OFFICE DEPOT INC
Form DEF 14A
March 13, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant x   Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

OFFICE DEPOT, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

OFFICE DEPOT, INC.

2200 Old Germantown Road

Delray Beach, Florida 33445

NOTICE OF ANNUAL MEETING OF

SHAREHOLDERS

DATE Wednesday, April 23, 2008

TIME 8:30 a.m. Eastern Daylight Time

LOCATION Boca Raton Marriott at Boca Center
5150 Town Center Circle

Boca Raton, FL 33486

(561) 620-3712

ITEMS OF BUSINESS 1. To elect twelve (12) members of the Board of Directors for the term described in this Proxy Statement.
2. To approve the 2008 Office Depot, Inc. Bonus Plan for Executive Management Employees.

3. To ratify our Audit Committee s appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the current year.

4. To transact any other business that may properly come before the meeting.

RECORD DATE You must own shares of Office Depot common stock of record as of the close of business on Monday, March 3, 2008 to attend and vote at our Annual Meeting of Shareholders and any adjournment thereof.

ANNUAL REPORT Our 2007 Annual Report on Form 10-K is enclosed with these proxy materials.
By order of the Board of Directors,

Elisa D. Garcia C

Executive Vice President, General Counsel &

Corporate Secretary

Delray Beach, Florida

March 14, 2008

Please note that for security reasons, we will require that you present the admission ticket included with this Proxy Statement. We also will require positive picture identification from all attendees at our Annual Meeting. We reserve the right to exclude any person whose name does not appear on our official shareholder list as of our record date of March 3, 2008. If you hold shares in street name and do not have a ticket, you must bring a letter from your stockbroker, or a current brokerage statement, to indicate that the broker is holding shares for your benefit. We also reserve the right to request any person to leave the Annual Meeting who is disruptive, refuses to follow the rules established for the meeting or for any other reason. Cameras, recording devices and other electronic devices, signs and placards will NOT be permitted at the meeting.

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PROXY STATEMENT FOR THE 2008 ANNUAL MEETING OF SHAREHOLDERS OF OFFICE DEPOT, INC.

2200 Old Germantown Road Delray Beach, Florida 33445 Telephone (561) 438-4800

This Proxy Statement contains important information about our 2008 Annual Meeting of Shareholders to be held on April 23, 2008 (Annual Meeting). We are providing this Proxy Statement and accompanying proxy card to our shareholders on or about March 14, 2008. Our stockholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

Purposes of the Meeting. Our Annual Meeting will consider important matters outlined in the Notice of this Meeting. We have provided these proxy materials to you in connection with the solicitation of proxies by our board of directors (Board of Directors or individually, each a Director). Our Board of Directors asks that you authorize your proxies to vote as our Board of Directors recommends.

Notice of Electronic Availability of Proxy Statement and Annual Report on Form 10-K. As permitted by rules recently adopted by the Securities and Exchange Commission, Office Depot is making this Proxy Statement and its Annual Report on Form 10-K available to its stockholders electronically via the Internet. On or about March 14, 2008, we will mail to our U.S. and Canadian stockholders a Notice containing instructions on how to access this Proxy Statement and our Annual Report on Form 10-K and vote online. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the Proxy Statement and Annual Report on Form 10-K. The Notice also instructs you on how you may submit your proxy over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

Voting Your Shares. If you cannot attend the Annual Meeting in person, you may vote your shares in one of the three following ways: (1) If you received your proxy materials by mail you may vote by completing, signing and returning your proxy card to us in the enclosed postage-paid envelope; (2) by voting electronically using a touch-tone telephone 866-540-5760; or (3) by using the Internet to vote your shares www.proxyvoting.com/odp. If your shares are held in street name with a broker or similar party, you will need to contact your broker to determine whether you will be able to vote using one of these alternative methods. If you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. If you choose to use the Internet or telephone to vote, you must do so by 6:00 p.m. Eastern Daylight Time on April 22, 2008, the day before our Annual Meeting takes place.

Delaware law permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspectors of election can determine that such proxy was authorized by the shareholder. The voting procedures available to registered shareholders for the Annual Meeting are designed to authenticate each shareholder by use of a control number, to allow shareholders to vote their shares, and to confirm that their instructions have been properly recorded.

OUR BOARD OF DIRECTORS RECOMMENDS that you vote FOR its nominees as Directors of the Company as described in Item 1; that you vote FOR the adoption of the Office Depot, Inc. 2008 Bonus Plan as described in Item 2; and that you vote FOR the ratification of our Audit Committee s appointment of Deloitte & Touche LLP as our independent registered public accounting firm as described in Item 3.

We also strongly urge you to vote by means of the telephone or the Internet as this allows for automatic tally of your votes and also saves Office Depot the cost of return postage. However you choose to vote, we urge you to VOTE as early as possible.

Proxies. Our Board of Directors has appointed certain persons (proxies) to vote proxy shares in accordance with the instructions of our shareholders. If you authorize the proxies to vote your shares, but do NOT specify how your shares should be voted, they will vote your shares as our Board of Directors recommends. If any other matters are presented for consideration at our Annual Meeting, your shares also will be voted as our Board of Directors recommends, unless you indicate on your proxy card that you withhold such authority. You can change or revoke your proxy (1) by mailing your request to our Corporate Secretary at our corporate headquarters so that it is received not later than 4:00 p.m. Eastern Daylight Time, on April 22, 2008, (2) by filing a proxy with a later date or (3) by voting your shares by ballot in person at the Annual Meeting.

Solicitation of Proxies. In addition to soliciting proxies by mail, we also may solicit proxies in person, by telephone or over the Internet. Our employees do not receive additional compensation for their solicitation services. Certain banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries who hold shares for the benefit of another party (the beneficial owner) may solicit proxies for us. If so, they will mail proxy information to, or otherwise communicate with, the beneficial owners of shares of our common stock held by them. We also have hired Mellon Investor Services, LLC to assist us in communicating with these institutions and forwarding solicitation materials to them, and we have agreed to pay Mellon Investor Services a fee of $13,500 plus reimbursement of their reasonable out-of-pocket expenses in connection with this service. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of our common stock.

Shareholders Eligible to Vote at Our Annual Meeting; List of Shareholders Available. Owners of our common stock as of the close of business on March 3, 2008 (the Record Date) will be entitled to vote at our Annual Meeting. Our official stock ownership records will conclusively determine whether you are a holder of record as of the Record Date. A list of shareholders entitled to vote at the meeting will be available at our Annual Meeting and for ten days prior to the meeting between the hours of 9:00 a.m. and 4:00 p.m. Eastern Daylight Time at our corporate headquarters in Delray Beach, Florida. As of March 3, 2008, there were 273,009,214 shares of common stock outstanding and owned by shareholders (i.e., excluding shares held in treasury by Office Depot). Each share of common stock is entitled to one vote on each matter considered at our Annual Meeting.

Establishing a Quorum. In order for us to transact business at our Annual Meeting, the holders of the majority of the outstanding shares of our stock must be present, either in person or by proxy. Shareholders choosing to abstain from voting and broker non-votes will be treated as present and entitled to vote for purposes of determining whether a quorum is present.

Effect of Abstentions and Broker Non-Votes. Brokers who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion as permitted under the listing rules of the New York Stock Exchange. For purposes of the 2008 Annual Meeting, brokers are permitted to vote their clients proxies in their own discretion as to the election of directors if the clients have not furnished voting instructions within 10 days of the meeting. Certain proposals other than the election of directors and the ratification of the appointment of independent registered public accounting firm are non-discretionary and brokers who have received no instructions from their clients do not have discretion to vote on those items. When a broker votes a client s shares on some but not all of the proposals at a meeting, the missing votes are referred to as broker non-votes. Abstentions and broker non-votes will not be counted as a vote for or against any matter. Broker non-votes will not be counted as shares entitled to vote and accordingly will not affect the outcome with respect to any matter to be voted on at the Annual Meeting. Under the rules of the New York Stock Exchange, brokers may not vote their clients shares with their own discretion with respect to Item 2, the approval of the 2008 Office Depot Bonus Plan.

Two or more shareholders sharing an address can request delivery of a single copy of our annual disclosure documents if they are receiving multiple copies by contacting us in the same manner. If a broker or other nominee holds your shares, please contact Broadridge (formerly ADP) and inform them of your request by calling them at: (800) 542-1061 or writing to them at: Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Please be sure to include your name, the name of your brokerage firm, and your account number.

* * * *

MATTERS TO BE CONSIDERED BY OUR SHAREHOLDERS

Item 1: Election of Directors

Nominees for Directors of Office Depot

Twelve (12) individuals have been nominated for election as Directors at our Annual Meeting, to serve for a term of office that continues from the date and time of their elections until our next annual meeting of shareholders, or until their successors are elected and qualified. Subject to our Corporate Governance Guidelines discussed below in the section captioned Corporate Governance, the 12 nominees for the office of Director will be elected by majority vote. In an uncontested election, each Director nominee must be elected by a majority of the votes cast. In a contested election (an election in which the number of candidates exceeds the number of director positions to be filled), the number of Director nominees that equal the number of director positions to be filled receiving the greatest number of votes cast will be elected as Directors. All of our Directors form a single class of Directors and stand for election each year. Information about the nominees, their business experience and other relevant information is set forth below.

Lee A. Ault III	Neil R. Austrian	David W. Bernauer
Abelardo E. Bru	Marsha J. Evans	David I. Fuente
Brenda J. Gaines	Myra M. Hart	W. Scott Hedrick
Kathleen Mason	Michael J. Myers	Steve Odland

Should any of these nominees become unable to serve (for example, if any of them should become seriously ill or incapacitated or should die), our Corporate Governance & Nominating Committee may propose a substitute nominee. If a substitute nominee is named, all proxies voting FOR the nominee who is unable to serve will be voted for the substitute nominee so named. If a substitute nominee is not named, all proxies will be voted for the election of the remaining nominees (or as directed on your proxy card). In no event will more than twelve (12) Directors be elected at our Annual Meeting. Each person nominated for election has agreed to serve if elected and management has no reason to believe that any nominee will be unable to serve.

