoing pressure on sales and margins in our Viking domestic mail order operations. Our balance sheet has never been stronger, and we remain poised to accelerate our sales and earnings growth when the economy regains momentum, as it eventually will."

Additional third quarter Company highlights:

- o Named David D'Arezzo as Executive Vice President of Merchandising. Mr. D'Arezzo is responsible for all merchandising across the Company's North American retail, contract, catalog and e-commerce businesses. He will also direct Office Depot's strategic merchandising initiatives and lead the development of new merchandising initiatives to improve sales and profitability across all channels.

- o Redeemed the 1992 Liquid Yield Option Notes (LYONs(R)), due December 2007, at 100% of the principal amount, plus accrued interest through the redemption date in August. The redemption reduced the Company's indebtedness by approximately \$241 million and affected diluted earnings per share by an amount approximately equivalent to the repurchase of 13.8 million shares.
- o Launched an office products store on Amazon.com. This new e-commerce alliance reaches out to personal-use shoppers and offers more than 50,000 products, including basic office supplies, technology products and home office furniture. The Amazon.com office products store reaches an important and large customer segment that does not traditionally purchase their office product needs from office supply superstores.
- o Launched two new Viking e-commerce Web sites in Belgium to accommodate our Dutch-speaking and French-speaking customers in that country. As of the end of the third quarter, Office Depot has 20 international Web sites under the Office Depot and Viking brand names. Included in this list is www.school.com in the United States designed exclusively for teachers and students to purchase school supplies.
- o Furthered our worldwide industry leading position in global e-commerce sales. No one sells more office supplies to more customers in more countries online than Office Depot. We remain on track to exceed \$2 billion in total worldwide e-commerce sales this year and expect to reach approximately \$2.5 billion in 2003.
- o Announced the decision to sell our Australian business. After exploring various opportunities to grow and expand our market position in Australia, it became evident that reaching the "critical mass" necessary to generate long-term sustainable growth and profitability was unlikely. A search is currently in process to locate a buyer for the business. As a result of our decision, we account for our results in Australia as "discontinued operations" for all periods presented in this press release.

SEGMENT RESULTS

North American Retail Division

(In millions of dollars)	Third Quarter		Year-to-Date	
	2002	2001	2002	2001
Sales	\$1,460.2	\$1,469.5	\$4,375.2	\$4,364.9
COGS and Occupancy Costs	1,084.8	1,110.7	3,274.8	3,360.0
Gross Profit	375.4	358.8	1,100.4	1,004.9
Operating and Selling Expenses	255.3	278.7	764.9	780.7
Segment Operating Profit	\$120.1	\$80.1	\$335.5	\$224.2

North American Retail sales declined by 1% for the third quarter and remained relatively flat for the first nine months of 2002 compared to the same periods last year. Comparable sales in the 832 stores open for more than one year declined 2%, both in the third quarter and the first nine months of 2002.

North American retail comparable sales results were primarily impacted by a disappointing back-to-school season and continued negative comparable sales results in furniture and technology. Traffic was flat in spite of the negative back-to-school impact, and the average transaction size was down slightly over last year, reflecting continued weakness in furniture and technology sales. Technology sales improved sequentially from the second quarter, although still down from last year. Core office supplies and paper and filing had a mixed performance, with softer back-to-school sales offsetting some strengthening in these categories.

Gross margins improved by 129 basis points for the third quarter and 213 basis points for the nine months. This increase for the quarter reflects further improvements from better buying, globally sourced back-to-school products and the sustainable benefits generated through sku/category management and re-merchandising efforts.

Operating and selling expenses include the accrual of an additional \$3 million (\$15 million for the nine months) during the third quarter for the anticipated settlement of potential class action litigation in the state of California. Results for the third quarter of 2001 and year-to-date periods included approximately \$26 million relating to store closures and asset impairments.

During the third quarter, we opened eight new office supply superstores and relocated three existing retail stores. At the end of the quarter, Office Depot operated a total of 861 office product superstores throughout the United States and Canada.

