

OFFICE DEPOT INC  
Form PRE 14A  
February 23, 2010  
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**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                       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))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**OFFICE DEPOT, INC.**

(Exact 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):

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**OFFICE DEPOT, INC.**

**6600 North Military Trail**

**Boca Raton, Florida 33496**

**NOTICE OF ANNUAL MEETING OF  
SHAREHOLDERS**

DATE [ ], 2010

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 fourteen (14) members of the Board of Directors named, and for the term described, in this Proxy Statement.
2. To ratify our Audit Committee's appointment of Deloitte & Touche, LLP as our independent registered public accounting firm for the current year.
3. To approve an amendment to our Amended Long-Term Equity Incentive Plan and implement a stock option exchange program for eligible employees.
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 [ ], 2010 to attend and vote at our Annual Meeting of Shareholders and any adjournment thereof.

ANNUAL REPORT Our 2009 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*

Boca Raton, Florida

**Please note that for security reasons, we will require that you present the admission ticket included with this Proxy Statement and a positive picture identification if you attend 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 [ ], 2010. 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**  
**2010 ANNUAL MEETING OF SHAREHOLDERS**  
**OF OFFICE DEPOT, INC.**  
**6600 North Military Trail**  
**Boca Raton, Florida 33496**  
**Telephone (561) 438-4800**

This Proxy Statement is solicited on behalf of the Board of Directors of Office Depot, Inc. ( Office Depot or the Company ), a Delaware corporation, with its principal executive offices at 6600 North Military Trail, Boca Raton, Florida 33496. This Proxy Statement contains important information about our 2010 Annual Meeting of Shareholders to be held on [ ], 2010 ( Annual Meeting ), at 8:30 a.m. Eastern Daylight Time, at the Boca Raton Marriott at Boca Center, 5150 Town Center Circle, Boca Raton, Florida 33486. We are providing this Proxy Statement and accompanying proxy card to our shareholders on or about [ ], 2010. Our shareholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

**Purposes of the Meeting.** Important matters outlined in the Notice of this Meeting will be considered at our Annual 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 adopted by the Securities and Exchange Commission (the SEC ), Office Depot is making this Proxy Statement and its Annual Report on Form 10-K available to its shareholders electronically via the Internet. You may access these proxy materials at [www.proxyvote.com](http://www.proxyvote.com). On or about [ ], 2010, we will mail to our U.S. and Canadian shareholders this Proxy Statement, our Annual Report on Form 10-K and proxy card.

**Voting Your Shares.** You may vote your shares in one of the following ways: (1) in person at the Annual Meeting; (2) if you requested and 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; (3) by voting electronically using a touch-tone telephone at 800-690-6903; or (4) by using the Internet to vote your shares at [www.proxyvote.com](http://www.proxyvote.com). 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 [ ], 2010, 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 ratification of our Audit Committee s appointment of Deloitte & Touche, LLP as our independent registered public accounting firm as described in Item 2; and that you vote FOR the approval of an amendment to our Amended Long-Term Equity Incentive Plan and implementation of a stock option exchange program for eligible employees 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.



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**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, at 6600 North Military Trail, Boca Raton, FL 33496, so that it is received not later than 4:00 p.m. Eastern Daylight Time, on [ ], 2010; (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 Morrow & Co., LLC to assist us in communicating with these institutions and forwarding solicitation materials to them, and we have agreed to pay Morrow & Co., LLC a fee of \$12,000 plus reimbursement of its 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 [ ], 2010 (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 Boca Raton, Florida. As of [ ], 2010, there were 274,737,010 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 ( NYSE ). For purposes of the 2010 Annual Meeting, brokers are permitted to vote their clients proxies in their own discretion as to the appointment of the independent registered public accounting firm if the clients have not furnished voting instructions within 10 days of the meeting. Certain proposals other than the ratification of the appointment of the independent registered public accounting firm, such as the election of directors, 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.

### **Householding of Annual Disclosure Documents.**

**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 calling Broadridge at (800) 542-1061 or**

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writing to them at Household Department, 51 Mercedes Way, Edgewood, NY 11717. In the same way, two or more shareholders sharing an address and receiving only a single copy of the annual disclosure documents can request to each receive a separate copy of the disclosure documents. If a broker or other nominee holds your shares, please contact Broadridge and inform them of your request by calling them at (800) 542-1061 or writing to them at Household Department, 51 Mercedes Way, Edgewood, NY 11717. Please be sure to include your name, the name of your brokerage firm, and your account number.

**Required Vote.**

*Election of Directors.* In an uncontested election, each nominee must be elected by a majority of the votes cast. This means that the number of votes cast FOR a nominee must exceed the number of votes cast AGAINST the nominee. A properly executed proxy marked ABSTAIN with respect to the election of one or more Directors or shares held by a broker for which voting instructions have not been given will not be voted with respect to the Director or Directors indicated, although it will be counted for purposes of determining whether a quorum is present. 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 equals the number of director positions to be filled receiving the greatest number of votes cast will be elected as Directors.

*Ratification of Independent Registered Public Accounting Firm.* Pursuant to the Company's Amended and Restated Bylaws ( Bylaws ), ratification of the Company's independent registered public accounting firm requires that a majority of the votes cast at the Annual Meeting be voted FOR the proposal. A properly executed proxy marked ABSTAIN with respect to this proposal will not be counted as a vote cast FOR or AGAINST that proposal. Thus, abstentions will not affect the outcome with respect to this matter.

*Other Matters.* Pursuant to the Company's Bylaws, approval of any other proposal to be voted upon at the Annual Meeting requires a majority of the votes present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the Annual Meeting to be voted FOR the proposal. Accordingly, abstentions and broker non-votes will be counted as votes AGAINST the proposal.

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**MATTERS TO BE CONSIDERED BY OUR SHAREHOLDERS**

**Item 1: Election of Directors**

***Nominees for Directors of Office Depot***

The fourteen (14) individuals set forth below 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 duly elected and qualified. Mr. Michael J. Myers, a member of the Company's Board of Directors, died on Wednesday July 1, 2009. Mr. Myers served on the Company's Board since 1987 and was a member of the Audit Committee of the Board of Directors. The Company appointed Mr. Thomas J. Colligan to the Board of Directors effective January 4, 2010. The Board of Directors also appointed Mr. Colligan to serve on the Audit Committee of the Board of Directors.

|                   |                    |                 |
|-------------------|--------------------|-----------------|
| Lee A. Ault III   | Neil R. Austrian   | Justin Bateman  |
| David W. Bernauer | Thomas J. Colligan | Marsha J. Evans |
| David I. Fuente   | Brenda J. Gaines   | Myra M. Hart    |
| W. Scott Hedrick  | Kathleen Mason     | Steve Odland    |
| James S. Rubin    | Raymond Svider     |                 |

Subject to our Corporate Governance Guidelines discussed below in the section captioned Corporate Governance, the fourteen (14) 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. This means that the number of votes cast FOR a Director nominee must exceed the number of votes cast 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. 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 equals 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.

Should any of these nominees become unable to serve, our Corporate Governance and 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 fourteen (14) 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.

Pursuant to Article II, Section 9 of our 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 cast 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 and 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 SEC 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

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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 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 the Election of Each of the Nominees Listed in Item 1 on Your Proxy Card:**

**Election of all Nominees Listed Above as Directors**

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**BIOGRAPHICAL INFORMATION ON THE NOMINEES**

***LEE A. AULT III***

***AGE: 73***

Mr. Ault has served as a Director since 1998. He is currently a director of a cluster of mutual funds managed by Capital Research and Management Company. Mr. Ault served as Chair of the board of directors of In-Q-Tel, a technology venture company, from 1999 until December 2006, and he 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. Mr. Ault also is a director of Anworth Mortgage Asset Corporation, a real estate investment trust.

With 23 years as CEO of Telecredit, Inc., Mr. Ault brings to the Board of Directors demonstrated ability at the most senior level of a public company providing services to the retail industry and others. In addition, Mr. Ault is able to draw upon 18 years of experience in the office products industry through his services as a director of Viking Office Products and Office Depot. He also brings the experience gained through his service on numerous boards of public and private companies.

***NEIL R. AUSTRIAN***

***AGE: 70***

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).

Mr. Austrian's service as interim CEO of the Company gave him insights into the operations of Office Depot and its management. Mr. Austrian's experience as the President and Chief Operating Officer of the National Football League, makes him uniquely suited to understand and oversee the complex managerial, strategic and financial considerations necessary to serve on the board of a corporation such as Office Depot, as well as to serve as our Lead Director. His experience at Dillon Reed & Co. Inc. provided him with a sound footing in finance, investment banking and deal negotiation. In addition, he served as the Chief Financial Officer of Doyle Berbach Advertising, a public advertising agency, from 1974 until 1978, which enhanced his finance experience. Mr. Austrian's knowledge of all aspects of the business gained while serving as a director of Viking Office Products, positions him well to serve as a member of our Board of Directors.

***JUSTIN BATEMAN***

***AGE: 36***

Mr. Bateman has served as a Director since June 2009. He is a Partner with BC Partners, the U.S. investment arm of which he co-established in early 2008, and is based in the firm's New York office. Mr. Bateman initially joined BC Partners' London office in 2000 from PricewaterhouseCoopers, where he spent three years in Transaction Services working on due diligence projects for both financial investors and corporate clients. In 2002/2003 he left BC Partners to complete his MBA at INSEAD before rejoining its London office. Over the years Mr. Bateman has participated in or been a board member of General Healthcare Group, Baxi Holdings, Ltd. and Regency Entertainment. He is currently a director of Intelsat, Ltd, the leading international provider of fixed satellite services. Mr. Bateman was appointed as a Director of the Company pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners.

Mr. Bateman's education and experience in business and finance allows him to provide the Board significant managerial, strategic, financial and compliance-based expertise. Mr. Bateman serves as an observer on the Audit Committee and his experience as a chartered public accountant and understanding of accounting

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issues is helpful to the committee. Mr. Bateman's analysis of and participation in the oversight of BC Partners portfolio companies provides him with the skills he needs to assist the Company with its strategic planning process.

***DAVID W. BERNAUER***

***AGE: 65***

Mr. Bernauer has served as a Director since 2004. He is the retired Chair and CEO of Walgreen Co. Mr. Bernauer previously served as Chair of Walgreen from July 2006 until July 2007. From 2003 until July 2006, he served as Chair and Chief Executive Officer of Walgreen. From 2002 to 2003, Mr. Bernauer 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 Mr. Bernauer is also a director of Lowe's Companies, Inc.

Mr. Bernauer's ascension at Walgreen over the course of four decades, culminating in his role as Chair and Chief Executive Officer, gives him unique and first-hand experience in developing business and financial strategies necessary to grow and develop a successful national brand. He is an experienced retail executive with strong knowledge of retail merchandising and supply chain issues, honed while serving as the Chief Information Officer, Vice President of Purchasing and Merchandising at Walgreen. During his tenure at Walgreens Mr. Bernauer gained valuable experience in weathering difficult economic times, which makes him a valuable component of a well rounded Board of Directors.

***THOMAS J. COLLIGAN***

***AGE: 65***

Mr. Colligan has served as a Director since January 2010. He is the Vice Dean of The Wharton School's Aresty Institute of Executive Education where he is responsible for the non-degree executive education programs. From 2004 to 2007, Mr. Colligan served as a managing director at Duke Corporate Education, a corporation that provides custom executive education and is affiliated with Duke University's Fuqua School of Business. Prior to joining Duke Corporate Education, he was Vice Chairman of PricewaterhouseCoopers LLP from 2001 to 2004 and served PwC in other capacities from 1969 to 2004, including as a Partner. Mr. Colligan also has advised Fortune 500 companies in various industries, including technology, telecommunications, pharmaceuticals and consumer products. He previously served as a director of Schering-Plough Corporation, Anesiva, Inc. and Educational Management Corporation.

Mr. Colligan's experience as a former audit partner and Vice Chairman of PricewaterhouseCoopers, LLP qualifies him to serve on the Board of Directors and to provide guidance to the Company's internal audit function. In addition, Mr. Colligan's current position as Vice Dean of The Wharton School's Aresty Institute of Executive Education and his previous position as Managing Director at Duke Corporate Education have provided him a broad based understanding of new and developing business strategies that will assist the Board of Directors.

***MARSHA J. EVANS***

***AGE: 62***

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, President and CEO of the American Red Cross from 2002 to 2005 and acting Commissioner of the Ladies Professional Golf Association in 2009. Currently, she is also a Director of Huntsman Corporation, Weight Watchers International, North Highland and The Estate of Lehman Brothers Holdings.

