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EDITED TRANSCRIPT

ODP.OQ - Office Depot Inc. Shareholders Meeting

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CORPORATE PARTICIPANTS

Steve Odland *Office Depot - Chairman, CEO*

David Fannin *Office Depot - EVP, General Counsel, Corporate Secretary*

Lee Ault III *Office Depot - Director, Board*

CONFERENCE CALL PARTICIPANTS

Ralph Siegel *Deloitte & Touche, LLC - CPA*

Roger L Hutz II *Sheet Metal Workers National Pension Fund*

PRESENTATION

Steve Odland - *Office Depot - Chairman, CEO*

Well good morning everyone. If I could just ask everyone to take a seat, welcome to Office Depot's 2005 annual shareholders meeting. Thank you for all coming today. I have been advised by the Corporate Secretary that we have a quorum for the transaction of business, so I will call the meeting officially to order.

Later in the meeting, I will take questions from shareholders, so if I could ask you to submit your questions in writing -- that way we can answer the questions as time permits. Pads of paper and pencils are available, supplied by your local Office Depot store. So there is plenty of those. If you'd like to submit a question, please write it out and hand the question to one of the election inspectors, who are in the back of the room anytime during the meeting. Be sure to put your name and address and phone number on the question so that we can get back to you in writing in case we don't have enough time to address the question today.

First of all, I'd like to introduce the members of our Board of Directors, who are in the front row, and I will ask them to stand -- and as I read their names. First of all, Lee Ault, III, Lee has been a Director of the Board of Office Depot since 1998. He currently serves as Chairman of the Board of In-Q-Tel, which is a technology venture company -- Lee.

Neil Austrian, Neil has been the Director of Office Depot since 1998, and he most recently served as Interim Chairman and CEO of the Company from October of 2004 until March 11th of this year. Neil currently is a private investor. From April 1991 until December 1999, he served as President and COO of the National Football League, and he currently is on several Boards of Directors.

A third is David Bernauer. David joined our Board in 2004 and currently serves as Chairman and CEO of Walgreens & Co., which is the nation's drugstore chain.

Next is Al Bru. Al joined our Board last year, and he serves -- having retired as Vice Chairman of PepsiCo. Previously, he was Chairman and CEO of Frito-Lay, North America, which is a PepsiCo subsidiary.

Next, Dave Fuente, Dave is traveling and won't be with us today. But he has been on the Board obviously since for a very long period of time since 1987. And until July of 2000, he served as our Chairman and CEO. David is also active on several boards and a private company boards as well.

Next is Brenda Gaines. Brenda joined the Board in 2002, when she retired last year from North American President of Diners Club International, which is a division of Citicorp. Brenda is currently active on several boards, public and private.

Myra Hart, Myra has been on our Board since last year. She currently is Professor of Entrepreneurial Management at the Harvard Business School.

Next is Scott Hedrick. Scott has served on the Board since 1991. He was a founder and has been a General Partner of InterWest Partners, a venture capital fund, since 1979.



Jim Heskett, Jim also is unavailable today. He is teaching a class at Harvard, which is a good thing. He's been on the phone for our Board meeting today of course. Jim has been on the Board since 1996 and currently serves as our Lead Director. Jim has served on the Harvard Business School faculty since 1965.

Pat McKay, Pat joined our Board last year and currently serves as Executive Vice President and CFO of Restoration Hardware, which is a specialty retailer of home furnishings, decorative accessories and hardware.

Mike Myers, Mike has served on our Board of Directors since 1987. He is Senior Advisory Partner of Sentinel Capital Partners, which is a private equity investment firm. He also serves as President of Smith Barney Venture Group and is Managing General Partner for Century Partnership III, which is a private venture capital investment fund.

And as most of you know, I am the newest member of the Board, having been elected by the Board on March 11th of this year. I joined the Company from AutoZone, which is a retailer and a direct-to-business seller of automobile parts with over 3,500 locations in North America. And I was Chairman and CEO of AutoZone. I also served on the Board of Directors of General Mills, Inc.