BUSINESS SERVICES GROUP

	Third Quarter		Year-to-Date	
(In millions of dollars)	2002	2001	2002	2001
Sales	\$1,004.1	\$947.2	\$2,950.3	\$2,841.9
COGS and Occupancy Costs	689.0	643.8	2,032.2	1,951.0
Gross Profit	315.1	303.4	918.1	890.9
Operating and Selling Expenses	213.8	214.5	641.4	674.2
Segment Operating Profit	\$101.3	\$88.9	\$276.7	\$216.7

Sales in our Business Services Group grew 6% during the third quarter and 4% for the first nine months of 2002 compared to the same periods last year. While catalog sales growth was slightly negative, the contract business grew almost 7% during the quarter. This growth is primarily attributable to market share gains, as the economy continues to be sluggish in most parts of the country. Improvements were shown in all contract regions, with particular strength in our Eastern region. Our West Coast sales were essentially flat for the quarter, a significant improvement from the first half of the year. Domestic e-commerce sales grew by 34% during the quarter, continuing our leadership position in the industry.

Segment operating profit improved 70 basis points during the period and 176 basis points for the first nine months of 2002 compared to the same periods last year. Gross margins were 66 basis points lower for the third quarter and 23 basis points lower for the nine months, reflecting the impact of adding the lower-margin business of 4Sure.com and overall merchandise mix changes. Operating costs decreased by 136 basis points during the third quarter, and reflect continued improvements in productivity and efficiency in our North American warehouses. We do expect some pressure on fourth quarter operating margins, as we increase the mix of technology sales at 4Sure.com, activate additional sales force hiring deferred from the third quarter and manage the ongoing pressure on sales and margins in our Viking domestic mail order operations.

Our North American warehouses continue to make progress in driving costs down and increasing productivity and efficiency. Virtually all of our key operating and customer service metrics showed continued improvement and customer complaints remain at historical lows.

INTERNATIONAL DIVISION

(In millions of dollars)	Third Quarter		Year-to-Date	
	2002	2001	2002	2001
Sales	\$407.4	\$347.5	\$1,191.7	\$1,095.1
COGS and Occupancy Costs	246.9	208.2	719.0	657.6
Gross Profit	160.5	139.3	472.7	437.5
Operating and Selling Expenses	108.5	81.9	314.9	271.5
Segment Operating Profit	\$52.0	\$57.4	\$157.8	\$166.0

Our International Division grew 8% in local currencies and 17% in U.S. dollars during the third quarter, primarily as a result of the continued strong results in our European operations. For the first nine months of 2002, our International growth was 6% in local currencies and 9% in U.S. dollars. In early September, we launched our new European Business Services Division in Italy, and we are on track to launch a German sales force in early 2003. Sales results for our two newest countries, Switzerland and Spain, are ramping up nicely and showing accelerating growth trends.

International sales were positively impacted by foreign exchange rates in the third quarter by \$32.7 million, but only by \$26.7 million for the first nine months of 2002. International Division operating profit also benefited from foreign exchange rates by \$4.2 million during the third quarter, but only by \$4.0 million in the first nine months of 2002.

Segment gross margins declined during the third quarter by 71 basis points, primarily attributable to prospecting efforts in new countries, and an increase in the proportion of slightly lower margin contract business. Operating costs for 2001 included the \$10.2 million gain on the sale of our London warehouse. Excluding this gain, operating costs increased by 18% as compared to the third quarter last year. This increase is primarily payroll costs associated with adding new contract sales representatives in four countries and the cost of our start-up operations in Spain and Switzerland. This segment continues to generate significant profitability and free cash flow in spite of the enormous investments we are making in new countries, new channels and a rapidly growing retail presence in France.

As announced earlier this quarter, the Company has initiated a process to identify potential buyers for the business in Australia. Accordingly, the current and prior period results are excluded from the table above and are presented as a single line of discontinued operations in the attached financial information.