Ms. Evans brings significant leadership experience to the Company's Board of Directors. She has served as CEO of six different organizations from 1991 to the present. During that time she developed extensive human resources experience while serving as CEO of The Girl Scouts of the USA and the American Red Cross.

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***DAVID I. FUENTE***

***AGE: 64***

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.

As Office Depot's former Chief Executive Officer, Mr. Fuente contributed significantly to the development of the Company at an early stage. He is familiar with all aspects of the Company including its management, operations and financial requirements. Mr. Fuente's experience in the early development of the Company has provided the Company certain continuity in its operational and financial management. Mr. Fuente is the Chairman of the G 100, a think tank of CEOs and business leaders. His experience as a board member and as a former CEO, as well as his financial expertise bring necessary skills to the Board of Directors.

***BRENDA J. GAINES***

***AGE: 60***

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 Tenet Healthcare Corporation, and served as a director of CNA Financial Corp. from 2004 to 2007. She also previously served as a board member of the non-profit organization March of Dimes.

Ms. Gaines has significant experience in financial services, including the credit card and payment industry. As CEO of Diners Club North America, she managed a company with three distinct customer groups, that included retail consumers, small businesses and large multinational corporations. While working as the Deputy Chief of Staff for the Mayor of the City of Chicago, Ms. Gaines developed valuable experience working with public agencies, which is one of the Company's larger customer segments. This experience enables her to provide insights into the Company's core customers as well as the Company's products and services. Ms. Gaines has held a number of executive and board leadership positions in a number of public companies. Ms. Gaines' service on other public company boards allows her to provide the Board of Directors with a variety of perspectives on corporate governance issues.

***MYRA M. HART***

***AGE: 69***

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. In 2007 and 2008, she was a visiting scholar at Babson College and Stanford University, respectively. 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. and Kraft Foods, Inc. and a former director of Summer Infant, Inc. Dr. Hart is also a member of the National Board of the Smithsonian Institution, a Trustee of Babson College and a Trustee Emeritus of Cornell University.

Dr. Hart's experience as a member of the founding management team of Staples, Inc. enables her to share with the Board of Directors suggestions about how similarly-situated companies effectively assess and undertake business considerations and opportunities. In addition, as a member of Harvard Business School's senior faculty, Dr. Hart has been able to offer Office Depot a variety of business and management solutions that are grounded in proven policies and practices taught at the Harvard Business School. Dr. Hart's service on other public, private and non-profit boards also provides knowledge of best practices.

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***W. SCOTT HEDRICK***

***AGE: 64***

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 a cluster of mutual funds managed by Capital Research and Management Company.

As one of our longest-serving non-executive Directors, Mr. Hedrick brings an important institutional knowledge to the Board of Directors. His work with InterWest provides him with a solid basis for his analysis of our financial strategies. Mr. Hedrick's service on the board of Hot Topic, Inc. gives him another view of the issues affecting retailers, which our Board of Directors finds useful.

***KATHLEEN MASON***

***AGE: 60***

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. and was a director of The Men's Warehouse, Inc. from 2000 to 2006 and of Hot Topic, Inc. from 2004 to 2006.

Ms. Mason's senior executive positions at various large national retail companies gives her the experience to critically review the various business considerations necessary to run a successful consumer-driven business such as ours. Ms. Mason's broad exposure to numerous retailers provides our Board of Directors with relevant comparisons and her extensive retail knowledge gives her an insight into a number of issues facing Office Depot. As a sitting CEO of a public retail company Ms. Mason is able to offer the Board of Directors sound business and financial strategies to address evolving complex audit issues.

***STEVE ODLAND***

***AGE: 51***

Mr. Odland has been Chair of the Board of Directors and Chief Executive Officer since March 2005. Prior to joining Office Depot, 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.

Mr. Odland's knowledge of all aspects of the Company's business and his historical understanding of its operations, combine with his drive for innovation and excellence, to position him well to serve as our Chairman and Chief Executive Officer. Mr. Odland has years of experience in consumer products marketing and sales, food service business to business and international management with global public companies. His service on other boards and industry groups enables him to share best practices with our Board of Directors.

***JAMES S. RUBIN***

***AGE: 42***

Mr. Rubin has served as a Director since June 2009. He is a Senior Partner of BC Partners, which he joined in May 2008 from One Equity Partners (One Equity), where he was a founding partner since its inception in 2001. Mr. Rubin originated and executed transactions in a variety of industries with a particular focus on healthcare and business services and was also responsible for building One Equity's practice in India. Prior to forming One Equity, Mr. Rubin was a Vice President with Allen & Company Incorporated, a New York



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merchant bank specializing in media and entertainment transactions and advisory work. From 1996 to 1998, he held a number of senior policy positions with the Federal Communications Commission. Mr. Rubin is currently a board member of Intelsat Ltd, the leading international provider of fixed satellite services, and ATI Enterprises, a private post-secondary education company. He is a member of the board of the New York City non-profit Common Ground Communities and serves on the board of The Dalton School. Mr. Rubin was appointed as a Director pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners.

Mr. Rubin's extensive background in the financial services industry allows him to provide proven financial advice to our Board of Directors. Mr. Rubin brings significant business and finance experience to our Board and provides new strategies and solutions to address an increasingly complex business environment.

***RAYMOND SVIDER***

***AGE: 47***

Mr. Svider has served as a Director since June 2009. He has been co-Chairman of BC Partners since December 2008 and has been a Managing Partner of the firm since 2003. Mr. Svider joined BC Partners in 1992 in Paris before moving to London in 2000 to lead its investments in the technology and telecoms industries. Over the years, Mr. Svider has participated in or led a variety of investments including Tubesca, Nutreco, UTL, Neopost, Polyconcept, Neuf Telecom.Unity Media/ Tele Columbus, and Intelsat Ltd. He is currently chairman of the board, the audit and compensation committees of Intelsat Ltd., and a member of the board of ATI Enterprises. Prior to joining BC Partners, Mr. Svider worked in investment banking at Wasserstein Perella in New York and Paris, and at the Boston Consulting Group in Chicago. Mr. Svider was appointed as a Director pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners.

As a Managing Partner of BC Partners since 2003, Mr. Svider has demonstrated significant leadership abilities and extensive knowledge of complex financial and operational issues facing large organizations. He brings an understanding of international operations and financial strategy to the Board of Directors. In addition, through his oversight of BC Partners portfolio companies, Mr. Svider has significant experience in developing various strategies to motivate and compensate executives.

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**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 of Directors 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](http://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 reviews the guidelines annually and any changes are recommended to the Board of Directors for approval.

***Board Leadership Structure***

Mr. Odland is required to serve as both Chairman and Chief Executive Officer pursuant to the duties outlined in his employment agreements. Mr. Odland's combined role as Chairman and Chief Executive Officer promotes unified leadership and direction for the Board of Directors and executive management and it allows for a single, clear focus for the chain of command to execute the Company's strategic initiatives and business plans. In addition, the Company's Corporate Governance Guidelines provide that if the roles of Chief Executive Officer and Chairman are not contractually required to be combined, the position of Chairman shall be held by an independent director of the Board of Directors. When the role of CEO and Chairman are combined, the non-management Directors of the Board select an independent Director to serve as Lead Director.

Our Lead Director is Mr. 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.

The Lead Director's role includes the following duties:

preside at all meetings of the Board of Directors where the Chair is not present;

preside at all executive sessions of the Independent Directors;

call meetings of the Independent Directors, as needed;

meet regularly with the CEO;

serve as a liaison between the CEO and the Independent Directors;

develop the agendas for meetings of the Independent Directors;

approve Board of Directors meeting agendas and schedules;

review information sent to the Board of Directors; and

meet with shareholders as appropriate.

***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 NYSE. The Corporate Governance Guidelines require that a majority of our Board of Directors must be Independent Directors within the meaning of NYSE's listing standards, and all Directors who sit on our Corporate Governance and Nominating Committee, Audit Committee and Compensation Committee must also be Independent Directors.

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All members of our Audit Committee, Finance Committee, Compensation Committee and Corporate Governance and 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. Our Board of Directors has also determined that Messrs. Bateman, Rubin and Svider are affiliates of the Company due to the stock ownership of BC Partners. The Board of Directors concluded that a relationship with a shareholder of the Company in and of itself does not impair Messrs. Bateman, Rubin and Svider's independent judgment in connection with their duties and responsibilities as Directors of the 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 that the Independent Director has no business relationship with our Company other than his or her service on our Board of Directors. None of our Directors serves as an executive officer of a charitable organization to which we made contributions during 2009. Our Chief Executive Officer, Mr. Odland, is not a member of any Committees of our Board of Directors.

### ***Board of Directors Role in Risk Oversight***

Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company. The full Board of Directors participates in an annual enterprise risk management assessment, which is led by the Company's Chief Compliance Officer. In this process, risk is assessed throughout the business, focusing on four primary areas of risk: financial risk, legal/compliance risk, operational/strategic risk and compensation risk. In addition to discussion of risk with the full Board of Directors at least once a year, the independent directors discuss risk management during executive sessions without management present with the Lead Director presiding.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board of Directors also have responsibility for risk management. In particular, the Audit Committee focuses on assessing and mitigating financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. The Audit Committee also receives quarterly reports on identified risk areas. In setting compensation, the Compensation Committee also strives to create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy.

### ***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 does not have a formal policy with respect to diversity, however, it seeks to have a Board of Directors that represents diversity as to gender, race, ethnicity and background experiences. The Corporate Governance and Nominating Committee operates under a charter, which is available on our corporate web site at [www.officedepot.com](http://www.officedepot.com) under the headings Company Information/Investor Relations/Corporate Governance.

**Candidates Recommended by Shareholders.** Our Corporate Governance and Nominating Committee will give due consideration to candidates recommended by shareholders. Shareholders may recommend candidates for the consideration of the Corporate Governance and Nominating Committee by submitting such

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recommendation directly to the Committee by mail, as described under the heading Corporate Governance; Communicating with our Board of Directors in this Proxy Statement. 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 and 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. That experience may have been gained in the for-profit or the non-profit sectors. The Corporate Governance and Nominating Committee also seeks director candidates with 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 at least 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. All Directors should possess strong collaboration skills, have the potential to influence management and also have the ability to dedicate significant time to service on our Board of Directors. 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.

**Methods of Finding Qualified Nominees.** Our Corporate Governance and 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 possesses the qualifications, qualities and skills outlined above. The Corporate Governance and 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 and 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 and Nominating Committee also is open to receiving recommendations from shareholders as to potential candidates it might consider.

Messrs. Raymond Svider, James Rubin and Justin Bateman were appointed as Directors pursuant to the terms of the Investor Rights Agreement, dated as of June 23, 2009, among the Company, BC Partners, Inc. and certain funds advised by BC Partners, Inc. (the Investors ) (the Investor Rights Agreement ) whereby the Investors were entitled to nominate three directors to the Board and the Company agreed to use all reasonable efforts to cause the persons nominated by the Investors pursuant to the terms of the Investor Rights Agreement to be elected to the Board. In addition, pursuant to the terms of the Investor Rights Agreement, Mr. James Rubin was appointed to the Corporate Governance and Nominating Committee and the Finance Committee and Mr. Raymond Svider was appointed to the Finance Committee and the Compensation Committee. For more information regarding the Investor Rights Agreement, please refer to our Form 8-K filed with the SEC on June 23, 2009.

Prior to his appointment to the Board of Directors, Mr. Colligan's nomination was presented to the Corporate Governance and Nominating Committee by a third-party search firm, which was employed by the Company to assist the Committee in identifying candidates for Director, facilitate the screening and interview process and gather additional information about the prospective nominee's background and experience.

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***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, 6600 North Military Trail, Boca Raton, FL 33496.

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. 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 2009 Annual Meeting, all Directors were in attendance.

***Related Person Transactions Policy***

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 and 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 and 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](http://www.officedepot.com) under the headings Company Information/Investor Relations/Corporate Governance.

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From time to time the Company may engage in purchase and sale transactions for office products with BC Partners or its portfolio companies. These transactions are conducted on an arms length basis and are not material to BC Partners.

### ***Succession Planning***

At least annually, the Board of Directors formally discusses CEO and senior management succession with the CEO and also in executive session with only non-management Directors present. The process includes an evaluation of the requirements for the CEO and each senior management position and the regular review of potential permanent and interim candidates for CEO and senior management positions.

### ***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](http://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 the address for our corporate headquarters listed elsewhere in this Proxy Statement.