The vote standard to be applied for the uncontested election of the Company s Directors is a majority of the votes cast. The Company s Bylaws that provide for this election standard require that each nominee for Director must be elected by a majority of the votes cast. This means that the number of votes cast for a Director nominee must exceed the number of votes against the nominee. Pursuant to the Company s Bylaws, abstentions are not considered to be votes cast; therefore an abstention will have no effect on the election of Directors.

Pursuant to Article II, Section 9 of our amended and restated Bylaws, in any uncontested election of directors, any Director who is an incumbent Director who does not receive a greater number of votes cast for his or her election than votes against his or her election must tender his or her resignation to the Board of Directors. After the Director tenders his or her resignation, the Board of Directors must then decide within 90 days of the date the Director submitted his or her resignation, through a process managed by the Corporate Governance & Nominating Committee (and excluding the Director in question from all Board of Directors and Committee deliberations), whether to accept the Director s resignation. Absent a compelling reason for the Director to remain on the Board of Directors, as determined by the Board of Directors, the Board of Directors shall accept the Director s resignation. If the Board of Directors determines that there is a compelling reason for the Director to remain on the Board of Directors and does not accept the Director s resignation, the Board of Directors must publicly disclose its decision either in a Current Report on Form 8-K filed with the Securities and Exchange Commission or in a press release.

If the Board of Directors accepts an incumbent Director s resignation, that Director will immediately cease to be a member of the Board of Directors. If the Board of Directors does not accept an incumbent Director s resignation, that Director will continue to serve until the next annual meeting of shareholders, or until the earlier of his or her subsequent resignation or removal. If a Director nominee who was not already serving as an incumbent Director is not elected at the annual meeting, under Delaware law and our amended and restated Bylaws, that Director Nominee would not become a director and would not serve on the Board of Directors as a holdover director.

Your Board of Directors Recommends a Vote FOR Item 1 on Your Proxy Card Election of all Nominees Listed Above as Directors

BIOGRAPHICAL INFORMATION ON THE NOMINEES

LEE A. AULT III ***AGE: 71***

Mr. Ault has served as a Director since 1998. He is currently Chair of the Board of Directors (non-executive) of American Funds Insurance Series and Chair of the Board of Directors (non-executive) of American Funds Target Date Retirement Series, Inc., both mutual funds managed by Capital Research and Management Company. He served as Chair of the Board of Directors of In-Q-Tel, a technology venture company, from 1999 until December 2006 and was formerly Chair, President and Chief Executive Officer of Telecredit, Inc., a payment services company that merged with Equifax, Inc. in 1990. He served as a Director of Viking Office Products, Inc. from 1992 until August 1998 when Office Depot merged with Viking Office Products. He also is a Director of Anworth Mortgage Asset Corporation, a real estate investment trust.

NEIL R. AUSTRIAN ***AGE: 68***

Mr. Austrian has served as a Director since 1998. He also served as our interim Chair and Chief Executive Officer from October 4, 2004 until March 11, 2005. Mr. Austrian served as President and Chief Operating Officer of the National Football League from April 1991 until December 1999. He was a Managing Director of Dillon, Read & Co. Inc. from October 1987 until March 1991. Mr. Austrian served as a Director of Viking Office Products from January 1988 until August 1998 when Office Depot merged with Viking Office Products. He also serves as a Director of The DirecTV Group (formerly Hughes Electronics Company).

DAVID W. BERNAUER ***AGE: 64***

Mr. Bernauer has served as a Director since 2004. He is the retired Chair and CEO of Walgreen Co. He previously served as Chair of Walgreen from July 2006 until July 2007. From 2003 until July 2006, Mr. Bernauer served as Chair and Chief Executive Officer of Walgreen. From 2002 to 2003, he served as President and Chief Executive Officer of Walgreen; from 1999 to 2002 as President and COO of Walgreen, and he has served in various management positions, with increasing areas of responsibility at Walgreen since 1966. Currently he is also a Director of Lowe s Companies, Inc.

ABELARDO (AL) E. BRU ***AGE: 59***

Mr. Bru has served as a Director since 2004. Mr. Bru retired as Vice Chair of PepsiCo in February 2005. From February 2003 until September 2004, he served as Chair and Chief Executive Officer of Frito-Lay North America. Frito-Lay North America is a division of PepsiCo, Inc. and the largest snack-food maker in the world. He joined Frito-Lay in 1999 as President and Chief Executive Officer. Prior to joining Frito-Lay, Mr. Bru served in various capacities for Sabritas, a subsidiary of PepsiCo and the largest snack food maker in Mexico, from 1981 to 1999. Mr. Bru served in various senior international positions with PepsiCo Foods International since joining PepsiCo in 1976 until his retirement in 2005. Currently he is also a Director of Kimberly-Clark Corporation and SC Johnson, Inc.

MARSHA J. EVANS ***AGE: 60***

Ms. Evans has served as a Director since 2006. Ms. Evans retired from the U.S. Navy in 1998 with the rank of Rear Admiral. Ms. Evans was National Executive Director of Girl Scouts of the USA from 1998 to 2002 and President and CEO of the American Red Cross from 2002 to 2005. Currently, she is also a Director of Huntsman Corporation, Lehman Brothers Holdings and Weight Watchers International.

DAVID I. FUENTE ***AGE: 62***

Mr. Fuente has been a Director since he joined Office Depot in 1987. Until December 2001, he served as Chair of our Board of Directors. From December 1987 until July 2000, Mr. Fuente also served as Chief Executive Officer of our Company. He is a Director of Ryder System, Inc., and Dick s Sporting Goods.

BRENDA J. GAINES ***AGE: 58***

Ms. Gaines has been a Director since 2002. Ms. Gaines retired in 2004 from her position as President and Chief Executive Officer of Diners Club North America, a Division of Citigroup, a position she held from 2002 until 2004. She served as President of Diners Club North America from 1999 until 2002. From 1994 until 1999, she served as Executive Vice President, Corporate Card Sales, for Diners Club North America, and prior to that she served in various positions of increasing responsibility within Citigroup or its predecessor corporations from 1988. From 1985 until 1987, Ms. Gaines was Deputy Chief of Staff for the Mayor of the City of Chicago. She currently is a Director of NICOR, Inc., the Federal National Mortgage Association (Fannie Mae), and of Tenet Healthcare Corporation. She also serves on the Board of Trustees of the March of Dimes.

MYRA M. HART ***AGE: 67***

Dr. Hart has served as a Director since 2004. She is currently a member of Harvard Business School s senior faculty. From 1995 to 2007, she served as Professor, Entrepreneurial Management, at the Harvard Business School. From 1985 until 1990, Dr. Hart was a member of the Staples, Inc. founding management team, leading operations, strategic planning and growth implementation in new and existing markets. She is a Director of Nina McLemore Inc., Kraft Foods, Inc., Summer Infant, Inc. and IntelliVid Corporation. Dr. Hart is also a Director of the Center for Women s Business Research, a Trustee of Babson College and a Trustee Emeritus of Cornell University.

W. SCOTT HEDRICK ***AGE: 62***

Mr. Hedrick has been a Director since 1991. From November 1986 until April 1991, he was a Director of The Office Club, Inc., which was acquired by Office Depot in 1991. He was a founder and has been a general partner of InterWest Partners, a venture capital fund, since 1979. Mr. Hedrick is also a Director of Hot Topic, Inc. and is a Director of the American Funds Target Date Retirement Series Inc. and America Funds Insurance Series Inc.

KATHLEEN MASON ***AGE: 58***

Ms. Mason has served as a Director since 2006. She currently serves as President and Chief Executive Officer of Tuesday Morning Corporation and has served in that position since July 2000. From July 1999 to November 1999, Ms. Mason served as President of Filene s Basement, a department store chain. From January 1997 to June 1999, Ms. Mason was President of HomeGoods, an off-price home fashion store and a subsidiary of TJX Companies. Ms. Mason was Chair and Chief Executive Officer of Cherry & Webb, a women s specialty store, from February 1987 to December 1996. Prior to those dates, she held management positions at Kaufmann s Division of the May Company, Mervyn s Division of Target, Inc. and the Limited. She is also a Director of Genesco, Inc.

MICHAEL J. MYERS ***AGE: 67***

Mr. Myers has served as a Director since 1987. He is a Senior Advisory Partner of Sentinel Capital Partners, a private equity investment firm. He is also the President and a Director of Smith Barney Venture Corp., a wholly owned subsidiary of Smith Barney Holdings, Inc., which acts as the managing general partner of First Century Partnership III, a private venture capital investment fund. From 1976 until January 1992, he was a Senior Vice President and Managing Director of Smith Barney, Harris Upham & Co., Inc.

STEVE ODLAND ***AGE: 49***

Mr. Odland has been Chair and Chief Executive Officer since March 11, 2005. Immediately prior to joining Office Depot, Inc., he was Chair, Chief Executive Officer, and President of AutoZone, Inc. from 2001 until March 2005. Previously he was an executive with Ahold USA from 1998 to 2000. Mr. Odland was President of the Foodservice Division of Sara Lee Bakery from 1997 to 1998. He was employed by The Quaker Oats Company from 1981 to 1996 in various executive positions. Mr. Odland is also a Director of General Mills, Inc.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

We have a strong commitment to good corporate governance practices and the independence of our Board of Directors from our management. These practices provide a framework within which the Board and management can pursue our strategic objectives and ensure long-term growth for the benefit of our shareholders. Our Corporate Governance Guidelines may be viewed at our corporate web site, *www.officedepot.com* under the headings Company Information/Investor Relations/Corporate Governance. In addition, a printed copy of our Corporate Governance Guidelines will be provided to any shareholder upon written request to our Corporate Secretary. The Corporate Governance and Nominating Committee review the guidelines annually and any changes are recommended to the Board of Directors for approval.