Now, I would like to introduce our senior management team or what we call our executive committee. First is Charles Brown. Charlie is President of Office Depot International and currently still serving in our role as Chief Financial Officer, as we search for a replacement for Charlie in that position.

Next is Cindy Campbell. Cindy is Executive Vice President of North American Business Services.

David Fannin, our Executive Vice President, General Counsel and Corporate Secretary; Mark Holifield, Executive Vice President of Supply Chain; Rick Lepley, our Executive Vice President, North American Retail; Monica Luechtefeld, Executive Vice President, Business Development and Information Technology; Chuck Rubin, our Executive Vice President, Chief Merchandising and Marketing Officer; and finally, Frank Scruggs, our Executive Vice President of Human Resources. I also would like to introduce Brian Levine, who is our Director of Public Relations. And he is responsible for media relations today and will be our primary point of contact for our friends from the media, who are attending the meeting today. Finally, Sean McHugh, our Senior Director of Investor Relations, who handles most of our contacts with investors and analysts.

Now, let me also introduce representative of Deloitte & Touche, LLC, our independent accounting firm. They are Ralph Siegel and Tony Guerrero -- Tony and Ralph. They will be able available to respond to questions later in the meeting. If you have questions for our accountants, please write it down and hand it to one of our inspectors.

I will now ask Mr. Siegel, as partner in charge of our engagement, to address the meeting if he cares to. Ralph?

Ralph Siegel - *Deloitte & Touche, LLC - CPA*

[Inaudible question - microphone inaccessible]

Steve Odland - *Office Depot - Chairman, CEO*

Thank you very much. I will now ask our Corporate Secretary, David Fannin, to report on the giving of notice to this meeting to our shareholders. David?

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

Yes, Mr. Chairman and I have received an affidavit from Mellon Investor Services, which is the Company's transfer agent, confirming that on or about April 13, 2005 a notice of this annual meeting, a proxy statement and proxy card -- were mailed to each of the Company's shareholders of record as of the close of business on March 10, 2005, which is the record date established by our Board of Directors.

I also have received a list of the holders of record of the Company's common stock at the close of business on the record date, which has been certified by our transfer agent. A copy of the stock holder list has been on file at the Company's offices for the last 10 days and available for inspection by any stockholder of record at anytime during regular business hours, as required by Delaware law.

Anne Zuckerman, Linda Seal, and Jennifer Leong have been appointed to act as Election Inspectors at this meeting, and each of them has subscribed to her oath. A tabulation of the proxies received from stockholders indicates that more than a majority of the shares are represented, and thus, I confirm the presence of a quorum for the meeting.

Steve Odland - *Office Depot - Chairman, CEO*

Thank you, David. Before we proceed to the first order of business, if your proxies have not been filed or if there any stockholders, who wish to vote in person, please file your proxies with one of the election inspectors in the back of the room. Or if you need a blank ballot, they will provide them to you. So simply raise your hand, and the inspectors will pick them up.

Okay, in accordance with a notice of this meeting, the first order of business is the election of the directors to serve until our next annual shareholders meeting. The following persons have been nominated by the Board's Corporate Governance and Nominating Committee. And they are -- Lee Ault, Neil Austrian, David Bernauer, Al Bru, David Fuente, Brenda Gaines, Myra Hart, Scott Hedrick, Jim Heskett, Pat McKay, Mike Myers and Steve Odland.

The next order of business is to propose to ratify our audit committees' appointment of Deloitte & Touche, LLP as our independent accountants for the 2005 year.

We also have two proposals from shareholders this year. Our first proposal comes from Mr. William Steiner. Mr. Steiner owns 800 shares of Office Depot stock, and his proposal is in three parts. Mr. Steiner proposes -- first, that our Board of Directors amend the bylaws of the Company to provide that no corporate officers shall receive annual compensation in excess of the limits established by the Internal Revenue Code for deductibility of employer remuneration without approval by the majority of the stockholders, within 1 year preceding the payment of such compensation. His second to require that performance-based compensation be excluded from that limitation, only if the Company shall first have disclosed the stockholders' specific performance goals and standards adopted for performance-based competition (sic). And three, that the executive stock options should be recorded as an expense in the Company's financial statements. At this time, I'd like to invite Mr. Steiner or his representatives to speak for up to 3 minutes regarding this proposal.