The Company has established the confidential Office Depot Hotline (the 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, vendors and the public 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](http://www.odhotline.com)***

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**COMMITTEES OF OUR BOARD OF DIRECTORS**

The Board of Directors has established four (4) standing committees (i) Audit, (ii) Compensation, (iii) Corporate Governance and Nominating, and (iv) Finance. Our Board of Directors met eight (8) times during fiscal 2009. 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:

| <b>Audit Committee</b> | <b>Compensation Committee</b> | <b>Corporate Governance &amp; Nominating Committee</b> | <b>Finance Committee</b> |
|------------------------|-------------------------------|--|--------------------------|
| Thomas J. Colligan     | Lee A. Ault, III              | Lee A. Ault, III                                       | Neil R. Austrian         |
| Brenda J. Gaines*      | David W. Bernauer             | Neil R. Austrian*                                      | David W. Bernauer        |
| Myra M. Hart           | Marsha J. Evans*              | Brenda J. Gaines                                       | David I. Fuente*         |
| Kathleen Mason         | W. Scott Hedrick              | W. Scott Hedrick                                       | James S. Rubin           |
|                        | Raymond Svider                | James S. Rubin   | Raymond Svider           |

\* 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](http://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 2009, the Audit Committee held five (5) meetings. Our Board of Directors has reviewed and made the determinations required by the listing standards of NYSE and regulations of the 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 Thomas Colligan.

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***



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The Corporate Governance and Nominating Committee has five members and typically meets three to four times per year. During 2009, the Corporate Governance and Nominating Committee met five (5) times. Mr. 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.

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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 five members and typically meets at least four times each year. During 2009, the Finance Committee met eight (8) 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 2009, the Compensation Committee met seven (7) 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:

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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.

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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 that are 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 2009.

### *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 that 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).

### *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 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.

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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, a separate set of Hay Group employees 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 2009, 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 Human Resources 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 Company also purchases survey information from Hay Group to assist in the determination of competitive compensation for positions below the executive level. In addition, the Company purchases survey information from other compensation specialists that are not customized for the Company in order to help the Company understand the competitive market in which we compete for talent. These surveys provide general information regarding the form and amount of compensation typically paid within our industry and are consulted but not relied upon by the Compensation Committee.

*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.

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**EXECUTIVE AND DIRECTOR COMPENSATION**

**Compensation Discussion and Analysis**

This Compensation Discussion and Analysis ( CD&A ) discusses Office Depot, Inc. s (the Company ) compensation philosophy and practices; the elements of compensation of the Chief Executive Officer ( CEO ), Executive Vice President and Chief Financial Officer ( CFO ) and the other named executive officers who are listed in the Summary Compensation Table that follows (collectively, the NEOs ). In addition, outlined below is the Compensation Committee s (the Committee ) assessment of the Company s compensation philosophy and practices and discussion regarding why each element of compensation has been selected and how it is applied and implemented by the Committee.

***Our Compensation Philosophy***

The executive compensation program is constructed to align the interests of management with shareholders, to attract and retain highly qualified individuals and to create long-term value while not incentivizing excessive risk taking. To accomplish this, the compensation structure is composed of three major components: base salary, performance-based annual cash bonus, and long term equity incentives. Certain benefits and perquisites are also normally provided to attract and retain talented executives and are viewed as competitively necessary in the retail industry.

Base salary is designed to provide a competitive fixed amount of compensation which amounts to no more than half of an NEO s total target compensation. This target mix of base salary with target variable compensation was unchanged from 2008 as no changes were made to base salary or target variable compensation in fiscal year 2009.

The performance-based annual cash bonus is designed to link compensation to shareholder interests and provide meaningful rewards that align with short-term objectives while avoiding undue risk taking. The target bonus is set approximately at the peer group median if certain annual plan goals are satisfied. Additionally, the target bonus payout is normally leveraged up and down for above and below plan performance respectively. However, for fiscal year 2009, the annual bonus plan only provided the target bonus payout with no upside potential, because the Committee recognized that even if performance goals were met, the Company would still experience performance below historical standards. Two thirds of the 2009 bonus was payable if certain financial metrics were achieved or exceeded, and up to one-third of the target bonus payout was dependent on the Committee s qualitative evaluation of the achievement of specific execution factors. For fiscal year 2009, the extreme volatility and uncertainty of the financial environment made it very difficult to set a relationship between performance achievement and reward. The Committee believed it was critical that the Company achieve positive cash flow before financing for the year and positive Earnings Before Interest, Taxes, Depreciation, and Amortization ( EBITDA ) for the second half of the year based on the successful implementation of the liquidity initiatives in the first half of the year. For those reasons, the bonus payout for cash flow before financing and EBITDA were set to pay at the target amount. The Committee may also include a discretionary component in the performance-based annual cash bonus. This enabled the Committee to consider risk issues, quality of performance, and other factors.

The long-term equity incentive is constructed to balance short-term performance rewards with those for sustained long-term performance results that benefit the stockholders and provide retentive characteristics. The Committee believes that the long-term equity incentive program is imperative in retaining the management team. This program provides for the grant of non-qualified stock options, as well as restricted stock, at the discretion of the Committee. Long-term incentive opportunities are structured to be at the median of the peer group. The long-term incentive is designed to provide meaningful rewards that align with long-term objectives while avoiding undue risk taking. The long-term grant in 2009 was made in accordance with this philosophy.

NEOs are eligible for certain benefits and perquisites including an executive insurance plan (i.e., medical, prescription, dental, and vision coverage) and a car allowance. Due to the challenging business environment in 2009, the Committee reduced the NEOs benefits to help meet the Company s cost objectives.

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*Overview of 2009 Compensation Programs for Named Executive Officers*

*Salary and Incentive Compensation*

The Committee established a compensation structure for executive officers that focused on the Company's key financial and business objectives for 2009. The Committee designed the 2009 compensation structure to ensure that the Company continued to attract, retain and motivate executives to achieve financial performance objectives that the Committee established. Given the unprecedented business environment that the Company and the global economy faced during 2009, the Committee evaluated the most appropriate structure for measuring NEO performance during that difficult period. The Committee did not increase base salaries in fiscal year 2009, and the CEO's base compensation has never been increased.

In establishing these 2009 performance metrics, the Committee considered the key performance measures for the business given the current economic environment. Specifically, the Committee believed that maintaining focus on cash flow and earnings would be essential to the Company's success. For that reason, the Committee determined that for fiscal year 2009, one-third of the award under the annual cash bonus plan would be based on attaining a cash flow before financing goal for the year, and one-third would be based on attaining a goal relative to EBITDA for the second half of 2009 to reflect the benefit of the implementation of various corporate initiatives earlier in the year. In addition, the Committee established that the final one-third of the award under the annual cash bonus plan was discretionary, and would be based on achieving qualitative factors set by the Committee, including, but not limited to, implementing a major new financial reporting system, implementing multiple cost-saving and restructuring initiatives, maintaining top vendor relationships, increasing direct imports as a percentage of sales, and maintaining voluntary turnover at the director and above level below 15%. The 2009 corporate initiatives included process changes to improve supply chain operating efficiency and process improvements through the implementation of an integrated financial management system. The objective was to create an incentive program that remained relevant throughout the 2009 fiscal year and that was aligned with the Company's primary corporate initiatives. Also, immediate action was taken by the Committee to reduce compensation and benefit expenses in 2009 by eliminating the 401(k) plan and deferred compensation plan company match and other compensation and benefit programs, including the employee stock purchase plan, the tuition assistance plan, and financial planning for officers.

The financial targets under the 2009 annual cash bonus plan were designed to provide an all or nothing approach. So, regardless of whether target performance was achieved or exceeded for the financial metrics, only target bonus could be paid. The financial targets for cash flow before financing and EBITDA were exceeded. Whereas, the Committee had discretion to award an amount between \$0 and target for the qualitative metric based on its evaluation of the overall results of the qualitative factors considered. As a result of Company-wide performance in fiscal year 2009, 100% of target bonus awards were payable to the NEOs.

In fiscal year 2009, the factors considered by the Committee in determining long-term incentive awards included current market conditions, business results, individual performance, leadership potential and retention. The 2009 long-term incentive grant was delivered entirely in non-qualified stock options. Half of these options were granted at a 25% premium over the fair market value. These payments are detailed in the compensation tables that follow.

*Effect of Equity Purchase by BC Partners*

The approval by the Company's shareholders on October 14, 2009 of the convertibility to common shares of the Company's convertible preferred stock held by BC Partners triggered certain provisions in our NEOs' employment agreements and change-in-control agreements. Two of the NEOs, Messrs. Brown and Rubin,

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received an annual bonus for 2009 that was equal to their highest bonus in the last three fiscal years preceding the equity purchase because the transaction triggered their change-in-control agreements which included this bonus provision. In addition, under the change-in-control and employment agreements between the Company and the Company's NEOs, the equity purchase triggered enhanced severance benefits that could be paid to an NEO upon a subsequent termination of employment by the Company without cause or resignation with good reason (as defined in those agreements). For Messrs. Odland, Brown and Rubin good reason includes the executive's ability to terminate his employment for any reason during the 30-day period immediately preceding the first anniversary of the effective date of the change of control. Upon such termination Messrs. Odland, Brown and Rubin could receive approximately \$11.3 million, \$3 million and \$2.9 million, respectively. The value reported for Mr. Odland in the previous sentence includes the approximate value of unvested long-term incentives that immediately vested upon the approval of the equity purchase. Pursuant to the change-in-control provision of his employment agreement, all outstanding equity awards held by Mr. Odland became fully vested upon the change of control, even without a subsequent employment termination. These employment and change-in-control agreements are a part of the Company's compensation programs and were negotiated and executed prior to any contemplated transaction with BC Partners.

*New CEO Employment Agreement*

In February 2010, the Company and Mr. Odland entered into an amended and restated employment agreement (the Amended Employment Agreement) that amends the severance and change-in-control provisions and eliminates tax gross-up benefits contained in the employment agreement originally dated March 11, 2005, as amended February 28, 2008, between the Company and Mr. Odland (the Previous Employment Agreement). The Amended Employment Agreement also provides for the payment of a cash retention award to Mr. Odland subject to certain conditions. The Amended Employment Agreement became effective on February 19, 2010 for a term ending on March 11, 2011 and shall automatically renew for an additional one year period on each successive March 11 unless the Company or Mr. Odland provides 90 days prior written notice that the term of employment shall not be extended.

Among other things, the Amended Employment Agreement eliminates Mr. Odland's ability to terminate his employment for any reason, constituting good reason, during the 30-day period immediately preceding the first anniversary of the effective date of the BC Partners equity purchase described above. In addition, the Amended Employment Agreement provides for a retention award of \$5 million, subject to vesting in three equal installments over the period beginning on the effective date of the Amended Employment Agreement and ending on September 14, 2012 subject to Mr. Odland's continued employment through the vesting dates. The retention award will be paid to Mr. Odland in cash, to the extent vested, upon his termination of employment, subject to applicable tax regulations regarding deferred compensation. In addition, the retention award shall be subject to accelerated vesting upon Mr. Odland's termination without cause, for good reason or due to death or disability, as these terms are defined in the Amended Employment Agreement. Information regarding the new severance and change-in-control provisions of the Amended Employment Agreement is set forth under the section heading Summary of Executive Agreements and Potential Payments Upon Termination Or Change Of Control below. The Committee approved the Amended Employment Agreement in order to retain our CEO and eliminate any uncertainty regarding the leadership of the Company based on the benefits otherwise triggered under Mr. Odland's Previous Employment Agreement as a result of the BC Partners equity purchase.

*Role of Compensation Consultants in Compensation Decisions*

As discussed in the section entitled Committees of Our Board of Directors; Compensation Committee; Involvement of Compensation Consultants and Executive Management in Compensation Decisions, the Committee engages Hay Group, a human resource and compensation consulting firm, as its independent advisor with respect to executive compensation.

In addition, Hay Group also works from time to time with members of the Committee, particularly in executive sessions of the Committee; and at the request of the Committee, with the Company's executives, other



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management members, and Human Resources and Legal Departments, to gain a better understanding of the Company's pay policies and practices and to facilitate the development of the Company's executive compensation strategies and determination of appropriate compensation levels. The Company also purchases survey information from Hay Group to assist in the determination of competitive compensation for positions below the executive level. The Committee has also engaged independent legal counsel to advise it in certain compensation matters.