Director Independence

The Board of Directors believes in strong and independent Directors. The Board of Directors evaluates the independence of each nominee for election as a Director of our Company in accordance with the Corporate Governance Guidelines which incorporate the applicable listing standards of the New York Stock Exchange. The Corporate Governance Guidelines require that a majority of our Board of Directors must be Independent Directors within the meaning of the New York Stock Exchange s listing standards, and all Directors who sit on our Corporate Governance & Nominating Committee, Audit Committee and Compensation Committee must also be Independent Directors.

All members of our Audit Committee, Finance Committee, Compensation Committee and our Corporate Governance & Nominating Committee have been determined by our Board of Directors to be Independent Directors. Our Board of Directors has reviewed the various relationships between members of our Board of Directors and the Company and has affirmatively determined that none of our Directors has a material relationship with Office Depot other than Mr. Odland, our Chair and Chief Executive Officer, who is a full time employee of our Company.

As a result, all members of our Board of Directors other than Mr. Odland have been determined to be Independent Directors. This determination by our Board of Directors is based upon an individual evaluation of each of our Directors, his or her employment or Board of Directors affiliations, and a determination either that the Independent Director has no business relationship with our Company other than his or her service on our Board of Directors or that while an Independent Director may have some involvement with a company or firm with which we do business, our Board of Directors has determined that such involvement is not material. None of our Directors serves as an executive officer of a charitable organization to which we made contributions during 2007. Our Chief Executive Officer, Mr. Odland, is not a member of any Committees of our Board of Directors.

Our Lead Director is Neil R. Austrian. As Lead Director, Mr. Austrian presides at regularly scheduled executive sessions of non-management Directors. The non-management Directors select a Director to serve as the chair of the Nominating and Corporate Governance Committee and to serve as Lead Director. That Director is required to be an Independent Director of the Board of Directors.

How Nominees to Our Board of Directors are Selected

Candidates for election to our Board of Directors are nominated by our Corporate Governance and Nominating Committee and ratified by our Board of Directors for nomination to the shareholders. The Corporate Governance and Nominating Committee operates under a charter, which is available on our corporate web site at *www.officedepot.com.*

Candidates Recommended by Shareholders. Our Corporate Governance & Nominating Committee will give due consideration to candidates recommended by shareholders. Shareholders may recommend candidates for the consideration of the Corporate Governance & Nominating Committee by submitting such recommendation directly to the Committee by mail, as described under the heading Corporate Governance; Communicating with our Board of Directors. In making recommendations, shareholders should be mindful of the discussion of minimum qualifications set forth in the following paragraph.

Qualifications for Nomination. Our Corporate Governance & Nominating Committee believes that the minimum qualifications for serving on our Board of Directors are that a nominee have substantial experience in working as an executive officer for, or serving on the Board of Directors of, a public company, or that he or she demonstrates by significant accomplishment in another field of endeavor, whether in the for-profit or the non-profit sectors, an ability to make a meaningful contribution to the oversight and governance of a company having a scope and size similar to our Company. A Director must have an exemplary reputation and record for honesty in his or her personal dealings and business or professional activity, as confirmed by a background and security check. All Directors should possess a basic understanding of financial matters, have an ability to review and understand our financial and other reports, and to discuss such matters intelligently and effectively. He or she also needs to exhibit qualities of independence in thought and action. A candidate should be committed first and foremost to the interests of all our shareholders. Persons who represent a particular special interest, ideology, narrow perspective or point of view would not, therefore, generally be considered good candidates for election to our Board of Directors. In addition to these factors, the Committee seeks to have a Board of Directors that represents diversity as to gender, race, ethnicity and background experiences.

Methods of Finding Qualified Nominees. Our Corporate Governance & Nominating Committee identifies nominees in a number of ways. One method is the recommendation of sitting members of the Board of Directors, who personally know and have an understanding of the qualifications of a proposed nominee. A second method is an awareness of persons who are successful in business, the non-profit sector or a profession, whether personally known to a member of the Board of Directors or not. Such persons are contacted from time to time to ask whether they would be willing to serve. If they are willing, then the Committee conducts significant amounts of due diligence to ensure that a nominee possess the qualifications, qualities and skills outlined above. The Corporate Governance & Nominating Committee also from time to time may engage search firms to assist the Committee in identifying potential nominees to our Board of Directors. These firms conduct searches on behalf of the Corporate Governance & Nominating Committee and provide the Committee with names of potential director candidates. We pay these firms a fee for such services. As mentioned above, our Corporate Governance & Nominating Committee also is open to receiving recommendations from shareholders as to potential candidates it might consider.

Communicating with our Board of Directors

Our shareholders and any other parties interested in communicating with our Board of Directors may contact any member (or all members) of our Board of Directors (including without limitation the Lead Director, Neil R. Austrian, or the Independent Directors as a group), any Committee of our Board of Directors or any Chair of any such Committee by mail. To communicate with our Directors by mail, correspondence may be addressed to any individual Director by name, to the Independent Directors as a group, to the Lead Director by title, to any Committee of our Board of Directors by name or to any Committee Chair either by name or by title. All such mailings are to be sent c/o Corporate Secretary to our corporate headquarters address, which is 2200 Old Germantown Road, Delray Beach, FL 33445.

In addition, any person who desires to communicate any matter specifically and confidentially to our Audit Committee may contact the Audit Committee by addressing a letter to the Chair of the Audit Committee, c/o Corporate Secretary, at our corporate headquarters address. Mark on the outside of the envelope that the communication inside is Confidential. Such communications to our Audit Committee may be submitted anonymously to the Audit Committee Chair, in which event the envelope will not be opened for any purpose, other than appropriate security inspections. Otherwise, such mailing will be forwarded directly to the Chair of our Audit Committee for his or her review and follow-up action as he or she deems appropriate.

It is our Board of Directors policy that each of our Directors should attend the Annual Meeting, at which time they are available to answer questions that may be raised in the question and answer period. At our 2007 Annual Meeting, all twelve Directors were in attendance.

Related Person Transactions Policy

In February 2007, our Corporate Governance & Nominating Committee recommended and our Board of Directors adopted, a new written policy on related person transactions, and any transactions reviewed under the policy will be reviewed during the determination of director independence. Our Related Person Transactions Policy (the Policy) sets forth the procedures governing the review and approval or ratification of transactions between the Company, on the one hand, and (i) an executive officer, (ii) director, (iii) an immediate family member of an executive officer or director; (iv) any security holder who is known by the Company to own of record or beneficially more than five percent of any class of the Company s voting securities at the time of the transaction; or (v) an immediate family member of such five percent security holder, on the other hand. Persons in categories (i), (ii), (iii) (iv) and (v) are collectively referred to as Related Persons .

This Policy applies to all related person transactions, and under the Policy a related person transaction is any transaction:

- In which the Company was or is to be a participant;
- In which the amount exceeds $120,000;
- In which any Related Person has, or will have a direct or indirect material interest;
- Including any contribution of $120,000 or more to a charitable organization of which a Related Person is a trustee, director, executive officer or has a similar relationship.

No Related Person transaction shall be approved or ratified if such transaction is contrary to the best interests of the Company. Unless different terms are specifically approved or ratified by the Corporate Governance & Nominating Committee, any approved or ratified transaction must be on terms that are no less favorable to the Company than would be obtained in a similar transaction with an unaffiliated third party under the same or similar circumstances. All related person transactions or series of similar transactions must be presented to the Corporate Governance & Nominating Committee for review and pre-approval or ratification. A copy of the Policy is available for review on the Company s web site at www.officedepot.com under the headings Company Information/Investor Relations/Corporate Governance.

Code of Business Conduct (Code of Ethical Behavior)

Our Board of Directors has adopted a Code of Ethical Behavior for all of our employees. This Code also applies to our Directors. A copy of this Code may be viewed at our corporate website, *www.officedepot.com* under the headings Company Information/ Investor Relations/ Corporate Governance. In addition, a printed copy of our Code of Ethical Behavior will be provided to any shareholder upon written request to our Corporate Secretary at our address listed elsewhere in this Proxy Statement.

At the direction of the Board of Directors, our management has established the confidential Office Depot Hotline to assist our employees in complying with their ethical and legal obligations and reporting suspected violations of applicable laws, our policies, or established procedures. The Hotline enables our associates to express their concerns about possible violations of law or our policies without fear of retribution or retaliation of any kind. It is our express policy that no retaliatory action be taken against any associate for using the Hotline procedure. The Hotline is operated by an independent third party, not by Company personnel. The Hotline can be accessed by either calling the following toll-free number or visiting the following web site:

1-866-634-6854

www.odhotline.com

COMMITTEES OF OUR BOARD OF DIRECTORS

The Board of Directors has established four standing committees (i) Audit, (ii) Compensation, (iii) Corporate Governance & Nominating and (iv) Finance. Our Board of Directors met seven times during fiscal 2007. All of our Directors attended more than 75% of the total number of Board of Directors meetings and meetings of the committees on which they serve. The table below shows the current membership for each of the Board of Directors standing committees:

Audit Committee	Compensation Committee	Corporate Governance & Nominating Committee	Finance Committee
Brenda J. Gaines*	Lee A. Ault, III*	Lee A. Ault, III	Neil R. Austrian
Myra M. Hart	David W. Bernauer	Neil R. Austrian*	David W. Bernauer
Kathleen Mason	Abelardo E. Bru	Brenda J. Gaines	Abelardo E. Bru
Michael J. Myers	W. Scott Hedrick	W. Scott Hedrick	David I. Fuente*
	Marsha J. Evans		

* Committee Chair

Each of the four committees of our Board of Directors has a written charter that has been approved by our Board of Directors, is available for review on our corporate website, *www.officedepot.com* under the headings Company Information/Investor Relations/Corporate Governance and is available in hard copy upon written request to our Corporate Secretary.

Audit Committee

The Audit Committee has four members and typically meets at least four times per year. During 2007, the Audit Committee held sixteen meetings. Our Board of Directors has reviewed and made the determinations required by the listing standards of the New York Stock Exchange and regulations of the United States Securities and Exchange Commission (SEC) regarding the independence and financial literacy of the members of our Audit Committee. All members of the Audit Committee have been determined to be financially literate. In addition, our Board of Directors has determined that the following members of our Audit Committee qualify as audit committee financial experts within the meaning of the applicable regulations of the SEC: Brenda Gaines, Kathleen Mason and Michael Myers.