All right, is there anyone here to speak to stockholder proposal number one? If not, let's move ahead.

All right, thank you very much. Our second shareholder proposal comes from the Sheet Metal Workers' National Pension Fund. The fund owns 9,615 shares of Office Depot stock. This shareholder proposes that the shareholder's vote to request that our Board of Directors initiate the appropriate process to amend the Company's governance documents, certificate of incorporation or bylaws, to provide that the Director nominee shall be elected by an affirmative vote of the majority of the votes cast at the Annual Meeting of Shareholders. At this time, I'd like to invite a representative of the fund to speak for up to 3 minutes in support of this proposal.

All right, if you could step to the mike and state your name, I will serve as the time keeper, and I'll hold up this card when you have 30 seconds to go. And then you can wrap up. And then when that has passed, I will give you the stop sign. Okay?

Roger L Hutz II - *Sheet Metal Workers National Pension Fund*

Thank you, Mr. Chairman. I am Roger L. Hutz (ph), II. I am representing the Sheet Metal Workers' National Pension Fund. We, along with the Building State Pension Funds throughout the United States and Canada, have over \$200 billion in asset under management. Together, our funds hold 1.3 million shares of the Company, and we're committed as long-term shareholders. The most fundamental of shareholders' rights and responsibilities is to elect the directors. Shareholders elect directors to serve as fiduciaries to oversee management, to work with management to develop Company's strategic plans and to oversee management's succession plans.

As shareholder representatives, corporate directors are challenged to fulfill their responsibilities as the Board members in an independent and diligent manner. We feel strongly that in order to strengthen our Company's corporate governance, an important reform in the Company's director election system is needed. Our Company presently uses the plurality vote standard for the election of directors. Under the plurality vote standard, shareholders can vote for a nominee or vote to withhold their vote for a nominee. However, only these "for votes" are legal votes, with the withholding votes being merely symbolic in nature.

Thus, under the plurality vote standard, a director nominee could be elected or reelected with as little as a single affirmative vote, even while a substantial majority of the votes cast are withheld from that director nominee. We have submitted these shareholder proposals because we believe that directors, as shareholder-elected representatives, should be required to receive at least a majority of the votes cast in order to be elected or reelected to the Board.

We believe that the proposed majority vote standard for the corporate Board elections is a fair standard that will strengthen our Company's governance and the Board. A majority vote standard is a straightforward democratic reform. Simply, it makes a great deal of sense to address this current plurality vote standard considering the overwhelming number of director elections in which candidates run, often unopposed. Our proposal does not limit the judgment of the Board in crafting the requested governance change. Our proposal recognizes that the Board should address the statutes of incumbent directors, who failed to receive a majority vote when standing for reelection.

Furthermore, we're also recognized that our Board might recommend the use of the plurality vote standard in those rare instances of a contested election. A majority vote standard will make elections more meaningful and help protect the shareholders' rights.

Steve Odland - Office Depot - Chairman, CEO

30 seconds.

Roger L Hutz II - Sheet Metal Workers National Pension Fund

For these reasons, we offer the following resolutions for shareholders' consideration and support, resolved that the shareholders of Office Depot hereby request that the Board of Directors initiate the appropriate process to amend the Company's governance documents certified of the Corporation or bylaws -- to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of the shareholders. Again, thank you Mr. Chairman for the opportunity to present this proposal.

Steve Odland - Office Depot - Chairman, CEO

Thank you very much for your presentation. Our statements -- our Board of Directors has reviewed the proposals. And our statements and opposition to these proposals are contained in the proxy statement that each of you has received.

At this time, I declare the polls are now open for voting. Please pass any remaining proxy cards or ballots towards the aisle for collection. I'll ask the inspectors to collect the ballots at this time.

During the collection and the tallying of the ballots and the proxies, I'd like to share a little bit with you about our industry and what we accomplished during our fiscal 2004 year, as well as a little bit about our plans for the balance of this year and the years to come.