### ***Role of Management in Compensation Decisions***

The Committee believes that even the best advice of a compensation consultant or other outside advisors must be combined with the input from senior management and the Committee's own individual experiences and best judgment to arrive at the proper alignment of compensation philosophy, programs and practices. The CEO, CFO, the Executive Vice President, Human Resources and the Executive Vice President, General Counsel are the members of senior management who interact most closely with the Committee. These individuals work with the Committee to provide their perspectives on reward strategies and how to align those strategies with the Company's business and management retention goals. They provide feedback and insights into the effectiveness of the Company's compensation programs and practices. The Committee looks to the Legal Department for advice in the design and implementation of compensation plans, programs and practices. In addition, the CEO, the Executive Vice President, Human Resources, the Executive Vice President, General Counsel and certain members of the Human Resources and Legal Departments often attend portions of Committee meetings to participate in the presentation of materials and to discuss management's point of view regarding compensation issues. The Committee requires management input to properly assess the internal impact of regulatory changes and potential program changes. Management is asked to provide advantages and disadvantages of decision items so that the Committee has a full range of information from both internal and external sources upon which to make its decisions. There is no predetermined weight given to management's input in making compensation program decisions.

### ***Competitive Benchmarking***

The 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. The Committee utilizes data gathered from the Company's Peer Group (defined below) and survey data from the Hay Group for benchmarking purposes. However, the Peer Group and Hay Group survey data are not used in isolation. NEO compensation also is reviewed in comparison with the Company's financial performance and the financial performance of the Peer Group. This information is then used to analyze each NEO's individual performance and tenure in his/her current position. After a review of the benchmarking data and the other factors mentioned, the Committee determines any changes to the NEO compensation positioning, target total direct compensation structures, variable compensation program design, and/or benefit and perquisite offerings, if necessary. Target total direct compensation is the sum of current base salary plus target annual cash incentive opportunity plus target annual equity incentives grant value. The Committee considers each element of compensation individually but also considers the total direct compensation as well as the mix of compensation paid to the NEOs when making compensation decisions. Data from proxy statements filed with the SEC provides specific Peer Group NEO information concerning base salaries, bonuses earned, long-term incentives granted, types of long-term incentive vehicles used, and benefit/perquisite prevalence. Hay Group survey data also provides information concerning base salaries, annual incentives earned and long-term incentive grants, but additionally provides target levels of variable pay as a percentage of base salaries and dollar values of certain executive benefits/perquisites.

The Committee developed specific criteria to select the Company's Peer Group and reviews these criteria annually. The criteria used in 2008 was retained by the Committee in 2009 and included companies with revenues within one half to two times the Company's revenue; a retail or direct to customer business; a business to business model; significant global operations; a significant distribution function; and private brand-driven

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operations. Companies selected for the Peer Group were required to have a number of these characteristics but not required to have all of them. Circuit City, which went bankrupt during 2009, was the only company removed from the 2008 peer group. No companies were added.

For 2009, the Company's Peer Group consisted of the following twenty-two organizations:

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

The Company's financial performance was evaluated relative to Peer Group performance for fiscal year 2008 (the most recent year from which data is available) sales, total shareholder return (TSR), and earnings before interest and taxes compound annual growth rate (EBIT CAGR) for 1, 3, and 5 years. The following table details the Company's performance on a percentile basis in comparison to our Peer Group:

**1,3,5 Year Performance Analysis Through Fiscal Year 2008**

|                        | SALES<br>(\$000) | 1 Year | TSR<br>3 Year | 5 Year | 1 Year | EBIT CAGR<br>3 Year | 5 Year |
|------------------------|------------------|--------|---------------|--------|--------|---------------------|--------|
| <b>25th Percentile</b> | \$ 11,081        | -53%   | -23%          | -11%   | -25%   | -3%                 | 1%     |
| <b>Median</b>          | \$ 16,309        | -44%   | -14%          | -4%    | -14%   | 4%                  | 6%     |
| <b>75th Percentile</b> | \$ 19,132        | -23%   | -4%           | -1%    | 1%     | 7%                  | 9%     |
| <b>OFFICE DEPOT</b>    | \$ 14,496        | -79%   | -54%          | -29%   | -98%   | -73%                | -52%   |
| <b>Percent Rank</b>    | 42%              | 2%     | 0%            | 4%     | 0%     | 2%                  | 2%     |

The Company's performance is in the bottom half of the Peer Group. This deviation is primarily due to our reliance on small businesses and individuals who are disproportionately affected by the weak liquidity environment and current global economic crisis. This has had a disproportionate impact on the Company's small business customers and their demands for the Company's products when compared to other companies in the Peer Group. In response to the restrictions on the availability of credit, both consumers and businesses have reduced their spending on office products and related services. In addition, businesses have laid off employees and many smaller businesses have shut down, directly affecting the consumption of the Company's products and related services. This reduction in purchases of office products and related services, along with the fact that the Company's North American business is more heavily concentrated in Florida and California, two states among the hardest hit by the weakening economy, had a disproportionate impact on the Company's performance.

In 2009, 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 because the Committee believes that CEO positions within the Peer Group are of similar scope and complexity. The Hay Group survey compensation data was utilized to review the compensation of the non-CEO NEOs. This data 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 Committee still considers the Peer Group information to be the primary source for NEOs comparison information, while the Hay Group surveys are considered a secondary source for the reasons stated above.

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***Summary Table of Components of Compensation and Actions Taken During 2009***

The following table summarizes each element of NEO compensation, what each element is designed to reward, how the amount for each element is determined, the evaluation metrics, and the actions taken by the Committee during 2009 that were related to each element of compensation.

| Elements                     | Objectives & Basis   | Evaluation Metrics   | Actions Taken by the Compensation Committee   |
|------------------------------|--|--|---|
| <b>Base Salary</b>           | <b>To provide fixed income based on:</b>   | <b>Peer Group Compensation Position:</b>   | CEO has not received a base salary increase since joining the Company in 2005   |
|                              | Size, scope and complexity of the individual's role                                | CEO base pay for 2009 is 19% below median of Peer Group CEO data   | No change in NEO base salary in 2008 & 2009   |
|                              | Individual's current and historical performance                                    | NEO base pay for 2009 is 11% below median of Peer Group NEO data   |   |
|                              | Relative position compared to market pay information                               |  |   |
| <b>Annual Cash Incentive</b> | <b>To provide focus and rewards for achievement of annual performance targets:</b> | <b>Performance Based:</b>  | 100% of bonus authorized for 2009 because financial targets and qualitative factors were achieved   |
|                              | 2009 Performance Measures:   | Award for EBITDA and Cash Flow Before Financing is based on all or nothing for achievement of annual cash incentive plan performance targets with no additional compensation paid if targets are exceeded  | Bonuses above target were paid to Mr. Brown and Mr. Rubin pursuant to the bonus provision contained in their change-in-control agreements |
|                              | EBITDA   |  |   |
|                              | Cash Flow Before   | Qualitative factors reviewed by Committee include: implementing a major financial system, implementing multiple cost-saving initiatives, maintaining top vendor relationships, maintaining voluntary turnover below 15% at the level of Director and above, and increasing direct imports as a percentage of sales |   |
|                              | Financing  |  |   |
|                              | Qualitative factors  |  |   |

Total cash compensation is designed to pay at the median for meeting plan target performance

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|  |   |  | Actions Taken by the  |
|--|---|--|---|
| <p><b>Elements</b><br/><b>Long-term Equity Incentive</b></p> | <p><b>Objectives &amp; Basis</b><br/><b>To provide incentive for delivering stockholder value creation and to retain executives:</b></p> <p>Awards may be made in stock options, stock appreciation rights, performance shares, restricted stock, restricted stock units and cash</p> | <p><b>Evaluation Metrics</b><br/><b>Performance Based:</b></p> <p>A minimum of 50% of each equity award for NEOs will be performance based</p>   | <p><b>Compensation Committee</b><br/>Target award levels established at approximately the median of the Peer Group data</p> <p>In 2009, all long-term incentives were granted in stock options. Half of the annual grant options were granted at a 25% premium.</p>   |
| <p><b>Benefits and Perquisites</b></p>                       | <p><b>To provide competitive health benefits and executive perquisites:</b></p> <p>Each year, NEOs and their dependents are covered under an executive insurance plan that provides medical, prescription, dental and vision benefits</p>   | <p><b>Peer Group Benefits Position:</b></p> <p>Company is below Peer Group in providing retirement benefits. In 2009, discontinuance of company match under 401(k) plan</p>  | <p>401(k) plan company match eliminated in January, 2009</p> <p>Froze current Deferred Compensation Plan beginning in 2010</p>  |
| <p><b>Stock Ownership Guidelines</b></p>                     | <p><b>To ensure alignment with shareholder interests:</b></p> <p>Each year, NEOs also receive the following perquisites:</p> <p>Car allowance</p> <p>Annual physical</p>  | <p><b>Peer group ownership requirements:</b></p> <p>Company has no pension plan, no retiree medical benefits and effective for 2010, no deferred compensation plan</p>   | <p>Approved replacement of group term life insurance in 2010 with a group variable life insurance product for delivery of the one times annual salary of up to \$500,000 in compensation in Company paid life insurance. The executives will have the ability to contribute after-tax compensation to this plan on a voluntary basis in 2010.</p> |
| <p><b>Stock Ownership Guidelines</b></p>                     | <p><b>To ensure alignment with shareholder interests:</b></p> <p>CEO: 5 times base salary</p> <p>Non-CEO NEOs: 1.5 times base salary</p>  | <p><b>Peer group ownership requirements:</b></p> <p>Hay Group provided Committee with Peer Group data which included both target dollars and target share guidelines, with the target dollars being the common methodology. The current guidelines used for NEOs are within the target range of the Peer Group</p> | <p>No change to stock ownership guidelines</p>  |

Executives have five years to  
achieve ownership targets

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| Elements | Objectives & Basis   | Evaluation Metrics   | Actions Taken by the   |
|----------|--|--|--|
| Other    | <b>Change-in-Control Protection of Compensation:</b>   | <b>Reasonable protection for executive compensation during a change-in-control to promote the continuity of management</b> | <p data-bbox="1166 317 1409 342"><b>Compensation Committee</b></p> <p data-bbox="1075 346 1489 485">The change-in-control provisions were triggered during 2009 due to the BC Partners purchase of equity convertible to more than 20% of the common shares outstanding</p> <p data-bbox="1075 594 1489 703">See Change in Control Without Termination Table for description of benefits payable during change-in-control period</p> |
|          | Employment and/or change-in-control agreements are part of the compensation program for NEOs |  |  |

***Base Salary***

The Committee views a competitive annual base salary as an important component of compensation that will be paid even if the Company does not achieve its annual financial performance goals in order to attract and retain executive talent. Annual base salaries also serve as the foundation for the annual cash bonus plan, which expresses annual cash incentive opportunity as a percentage of annual base salary.

The Committee reviews the NEOs' base salaries in February of each year and considers the Company's financial performance as well as the Company's compensation objectives to attract and retain highly qualified individuals when evaluating proposed salary budgets and may increase, maintain or decrease salaries of NEOs. During the review process in February 2009, based on the Company's performance and the NEOs' competitiveness to market data, the Committee did not increase base salaries for any of the NEOs in 2009 even though base salaries were below the peer group median. The Committee believes that based on the Company's overall performance in 2009, its decision not to increase salaries for the NEOs is consistent with its compensation philosophy and with its overall compensation objectives. The CEO has not received a base salary increase since he began his employment with the Company in 2005. In 2009, the CEO's base salary was at 19% below the median of the Peer Group. On average, the non-CEO NEOs' base salaries were 11% below the median of the Peer Group.

***Annual Cash Incentives ( Bonus Plan )***

At the beginning of 2009, the Committee designed a Bonus Plan to provide annual cash incentives (generally referred to as bonuses) for our NEOs of which two-thirds was to be based upon the Company's ability to meet annual financial performance targets that would ensure the successful continued operation of the Company's business during the turbulent financial period. The Committee believed that the two financial measures critical to the protection and creation of investor wealth were positive cash flow before financing for the year and positive EBITDA for the second half of 2009. Each of the Company's performance goals was targeted to pay out at 100% upon achievement with no additional bonus award to be paid if target was exceeded. If a target was not met, then no bonus award was to be paid. These metrics were based on total Company performance, as opposed to business unit performance, since the Committee believes that the NEOs' primary job is to direct the overall performance of the Company. These financial performance goals were met and exceeded by the Company in 2009. All of the qualitative performance goals were also met and exceeded by the Company in 2009, and the Committee awarded the discretionary one-third of the bonus.

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

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greater impact on the Company's annual results. The Committee attempts to approximate the median target bonuses based on Peer Group compensation levels. In 2009, the target bonus for the CEO was 160% of his annual salary under the terms of his Previous Employment Agreement. The 2009 target bonuses for the Division Presidents (i.e., International Division, North American Retail Division and Business Solutions Division) were 75% of their respective annual salaries. The 2009 target bonus for the CFO was 70% of his annual salary.