The Audit Committee is responsible for the performance of our internal audit function as well as ensuring our compliance with legal and regulatory requirements, assessing and mitigating financial risks to the Company, and insuring the integrity of our financial reporting process. The Audit Committee s responsibilities, discussed in detail in its charter, include, among other duties, the duty to:

- oversee the financial reporting process;
- meet with internal and external auditors regarding audit results;
- engage and ensure the independence of our independent registered public accounting firm;
- review the effectiveness of our internal controls; and
- oversee compliance with our Code of Ethical Behavior.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee has four members and typically meets three to four times per year. During 2007, the Corporate Governance and Nominating Committee met three times. Neil R. Austrian, the Chair of our Corporate Governance and Nominating Committee, also serves as the Lead Director of our Board of Directors. Pursuant to our Corporate Governance Guidelines, the Independent Directors elect the Chair of the Corporate Governance and Nominating Committee who also serves as the Company s Lead Director.

Our Corporate Governance and Nominating Committee is responsible for establishing and monitoring the effectiveness of the overall corporate governance philosophy and the Director nomination process. The Corporate Governance and Nominating Committee s responsibilities include, among other duties, the duty to:

- review and make recommendations to the Board of Directors concerning the size and composition of our Board of Directors and its committees and the recruitment and selection of Directors;
- nominate Director candidates for election at annual meetings; and
- review and make recommendations to the Board of Directors concerning our corporate governance policies and practices.

In addition, the Corporate Governance and Nominating Committee is also responsible for reviewing and approving any transactions between the Company and any Related Person. See Corporate Governance; Related Person Transactions Policy.

Finance Committee

The Finance Committee has four members and typically meets at least four times each year. During 2007, the Finance Committee met four times.

Our Finance Committee is responsible for overseeing our capital structure, financial policies, and business and financial plans. The Finance Committee s responsibilities, discussed in detail in its charter include, among other duties, the duty to:

- review our financial policies and procedures;
- review annual capital budgets and major spending requests from management;
- monitor our financial standing and financial ratings;
- review our long-range financial objectives; and
- provide oversight and advice to management regarding our capital allocation, spending, and structure.

Compensation Committee

The Compensation Committee has five members and typically meets four times per year. During 2007, the Compensation Committee met five times. All members of the Committee have been determined by our Board of Directors to be Independent Directors.

Compensation Committee Responsibilities and Authority

Our Compensation Committee is responsible for establishing and monitoring the effectiveness of the overall compensation philosophy and policies of our Company. As set forth in its Charter, the Compensation Committee s responsibilities, include, among other duties, the duty to:

review the performance and approve the compensation of each of our executive officers except for our Chief Executive Officer (CEO), whose performance and compensation will be reviewed and established by the independent members of the full Board of Directors;

Provide oversight of all cash compensation, equity compensation, benefits and perquisites for our executive officers and directors; and

Provide oversight of our general compensation policies.

In connection with its review of performance of our executive officers, the Compensation Committee also reviews the financial results of the Company for the purposes of determining compensation program levels and if performance goals were attained. The Compensation Committee obtains the data regarding the Company s financial results for the year from management and discusses the financial results with its compensation consultant and others as it may deem necessary, and then certifies the results and reports the results to the Board of Directors. The Compensation Committee reviews the individual performance ratings for the NEOs other than the CEO.

The Chair of the Compensation Committee works with members of our Human Resources department and with the Executive Vice President and General Counsel to set individual meeting agendas for the Compensation Committee which is consistent with an annual calendar of regular activities that has been approved by the Compensation Committee and reported to the Board of Directors. As needed, telephonic Compensation Committee meetings are held which are not part of the pre-established annual calendar.

Compensation Committee Charter

The Compensation Committee Charter is reviewed periodically to ensure that the Compensation Committee is fulfilling its duties in aligning our executive compensation program with shareholder value creation, ensuring that we attract and retain talented executives and managers, and are being responsive to the legitimate needs of our shareholders. There were no changes to the Compensation Committee Charter in 2007. A current copy of the Charter of the Compensation Committee can be found on the on the Corporate Governance page of the Company s Investor Relations website at *http://investor.officedepot.com.*

Delegation of Authority; Subcommittees

The Compensation Committee has delegated authority to the Chair of the Committee to approve, upon the recommendation of the CEO and the Executive Vice President, Human Resources, new hire equity grants for officers who are not executive officers, provided that such grants do not exceed a level that is 25% above the annual target long-term incentive in effect during the year of the grant for officers at the same level as the new hire, and otherwise follows policies approved by the Compensation Committee. Grants and awards to executive officers and directors are reserved to the full Compensation Committee. The Compensation Committee has also delegated authority to our Compensation and Benefits Committee (which consists of the Executive Vice President, Human Resources, Executive Vice President and General Counsel and Executive Vice President and Chief Financial Officer) the power to administer and make certain non-material amendments to our qualified 401(k) plan and our health and welfare plans which are subject to the Employee Retirement Income Security Act of 1974 and our non-qualified deferred compensation plans. The Compensation Committee has also been delegated the power to administer and make certain non-material amendments and grants under our long term equity plans, but only to the extent that such grant is not made to or such amendment does not affect the rights or obligations of any participant in the long term equity plans who is also a Section 16 reporting officer of the Company, or of any Executive Vice President, Senior Vice President or Vice President of the Company. The Compensation Committee has not delegated any of its authority (for example to a subcommittee) regarding any of our executive officer or Director compensation matters.

Involvement of Compensation Consultants and Executive Management in Compensation Decisions

Among other matters, the Charter provides the Compensation Committee with the authority to engage outside advisors (including independent compensation consultants and legal counsel) to study our compensation policies and practices and to make recommendations regarding both general and specific director and executive compensation matters. The Compensation Committee continues to engage Hay Group, a human resource and compensation consulting firm, as its independent advisor with respect to executive compensation. The Compensation Committee reviews information provided by Hay Group to determine the appropriate level and mix of compensation for the Executive Committee (which consists of NEOs as well as other executive officers who report directly to the Chief Executive Officer) in light of the Company s compensation objectives. Pursuant to its charter, the decision to retain Hay Group (as well as other independent advisors) is at the sole discretion of the Compensation Committee, and such consultants work at the direction of the Compensation Committee. During 2007 no other independent advisors were retained. The Compensation Committee believes that Hay Group s counsel to the Compensation Committee is particularly valuable and insightful due to the consultant s expertise among global retail and business-to-business publicly-traded organizations, its broad understanding of the Company s compensation strategy and systems for all employees and its ability to assure that compensation systems throughout the Company have internal pay equity.

Hay Group provides independent advice to the Compensation Committee on NEO and executive compensation matters including base salaries, annual incentives, long term incentives and perquisites. Specifically, at the direction of the Committee, Hay Group worked with the Company s management team on certain non-executive compensation related matters including grouping jobs into job grades for the purpose of providing structure for compensation program administration for all employees of the Company, broad-based compensation design, and the global alignment of other executive and non-executive compensation programs. The members of management with which Hay Group worked include the Executive Vice President, Human Resources, Vice President Compensation, Benefits and Human Resources Information Management, Director of Compensation, Human Resources Directors and Vice President Human Resources Europe.

Throughout 2007, the Compensation Committee Chair worked directly with Hay Group to determine the scope of the work needed to be performed to assist the Compensation Committee in its decision making processes prior to each regularly-scheduled Compensation Committee meeting. In addition, Hay Group also worked from time to time with other members of the Compensation Committee (particularly in executive sessions of the Committee), the Executive Vice President, Human Resources, the Executive Vice President and General Counsel, and other management members (particularly HR and Legal staff) to gain better understanding of our pay policies and practices and to facilitate the development of our executive compensation strategies and approach to determining compensation levels.

The Compensation Committee also believes that it is important for members of management to provide input on the overall effectiveness of our executive compensation programs. The Committee believes that even the best advice of a compensation consultant or other outside advisors must be combined with the input of senior management and the Compensation Committee s own individual experiences and best judgment to arrive at the proper alignment of compensation philosophy, programs and practices. The CEO, the Executive Vice President, Human Resources and certain members of the Office of General Counsel are the members of senior management who interact most closely with the Compensation Committee. These individuals work with the Compensation Committee to provide their perspectives on reward strategies and how to align them with the Company s business and retention goals. They provide feedback and insights into how well our compensation programs and practices appear to be working . The Compensation Committee looks to the Office of General Counsel for legal advice in the design and implementation of compensation plans, programs and practices. In addition, the CEO, the Executive Vice President, Human Resources and the certain members of the Office of General Counsel regularly attend portions of Compensation Committee meetings to participate in the presentation of materials and discussion of management s point of view regarding compensation issues.

Executive Session

At each meeting, the Compensation Committee meets in executive session without members of management present for the purpose of discussing matters independently from management.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is composed entirely of Independent Directors. None of our executive officers has served on the Board of Directors or compensation committee (or other committee serving an equivalent function) of any other entity of which executive officers have served on our Board of Directors or Compensation Committee.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (CD&A) is intended to provide a clear and understandable discussion of our compensation philosophy and practices, the elements of compensation of our CEO, Executive Vice President and Chief Financial Officer and the other named executive officers who are listed in the Summary Compensation Table that follows (collectively, the NEOs), why those elements have been selected and how they are applied and implemented by our Compensation Committee. The Compensation Committee oversees the compensation and benefits programs for the Company s NEO s. The Committee is composed of entirely Independent Directors consistent with the current listing requirements of the New York Stock Exchange and outside directors within the meaning of section 162 (m) of the Internal Revenue Code. The Committee operates under a written charter, a copy of which may be found on the Company s website at *http://investor.officedepot.com* under Corporate Governance.

Ms. Patricia McKay served as Executive Vice President and Chief Financial Officer during the full 2007 fiscal year, but her employment terminated effective March 1, 2008. This CD&A primarily relates to our 2007 fiscal year and consequently, Ms. McKay s compensation is included throughout this discussion because she provided services to the Company as Executive Vice President and Chief Financial Officer during our 2007 fiscal year.