Office Depot retail stores operate in the following countries, through a combination of wholly owned operations, joint ventures and international licensing agreements:

Number of Stores	Third Quarter Activity		Open at Quarter End	
	Opened	Closed	2002	2001
Mexico (Joint Venture)	3	-	68	57
France *	1	1	32	28
Israel (Joint Venture & License)	1	-	25	23
Poland (License)	-	-	15	16
Japan *	-	-	12	7
Hungary (License)	-	-	3	3
Thailand (License)	-	-	2	2
Guatemala (Joint Venture)	1	-	2	-
Total	6	1	159	136

* Office Depot wholly owned stores

Along with its retail stores, the Company also has delivery and catalog operations in 17 countries outside of the United States and Canada.

CONFERENCE CALL INFORMATION

Office Depot will hold a conference call for investors and analysts at 8:00 a.m. (Eastern Time) on today's date. The conference call will be available to all investors via Webcast at www.officedepot.com/companyinfo under Investor Relations. Interested parties may contact Investor Relations at 561-438-1680 for further information on the conference call.

No one sells more office products to more customers in more countries through more channels than Office Depot. As the largest seller of office products around the world, the Company operates under the Office Depot(R), Viking Office Products(R), Viking Direct(R) and 4Sure.com(R) brand names. As of September 28, 2002, Office Depot operated 861 office supply superstores in the United States and Canada, in addition to a national business-to-business delivery network supported by 24 delivery centers, more than 60 local sales offices and 13 regional call centers. Furthermore, the Company sells products and services in 19 countries outside of the United States and Canada, including 32 office supply stores in France and 12 in Japan that are owned and operated by the Company; and 115 additional office supply stores under joint venture and licensing agreements operating under the Office Depot name in six foreign countries.

The Company operates an award-winning U.S. Office Depot brand Web site at www.officedepot.com where customers can access Office Depot's low competitive prices seven days a week, twenty-four hours a day, as well as a new Web site that targets the school supply market at www.school.com. The Company also operates eighteen additional Web sites, under the Office Depot and Viking Office Products names, in the U.S., Canada and ten international countries including: Austria, Australia, Belgium, France, Japan, Germany, Ireland, Italy, the Netherlands and the United Kingdom.

Office Depot's common stock is traded on the New York Stock Exchange under the symbol ODP and is included in the S&P 500 Index.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS: Except for historical information, the matters discussed in this press release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Forward-looking statements, including without limitation all of the projections and anticipated levels of future performance, involve risks and uncertainties which may cause actual results to differ materially from those discussed herein. These risks and uncertainties are detailed from time to time by Office Depot in its filings with the United States Securities and Exchange Commission ("SEC"), including without limitation its most recent filing on Form 10-K, filed on March 19, 2002 and subsequent filings on Forms 10-Q and 8K. You are strongly urged to review all such filings for a more detailed discussion of such risks and uncertainties. The Company's SEC filings are readily obtainable at no charge at www.sec.gov and at www.freeEDGAR.com, as well as on a number of other commercial Web sites.

OFFICE DEPOT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)
(Unaudited)

	13 Weeks Ended September 28, 2002	13 Weeks Ended September 29, 2001	39 Weeks Ended September 28, 2002	39 Weeks Ended September 29, 2001
Sales	\$2,870,781	\$2,763,318	\$8,514,913	\$8,299,703
Cost of goods sold and occupancy costs	2,020,352	1,962,239	6,024,991	5,967,489
Gross profit	850,429	801,079	2,489,922	2,332,214
Store and warehouse operating and selling expenses	577,156	574,909	1,720,307	1,725,598
General and administrative expenses	128,729	120,927	366,565	325,576
Other operating expenses	2,473	4,444	5,236	4,894
	708,358	700,280	2,092,108	2,056,068
Operating profit	142,071	100,799	397,814	276,146
Other income (expense):				
Interest income	5,550	4,146	13,920	7,970
Interest expense	(13,840)	(11,916)	(36,598)	(30,310)
Miscellaneous income (expense), net	(637)	2,564	3,416	(3,862)
Earnings from continuing operations before income taxes	133,144	95,593	378,552	249,944
Income taxes	46,013	33,480	132,489	90,782
Earnings from continuing operations	87,131	62,113	246,063	159,162
Discontinued operations	1,041	347	1,763	1,601
Net earnings	\$ 88,172	\$ 62,460	\$ 247,826	\$ 160,763
Earnings per common share from continuing operations:				
Basic	\$ 0.28	\$ 0.21	\$ 0.80	\$ 0.54
Diluted	0.27	0.20	0.77	0.52
Net earnings per common share:				
Basic	\$ 0.29	\$ 0.21	\$ 0.81	\$ 0.54
Diluted	0.28	0.20	0.78	0.53
Weighted average number of common shares outstanding:				
Basic	308,282	298,375	306,484	297,185
Diluted	320,701	317,594	325,605	314,538