As a result of achieving positive cash flow before financing for 2009, positive EBITDA for the second half of 2009, and achievement of all of the 2009 qualitative factors discussed above, the Committee authorized bonuses to be paid at 100% of target to the NEOs for the 2009 fiscal year.

In addition, as a result of the change-in-control provisions in their Employment Agreements, the 2009 bonuses paid to Mr. Brown and Mr. Rubin were equal to the highest bonus paid within the last three fiscal years prior to the year of the change-in-control, which occurred on October 14, 2009. This bonus provision resulted in a bonus amount payable which was 32% and 22% higher than the target bonus otherwise payable for 2009 for Mr. Brown and Mr. Rubin, respectively, because both NEOs were employed during fiscal year 2006, which paid the highest bonus within the last three fiscal years before the change-in control and paid a higher bonus than the target bonus for the 2009 fiscal year.

The 2010 Bonus Plan will continue to include EBITDA and replace free cash flow before financing with free cash flow as quantitative bases for bonus awards for 2010. However, the discretionary award component based on qualitative performance goals will not be included in the 2010 Bonus Plan. Instead, the 2010 Bonus Plan will include a quantitative sales criteria.

### ***Long-Term Equity Incentives***

The Committee also considers 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. The Company's long-term equity incentive compensation awards are made pursuant to the Office Depot, Inc. 2007 Long-Term Incentive Plan (the "LTIP").

The Committee evaluated the LTIP design in early 2009 and revised the methodology for determining grants because of the Company's low stock price. Long-term incentive grants in recent years had been determined by a target competitive long-term incentive value divided by the stock price for restricted stock or Black-Scholes value for stock options. The Committee elected to focus on the increase in value of the stock from the depressed value because the Committee felt that an option grant based on Black-Scholes would likely result in an excessive award based on the likely strike price and resultant Black-Scholes valuation. The NEOs' equity incentive grants were determined using a number of factors which included a comparative analysis of long-term equity awards provided to NEOs in the Company's Peer Group, a discretionary assessment of each NEO's performance compared to current year business plan and a comparison to Peer Group and broader market performance.

The entire long-term incentive grant was delivered through non-qualified stock options in order to maximize the incentive value delivered through the use of shares cancelled by the grant since restricted stock cancels two authorized shares for every one share granted under the LTIP. One-half of the annual option grant was delivered through 25% premium-priced options.

### ***Equity Awards Levels***

The CEO's equity grant for 2009 was 1,020,000 non-qualified stock options. Half of these options were granted at the grant date fair-market value of \$.85 on the grant date and half at a 25% premium price of \$1.0625. The other NEOs' long term incentive equity grant levels were similarly determined. At a hypothetical \$5 gain,



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these options provided target compensation in line with the stated compensation philosophy for long-term incentive grants being approximately at the median of the Peer Group data. The NEOs may realize value if the stock price has meaningful growth. The Company has changed its policy with respect to the amount of options awarded to Division Presidents, Executive Vice Presidents on Executive Committee, and Other Executive Vice Presidents. Previously, the Company made the same award to individuals within each level. However, in fiscal year 2009, the Committee changed that policy to enable the Company to reward, incentivize, and retain individuals differently within each level. When making these decisions, the Committee considered prior year performance, challenges facing each individual's business unit, the individual's performance, the individual's level of responsibility, and competition for the individual's talents within the industry. In 2009, an additional award of 500,000 stock options was made to Mr. Schmidt to recognize his performance and to better assure his retention as the leader of the Business Solutions Division. Equity grants made to the NEOs in 2009 are set forth in the Grants of Plan Based Awards Table.

Stock option grants vest over time. For the 2009 grant, one-third vests on each of the first, second, and third anniversaries of the date of the grant, providing the executive remains in the Company's employment. The vesting schedule is intended to promote retention. Under the LTIP, if an executive leaves the Company for any reason other than death, disability or retirement before vesting, the unvested stock options are forfeited. Stock options were granted with 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. Stock options vest on retirement (age 60 with 5 years of service) for all recipients of options under the LTIP. Vested options for Section 16 officers who have not completed 5 years of service are exercisable for 90 days after termination of employment. All unvested options are forfeited. The LTIP provides that stock options may not be granted with exercise prices that are less than 100% of fair market value of the stock on the grant date. The LTIP defines "fair market value" as the closing stock price on the date of grant. The grant date is the date on which the Committee actually meets and takes action to make the grants. The LTIP does not permit re-pricing of stock options. No back-dating of stock options is permitted under any circumstances. The LTIP does permit the exchange of existing stock options with shareholder approval.

The Committee grants equity under the shareholder approved LTIP in accordance with its policy of making annual grants at least 5 days but not more than 30 days following the release of earnings. New hire option grants to officers made during the year are granted on the later of the first business day of employment or on the business day following the grant approval by the Committee Chair. The annual equity grants for 2009 were approved by the Committee at a meeting on March 4, 2009 after the Company's earnings were released for the 2008 fiscal year.

***Benefits and Perquisites***

The Company provides the NEOs with a basic set of core benefits (e.g., coverage for medical, dental, vision care, prescription drugs, annual physical, basic life insurance, long term disability coverage, and car allowance) plus voluntary benefits that an NEO may select (e.g., supplemental life insurance). The Company's 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. The CEO is entitled, pursuant to his employment agreement, to the use of Company provided aircraft for personal travel, but such usage is limited to not more than 100 hours of such personal air travel per year.

The Company matching contribution to the 401(k) plan was discontinued in 2009 and has not been reinstated as of this time. The Company's matching contributions were discontinued due to the difficult economic period. Additionally, the following programs were eliminated in 2009: the employee stock purchase plan, the tuition assistance plan, and financial planning for officers.

In 2009, benefits and perquisites comprised approximately 3% of total direct compensation for the CEO. No other NEO had benefits and perquisites that comprised more than 3% of their total direct compensation. Benefits

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and perquisites provided to the NEOs are summarized in the Summary Compensation Table and Nonqualified Deferred Compensation Table, including footnotes. The CFO had relocation expenses paid on his behalf that were excluded from this calculation.

***Deferred Compensation Plans***

The Company currently maintains three non-qualified deferred compensation plans which are all frozen to new contributions. One of the plans was for the executive officers and members of the Board of Directors ( Officers DCP ). A second plan was for all highly compensated employees of the Company ( DCP ). Both plans are trusted and administered separately. In October, 2008, the Committee approved a new non-qualified deferred compensation plan ( DCP II ), for participants in both the Officers DCP and the DCP, to be administered by one administrator. At the same time, the Officers DCP and DCP were frozen and the plan provisions as of December 31, 2004 were grandfathered. Both of the grandfathered plan documents were amended for compliance with 409A of the Internal Revenue Code. In October, 2009, the Committee decided to also freeze the DCP II for new deferrals beginning in 2010 due to the lack of participation by eligible participants, the elimination of the 401(k) excess company matching contributions, and the personnel cost to maintain a plan that has minimal interest to the eligible population.

***Risk Review***

The global financial and economic crisis has presented challenges for many companies, including the Company. The Committee has generally reviewed, analyzed and discussed the executive compensation incentive programs in the context of how the current global economic and financial situation might affect the program. The Committee does not believe that any aspects of the compensation program encourage the NEOs to take unnecessary and excessive risks. Specifically, the financial goals set forth in the Bonus Plan are based upon performance targets that the Committee believes are attainable without the need to take inappropriate risks or make material changes to the Company's business or strategy. In addition, the LTIP awards that vest over a three-year period mitigate against taking short-term risks. Finally, the equity component of the Company's compensation program coupled with the Company's stock ownership guidelines, which expose NEOs to the loss of the value of retained equity if stock prices decline, incentivize NEOs to focus on long-term share appreciation.

***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, excluding the CFO. 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 Code section 162(m). The Committee strives to structure NEO compensation to come within the deductibility limits set in Code section 162(m) whenever possible. However, the Committee believes that it must maintain the flexibility to take actions which it deems to be in the best interests of the Company but which may not qualify for tax deductibility under Code section 162(m).

In fiscal year 2009, no NEO had a base salary in excess of \$1,000,000. However, the Committee revised its approach in setting incentive plan compensation in order to reflect the challenges in the current economic climate. A portion of the compensation paid to Messrs. Odland and Brown will not be deductible for tax purposes for 2009 pursuant to Code section 162(m). For fiscal year 2009, the lost deduction was approximately \$6.1 million. In addition, as a result of the bonus provision in the change-in-control agreements, a portion of the compensation paid to the NEOs in 2010 may not be deductible for tax purposes for 2010 pursuant to Code section 162(m).

***Impact of Regulatory Requirements on 2009 Compensation***

In addition to Code section 162(m), the Committee considered other tax and accounting provisions in developing the pay programs for the NEOs. These include the special rules applicable to non-qualified deferred

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compensation arrangements under Code section 409A, fair value based methods of accounting for stock compensation and the overall income tax rules applicable to various forms of compensation. While the Committee tried to compensate the NEOs in a manner that produced favorable tax and accounting treatment, the main objective was to develop fair and equitable compensation arrangements that appropriately incentivized, rewarded and retained the NEOs.

### ***Stock Ownership Guidelines***

The Committee believes that the NEOs should maintain a meaningful equity interest in the Company through the 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. The Committee has established executive stock ownership guidelines to encourage and require stock ownership 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. The Committee annually reviews the ownership guidelines and each NEO's progress toward meeting these guidelines.

In 2009, the Committee, along with Hay Group, determined that the current stock ownership guidelines (established in 2005) were still appropriate. The Committee reviewed the guidelines in July based on the availability of proxy Peer Group information and then approved the current guidelines as appropriate for continuance at its October meeting. In 2010, the Committee will review the current ownership guidelines 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 February 15, 2010, four of five NEOs met the stock ownership goals applicable to them. The remaining NEO is within the 5-year time frame set forth for compliance.

### ***Recoupment Policy for Performance-Based Compensation***

In February 2010, we adopted a policy for recoupment of incentive compensation. The policy provides that if we restate our reported financial results for any period beginning after January 1, 2010, the Board of Directors will review the bonus and other awards made to executive officers based on financial results during the period subject to the restatement. To the extent practicable and in the best interests of shareholders, the Board of Directors will seek to recover or cancel any such awards that were based on having met or exceeded performance targets that would not have been met under the restated financial results.

### ***Employment Agreements; Termination Severance and Change of Control***

The Company has 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 NEOs in the event of certain types of terminations and, in some cases, in the event of a change of control of the Company. The terms of these offer letter agreements and employment agreements were established usually in connection with the NEOs' initial hire by the Company. The termination of employment provisions in the offer letters 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.

The Committee believes the change of control arrangements effectively create incentives for the executive team to build stockholder value and to obtain the highest value possible should the Company 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

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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.

On April 3, 2009, the Company announced that the Committee adopted the following policy concerning gross ups for excise taxes payable by executives: In unusual circumstances where the Committee believes that accommodations have to be made to recruit a new executive to the Company, limited reimbursement for taxes payable may be included in executives' contracts; but even in those circumstances, the excise tax gross ups would be limited to payments triggered by both a change in control and termination of employment and would be subject to a three-year sunset provision. The Committee determined to adopt this policy in order to adhere to current corporate governance trends. As a result of this policy, Mr. Odland's Amended Employment Agreement eliminates Mr. Odland's right to gross ups for excise and other taxes payable pursuant to Section 280G of the Code and additional taxes/penalties that could become payable pursuant to Section 409A of the Code that were included in the Previous Employment Agreement. In addition, the Amended Employment Agreement no longer includes a tax gross up for reimbursement of legal fees to which Mr. Odland is entitled to the extent that these payments are reported as taxable income.

See also discussion above under the heading *Effect of Equity Purchase by BC Partners* regarding the effect of the equity purchase by BC Partners on the NEO employment and change-in-control agreements and the discussion above under the heading *New CEO Employment Agreement* regarding amendments to the severance and change-in-control provisions of Mr. Odland's Previous Employment Agreement.

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**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 26, 2009.

**THE COMPENSATION COMMITTEE:**

Marsha J. Evans (Chair)

Lee A. Ault

David W. Bernauer

W. Scott Hedrick

Raymond Svider

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The Compensation Committee is composed of the following Independent Directors: Lee A. Ault, David W. Bernauer, Marsha J. Evans, W. Scott Hedrick and Raymond Svider. 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.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The following table provides a summary of the annual and long-term compensation that we paid to (or deferred for, or that was attributable to/earned with respect to 2007, 2008 and 2009) for our NEOs for services rendered during the 2007, 2008 and 2009 fiscal years.