Our Compensation Philosophy

Our compensation philosophy is aligned with our corporate objective of creating long term value for our shareholders. We design executive compensation programs for our NEOs to award them for achieving financial performance objectives and to encourage them to remain with us. In order to accomplish this, the Compensation Committee has adopted an NEO compensation pay structure that employs a results-based pay strategy, whereby the fixed base salaries comprise less than one-third of the NEOs target total direct compensation. This results-based strategy links a sizable majority of an NEO s target total direct compensation opportunity to both annual financial performance and the change in the Company s share price over a multi-year period by virtue of a significant component of compensation consisting of long term equity incentives such as stock options, restricted stock and performance shares that can increase or decrease in value as the share price fluctuates.

The CEO s 2007 base salary as a percent of target total direct compensation is approximately 10%. The other NEOs 2007 base salaries as a percent of target total direct compensation range from 25% to 32%. A majority of the variable pay opportunity is in the form of equity for NEOs, which strongly links them to shareholder interests (and makes the value of this component of compensation variable with changes in our Company s stock price).

In 2007, the Compensation Committee revised the compensation philosophy for the NEOs. The CEO s target total direct compensation opportunity was reduced from the 75^{th} percentile of the former peer group and in 2008 the Committee will target the 50^{th} percentile (median) of the new Peer Group. The philosophy for the CEO s 2008 base salary remains set to reflect the median of the CEO salaries in the Peer Group. The 2008 pay philosophy for the NEOs other than the CEO (hereinafter Non-CEO NEOs) also was changed so that their target total direct compensation opportunities will reflect the 50^{th} percentile (median) of the Peer Group. Non-CEO NEO base salaries also will approximate the median of the Peer Group.

The previous target total direct compensation opportunity of the CEO was targeted at the 75^{th} percentile of the previous peer group and Non-CEO NEOs target total direct compensation generally targeted the 75^{th} percentile of Hay Survey data for jobs of similar scope and complexity. The Compensation Committee made the compensation philosophy changes in 2007 for two reasons: (1) the Peer Group was modified in 2007 to better reflect Office Depot s current business model and (2) to reflect the Compensation Committee s belief that the Company s financial performance, as measured by an aggregate ranking of four financial metrics (total shareholder return, EBIT growth, return on investment and sales growth), is closer to the Peer Group median performance than to the Peer Group 75th percentile.

Although the Compensation Committee has established target compensation structures for its NEOs based upon Peer Group compensation levels, the Compensation Committee may set actual 2008 pay levels above or below the 50th percentile (median) of the Peer Group based upon company performance relative to the Peer Group, individual performance, an individual s tenure in his/her job and/or the findings of Hay Group Surveys. For example, Hay Survey data may reveal that the job market is tightening for specific NEO jobs, which may necessitate actual pay slightly higher than the stated compensation philosophy. Additionally, to promote equity among NEOs with similar titles, such NEOs have equivalent annual incentive target opportunities as a percentage of base salary and equivalent equity incentive target grants.

In order to effectively utilize Hay Survey data as a secondary data source, we use a formal job evaluation methodology to evaluate both the internal and external pay equity of our NEOs target total direct compensation. Internal equity is considered in order to ensure that the positions that the NEOs hold are compensated at an appropriate level relative to other positions within the Company, while external equity is a measure of how our compensation for our NEOs compares to compensation for comparable job content at other companies that are similar to our Company and included in the Hay Surveys. The Hay Group reviews each of the executive positions using its proprietary method of job evaluation to assess the relative size of each position. In this process we consider the breadth of responsibilities, the complexity of the role, and the role s impact on the success of the business. Once each job is valued independently, we compare the jobs to determine relative relationships and then relate this to pay opportunity levels. Job evaluation analysis, in combination with external market data from the Peer Group and Hay Surveys, is the basis for the salary levels shown in the Summary Compensation Table.

Overview of Compensation Programs for Named Executive Officers

Our compensation programs are designed to enable us to recruit and retain NEOs who will help us achieve our short-term and long-term business objectives. These programs are structured to motivate our NEOs and maximize their long-term commitment to our success by providing compensation elements that align their interests with our long-term strategies and the interests of our shareholders. Pursuant to these programs, we have entered into Employment Agreements, Offer Letters and Change of Control Agreements with certain of our NEOs. Material items addressed in these agreements are set forth in the section herein entitled Summary of Employment Agreements and Potential Payments Upon Termination or Change of Control.

In 2007, the principal components of compensation for each NEO were:

- Base salary;
- annual cash incentive awards;
- equity incentives; and
- perquisites.

We provide a base salary that recognizes the value of NEOs both to us and in the executive talent marketplace. We provide annual cash incentive awards for NEOs who meet the targets set forth in our annual cash incentive plan and equity incentives to align NEOs with shareholder interests. As described in more detail in the section titled Annual Cash Incentives (Bonus Plan) , most of these NEOs compensation opportunities are directly related to our ability to achieve certain financial metrics including, but not limited to, components of EBIT (earnings before interest and taxes) and ROIC (return on invested capital). See section entitled Annual Cash Incentives (Bonus Plan) for a description of EBIT and ROIC. We also make equity awards to link executive officers ability to build their own long-term net worth with our stock performance and to encourage their retention by providing for vesting schedules over multiple years. As a result, our compensation programs employ a leveraged strategy that emphasizes variable as opposed to fixed compensation. While we provide a limited number of standard benefits and perquisites that we believe are in line with other companies of similar size, it is not part of our compensation philosophy to extend personal benefits to our NEOs beyond those normally provided to similarly situated officers in comparable companies.

As previously mentioned, in 2007, the Compensation Committee continued to engage Hay Group, a human resource and compensation consulting firm, as its independent advisor with respect to executive compensation. The Compensation Committee reviews information provided by Hay Group to determine the appropriate level and mix of compensation for each of the NEOs in light of our compensation objections. In addition, members of the Company s senior management team participate in the gathering and presentation of facts related to compensation matters as requested by the Compensation Committee. Specifically, our CEO, Executive Vice President, Human Resources and Executive Vice President and General Counsel consult with and provide recommendations to the Compensation Committee on the design of our compensation programs. For more information regarding the nature and scope of Hay Group s engagement and the role of management in advising the Committee, see the section entitled Involvement of Compensation Consultants and Executive Management in Compensation Decisions above.

Annual External Benchmarking Against Peer Group and Survey Data

The Compensation Committee annually conducts a competitive analysis of the compensation paid to our NEOs through the review of compensation levels among our peer group companies and through the use of Hay Group executive compensation surveys for our NEOs. In 2006, the Compensation Committee requested that Hay Group review the then current sixteen-company retail peer group. Starting in the second half of 2006 and continuing into early 2007, the Compensation Committee worked with Hay Group to undertake a complete reevaluation of the peer group used for compensation benchmarking. As a result of this comprehensive review, the Compensation Committee decided to revise the group of companies that constitute the Peer Group (defined below).

The primary reason for the review of the peer group was to determine if a benchmark group of companies could be developed to better align with Office Depot s operating model. The Compensation Committee recognized that the Company is not solely a retail company, as retail stores sales currently account for less than half of total Company revenue. Almost a fourth of the Company s business currently is located outside North America; a little over one-half of the Company s business is in the business to business sector, consisting of direct sales to business customers via contract sales, catalogs and the Internet; and the Company is placing increasing emphasis on developing its own private brand, directly sourced products.

In light of these considerations, for 2007 the Compensation Committee selected a new peer group of twenty-three organizations that includes core relevant retail companies, but that also includes other companies that have a more global business, a business to business model, a significant distribution function, and private brand-driven operations.

The current members of our peer group (the Peer Group) are:

Arrow Electronics, Inc.	J.C. Penney Co., Inc.	Sherwin-Williams Company
AutoNation, Inc.	Kohl s Corporation	Staples, Inc.
Avnet, Inc.	Limited Brands, Inc.	Starbucks Corporation
Avon Products, Inc.	Macy s, Inc.	Tech Data Corporation
Best Buy Co., Inc.	Marriott Intl, Inc.	TJX Companies, Inc.
Circuit City Stores, Inc.	Nike, Inc	Xerox Corporation
Gap Inc.	OfficeMax Inc.	Yum! Brands, Inc.
Genuine Parts Company	Rite Aid Corporation	

In determining the appropriate compensation for our NEOs, the Compensation Committee generally relies on external benchmarking against the Peer Group. The Committee also relies on select Hay Group executive compensation surveys for a broader review of Non-CEO NEO pay levels and practices. Specifically, the Committee used Hay Group s U.S. Retail 2007 Total Remuneration Survey (with data from 92 organizations) and Hay Group s U.S. General Market 2007 Executive Compensation Report (with 514 organizations) (collectively, the Hay Surveys) in 2007. Hay Surveys are proprietary and available only to those companies which purchase them, but more information regarding the Hay Surveys can be found at *www.haygroup.com/ww/Expertise/index.asp?id=518.*

In 2007, the CEO s total direct compensation (which includes the elements of base salary, annual cash incentive awards and annual equity incentives) was benchmarked solely against the Peer Group as the Committee believes that CEO positions within the Peer Group are of similar scope and complexity. The compensation data utilized from Hay Surveys to review the compensation of the Non-CEO NEOs is selected based on job content since proxy matches by title may not be available or may not adequately represent actual job content of our Non-CEO NEOs. The Committee determined that this additional information was useful because of the variability of job content below the CEO level. The possibility of considerable variation in levels of responsibility and duties by title among our Non-CEO NEOs limits the reliability of a strict comparison against our Peer Group by job title alone. However, our Compensation Committee still considers the Peer Group information to be the primary source for NEOs comparison information, while the Hay Surveys are considered a secondary source for the reasons stated above.