OFFICE DEPOT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	As of September 28, 2002	As of December 29, 2001
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 940,187	\$ 565,388
Receivables, net	792,508	774,175
Merchandise inventories, net	1,090,705	1,253,420
Deferred income taxes	141,562	148,490
Prepaid expenses and other assets	110,444	81,908
	-----	-----
Total current assets	3,075,406	2,823,381
Property and equipment, net	1,093,869	1,099,618
Goodwill, net	256,555	242,762
Other assets	167,436	165,882
	-----	-----
	\$ 4,593,266	\$ 4,331,643
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,105,208	\$ 1,058,436
Accrued expenses and other liabilities	630,714	617,210
Income taxes payable	150,318	107,347
Current maturities of long-term debt	17,540	318,521
	-----	-----
Total current liabilities	1,903,780	2,101,514
Deferred income taxes and other credits	67,673	64,139
Long-term debt, net of current maturities	412,533	315,331
Zero coupon, convertible subordinated notes	---	2,221
Commitments and Contingencies		
Stockholders' Equity		
Common stock - authorized 800,000,000 shares of \$.01 par value; issued 393,238,506 in 2002 and 385,538,340 in 2001	3,932	3,855
Additional paid-in capital	1,112,660	1,007,088
Unamortized value of long-term incentive stock grant	(1,683)	(2,578)
Accumulated other comprehensive income	(28,304)	(71,273)
Retained earnings	1,965,560	1,717,734
Treasury stock, at cost - 84,676,859 shares in 2002 and 82,443,170 shares in 2001	(842,885)	(806,388)
	-----	-----
	2,209,280	1,848,438
	-----	-----
	\$ 4,593,266	\$ 4,331,643
	=====	=====

OFFICE DEPOT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	39 Weeks Ended September 28, 2002	39 Weeks Ended September 29, 2001
	-----	-----
Cash flows from operating activities:		
Net earnings	\$ 247,826	\$ 160,763
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Discontinued operations	(1,763)	(1,601)
Depreciation and amortization	149,324	145,948
Provision for losses on inventories and receivables	76,565	88,125
Changes in working capital	259,819	213,246
Other operating activities, net	19,439	62,394
Net cash provided by operating activities	----- 751,210	----- 668,875
Cash flows from investing activities:		
Purchases of investments and other assets	--	(45,961)
Capital expenditures, net of proceeds from sales	(131,040)	(119,670)
Net cash (used in) investing activities	----- (131,040)	----- (165,631)
Cash flows from financing activities:		
Proceeds from exercise of stock options and sale of stock Under employee stock purchase plans	83,484	20,681
Acquisition of treasury stock	(36,380)	--
Proceeds from issuance of long-term debt	--	255,094
Payments on long- and short-term borrowings, net	(324,906)	(373,700)
Net cash provided by (used in) financing activities	----- (277,802)	----- (97,925)
Effect of exchange rate changes on cash and cash equivalents	32,431	(9,655)
Net increase in cash and cash equivalents	374,799	395,664
Cash and cash equivalents at beginning of period	565,388	146,458
Cash and cash equivalents at end of period	----- \$ 940,187	----- \$ 542,122
	=====	=====