



**Trade Lane Competition in
Times Fluctuating Fuel Prices
and Economic Uncertainty**

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Office Depot – Business Overview



- Office Depot is a leading global provider of office products and services
- 2007 sales of over \$15.5 billion and Adjusted EBITDA¹ of over \$800 million
 - Supplies: 63% of sales
 - Technology: 26% of sales
 - Furniture and Other: 11% of Sales
- Multi-channel – stores, catalog, Internet and contract serve business customers of any size, from small home office to Fortune 500 accounts
 - 56% of 2007 Sales were not North American Retail
 - One of the world’s largest e-commerce retailers – \$4.9 billion in sales in 2007

North American Retail (44% of 2007 Sales)

- Over 1,200 stores in U.S. and Canada
- Largest concentration of stores in California, Florida and Texas

N.A. Business Solutions (29% of 2007 Sales)

- Catalog, contract and e-commerce
- Dedicated sales force works with medium sized to Fortune 100 customers
- Orders serviced through 21 distribution centers

International (27% of 2007 Sales)

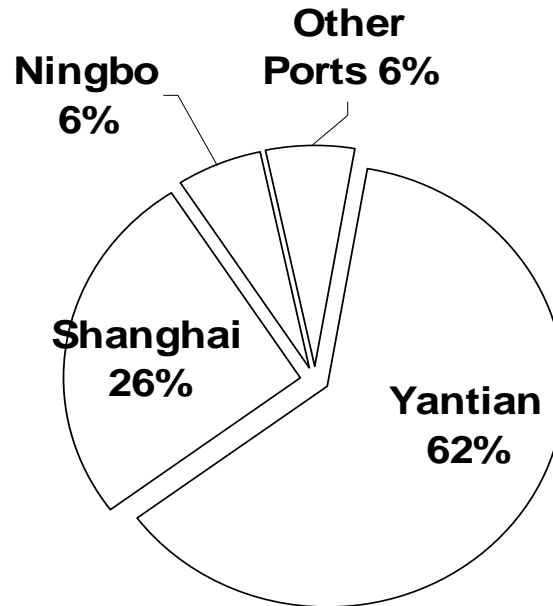
- Catalog, contract, e-commerce and retail
- Sells to customer directly and through affiliates in 41 countries outside of North America
- 35+ websites and 397 stores

¹ Non-GAAP numbers. A reconciliation of GAAP to non-GAAP numbers can be found on the Office Depot web site at www.confidential.com