The Compensation Committee believes benchmarking is useful as a method to gauge the compensation level for executive talent within competitive job markets that are germane to the Company based upon both financial and non-financial characteristics. However, the Peer Group and Hay Survey data are not used in isolation NEO compensation also is reviewed in context of the Company s financial performance relative to the Peer Group, a NEO s individual performance and tenure in his/her current position, and on our own policies for allocating among the various components of compensation to comport with our compensation philosophy and desired internal equity among NEO positions**.** The Committee determines changes to the NEO compensation positioning, target total direct compensation structures, variable compensation program design, and/or benefit and perquisite offerings, if necessary, after considering all aforementioned factors. Target total direct compensation is the sum of current base salary plus target annual cash incentive opportunity plus target annual equity incentives grant value. Data from proxy statements filed with the SEC provides specific Peer Group NEO information concerning base salaries, most-recent bonuses earned, most-recent long-term incentives granted, types of long-term incentive vehicles used, and benefit/perquisite prevalence (particularly the use of nonqualified deferred compensation programs). Hay Survey data also provides data concerning base salaries, annual incentives earned and long-term incentive grants, but additionally provides target levels of variable pay as a percent of base salaries and dollar values of certain executive benefits/perquisites.

Annual Base Salary

We view a competitive annual base salary as an important component of compensation to attract and retain executive talent. Annual base salaries also serve as the foundation for the annual corporate bonus plan, which expresses annual cash incentive opportunity as a percentage of annual base salary (long-term equity incentive compensation, by contrast, is not directly linked to annual base salary). We view annual base salary as a primary component of compensation that will be paid even if we do not achieve our annual financial performance goals. However, we will consider our financial performance when evaluating proposed salary budgets and may increase, maintain or decrease salaries of or terminate NEOs if our financial performance warrants such action.

Our CEO has not received a base salary increase since it was established in 2005, but his base salary was still within 10% of the Peer Group median. However, the remaining four NEOs received salary increases ranging from 2% to 9% in 2007 based upon their performance in 2006 relative to expectations, internal pay equity considerations and competitiveness to market. The Committee increased the salary of the North American Retail

Division President by 9% due to his exceeding expectations in 2006, the results of the competitive analysis, and the desire to promote internal equity with the International Division President. The International Division President met expectations in 2006, and his salary was increased by 2%, which reflects his salary being competitive to market. The Executive Vice President and Chief Financial Officer and Executive Vice President, Human Resources both met expectations in 2006, and their salaries were increased by 7% and 6%, respectively, based upon the competitive analysis. These salary adjustments were determined in February and effective on April 1, 2007.

In view of the Company s performance and the NEOs competitiveness to market data, the Committee did not increase base salaries for the NEOs in 2008.

Annual Cash Incentives (Bonus Plan)

We provide annual cash incentives (generally referred to as bonuses) for our NEOs that are based upon our ability to meet annual financial performance targets of ROIC and EBIT. EBIT reflects the Company s operating profit. ROIC reflects the Company s efficiency in using capital. The Committee believes that these two measures best reflect how professional investors evaluate the Company s performance over the long term and are directly related to long-term stock performance. The NEOs actual annual cash incentive payouts are determined by total Company performance, as opposed to business unit performance, since we believe that their primary job is to direct the overall performance of the Company.

At the beginning of each fiscal year, we approve a Bonus Plan matrix that details the relationship between performance on the two financial metrics (EBIT and ROIC) and potential payout as a percentage of the target performance level. The matrix establishes (1) a threshold performance level (in 2007, the threshold performance level was 80% of target EBIT and ROIC), below which no bonus may be paid, and (2) a target performance level for each metric at which 100% of the bonus target is paid. The targets for the 2007 Bonus Plan were set in alignment with the 2007 business plan created by senior management and adopted by the Independent Directors (the 2007 Business Plan). The 2007 Business Plan was a plan designed to challenge management to achieve higher objectives. Therefore, the EBIT and ROIC included in the 2007 Business Plan were adopted by the Compensation Committee as the performance targets for the Bonus Plan. When establishing the 2007 EBIT and ROIC targets as the same EBIT and ROIC set out in the 2007 Business Plan, the Compensation Committee recognized the ambitiousness of the business plan and felt that the target performance offered a significant challenge for management and required achievement above the EBIT and ROIC levels achieved in 2006. For 2006, the average bonus payout for our NEO s was 143% of target. However, in 2007, particularly due to a softening in business spending attributable to macroeconomic conditions that affected our sales to small- and medium-sized businesses and the unexpected housing downturn in California and Florida where the Company has a significant presence, the Company performance failed to achieve the Bonus Plan EBIT and ROIC threshold level of performance (80% of target). Therefore, NEOs did not receive an annual bonus for 2007 Company financial performance.

The Company does not disclose the specific EBIT and ROIC targets. Because the Company does not provide guidance to the market with respect to the Company s performance, we believe that if our projected EBIT and ROIC targets are disclosed, our competitors and the market would likely view such disclosures as projections of future performance. Also, we believe that such disclosure may give rise to unfounded investor expectations with regard to our stock price and would lead to unnecessary volatility in our stock price which also could harm the Company.

For 2008, we will use the ROIC and EBIT included in the 2008 business plan created by senior management and adopted by the Independent Directors (the 2008 Business Plan) as our performance metrics for our Bonus Plan. Given the 2007 financial results and the uncertain economic environment in 2008, the 2008 Bonus Plan includes lower EBIT and ROIC targets compared to the 2007 Bonus Plan. Because of the difficult business environment and the prognosis for economic difficulties in 2008, the Compensation Committee believes that the adjusted targets for 2008 will continue to motivate our executive officers and are consistent with the difficulty of achieving the fiscal 2008 target performance goals and consistent with the positioning of target annual compensation at the median Peer Group.

Targets under the Bonus Plan are expressed as a percentage of annual base salary earned during the year. Targets increase with job scope and complexity, thereby increasing variable pay opportunity for jobs that have a greater impact on our annual results. Pursuant to the Compensation Committee decision made in February 2006, the 2007 target bonus for the CEO was increased to 160% from 155% of his annual salary. The 2007 target bonuses for the President, International Division and President, North American Retail Division were increased to 75% from 70%. The 2007 target bonuses for the Executive Vice President and Chief Financial Officer and Executive Vice President, Human Resources were increased to 70% from 65%. The Compensation Committee attempts to approximate the median target based on Peer Group compensation levels and the increases for all NEOs were part of an effort to increase the leverage in the NEOs cash compensation and to achieve a compensation delivery that was better aligned with Peer Group compensation levels. These target opportunities are not expected to change in 2008.

In 2007, the Compensation Committee had discretion to modify bonus payouts to members of the Executive Committee up to plus or minus 25%, but capped for any one individual by the overall bonus pool. No modifications were made for any member of the Executive Committee since 2007 financial performance did not warrant a bonus payout. In 2008, the same modification feature is not available.

Long-Term Equity Incentives

We also consider long-term equity incentive compensation to be critical to the alignment of executive compensation with shareholder value creation. Therefore, a market competitive long-term incentive component is an integral part of the overall executive compensation program. Our long-term equity incentive compensation awards are made pursuant to the Office Depot, Inc. 2007 Long-Term Incentive Plan (the LTIP).

Our 2007 annual equity grants consist of a targeted dollar award value that is then translated into a combination of stock options and/or time-based restricted stock. The use of a target dollar value for the awards assures an appropriate comparison to market and assures that long-term incentive costs are controlled. The number of stock options is higher than the number of shares of time-based restricted stock for the same dollar value because, unlike restricted stock which is a full value award, stock option value is based solely on the appreciation in the value of the underlying shares against the exercise price. Stock options are valued using the Black-Scholes option pricing model. However, regardless of the mix of stock options and restricted stock, the grant value by position is the same, based upon present value calculations of the value of options and restricted stock on the date of grant. Prior to the approval of an award by the Committee, an NEO is permitted to request the form of the annual long-term incentive grant from the following alternative equity combinations:

- 100% in the form of stock options;
- 100% in the form of restricted stock;
- 75% in the form of stock options and 25% in the form of restricted stock;
- 75% in the form of restricted stock and 25% in the form of stock options; or
- 50% in the form of stock options and 50% in the form of restricted stock.

We believe that allowing choice regarding the form of long-term equity incentive awards distinguishes our equity award program in a positive way from those offered by many of our competitors and facilitates retention of talent, particularly within the competitive retail industry. It also allows for NEOs to tailor their equity awards to individual needs in terms of financial, retirement and estate planning. We first instituted the policy of permitting our NEOs to select the form of their equity compensation award from a limited menu of choices in 2006. The Committee continues to affirm the choice feature of the program as it believes that the design provides additional incentive for the NEOs. Additionally, the Committee evaluated the design in early 2008 in view of the Company s low stock price relative to mid-2007 to ensure that the annual number of shares granted in the form of equity incentives (as a percentage of common shares outstanding) is within acceptable levels in terms of both Peer Group and retail industry benchmarks. The Compensation Committee concluded that allowing choice as part of the long-term incentive program for NEOs would remain in 2008.

The NEOs are eligible for a target award designed to deliver a desired economic value in dollars consistent with our compensation philosophy of targeting total direct compensation at the median of the Peer Group and the Committee s desire to have equivalent equity incentive target grants among NEOs with similar titles. Individual performance can modify target long-term equity incentive levels up to plus or minus 25%, however payouts are limited by the overall long-term equity incentive pool which is calculated using the current eligible participants and their target valuations. The modification of any grant for a NEO (other than the CEO) is based on a discretionary assessment of performance and contribution by the Committee.

The CEO s equity incentive grant is approved based on proxy information on long-term equity grants to CEOs in the Peer Group and a discretionary assessment of the Company s performance compared to its current year business plan and a comparison to Peer Group and broader market performance.

For 2007, the Compensation Committee established the following levels of economic value in the annual equity component of compensation based upon most recent benchmark data available (as discussed earlier for CEO, the previous peer group; and for non-CEO NEOs, Hay Survey data). The differentials among NEOs are based upon competitive levels for each NEOs position from the Hay Survey data and Peer Group proxy data. Internal job comparison is also considered in grouping the NEOs to equal levels of compensation targets.