Before I start, I need to let you know that some of these statements will be made in this presentation. Some of them are forward-looking statements, so please read the slide on the screen that describes the risks regarding some of these forward-looking statements. And for more information on these risks, please refer to the risk factors' section of our Annual Report on Form 10-K for our fiscal 2004 year. And that is filed with the SEC in March of this year.



To begin, let me highlight a few points about Office Depot. Our Company was founded in 1986, right here in South Florida. We are the leading provider of office products and services globally. We have been listed on the New York Stock Exchange since 1991. We have been a member of the S&P 500 since 1999.

Last year, we recorded almost \$14 billion in sales. We conducted business in 23 countries, and we operate across multiple channels, including retail, catalog, via the Internet, and contract sales. We are organized into three divisions -- our North American Retail Division, our North American Business Services Division, and the International Division. We provide a wide assortment of office products and related services to business customers.

Office supplies comprise most of our sales, but we also have a wide assortment of technology as well as furniture. Our multi-channel capabilities allow us to serve business customers, ranging from the small, home, office -- the small office and home office users to the Fortune 500-sized companies. Our 995 North American retail stores primarily serve small business customers in 49 states and the District of Columbia, as well as in Canada. The North American Business Services Division uses catalogs, e-commerce, as well as contract business-to-business resources to serve customers of all sizes.

Internationally, we employ catalog, contract and e-commerce, as well as retail assets to serve our customers. We have Company-owned operations in 14 countries outside of the U.S. and Canada. We operate in seven additional countries through a joint venture and licensing agreements.

Finally, I'd also like to remind everyone that Office Depot is the world's third largest Internet retailer, having recorded over \$3.1 billion in e-commerce sales in 2004.

Before we cover the financials, I just want to reiterate our strategic growth priorities. They are -- first, North American retail, where we hope to improve store productivity, while continuing our store build-out program. Second is North American Business Services, where we seek to profitably grow our market share through new customer attraction and new products and service offerings. Our third priority is international, where we need to improve our profitability, while at the same time, profitably growing our European contract business and increasing our geographic reach.

Now, let's review our financial results. In 2004, our sales reached record levels of \$13.6 billion. This represents a 10% increase over 2003. In 2004, our operating profit was \$530 million, a 14% increase over 2003, and also another record for Office Depot. Last year's \$1.06 in earnings per share represented a 22% increase over our \$0.87 per share in 2003. Excluding 2003's one-time cumulative effect from an accounting change, earnings per share rose 12% in 2004.

The 2004 return on invested capital was 10.9%, which was an improvement over the 10.1% level achieved in 2003. We need to demonstrate even greater capital discipline in the future, as we seek to widen the spread between our returns and our cost of capital. Office Depot is focused on improving this metric going forward as part of a broad-based plan to increase shareholder value.

Gross margin continued its multi-year improvement streak in 2004, and operating margin also improved in 2004 over the prior year. However, it fell below recent historical highs. We are focused on reducing unnecessary costs across our entire business in order to improve operating margins, as well as improving return on investment capital.

Our balance sheet is very strong. We ended 2004 with nearly \$1 billion in cash in short-term investments. Our long-term debt declined compared to last year, as we redeemed \$250 million in Senior Subordinated Notes in December of 2004. This action reduced our interest expense and eliminated restricted covenants associated with those instruments and improved our net cash position. Our remaining outstanding 2013 Senior Notes are rated investment grade by both, Moody's and Standard & Poor's. At the end of 2004, our long-term debt-to-equity ratio was 18%.

Now that we have reviewed those financials, I'd like to share some perspective on the industry, as well as our actions to profitably grow our business going forward. Here, in the U.S., Office Depot operates in a \$311 billion market that is approximately one-third delivery and two-thirds retail. The overall market is growing with delivery channel growing slightly faster than the retail channel.

So, while the office supply space is very large, it's important to note that the three largest office supply retail companies occupy only a very small portion of the total market, less than 10%. Recent U.S. economic trends have been favorable for our sector expansion. GDP growth remains relatively strong, and the associated employment counts have recently improved following a period of weakness.