**Summary Compensation Table for Fiscal Year 2007, 2008 & 2009**

| (a)   | (b)  | (c)          | (d)        | (e)              | (f)               | (g)  | (h)   | (i)                        | (j)           |
|---|------|--------------|------------|------------------|-------------------|--|---|----------------------------|---------------|
| Named Officers and Principal Positions                  | Year | (1) Salary   | (2) Bonus  | (3) Stock Awards | (3) Option Awards | (4) Non-Equity Incentive Plan Compensation | Change in Pension Value and NQ Deferred Compensation Earnings | (5) All Other Compensation | Total         |
|   |      |              |            |                  |                   |  |   |                            |               |
| Steve Odland<br>Chief Executive Officer                 | 2009 | \$ 1,000,000 |            |                  | \$ 681,360        | \$ 1,600,000                               |   | \$ 113,191                 | \$ 3,394,551  |
|   | 2008 | \$ 1,000,000 |            | \$ 5,000,000     |                   |  |   | \$ 288,700                 | \$ 6,288,700  |
|   | 2007 | \$ 1,000,000 |            |                  |                   | \$ 16,309,610                              |   | \$ 518,309                 | \$ 17,827,919 |
| Michael Newman *<br>Chief Financial Officer             | 2009 | \$ 625,000   |            |                  | \$ 200,400        | \$ 437,500                                 |   | \$ 164,875                 | \$ 1,427,775  |
|   | 2008 | \$ 199,519   | \$ 100,000 |                  | \$ 1,500,000      | \$ 148,077                                 |   | \$ 61,010                  | \$ 2,008,606  |
|   | 2007 |              |            |                  |                   |  |   | \$                         | \$            |
| Charles Brown<br>President, International               | 2009 | \$ 625,000   |            |                  | \$ 267,200        |  |   | \$ 653,663(6)              | \$ 1,545,863  |
|   | 2008 | \$ 625,000   | \$ 250,000 | \$ 500,000       | \$ 1,400,000      |  |   | \$ 69,035                  | \$ 2,844,035  |
|   | 2007 | \$ 622,308   |            |                  | \$ 1,400,000      |  |   | \$ 54,032                  | \$ 2,076,340  |
| Chuck Rubin<br>President, North American Retail         | 2009 | \$ 625,000   |            |                  | \$ 267,200        |  |   | \$ 608,785(6)              | \$ 1,500,985  |
|   | 2008 | \$ 625,000   |            | \$ 1,900,000     |                   |  |   | \$ 74,568                  | \$ 2,599,568  |
|   | 2007 | \$ 611,539   |            | \$ 700,000       | \$ 700,000        |  |   | \$ 61,550                  | \$ 2,073,089  |
| Steve Schmidt<br>President, Business Solutions Division | 2009 | \$ 625,000   |            |                  | \$ 606,200        | \$ 468,750                                 |   | \$ 36,944                  | \$ 1,736,894  |
|   | 2008 | \$ 625,000   |            | \$ 1,900,000     |                   |  |   | \$ 278,767                 | \$ 2,803,767  |
|   | 2007 | \$ 274,038   |            | \$ 1,500,000     | \$ 1,000,000      | \$ 205,529                                 |   | \$ 22,474                  | \$ 3,002,041  |

\* Mr. Newman joined the Company on August 27, 2008.

- (1) Column (c) is used to record salary amounts that include cash compensation earned by each NEO during fiscal years 2009, 2008 and 2007 as well as any amounts earned in those years but contributed into the 401(k) Plan and/or deferred at the election of the NEO into our deferred compensation program. For a discussion of the deferred compensation program and amounts deferred by the NEOs in fiscal year 2009, including earnings on amounts deferred, please see Nonqualified Deferred Compensation beginning on page 40 of this Proxy Statement.
- (2) Column (d) is used to record non-equity discretionary (non-incentive based) bonuses made to our NEOs. Non-equity incentive-based bonuses paid under our Bonus Plan are disclosed in column (g). The amounts reflected in 2008 represent a new hire bonus for Mr. Newman and a special bonus earned by Mr. Brown in recognition for serving as acting CFO from March 1, 2008 through August 27, 2008.
- (3) The dollar amounts in columns (e) and (f) reflect the aggregate grant date fair value of equity awards granted within the fiscal year in accordance with the Financial Accounting Standards Board ( FASB ) Accounting Standards Codification Topic 718 for stock-based compensation (Formerly FAS 123R). These amounts reflect the total grant date expense for these awards, and do not correspond to the actual cash value that will be recognized by each of the NEOs when received. Assumptions used in the calculation of these award amounts are included in Note A to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 26, 2009.
- (4) The amounts in column (g) reflect cash awards earned under the 2009 Bonus Plan, which is discussed further in the CD&A under the heading Annual Cash Incentives ( Bonus Plan ). While such amounts were earned for fiscal year 2009 performance, they were not paid to the NEOs until March 5, 2010. In 2008 and 2007 respectively, Messrs. Newman and Schmidt were entitled to guaranteed pro rata bonuses pursuant to the terms of their employment offer letters. No other bonuses were earned in 2008 or 2007 due to the Company's failure to meet performance goals in those years.
- (5)

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The Other Compensation Table for Fiscal Year 2009 that follows reflects the types and dollar amounts of perquisites and other personal benefits provided to the NEOs during fiscal year 2009. For purposes of computing the dollar amounts of the items listed in the following table, the actual out-of-pocket costs to the Company of providing the perquisite or other personal benefit to the NEOs was used. Each perquisite and other personal benefit included in the Table that follows is described in more detail in the narratives immediately following the Table.

- (6) Messrs. Brown and Rubin received guaranteed bonuses that were greater than their bonuses at target as a result of provisions included in their change in control agreements that were triggered upon shareholder approval of the preferred stock conversion in the BC Partners PIPE transaction. See column (i) of Other Compensation Table for Fiscal Year 2009.

**Table of Contents****Other Compensation Table for Fiscal Year 2009****Summary Compensation Table, Column (i) Components**

| (a)            | (b)           | (c)       | (d)          | (e)       | (f)                | (g)                    | (h)                     | (i)  | (j)        |
|----------------|---------------|-----------|--------------|-----------|--------------------|------------------------|-------------------------|--|------------|
| Named Officers | (1)           | (2)       | (3)          | Exec Phys | (4)                | (4)                    | (5)                     | (6)  | Total      |
|                |               |           |              |           |                    |                        |                         | Payment in Connection with Change in Control |            |
|                | Car Allowance | Exec Med  | Exec Welfare |           | Taxable Relocation | Non-Taxable Relocation | Personal Aircraft Usage |  |            |
| Steve Odland   | \$ 25,000     | \$ 13,455 | \$ 7,249     |           |                    |                        | \$ 67,487               |  | \$ 113,191 |
| Michael Newman | \$ 15,600     | \$ 11,293 | \$ 8,258     | \$ 777    | \$ 30,700          | \$ 98,247              |                         |  | \$ 164,875 |
| Charles Brown  | \$ 15,600     | \$ 13,455 | \$ 7,787     |           |                    |                        |                         | \$ 616,821                                   | \$ 653,663 |
| Chuck Rubin    | \$ 15,600     | \$ 13,455 | \$ 7,282     | \$ 2,582  |                    |                        |                         | \$ 569,866                                   | \$ 608,785 |
| Steve Schmidt  | \$ 15,600     | \$ 11,293 | \$ 10,051    |           |                    |                        |                         |  | \$ 36,944  |

- (1) The amounts in column (b) reflect the payments made to each NEO during 2009 as part of the Executive Car Allowance Program.
- (2) The amounts in column (c) reflect the cost to the Company for insurance premiums (medical, dental and vision) in connection with the NEOs' participation in the Executive Benefits Program.
- (3) The amounts in column (d) reflect the cost to the Company for insurance premiums associated with welfare benefits (LTD, STD, basic life insurance and AD&D) in connection with the NEOs' participation in the Executive Benefits Program. Amounts also include imputed income for premiums paid on life insurance in excess of \$50,000.
- (4) The amounts in column (f) and (g) reflect payments made to Mr. Newman and to third parties for non-qualified (taxable) and qualified (non-taxable) expenses associated with the Company's Executive Relocation Program in addition to imputed income on taxable relocation received by Mr. Newman.
- (5) The incremental cost of personal use of company leased aircraft includes the actual cost of fuel and additives, trip-related crew hotels and meals, in-flight food and beverages, landing and ground handling fees, hangar or aircraft parking costs, certain other smaller variable costs for each personal trip leg plus an allocation of maintenance costs based on the per mile cost to maintain the planes multiplied by the number of personal miles flown. Fixed costs that would be incurred in any event to operate company aircraft (e.g., aircraft and hangar lease costs, depreciation, and flight crew salaries) are not included.
- (6) Mr. Brown and Mr. Rubin received an annual bonus for 2009 that was equal to their highest bonus in the last three fiscal years preceding the equity purchase pursuant to provisions included in their change in control agreements that were triggered upon shareholder approval of the preferred stock conversion in the BC Partners PIPE transaction.



**Table of Contents****Grants of Plan-Based Awards in Fiscal Year 2009**

| (a)<br>Named Officers | (b)<br>Grant Date | (c-e)<br>Estimated Future Payouts Under<br>Non-Equity Incentive Plan Awards |                             |                        | (f-h)<br>Estimated Future Payouts Under<br>Equity Incentive Plan Awards |                      |                       | (i)<br>All Other<br>Stock<br>Awards:<br>Number of<br>Shares /<br>Units | (j)<br>All Other<br>Option<br>Awards:<br>Number of<br>Underlying<br>Securities<br>Options | (k)<br>(6)<br>Exercise<br>Price of<br>the Date<br>Grant | (l)<br>Closing<br>Market<br>Price of<br>the Date<br>Grant | (m)<br>(7)<br>Grant Date<br>Fair<br>Value |
|-----------------------|-------------------|---|-----------------------------|------------------------|---|----------------------|-----------------------|--|---|---|---|---|
|                       |                   | (1)<br>Threshold<br>(\$)  | (1)(2)(3)<br>Target<br>(\$) | (1)<br>Maximum<br>(\$) | (4)<br>Threshold<br>(#)   | (5)<br>Target<br>(#) | (5)<br>Maximum<br>(#) |  |   |   |   |   |
| PEO Steve Odland      | 3/4/2009          | NA  | \$ 1,600,000                | NA                     |   | 510,000(O)           |                       |  |   | \$ 0.850  | \$ 0.850  | \$ 345,780                                |
|                       | 3/4/2009          |   |                             |                        |   | 510,000(P)           |                       |  |   | \$ 1.063  | \$ 0.850  | \$ 335,580                                |
| PFO Mike Newman       | 3/4/2009          | NA  | \$ 437,500                  | NA                     |   | 150,000(O)           |                       |  |   | \$ 0.850  | \$ 0.850  | \$ 101,700                                |
|                       | 3/4/2009          |   |                             |                        |   | 150,000(P)           |                       |  |   | \$ 1.063  | \$ 0.850  | \$ 98,700                                 |
| Charles Brown         | 3/4/2009          | NA  | \$ 468,750                  | NA                     |   | 200,000(O)           |                       |  |   | \$ 0.850  | \$ 0.850  | \$ 135,600                                |
|                       | 3/4/2009          |   |                             |                        |   | 200,000(P)           |                       |  |   | \$ 1.063  | \$ 0.850  | \$ 131,600                                |
| Chuck Rubin           | 3/4/2009          | NA  | \$ 468,750                  | NA                     |   | 200,000(O)           |                       |  |   | \$ 0.850  | \$ 0.850  | \$ 135,600                                |
|                       | 3/4/2009          |   |                             |                        |   | 200,000(P)           |                       |  |   | \$ 1.063  | \$ 0.850  | \$ 131,600                                |
| Steve Schmidt         | 3/4/2009          | NA  | \$ 468,750                  | NA                     |   | 700,000(O)           |                       |  |   | \$ 0.850  | \$ 0.850  | \$ 474,600                                |
|                       | 3/4/2009          |   |                             |                        |   | 200,000(P)           |                       |  |   | \$ 1.063  | \$ 0.850  | \$ 131,600                                |