The NEO equity grant levels for 2008 increased for all NEOs except for the CEO. The CEO s equity grant was reduced to $5,000,000 and 35% included performance shares. The other NEOs long term incentive equity grant levels were increased due to the addition of a performance share component to NEO equity compensation in 2008. The value added through the performance share grant provides better alignment of aggregate non-CEO NEO target total direct compensation levels with the Peer Group median and further aligns executive pay with shareholder interests.

	2007	**2008**
Chief Executive Officer	$ 7,000,000	$ 5,000,000
President, International Division	$ 1,400,000	$ 1,900,000
President, North American Retail Division	$ 1,400,000	$ 1,900,000
Executive Vice President and Chief Financial Officer	$ 800,000	$ 1,100,000
Executive Vice President, Human Resources	$ 800,000	$ 1,100,000

As mentioned above, the Committee adopted a performance-based long-term incentive equity vehicle in addition to long term incentives provided through stock options and time-vested restricted stock elections. The primary goal of the new equity component, in addition to the achievement of the compensation philosophy for NEOs, is to incent EPS growth targets during a three-year period (2008 through 2010). One-half of the new equity vehicle (i.e., performance shares) will immediately vest upon attainment of each of two EPS goals during the performance period. Any shares that have not vested at the end of 2010 will be forfeited. The Committee selected the two EPS goals based upon recent historical company performance and the outlook for the future.

The Black-Scholes option pricing model is used to determine the grant date number of stock options. The grant date fair market value is used to determine the number of shares of restricted stock. In each case, the number of stock options or shares of restricted stock is calculated to attain the targeted economic value described above. The dollar value of the long term incentive awards will increase in 2008 for Non-CEO NEOs to align their total compensation with approximately the median of the Peer Group.

Both stock options and restricted stock grants vest over time, generally with one-third vesting on each of the first, second, and third anniversaries of the date of the grant, providing the executive remains in our employment. However, the LTIP provides that for any recipient of restricted stock who has attained at least age 60 and who has at least five years of continuous service with the Company, vesting of restricted stock is immediate. The vesting schedule is intended to promote retention. If an executive leaves the Company for any reason other than death, disability or retirement before vesting, the unvested stock options or restricted stock award is forfeited. Stock options generally have a seven-year term. Section 16 officers, including NEOs, who are involuntarily terminated from the Company, other than for cause, or who voluntarily terminate their employment after completing five years of continuous service, have eighteen (18) months to exercise stock options that are vested at the time of separation.

The LTIP provides that stock options may not be granted with exercise prices set at less than 100% of fair market value of the stock option. Our LTIP defines fair market value as the closing stock price on the date of grant. The grant date is the date on which the Compensation Committee actually meets and takes action to make the grants. We do not permit repricing of stock options. No back-dating of stock options is permitted under any circumstances.

Our Compensation Committee traditionally has approved annual option grants at its February meeting. The annual option grants for 2007 were approved at a meeting in February 2007. At the beginning of 2007, the Compensation Committee adopted a policy that states that if the date of its regular February meeting precedes the release of our earnings press release, and concurrent filing of our Annual Report on Form 10-K for the prior fiscal year, then the Compensation Committee will hold a separate meeting not less than five nor more than thirty days following the date of such release and filing to ensure that stock options are not issued while we may be in possession of material non-public information.

Separate and distinct from the regular 2007 annual grant of long-term incentive awards to the CEO was a special retention equity award with a value of $10 million on date of grant (February 28, 2007). The CEO s special grant consisted of 100% stock options with a five-year vesting schedule, with one-half of the award vesting after five years only if the average closing stock price equals or exceeds 150% of the of the option exercise price for a period of at least ninety consecutive calendar days (as outlined in the Company s Form 8-K filed on March 5, 2007). The stock price would have to rise over 300% from closing levels at the end of 2007 for the award to pay out. The exercise price of these stock options is $33.605. The fair value for expense recognition for this element was calculated using a simulation model. Research by Hay Group of CEO retention grants at other public retail companies (of which some were in both the previous peer group and current Peer Group) over a three-year period showed that the median of the types of grants Hay Group researched was approximately $14 million with a four-year vesting schedule, and over one-half the individual retention grants involved a blend of stock options and full-value stock/cash awards. We broadened the research beyond the previous peer group and the current Peer Group from which executive talent may be recruited in order to have a larger sample size of retention grants to review. The special retention award granted to our CEO was approximately 30% lower in value than the $14 million median value from the analysis, has a longer vesting schedule than four years, and is 100% performance-based. This special equity grant was a one-time grant that is not a component of the CEO s compensation structure, but instead was granted with the goal of retaining the CEO for a five-year period.

Benefits and Perquisites

We provide our NEOs with a basic set of core benefits (e.g., coverage for medical, dental, vision care, prescription drugs, basic life insurance, long term disability coverage, car allowance) plus voluntary benefits that an NEO may select (e.g., supplemental life insurance). Our overall benefits philosophy is to focus on the provision of these core benefits, with NEOs able to use their cash compensation to obtain such other benefits as they individually determine to be appropriate for their situations. Our CEO is contractually entitled to the use of Company-owned aircraft for personal travel, but such usage is strictly limited to not more than 100 hours of such personal air travel per year, pursuant to his Employment Agreement, described in greater detail below. In 2007, benefits and perquisites comprised approximately 4% of total direct compensation of the CEO. No other NEO had benefits and perquisites that comprised more than approximately 4% of the total direct compensation. Benefits and perquisites provided to the NEOs are summarized in the Summary Compensation Table and Nonqualified Deferred Compensation Table, including footnotes.

Deferred Compensation Plans

While our NEOs do not have any form of pension or defined benefit plan, they are allowed to voluntarily defer cash compensation as part of our nonqualified deferred compensation plan (DCP). This allows NEOs to be made whole for the limits applicable under the Internal Revenue Code to contributions to ERISA qualified deferred compensation deferral vehicles such as the Company s 401(k) plan. The maximum deferral into our DCP is 50% of base salary and 75% of annual bonus. We also provide a match for contributions to the DCP. The match currently is 50% of the first 6% of cash compensation deferred into the DCP. In addition, NEOs may also participate in the nonqualified Officer s Deferred Compensation Plan allowing for a maximum deferral of 25% of base salary and 100% of annual bonus. This plan is incremental to the DCP, and it does not provide for a match on contributions.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code (Code) generally does not allow a tax deduction to public companies for compensation in excess of $1 million paid to the CEO or any of the other NEOs. Certain compensation is specifically exempt from the deduction limit to the extent that it does not exceed $1 million during any fiscal year or is performance based as defined in section 162(m). We believe that it is generally in our interest to structure compensation to come within the deductibility limits set in section 162(m) whenever possible. However, we believe that we must maintain the flexibility to take actions which we deem to be in the best interests of the Company but which may not qualify for tax deductibility under section 162(m). In fiscal 2007 no NEO had a base salary in excess of $1,000,000.

Impact of Regulatory Requirements on 2007 Compensation

In addition to Section 162(m), we considered other tax and accounting provisions in developing the pay programs for our NEOs, including the CEO. These include the special rules applicable to non-qualified deferred compensation arrangements under Code section 409A and the accounting treatment of various types of equity-based compensation under Statement of Financial Accounting Standards No. 123(R) as well as the overall income tax rules applicable to various forms of compensation. While we tried to compensate our executives in a manner that produced favorable tax and accounting treatment, our main objective was to develop fair and equitable compensation arrangements that appropriately incentivized, rewarded and retained executives.

Stock Ownership Guidelines

We believe that our NEOs should maintain a meaningful equity interest in the Company through ownership of stock that they acquire either with their own funds, or by retaining restricted stock that has vested rather than disposing of such stock. Stock ownership helps NEOs to better understand the viewpoint of shareholders and incents them to enhance shareholder value. To further those objectives, we have established executive stock ownership guidelines to encourage and require such holdings by the CEO and other NEOs. Under these guidelines, the CEO is expected to hold Company stock equal to at least five times his base salary. Other NEOs are expected to hold Company stock equal to at least one and a half times their base salaries. NEOs have five years to satisfy this stock ownership requirement, and stock must be held until the earlier of retirement or termination of employment. As of the February 2007 meeting, all NEOs meet the stock ownership goals applicable to them. The Compensation Committee annually reviews our ownership guidelines and each NEO s progress toward meeting these guidelines. In 2007, the Committee along with Hay Group maintained the current guidelines as appropriate considering the NEOs limited time in their jobs. In 2008, the Committee will review the current ownership guidelines (established in 2005) and determine if any changes are warranted in either the level of shares required to be held or in the methodology to calculate level (i.e., multiple of salary or fixed number of shares). As of the February 2008 meeting, three of five NEOs met the stock ownership goals applicable to them.

Employment Agreements; Termination Severance and Change of Control

We have entered into written offer letter agreements, employment agreements and change of control agreements with certain of our NEOs that provide for the payment of additional and future compensation of such NEO in the event of certain types of terminations and, in some cases, in the event of a change of control of our Company. The terms of these offer letter agreements and employment agreements were set through the course of arms-length negotiations with each of the NEOs, usually in connection with the NEOs initial hire by the Company. The termination of employment provisions of the offer letter agreements and employment agreements were entered into to address competitive concerns when the NEOs were recruited, by providing those individuals with a fixed amount of compensation that would offset the potential risk of leaving their prior employer or foregoing other opportunities to join the Company.

In February 2008, the Company entered into a separation agreement with our Executive Vice President and Chief Financial Officer in connection with her termination of employment. In accordance with that agreement, the Board approved severance benefits for Ms. McKay consistent with the terms of her original employment offer letter as follows: (a) $840,000, which equates to 18 months of annual base salary; (b) $19,453.74, which equates to 18 months of the current monthly COBRA premium in excess of applicable active employee co-premiums for the type of coverage she had under the Company s group health plan as of the date of termination; and (c) $588,000, which equates to 1.5 times her annual bonus at target. Ms. McKay will also receive an additional payment of $482,484.60, which is equivalent to an additional six months of salary and bonus. The Company and the Board felt that given her agreement to assume the obligations set forth in the separation agreement and in light of her past service to the Company it was reasonable to provide additional financial security beyond the payment of benefits outlined in her employment offer letter.