Now, I'd like to share with you some of our current initiatives to drive our North American business. In early January, we launched our "Taking Care of Business" campaign, and this reintroduced a campaign that was very successful for us. It was through a period of time when this business seemed -- marked our most successful period in our Company's history. And it underscores our unwavering commitment to our business customer. That customer segment is very critical to our success. This strategy returns Office Depot to the customer commitment made during this period time when we had our greatest level of growth and our strength. And we are confident that they'll serve us well during our next growth period.

We've developed new television and radio creatives (sic) to support the effort. And we also communicated this change directly to our customers and key vendors. The response from our customers has been outstanding.

Also in January, we announced our partnership with NASCAR and with the Roush Racing team. As many of you may know, NASCAR fans rate among the best in the world. And we continue to enjoy and leverage our association with both, local and national level teams, in this premier high-growth sport and the top-tier racing team.

Our private brands represent another growth opportunity for Office Depot. In 2004, our private brand penetration increased from 13% to 15% of our North American sales. Our private brand program helps to differentiate Office Depot from the competition. They also carry higher margins than the balance of our merchandising assortment.

Store expansion is critical to our overall objective of growing North American retail. We currently plan to open about 100 new stores per year or about 10% for the next 2 years, as we pursue opportunities in new and existing markets. On a percentage basis, overall square footage growth may fall a little bit below the store count growth, as the new stores are targeted to be slightly smaller than our average store. The M2 store format, which is pictured here on the screen, is planned for all new stores. This new format represents our latest in thinking, regarding our merchandising in our store operations. We'll continue to fine tune our store formats ongoing to ensure that we will meet and exceed the needs of our customers overtime, while generating the appropriate investment returns.

Increasing marketing effectiveness remains a priority for Office Depot. During the first quarter of 2004, we reduced our spending and less effective media in yielding a lower first-quarter spending rate year-over-year but with improved overall effectiveness. We will continue to review the return on investment for all of our advertising vehicles to ensure that we concentrate on our highest-yielding advertising.

The Advantage Loyalty Program reached its first anniversary just this past March. The program now comprises 2.2 million active members, and our Advantage members demonstrate the higher, the highest levels of purchase frequency compared to our non-Advantage members. And we have also observed strong double-digit sales lift among our measurable members.

Global bids were conducted in several product categories during the first quarter, resulting in lower cost of goods for selected items. And additional product categories are scheduled for bids every quarter during the 2005 calendar year.

Our Magellan system capabilities continued to support more analytical and disciplined merchandising processes. During the first quarter of 2005, we rolled out the Merchandising Data Warehouse Reporting System and integrated several other existing modules. The Merchandising Data Warehouse System provides us with a single view of our information through a Web interface to support our strategic performance analyses.

The North American Business Team has done a terrific job in delivering operational cost savings over the past year. Here are some examples of what we've done, as well as programs that are currently underway. We are currently retrofitting energy efficient lighting fixtures throughout our high-cost energy stores. We are upgrading energy monitoring systems that allows us to adjust the electricity usage in real time. We are executing more favorable lease agreements for store technology hardware, which are things like cash registers and our copy center equipment.

In addition to several initiatives mentioned earlier, the North American Businesses Services Division also plans to drive profitable growth by first expanding the use of telephone account management resources to drive efficient demand creation for our account management. And secondly, the implementation of new tools and improved processes is expected to increase overall effectiveness of our contract sales force.

Now, let me share some perspective on our International Division. The international office products market is another large growth opportunity for Office Depot. As I have said before, we operate in 21 countries outside the U.S. and Canada, and today, Europe accounts for the majority of our international business. The overall market for core office products in Europe is estimated to be about \$65 billion. As you can see on the screen, the direct channel represents the vast majority of total market sales. And we compete in both primary segments, retail and direct. However, our emphasis in Europe is on the direct channel through mail-order, as well as through contract.

Recent overall European economic growth rates, while they have been positive, have not been as strong as those here in the United States. European area GDP improved in 2004 compared to the prior year, but the associated employment trends have not kept pace with the overall GDP growth. Employment weakness has contributed to the challenges in our International Division. But we don't want to dwell on the issues that are really beyond our control.