- (1) Column (c) would reflect the minimum payments each NEO could expect to receive if the Company reached at least its threshold performance goal in 2009 under the 2009 Annual Corporate Bonus Plan. However, there was no threshold performance goal established for the NEOs due to the 2009 Annual Corporate Bonus Plan design. Two thirds of the Bonus Plan award was to be based upon the Company's ability to meet annual financial performance targets with the remaining third based on qualitative factors set by the Compensation Committee. Each of the Company's financial performance goals were targeted to pay out at 100% upon achievement with no additional bonus award to be paid if target was exceeded. If target was not met for either one of the financial performance metrics, then no bonus award was to be paid for such target. The Compensation Committee had the discretion to approve a payout on the qualitative objectives which comprised one third of the bonus from \$0 to target based on the Compensation Committee's review of the overall results of the qualitative objectives. All of the financial and qualitative performance goals were met and exceeded by the Company in 2009 resulting in a 100% payout at target. See CD&A Annual Cash Incentives ( Bonus Plan ) for additional details on the 2009 Annual Corporate Bonus Plan.
- (2) The amounts shown in column (d) reflect the target payments each NEO could expect to receive if the Company reached its target performance goals in 2009 under the 2009 Annual Corporate Bonus Plan. Each NEO's target annual bonus is expressed as a percentage of such officer's annual base salary. For 2009, the CEO's target bonus percentage was 160% of annual base salary. For 2009, the target bonus percentage was 75% for Messrs. Brown, Rubin and Schmidt, and 70% for Mr. Newman.
- (3) Messrs. Brown and Rubin received guaranteed bonuses that were greater than their bonuses at target as a result of provisions included in their change in control agreements that were triggered upon shareholder approval of the preferred stock conversion in the BC Partners PIPE transaction. These guaranteed amounts are reflected in column (i) of the Summary Compensation Table for Fiscal Years 2007, 2008 and 2009.
- (4) Column (g) represents awards of nonqualified stock options under the Company's 2007 Long-Term Incentive Plan (the LTIP). As discussed in CD&A Long-Term Equity Incentives, the methodology for determining grants had to be changed from 2008 due to the Company's extremely low stock price. One-half of the annual option grant was delivered through 25% premium-priced options to comply with the Compensation Committee's commitment to making a minimum of half of each equity grant performance-based. All options granted in 2009 vest and become exercisable ratably over the three-year period following the grant date.
- (5) The (O) reflected next to the target share amounts in column (g) above is used to designate nonqualified stock options granted at-the-money, and the (P) reflected next to the target share amounts is used to designate premium-priced nonqualified stock options granted at a 25% premium.
- (6) Under the LTIP, grants of stock options must have an exercise price equal to or greater than their fair market value on the grant date. The LTIP defines fair market value as the closing stock price on the New York Stock Exchange on the grant date.
- (7) Computed in accordance with FASB Accounting Standards Codification Topic 718 for stock-based compensation (formerly FAS 123R). See Note A of the consolidated financial statements in our Annual Report on Form 10-K regarding assumptions underlying valuation of equity awards.



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| Outstanding Equity Awards at 2009 Fiscal Year-End |   |   |   |                            |                        |  |   |   |  |
|---|---|---|---|----------------------------|------------------------|--|---|---|--|
| (a)   | (b)   | Option Awards   |   |                            |                        | Stock Awards                                   |   | (j)<br>Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |  |
|   |   | (c)   | (d)   | (e)                        | (f)                    | (g)  | (h)   |   |  |
| Named Officers                                    | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units That Have Not Vested | (20) Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)                         | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |
| PEO Steve Odland (1)                              | 535,236   |   |   | \$ 33.0650                 | 2/14/13                |  |   |   |  |
|   | 700,497   |   |   | \$ 33.6050                 | 2/28/14                |  |   |   |  |
|   | 422,098   |   |   | \$ 33.6050                 | 2/28/14                |  |   |   |  |
|   | 422,097   |   |   | \$ 33.6050                 | 2/28/14                |  |   |   |  |
|   | 1,000,000   |   |   | \$ 19.1200                 | 3/11/15                |  |   |   |  |
|   | 1,000,000   |   |   | \$ 22.9440                 | 3/11/15                |  |   |   |  |
|   | 510,000   |   |   | \$ 0.8500                  | 3/4/16                 |  |   |   |  |
|   | 510,000   |   |   | \$ 1.0625                  | 3/4/16                 |  |   |   |  |
| PFO Michael Newman                                | 134,625(17)   | 269,252(17)   |   | \$ 6.8000                  | 8/27/15                |  |   |   |  |
|   |   | 150,000(18)   |   | \$ 0.8500                  | 3/4/16                 |  |   |   |  |
|   |   | 150,000(18)   |   | \$ 1.0625                  | 3/4/16                 |  |   |   |  |
| Charles Brown                                     | 16,667(2)   |   |   | \$ 9.2000                  | 2/12/11                |  |   |   |  |
|   | 50,000(3)   |   |   | \$ 13.7900                 | 10/8/11                |  |   |   |  |
|   | 40,000(4)   |   |   | \$ 16.0650                 | 2/4/12                 |  |   |   |  |
|   | 40,000(5)   |   |   | \$ 11.4850                 | 2/14/13                |  |   |   |  |
|   | 18,750(6)   |   |   | \$ 11.4850                 | 2/14/10                |  |   |   |  |
|   | 40,000(7)   |   |   | \$ 17.5450                 | 2/18/14                |  |   |   |  |
|   | 18,750(8)   |   |   | \$ 17.5450                 | 2/18/11                |  |   |   |  |
|   | 50,000(11)  |   |   | \$ 18.0850                 | 2/11/12                |  |   |   |  |
|   | 25,000(12)  |   |   | \$ 28.2450                 | 7/26/12                |  |   |   |  |
|   | 93,666(13)  |   |   | \$ 33.0650                 | 2/14/13                |  |   |   |  |
|   | 93,399(14)  | 46,700  |   | \$ 33.6050                 | 2/28/14                |  |   |   |  |
|   | 95,141(16)  | 190,282   |   | \$ 11.2700                 | 3/5/15                 |  |   |   |  |
|   |   |   |   |                            |                        |  | 44,366(19)  | \$ 312,780  |  |
|   |   | 200,000(18)   |   | \$ 0.8500                  | 3/4/16                 |  |   |   |  |
|   |   | 200,000(18)   |   | \$ 1.0625                  | 3/4/16                 |  |   |   |  |

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| Outstanding Equity Awards at 2009 Fiscal Year-End |   |   |   |                            |                        |  |   |   |  |  |
|---|---|---|---|----------------------------|------------------------|--|---|---|--|--|
| (a)   | (b)   | Option Awards   |   |                            |                        | Stock Awards                                   |   |   | (j)  |  |
|   |   | (c)   | (d)   | (e)                        | (f)                    | (g)  | (h)   | (i)   |  |  |
| Named Officers                                    | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units That Have Not Vested | (20) Market Value of Shares or Units of Stock That Have Not Vested (\$) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) |  |
| Chuck Rubin                                       | 160,000(9)  |   |   | \$ 17.7200                 | 3/1/14                 |  |   |   |  |  |
|   | 37,500(10)  |   |   | \$ 17.7200                 | 3/1/11                 |  |   |   |  |  |
|   | 50,000(11)  |   |   | \$ 18.0850                 | 2/11/12                |  |   |   |  |  |
|   | 62,444(13)  |   |   | \$ 33.0650                 | 2/14/13                |  |   |   |  |  |
|   | 46,700(14)  | 23,350  |   | \$ 33.6050                 | 2/28/14                |  |   |   |  |  |
|   |   |   |   |                            |                        |  | 6,944(14)   | \$ 48,955   |  |  |
|   |   |   |   |                            |                        |  | 82,816(16)  | \$ 583,853  |  |  |
|   |   |   |   |                            |                        | 44,366(19)                                     | \$ 312,780  |   |  |  |
|   |   | 200,000(18)   |   | \$ 0.8500                  | 3/4/16                 |  |   |   |  |  |
|   |   | 200,000(18)   |   | \$ 1.0625                  | 3/4/16                 |  |   |   |  |  |
| Steve Schmidt                                     | 74,698(15)  | 37,349(15)  |   | \$ 28.7300                 | 7/24/14                |  |   |   |  |  |
|   |   |   |   |                            |                        | 17,404(15)                                     | \$ 122,698  |   |  |  |
|   |   |   |   |                            |                        | 82,816(16)                                     | \$ 583,853  |   |  |  |
|   |   |   |   |                            |                        | 44,366(19)                                     | \$ 312,780  |   |  |  |
|   |   |   | 700,000(18)   |                            | \$ 0.8500              | 3/4/16   |   |   |  |  |
|   |   | 200,000(18)   |   | \$ 1.0625                  | 3/4/16                 |  |   |   |  |  |

(1) Mr. Odland vested in 2,097,694 unvested stock options, 192,251 unvested shares of restricted stock and 155,280 unvested performance shares on October 14, 2009, the effective date of the change in control provisions triggered in his employment contract as a result of the approval by shareholders of the preferred stock conversion from the BC Partners PIPE transaction. The grant date for the options shown for Mr. Odland in the table above are as follows: 2,000,000 options granted on March 11, 2005 as part of his new hire grant that vested in three equal installments beginning on the first anniversary of the grant date; 535,236 options granted on February 14, 2006 as part of the 2006 annual grant that vested in three equal installments beginning on the first anniversary of the grant date; 700,497 options granted on February 28, 2007 as part of the 2007 annual grant that vested in three equal installments beginning on the first anniversary of the grant date; 844,195 options granted on February 28, 2007 as a special grant in which half of the grant was performance-based and scheduled to vest upon attainment of certain financial metrics, and half was time-vested in five equal installments beginning on the first anniversary of the grant date; and 1,020,000 options granted on March 4, 2009 as part of the 2009 annual grant scheduled to vest in three equal installments beginning on the first anniversary of the grant date. All equity that was unvested at the time of the effective date of the change in control became immediately vested.

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- (2) Represents an annual grant of stock options made to Mr. Brown on February 12, 2001 under the Company's Long-Term Equity Incentive Plan. The shares vested in three equal installments beginning on the first anniversary of the grant date.
- (3) Represents an annual grant of stock options made to Mr. Brown on October 8, 2001 under the Company's Long-Term Equity Incentive Plan. The shares vested in three equal installments beginning on the first anniversary of the grant date.
- (4) Represents an annual grant of stock options made to Mr. Brown on February 4, 2002 under the Company's Long-Term Equity Incentive Plan. The grant consisted of 33,776 shares of nonqualified stock options that vested in three equal installments beginning on the first anniversary of the grant date and 6,224 shares of incentive stock options that cliff-vested on the third anniversary of the grant date.
- (5) Represents an annual grant of stock options made to Mr. Brown on February 14, 2003 under the Company's Long-Term Equity Incentive Plan. The grant consisted of 31,293 shares of nonqualified stock options that vested in three equal installments beginning on the first anniversary of the grant date and 8,707 shares of incentive stock options that cliff-vested on the third anniversary of the grant date.
- (6) Represents performance-accelerated stock options granted to Mr. Brown on February 14, 2003 under the Company's Long-Term Equity Incentive Plan. Shares under this grant accelerate vesting upon the attainment of certain performance criteria. Mr. Brown vested in half of these shares on June 24, 2003 and the remaining half on March 4, 2004.
- (7) Represents an annual grant of stock options made to Mr. Brown on February 18, 2004 under the Company's Long-Term Equity Incentive Plan. The grant consisted of 34,301 shares of nonqualified stock options that vested in three equal installments beginning on the first anniversary of the grant date and 5,699 shares of incentive stock options that cliff-vested on the third anniversary of the grant date.
- (8) Represents performance-accelerated stock options granted to Mr. Brown on February 18, 2004 under the Company's Long-Term Equity Incentive Plan. Shares under this grant vest upon the attainment of certain performance criteria. Mr. Brown vested in half of these shares on April 7, 2005 and the remaining half on August 5, 2005.
- (9) Represents stock options granted to Mr. Rubin on March 1, 2004 under the Long-Term Equity Incentive Plan as part of his sign-on with the Company. The grant consisted of 160,000 nonqualified stock options that vested in three equal installments beginning on the first anniversary of the grant date and 37,500 shares of performance options that vest upon attainment of certain performance criteria.
- (10) Represents performance-accelerated stock options granted to Mr. Rubin, which have a longer vesting schedule than traditional stock options, unless certain performance parameters are achieved by the Company, in which event, these options can vest earlier than their scheduled vesting date. These options also have a shorter term than traditional stock options, seven years rather than ten years. 50% of these options vested on April 11, 2005 and the remaining 50% on August 5, 2005.
- (11) Represents an annual grant of stock options made to Messrs. Brown and Rubin on February 11, 2005 under the Company's Long-Term Equity Incentive Plan. The shares vested in three equal installments beginning on the first anniversary of the grant date.
- (12) Represents a grant of stock options to Mr. Brown on July 26, 2005 under the Company's Long-Term Equity Incentive Plan after being promoted to President of the Company's International Division. The shares vested in three equal installments beginning on the first anniversary of the grant date.
- (13) Represents an annual grant of stock options made to Messrs. Brown and Rubin on February 14, 2006 under the Long-Term Equity Incentive Plan. The shares vested in three equal installments beginning on the first anniversary of the grant date.
- (14) Represents an annual grant of stock options and/or restricted stock made to Messrs. Brown and Rubin on February 28, 2007 under the Long-Term Equity Incentive Plan. The shares vest in three equal installments beginning on the first anniversary of the grant date.
- (15) Represents stock options and shares of restricted stock granted to Mr. Schmidt on July 24, 2007 under the 2007 Long-Term Incentive Plan as part of his sign-on with the Company. These awards vest in three equal installments beginning on the first anniversary of the grant date.