We believe these change of control arrangements effectively create incentives for our executive team to build stockholder value and to obtain the highest value possible should we be acquired in the future, despite the risk of losing employment and potentially not having the opportunity to otherwise vest in equity awards which comprise a significant component of each NEO s compensation. These arrangements are intended to attract and retain qualified executives who could have other job alternatives that may appear to them to be less risky absent these arrangements, particularly given the high levels of competition for executive talent in the retail sector. We believe this structure strikes a balance between the incentives and the NEO hiring and retention effects described above, without providing these benefits to NEOs who continue to enjoy employment with an acquiring company in the event of a change of control transaction. We also believe this structure is more attractive to potential acquiring companies, who may place significant value on retaining members of our executive team.

For a detailed description of these agreements and the potential amounts that we may be obligated to pay in the event these agreements are triggered, see Summary of Executive Agreements and Potential Payouts Upon Termination or Change of Control below.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with the management of the Company and, based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and, through incorporation by reference from this Proxy Statement, the Company s Annual Report on Form 10-K for the year ended December 29, 2007.

THE COMPENSATION COMMITTEE:

Lee A. Ault (Chair)

David W. Bernauer

Abelardo E. Bru

Marsha J. Evans

W. Scott Hedrick

SUMMARY COMPENSATION TABLE

The following table provides a summary of the annual and long-term compensation which we paid to (or deferred for, or that was attributable to/earned with respect to 2006 and 2007) for our NEOs for services rendered during the 2006 and 2007 fiscal years.

Summary Compensation Table for Fiscal Year 2006 & 2007

(a) Named Officers	(b) Year	(c) Salary	(d) (1) Bonus	(e) (2) Stock Awards	(f) (2) Option Awards	(g) (3) Non-Equity Incentive Plan Comp	(h) Change in Pension Value and NQ Deferred Comp Earnings	(i) All Other Compensation Total Other	(j) Total
PEO Steve Odland	2007	$ 1,000,000		$ 1,912,000	$ 9,432,737	$		$ 518,309(4)	$ 12,863,046
	2006	$ 1,000,000		$ 1,912,000	$ 6,220,532	$ 2,220,840		$ 395,709(5)	$ 11,749,081
PFO Pat McKay(6)	2007	$ 550,577		$ 209,373	$ 1,099,893	$		$ 43,221(7)	$ 1,903,064
	2006	$ 525,000		$ 229,885	$ 867,925	$ 488,943		$ 98,260(8)	$ 2,210,013
Charles Brown	2007	$ 622,308		$ 196,742	$ 926,362	$		$ 54,032(9)	$ 1,799,444
	2006	$ 615,000		$ 683,519	$ 589,543	$ 616,821		$ 41,227(10)	$ 2,546,110
Chuck Rubin	2007	$ 611,539		$ 502,679	$ 584,276	$		$ 61,550(11)	$ 1,760,044
	2006	$ 568,615		$ 876,338	$ 650,388	$ 569,866		$ 48,370(12)	$ 2,713,577
Daisy Vanderlinde	2007	$ 433,539		$ 227,216	$ 987,104	$		$ 70,725(13)	$ 1,718,584
	2006	$ 416,000		$ 171,665	$ 798,214	$ 387,429		$ 109,240(14)	$ 1,882,548

(1) Column (d) is used to record non-equity discretionary (non-incentive based) bonuses made to our NEO s. We did not provide such bonuses in 2006 or 2007, therefore nothing is reflected in this column. Cash bonuses paid under our Bonus Plan are disclosed in column (g).

(2) The dollar amounts in columns (e) and (f) reflect the dollar amounts recognized for financial statement reporting purposes for the fiscal years ended December 30, 2006 and December 29, 2007. In accordance with Statement of Financial Accounting Standards (FAS) No. 123R, Share-Based Payment (FAS 123R) disregarding estimates of forfeitures related to service-based vesting conditions. See Note A of the consolidated financial statements in our Annual Report on Form 10-K regarding assumptions underlying valuation of equity awards. These dollar amounts include amounts from awards granted in and prior to 2007.

(3) The amounts in column (g) reflect cash awards under the 2006 Bonus Plan. The payouts for 2007 are zero due to the Company s failure to meet EBIT and ROIC goals as discussed further in the CD&A, under the heading Annual Cash Incentives (Bonus Plan) .

(4) All Other Compensation for Mr. Odland in 2007 included a Company matching contribution of $157,750 to his account under our non-qualified deferred compensation plan. The amount also includes the following perquisites or personal benefits: a car allowance, the incremental cost of personal aircraft usage ($311,344), calculated as described below, participation in the Company s executive medical and executive long-term disability plans and a Company matching contribution to Mr. Odland s account under our 401(k) plan. This amount does not include the payment by the Company of legal fees of $285,152 which the Company does not consider a perquisite or personal benefit because such fees are integrally and directly related to the performance of Mr. Odland s duties as an executive officer. The cost to the Company for personal use of our aircraft is calculated using the incremental cost method, based on the direct operating costs to us, including: fuel costs, FBO handling and landing fees, maintenance costs, catering, travel fees and other miscellaneous direct costs. Fixed costs that do not change based on usage, such as fixed salaries and benefits of crew, purchase cost of aircraft and non-trip-related hangar expenses, are excluded. The amount shown for personal usage of Company aircraft differs from the calculation of taxable income to Mr. Odland using the IRS method, which produces a lower number.

(5) All Other Compensation for Mr. Odland in 2006 included a Company matching contribution of $90,750 to Mr. Odland s account under our non-qualified deferred compensation plan. See CD&A Non-Qualified Deferred Compensation Plan. The amount also includes the following perquisites or personal benefits: the incremental cost of personal aircraft usage ($277,093) and costs associated with Mr. Odland s participation in our executive health plan, including insurance premiums ($25,006). Computation of the cost of personal aircraft usage is as noted in footnote (4).

(6) Ms. McKay s employment terminated effective March 1, 2008.

(7) All Other Compensation for Ms. McKay in 2007 included a car allowance based on cash payments made, participation in the Company s executive medical and executive long-term disability plans, based on total Company cost less employee premiums paid, an executive physical, and a matching contribution to Ms. McKay s account under our 401(k) plan. This amount does not include the payment by the Company of legal fees of $204,327 which the Company does not consider a perquisite or personal benefit because such fees are integrally and directly related to Ms. McKay s duties as an executive officer.

(8) All Other Compensation for Ms. McKay in 2006 included relocation expenses ($51,048) of which $669 represented reimbursement for associated taxes, the costs associated with Ms. McKay s participation in our executive health plan, including insurance premiums ($25,006), a car allowance and the costs of an annual physical examination.

(9) All Other Compensation for Mr. Brown in 2007 included a car allowance based on cash payments made, participation in the Company s executive medical and executive long-term disability plans, based on total Company cost less employee premiums paid, and a Company matching contribution to Mr. Brown s account under our non-qualified deferred compensation plan.

(10) All Other Compensation for Mr. Brown for 2006 included a Company matching contribution to Mr. Brown s account under our non-qualified deferred compensation plan, the costs associated with Mr. Brown s participation in our executive health plan, including insurance premiums ($25,006) and a car allowance.

(11) All Other Compensation for Mr. Rubin in 2007 included a car allowance based on cash payments made, financial planning costs based on payments made to a third-party vendor, participation in the Company s executive medical and executive long-term disability plans based on total Company cost less employee premiums paid, a Company matching contribution to Mr. Rubin s account under our 401(k) plan, and payment for Mr. Rubin s expenses to attend a Company-sponsored event and the related gross-up for the event.

(12) All Other Compensation for Mr. Rubin for 2006 included a Company matching contribution to Mr. Rubin s account under our 401(k) plan, the costs associated with Mr. Rubin s participation in our executive health plan, including insurance premiums ($25,006), a car allowance, financial planning costs, and the costs of an annual physical examination.

(13) All Other Compensation for Ms. Vanderlinde for 2007 included a car allowance based on cash payments made, financial planning costs based on payments made to a third-party vendor, participation in the Company s executive medical and executive long-term disability plans based on total Company cost less employee premiums paid, a Company matching contribution to Ms. Vanderlinde s account under our 401(k) plan, and personal usage of the Company aircraft based on the methodology outlined in footnote (4).

(14) All Other Compensation for Ms. Vanderlinde for 2006 included a Company matching contribution to Ms. Vanderlinde s account under our 401(k) plan, relocation expenses ($61,942) of which $4,208 represented reimbursement for associated taxes, the costs associated with Ms. Vanderlinde s participation in our executive health plan, including insurance premiums ($25,006), a car allowance and financial planning costs.

Grants of Plan-Based Awards in Fiscal Year 2007

(a)	(b)	(c-e)			(f-h)			(i)	(j)	(k)	(l)	(m)
		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares / Units	All Other Option Awards: Number of Securities Underlying Options	(6) Exercise or Base Price of Option Awards	Closing Market Price on the Date of the Grant	(7) Grant Date Fair Value
Named Officers	Grant Date	(1) Threshold ($)	(2) Target ($)	(3) Maximum ($)	Threshold (#)	(4) (8) Target (#)	Maximum (#)					
	2/28/2007					700,497(O)				$ 33.605	$ 33.360	$ 7,000,000
PEO Steve Odland	2/28/2007	$ 700,000	$ 1,600,000	n/a		422,098(O)(5)				$ 33.605	$ 33.360	$ 5,000,000
	2/28/2007					422,097(O)(5)				$ 33.605	$ 33.360	$ 4,309,610
PFO Pat McKay	2/28/2007	$ 154,162	$ 385,404	n/a		80,057(O)				$ 33.605	$ 33.360	$ 800,000
Charles Brown	2/28/2007	$ 186,692	$ 466,731	n/a		140,099(O)				$ 33.605	$ 33.360	$ 1,400,000
Chuck Rubin	2/28/2007	$ 183,462	$ 458,654	n/a		70,050(O)				$ 33.605	$ 33.360	$ 700,000
						20,830(R)						