We're taking actions to address our international performance. We see great potential for growth outside of North America. And we believe that we can grow this business at a more rapid rate, as well as deliver higher profitability in the future. To help us achieve our profitable growth goals, we have promoted Charlie Brown, our CFO, to the position of President of International. Charlie's deep knowledge concerning our Company, including our global operations, as well as his strong strategic skills set and passion for the business and the results of the business -- make him an excellent fit for this new role. Charlie will oversee all of our operations in Europe and Japan, as well as our joint venture and license agreements in the seven other countries. He will retain his current Chief Financial Officer responsibility short-term until we appoint a new CFO.

We will continue to optimize our business processes and structure by taking a pan-European approach to our business. We will be able to therefore better align our supply chain, our call centers, our corporate facilities and our organization to meet our customers' needs in a more effective, cost effective fashion.

Also similar to what we talked about in North America, we're expanding the use of telephone account management to deliver more cost-effective customer relationships and demand generation. We are very pleased with the results so far in the United Kingdom, Germany, and the then-elect (ph) countries. Finally, we continue to evaluate the emerging market opportunities to support our long-term growth goals.

I now want to mention how strong our corporate governance programs have been recognized -- how strong they are and how they have been recognized in the marketplace. Our institutional shareholder services governance scores places us near the top 5% in our industry, and we also are in the top 25% of all S&P 500 companies. Our governance metrics, international governance scores places us in the top 7% of all companies on a global basis.

Now just to briefly comment on our outlook for 2005 and beyond. It all starts with our three profitable growth priorities -- North American Retail, North American BSG and our International Division. We believe that we have many initiatives that will help us to continue to grow our businesses. But we'll execute our plans conservatively to ensure that we maintain our expense and our capital discipline and to deliver solid returns. We continue to have opportunities to expand gross margin in the coming year, driven by -- our mix of business, improved pricing, supply chain leverage, and lower product costs. In addition, our objective over time is to lower our operational expenses.

We have a business that generates substantial cash flow, and that is pretty consistent overtime. We can use our cash flow to profitably grow our business by opening new stores in new geographic markets -- by making necessary investments in our core business; by acquiring assets or businesses in our key business priority areas; and finally by repurchasing stock, as long as we believe it is accretive.

We are not giving specific earnings guidance because we don't manage the business to a specific target. We actually believe that by giving guidance, we could inhibit our performance. So therefore, we will work our best day in and day out to deliver shareholder value.

After 2 months on the job, I can say that the Company is headed in the right strategic direction. We're clearly focused on operating this Company to drive long-term shareholder value. I am very grateful to the Board for the opportunity to be part of Office Depot and look forward to a very exciting future.

Now, I would like to address some of the questions we have received in writing. If you can hold up your hand if you have a question, our inspectors will collect the questions and hand them to the secretary, who will read them. If we don't have enough time to answer all the questions, we can respond in writing. Anyone else just raise your hand.

QUESTIONS AND ANSWERS

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

Steve, the first question from a shareholder asks -- what are the Company's biggest challenges, as we move forward? And if you can prioritize those, they would appreciate that.

Steve Odland - *Office Depot - Chairman, CEO*

I have outlined hopefully a number of what I believe to be very exciting growth opportunities around our three priorities. One of the challenges is to make sure that we effectively prioritize our growth opportunities. We are very fortunate that we have businesses develop across our \$14 billion sales base in North America, both in the retail and the business services side, as well as internationally.

So first challenge is prioritizing those growth areas. The second challenge is to make sure that we run those businesses and grow those businesses such that it delivers profitable growth. And that's something, which is a high objective for us, so that we make sure that we deliver long-term shareholder value. So it's not growth that we are chasing for the sake of growth. It's growth in order to drive enhanced shareholder profitability. So I would say that those are our primary challenges for the coming years.

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

All right, the next question asked if you could please describe the general business environment in the office product sector, as it relates to growth and competitiveness, opportunities and so forth.