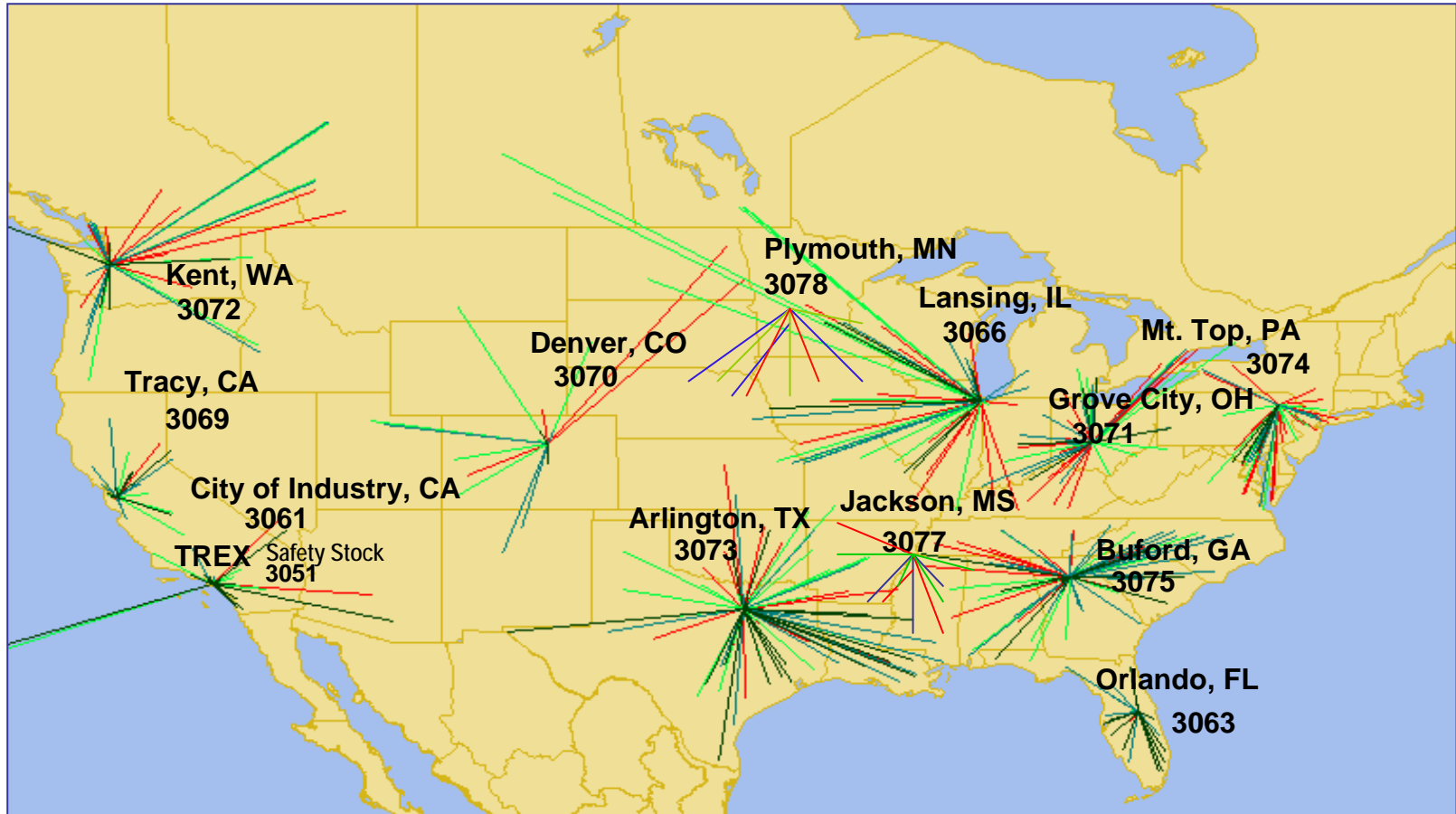
Where are Office Depot's Origin Ports?

Consolidation Ports:

- Yantian (including Shenzhen) and Shanghai



What does the U.S. Supply Chain Network look like?



First Port of Entry 2003-2006

Limited Options:

90% total volume via Los Angeles and Long Beach CA
Deconsolidated and trucked to warehouses

Inventory management system

Inability to order by specific facility

Inability to have multiple consolidation/deconsolidation nodes

Usual issues:

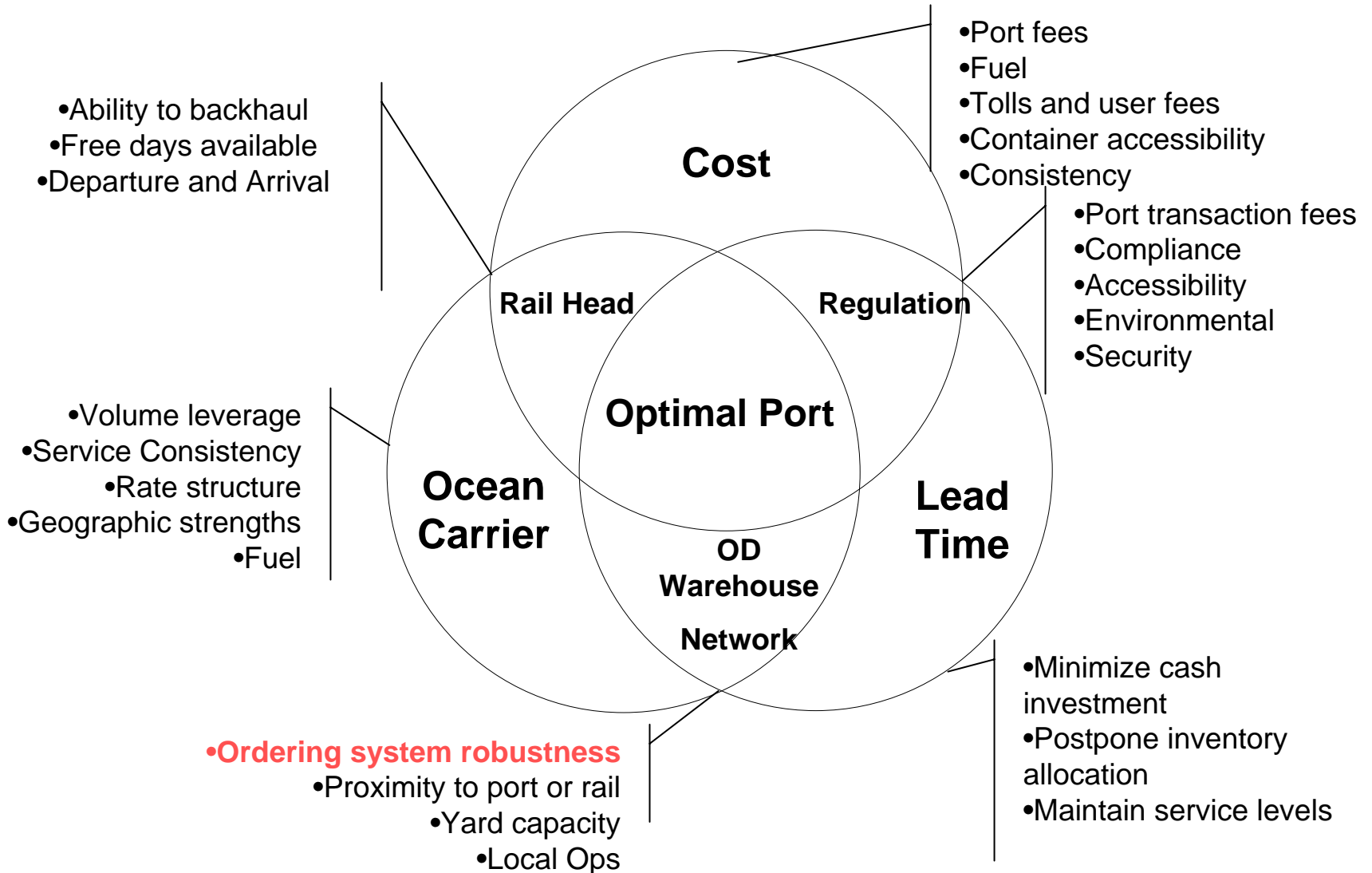
West coast labor uncertainty

Truckload/intermodal outbound capacity

High exposure to one geographic area

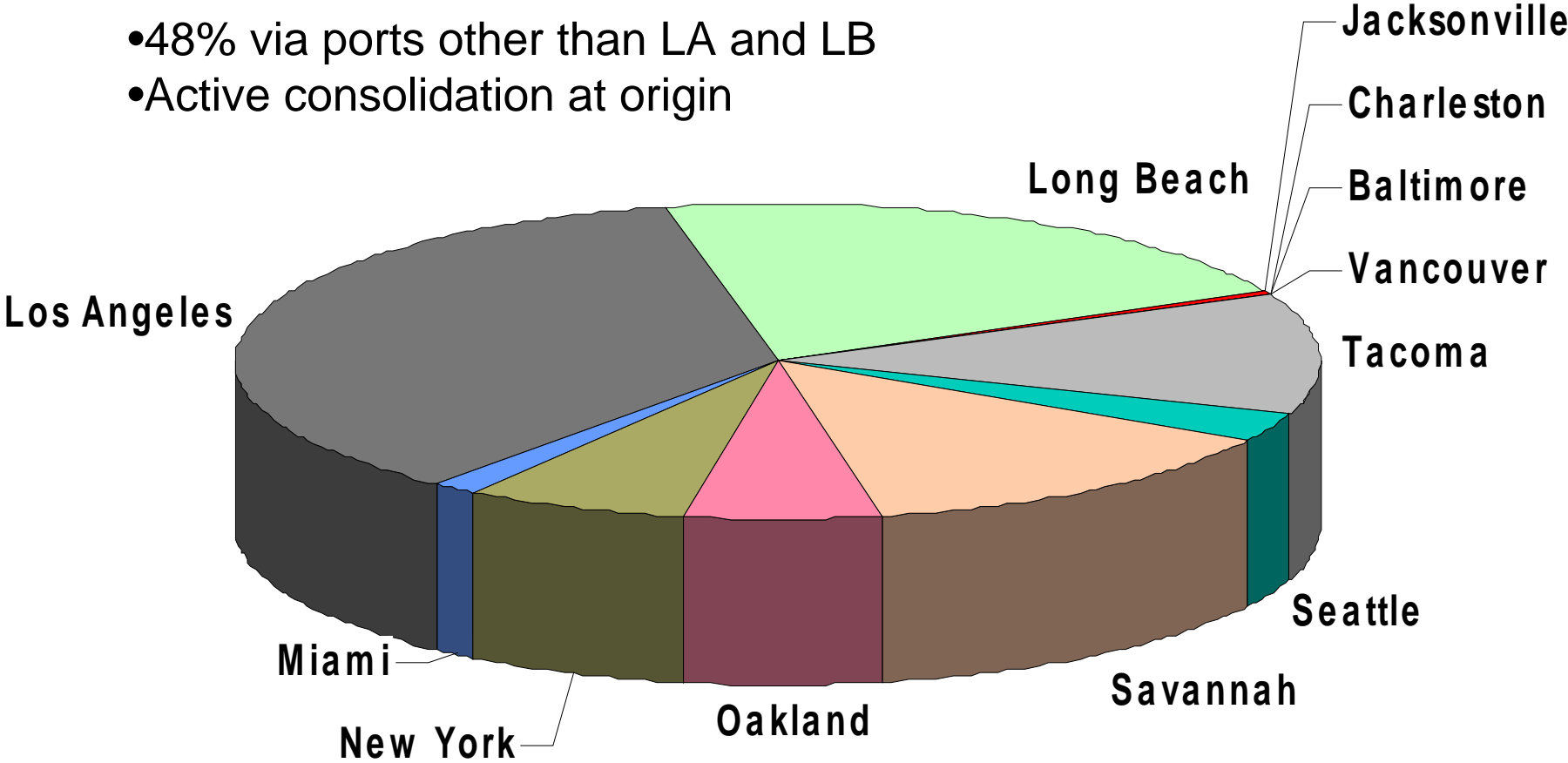
STILL ADVANTAGEOUS DUE TO HIGHER MARGIN REALIZED

Port selection driven by multiple, changing factors for each facility



2008 First Port of Entry

- 7060 FEU's
- 4800 customs entries
- 48% via ports other than LA and LB
- Active consolidation at origin



2009 and beyond: Integrate operations globally across supply chain

Corporate Citizenship – Vendor Compliance

Quality Assurance

Global Trade Management

– Customs, Trade Finance, International Logistics

Customer Service

Integrated global approach to increase Private Brand:

Sales

Margin

Speed to market

Consumer satisfaction

2009 and Beyond

Drive to SKU level optimization

Warehouse at source

Ship container, pallet, master pack, unit

Drive cash flow

Reduce lead time

Leverage global volume and processes

Comply to all security and trade requirements

Partner with vendors with sustainability strategies

What does the European Supply Chain Network look like?