Steve Odland - *Office Depot - Chairman, CEO*

Well, as you know, we compete in a highly competitive arena, both in -- in all three of our business areas. As I pointed out in the presentation, if you took the office superstore component just here in North America, it really represents a very small portion of the total competitive mix. So this is a highly competitive, very diverse kind of marketplace. Our business tends to follow some macro trends. And those tend to be the percent GDP growth and job formation. Because most of our customers are business customers and most of those are small businesses, the level of economic activity therefore underpins our ability to grow the business.

Here, in the U.S., we're facing a better environment today than we were several years ago. And so, the growth level is pretty good. And small-business formation is firming. And that is very positive for the Office Depot business. As we've stated, we have had a few more challenges in Europe, especially -- and if you go country-by-country, they vary. But certainly, in Germany, we have had very low growth situation. They've had tough times and high unemployment. And there creates some challenge for us.

So generally strong conditions, economic conditions, in the United States. A little more challenge elsewhere, which varies country-by-country.



David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

Okay, the next question says -- where is the competition beating us? I will interpret that as meaning -- in what areas of the business is the competition beating us?

Steve Odland - Office Depot - Chairman, CEO

In the office superstore segment here in North America, it is interesting. We have a different dynamic than in most sectors of retail. In most sectors of retail, you have a clear number one, a big step down to number two, a big step down to number three. Here in our sector, I'd like to say that we really have two number ones, and that is unusual. But still with the sector, it is a small component of all the competition.

I do not think that Office Depot is being beaten in any of the specific areas. We certainly have opportunities across the business to improve our sales, to improve our private brand growth, to make sure that our business and marketing is effective, to make sure that our category management techniques -- that our pricing is sharp, that we are merchandising -- those are sort of the everyday challenges. And I'm very proud of our team and the work that we are doing to quantitatively assess those challenges and make sure that we are doing the right things.

On the Business Service side, as everybody knows, that is a direct business-to-business kind of situation, where we have salespeople on the street. We are making telephone marketing calls and so forth. So there, it's a matter of being aggressive with potential business customers -- make sure our delivery is sharp in that we are meeting and exceeding our customers' needs. But I am very pleased with the progress we have made in the past year in our service levels. And our customers have responded very favorably.

David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

The next question, Steve, asks -- what are the Company's philanthropic directions going to be going forward?

Steve Odland - Office Depot - Chairman, CEO

This Company is a very generous company and has been historically. As you know, we having engaged in the community, local community here, as well as throughout the United States. Last year, we were heralded by our efforts in the disaster relief recovery, certainly with the hurricanes here in Florida but also elsewhere. We gave several million dollars a year to various charities. Our primary focus is on education. We also have focused on small women-owned businesses, and we have been lauded for our sponsorship of the Women-owned Business Conference that we have every single year in the winter.

So I think our shareholders can be very proud of the efforts that our Company takes to appropriately engage in the community, be philanthropic, but also be prudent with our shareholders' money.

David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

The next question reads -- other than slash expenses, how are you, Mr. Odland, going to earn your daunting salary and stock options? I just read them; I don't write them.

Steve Odland - Office Depot - Chairman, CEO

Well, I think our Independent Corporate Governance and Nominating Committee and our Independent Compensation Committee has done a great job of structuring executive compensation in total, such that it is largely performance based. And that is the way it should be. And our compensation and our remuneration will follow that. The issue here is -- how do we grow this Company profitably? And how do we deliver shareholder value? If we do that, which is our intent day in and day out, then management will participate, as our shareholders benefit from that.

David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

Okay, the next question asks -- does the Company have currently any EEOC issues? And if so, how might they impact the Company going forward?

Steve Odland - Office Depot - Chairman, CEO

Yes, the EEOC issues are things that come up usually in minor form. They are employment issues. And every company in America, I think, that has an employee, is challenged with them from time-to-time. I think that our challenges are lower by comparison to a lot of the companies. We have taken great pains to engage with our employees in a fair standard and fair practices. And we deal with those issues, as they come up, and will continue to do so going forward.

David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

We had several questions from the same shareholder. I think in fairness, those would be all the ones that I will ask at this time.

Steve Odland - Office Depot - Chairman, CEO

Okay, very good. Since there are no more questions, we'll wrap up. Mr. Fannin, do we--?

Unidentified Audience Member

Whoa, whoa, whoa. [Inaudible question - microphone inaccessible] These are business questions. You don't need to wrap up (inaudible).

David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

I will defer to the chair. But so far, I have read 1, 2, 3, 4, 5, 6 questions from you, sir.

Unidentified Audience Member

So what, just ask them.

David Fannin - Office Depot - EVP, General Counsel, Corporate Secretary

All right. Well, why don't we take a couple of more questions. That's fine. We have two more from this shareholder, who asks -- how does the Board condone a temporary Chair and current Board member receiving a salary of \$1 million and 65,000 stock options? Maybe I could ask our independent Chairman of our Compensation Committee to address that question. Lee, you want the microphone?

Lee Ault III - Office Depot - Director, Board

Well, certainly, having competent leadership is important as anything for any corporation. And Office Depot is very fortunate that Mr. Austrian -- we had somebody with the qualifications that Mr. Austrian -- to take charge of the Company on a temporary basis. And he has, as you know from the introductions, he has very extensive experience in running significant organizations. And Neil was able to fill in at a very critical time and did a superior job. And the compensation that was paid to him was actually very modest if you relate that compensation to what is paid to other CEOs of comparable organizations of this size.

Unidentified Audience Member

[Inaudible question - microphone inaccessible] You should all be embarrassed. After, you should all stand up. Anybody on that Board should stand up and walk in that resignation right now because (inaudible).

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

Sir, I am going to declare you out of order at this time.

Lee Ault III - *Office Depot - Director, Board*

Yes, I will just conclude and say, I beg to differ with you. I that --

Unidentified Audience Member

I agree with him.

Lee Ault III - *Office Depot - Director, Board*

Well, I think, as shareholders, we were all very, very fortunate to have somebody with the competence level of Mr. Austrian to fill in. If you look at comparable compensation that is paid to other corporations of this size, you will find that that was really very modest compensation.

Unidentified Audience Member

I just want to [Inaudible question - microphone inaccessible]

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

And then, Mr. Chairman, the final question asks -- what are you planning to do with our corporate aircraft?

Steve Odland - *Office Depot - Chairman, CEO*

Well, the Company does own a corporate plane, which is very typical to companies of our size. That plane gets a lot of use for store visits. We have over 1,000 stores here in North America. We have 22 customer service centers and distribution centers. And in order to visit those in an expeditious manner, we load up the plane, and we make sure that our executives are getting out. We are doing a review, a third-party consultant review, to make sure that we are operating those aircrafts in the most efficient and effective manner possible. We believe that to be the case, but we will validate that independently.

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

All right, that is the end of the questions.

Steve Odland - *Office Depot - Chairman, CEO*

All right, Mr. Fannin, do we have the results of the vote?

David Fannin - *Office Depot - EVP, General Counsel, Corporate Secretary*

Yes, we do. I can report to you that 86% of our shares outstanding have voted at this meeting. The results of the voting are -- each of the nominees for Director has received in excess of 90% of the total votes cast. In excess of 97% of the total votes cast have been cast in favor of ratifying the audit committee's appointment of Deloitte & Touche, LLP as our independent accounting firm. Shareholder proposal number one has been defeated by a percentage vote of 95% opposed and 4% in favor. Shareholder proposal number two has been passed by a percentage vote of 37% in favor and 34% opposed.

Steve Odland - *Office Depot - Chairman, CEO*

Well, thank you Mr. Fannin. Our Independent Corporate Governance and Nominating Committee will take under advisement the shareholder vote number three regarding to -- the shareholder proposal number two actually. And we will make a recommendation to our Board as to the most appropriate action to take in response to this vote.

Since there is no further business to conduct, I would like to thank everybody for attending. We do have coffee and drinks outside. And I would just encourage you to take advantage of them. And again, thank you all for attending. The meeting is adjourned.

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