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- (16) Represents an annual grant of stock options and/or restricted stock made to Messrs Brown, Rubin, and Schmidt on March 5, 2008 under the 2007 Long-Term Incentive Plan. The shares vest in three equal installments beginning on the first anniversary of the grant date.
- (17) Represents stock options granted to Mr. Newman on August 27, 2008 under the 2007 Long-Term Incentive Plan as part of his sign-on with the Company. These options vest in three equal installments beginning on the first anniversary of the grant date.
- (18) Represents an annual grant of stock options made to Messrs Brown, Rubin, Schmidt, and Newman on March 4, 2009 under the 2007 Long-Term Incentive Plan. 50% of the grant consisted of at-the-money options and 50% consisted of premium-priced options. The options vest in three equal installments beginning on the first anniversary of the grant date.
- (19) Represent performance shares granted in 2008 under the 2007 Long-Term Incentive Plan. The performance period runs from the beginning of fiscal year 2008 through the end of fiscal year 2010. Shares are forfeited if performance criteria is not attained prior to the end of the performance period.
- (20) Market value of unvested restricted stock awards computed by multiplying the number of shares by \$7.05, the closing price of the Company's common stock on the New York Stock Exchange on December 24, 2009, the last day the New York Stock Exchange was open during the Company's 2009 fiscal year, which ended on December 26, 2009.

**Option Exercises and Stock Vested in Fiscal Year 2009**

| (a)                   | Option Awards  |   | Stock Awards   |  |
|-----------------------|--|---|--|--|
|                       | (b)<br>(6)<br>Number of<br>Shares<br>Acquired on<br>Exercise (#) | (c)<br>(6)<br>Value<br>Realized on<br>Exercise (\$) | (d)<br>Number of<br>Shares<br>Acquired on<br>Vesting (#) | (e)<br>(5)<br>Value<br>Realized on<br>Vesting (\$) |
| <b>Named Officers</b> |  |   |  |  |
| PEO Steve Odland      |  |   | 443,656(1)   | \$ 2,760,061                                       |
| PFO Mike Newman       |  |   |  |  |
| Charles Brown         |  |   | 3,529(2)   | \$ 5,999   |
| Chuck Rubin           |  |   | 55,408(3)  | \$ 49,202  |
| Steve Schmidt         |  |   | 58,811(4)  | \$ 117,069   |

- (1) This amount represents the accelerated vesting of 192,251 unvested shares of restricted stock and 155,280 unvested performance shares on October 14, 2009 as referenced in footnote 1 of the Outstanding Equity Awards Table as well as the vesting of 96,125 shares of restricted stock granted in 2008 as part of the 2007 Long-Term Incentive Plan ( LTIP ) in accordance with the normal vesting schedule.
- (2) Represents the vesting of the last tranche of restricted stock granted as part of the 2006 grant under the LTIP.
- (3) Represents three-year pro rata vesting of restricted stock under the 2006, 2007 and 2008 grants under the LTIP.
- (4) Represents three-year pro rata vesting of restricted stock granted in 2007 upon his hiring and shares granted to him in 2008 under the LTIP.
- (5) Value of restricted stock calculated by multiplying the number of shares by the fair market value of the Company's common stock on the NYSE on the vesting date.
- (6) No NEOs exercised any stock options in 2009; therefore, columns (b) and (c) are left blank.

**Nonqualified Deferred Compensation**

In addition to offering a traditional qualified defined contribution retirement savings plan (i.e., 401(k) plan), the Company also sponsors non-qualified deferred compensation plans for the benefit of its executive officers, including the NEOs. For further information on the non-qualified deferred compensation plans sponsored by the Company, see Compensation Discussion and Analysis Deferred Compensation Plans.

The following table reflects information related to the Company's non-qualified deferred compensation plans. Information regarding the Company's 401(k) plan, which is generally available to all employees, is not

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included. In 2008, as permitted under the Internal Revenue Code Section 409A transition rules, participants in the non-qualified deferred compensation plans were provided with the ability to make an election to change the method of distribution of their accounts. Messrs. Odland, Brown, Rubin and Schmidt each made an election in 2008 to change their account distribution method and instead receive a full distribution of their account in July, 2009. Following the distribution of each NEO's account, the remaining account balance for each NEO reflects the Company matching contributions that may not be withdrawn until an NEO terminates service with the Company.

| (a)                   | Nonqualified Deferred Compensation      |  |  |   |                                    |
|-----------------------|---|--|--|---|------------------------------------|
|                       | (b)                                     | (c)                                      | (d)                                    | (e)                                       | (f)                                |
|                       | Executive Contributions in Last FY (\$) | Registrant Contributions in Last FY (\$) | (1) Aggregate Earnings in Last FY (\$) | Aggregate Withdrawals/ Distributions (\$) | Aggregate Balance at Last FYE (\$) |
| <b>Named Officers</b> |   |  |  |   |                                    |
| PEO Steve Odland      |   |  | \$ 42,511                              | \$ 288,941                                | \$ 185,570                         |
| PFO Mike Newman       |   |  |  |   |                                    |
| Charles Brown         |   |  | \$ 118,550                             | \$ 3,323,383                              | \$ 118,182                         |
| Chuck Rubin           |   |  | \$ 4,121                               | \$ 38,324                                 | \$ 13,882                          |
| Steve Schmidt         |   |  | \$ 5,796                               | \$ 44,886                                 | \$ 22,532                          |

(1) Amounts shown in this column are not otherwise reported as compensation in the last completed fiscal year in the Summary Compensation Table.

**Director Compensation**

During its February 2008 meeting, the Compensation Committee set the compensation of outside directors at an annual targeted economic value of \$250,000 (with not more than \$75,000 to be in the form of cash, at the Directors' election). The remainder is in the form of stock options and/or restricted stock, the combinations of which the Directors choose based upon five election options. The purpose of this allocation of compensation is to more closely align the compensation of the Directors with the interests of long-term shareholders of the Company. A separate compensation arrangement was established for the three Directors added to the Board of Directors in 2009 pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners. Because of the equity held by BC Partners as a result of the securities purchase and because the three additional representatives are employed by BC Partners, the compensation of the BC Partner representatives for Board service is paid entirely in cash in quarterly installments.

The Audit Committee Chair receives additional compensation of \$25,000 annually for serving in that role, with other Committee Chairs each receiving \$15,000 annually for serving as chairs of their respective committees. This additional compensation may be taken in the form of stock options, and/or restricted stock. The Compensation Committee made these changes to director compensation after reviewing the board compensation levels of the 23-member peer group (described above under "Benchmarking of Compensation") and other data provided by the Compensation Committee's compensation consultant, the Hay Group.

In 2009, the Compensation Committee stock ownership guidelines for our Directors, with the exception of the Directors representing BC Partners required that all Directors own an amount of the Company's stock equal in market value to \$250,000. The ownership guidelines are equal to our Directors' current annual compensation (excluding Committee Chair additional compensation). As of December 31, 2009, the current holdings for each Director is appropriate considering the current market value.

**Director Legacy Program**

A predecessor company, Viking Office Products, Inc., established a director legacy program in 1996. Under this program, any member of the Viking board of directors was permitted to nominate one or more charitable

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organizations to receive a future charitable contribution from Viking in the amount of \$1,000,000. A portion of the gift is made at the time of the Director's retirement and the remainder was to be paid at the time of the Director's death. In order to fund these charitable gift payments, Viking took out a life insurance policy on each Director's life. In 1998, the Company acquired Viking, and now the Company is the owner and beneficiary of the policies. Director participants and their estates have no legal right to the policy or its proceeds. The Company uses all of the proceeds of the life insurance policies to fund the charitable gifts designated by the director participant. All of the premiums of the life insurance policies have been paid in full and no further premiums are required. There are no additional costs related to the maintenance of this program. Messrs. Ault and Austrian are currently the only two participants in this program as they are the only members of the current Board of Directors who were members of the board of directors of Viking.

**Director Compensation Table for Fiscal Year 2009**

| (a)              | (b)                         | (c)                    | (d)                     | (e)                                    | (f)   | (g)                                    | (h)        |
|------------------|-----------------------------|------------------------|-------------------------|--|---|--|------------|
| (1)              | Fees Earned or Paid in Cash | (2)(3)(7) Stock Awards | (2)(3)(8) Option Awards | Non-Equity Incentive Plan Compensation | Change in Pension Value and NQ Deferred Compensation Earnings | (4) All Other Compensation Total Other | (6) Total  |
| Lee Ault         | \$ 75,000                   | \$ 3,300               | \$ 18,142               |  |   |  | \$ 96,442  |
| Neil Austrian    | \$ 75,000                   |                        | \$ 26,263               |  |   | \$ 3,000                               | \$ 104,263 |
| Justin Bateman*  | \$ 125,000                  |                        |                         |  |   |  | \$ 125,000 |
| David Bernauer   | \$ 75,000                   |                        | \$ 24,190               |  |   |  | \$ 99,190  |
| Marsha Evans     | \$ 75,000                   | \$ 7,165               | \$ 13,132               |  |   | \$ 2,500                               | \$ 97,797  |
| David Fuente     | \$ 75,000                   | \$ 14,330              |                         |  |   | \$ 18,821(5)                           | \$ 108,151 |
| Brenda Gaines    | \$ 75,000                   | \$ 15,084              |                         |  |   |  | \$ 90,084  |
| Myra Hart        | \$ 75,000                   |                        | \$ 24,190               |  |   | \$ 15,000                              | \$ 114,190 |
| Scott Hedrick    | \$ 75,000                   |                        | \$ 24,190               |  |   | \$ 30,000                              | \$ 129,190 |
| Kathleen Mason   | \$ 75,000                   |                        | \$ 24,190               |  |   |  | \$ 99,190  |
| Michael Myers(9) | \$ 75,000                   |                        | \$ 24,190               |  |   |  | \$ 99,190  |
| James Rubin*     | \$ 125,000                  |                        |                         |  |   |  | \$ 125,000 |
| Raymond Svider*  | \$ 125,000                  |                        |                         |  |   |  | \$ 125,000 |

\* BC Partners' representatives appointed to the Board of Directors in July 2009.

- (1) Steve Odland, the Company's Chair and CEO, is not included in this Table as he is an employee of the Company and receives no additional compensation for his services as a Director. The compensation received by Mr. Odland as an employee of the Company is shown in the Summary Compensation Table for Fiscal Years 2007 to 2009.
- (2) The dollar amounts in columns (c) and (d) reflect the aggregate grant date fair value of equity awards granted within the fiscal year in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 718 for stock-based compensation (Formerly FAS 123R). These amounts reflect the total grant date expense for these awards, and do not correspond to the actual cash value that will be recognized by each of the Directors when received. See Note A of the consolidated financial statements in our Annual Report regarding assumptions underlying valuation of equity awards.
- (3) The following Equity Compensation Paid to Directors for Fiscal Year 2009 Table represents the aggregate grant date fair value of awards of restricted stock and options granted to our Directors under the Company's LTIP in 2009. Annual awards are calculated by a dollar value that is then translated into stock options, restricted stock or a combination of the two at the election of the Director. The exercise price of all option awards granted was \$0.85. The per share price of the restricted stock award on the grant date of March 4, 2009 was \$0.85. All stock option and restricted stock awards made to Directors were immediately vested.
- (4) Column (g) amounts include the incremental cost to the Company of charitable matching contributions made by the Company on behalf of the Director.



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- (5) Column (g) also includes, for Mr. Fuente, the cost of participating in our Executive Medical Plan (\$18,821). Mr. Fuente is entitled to these benefits pursuant to the residual terms of the employment agreement that the Company had with Mr. Fuente when he was the Chief Executive Officer of Office Depot. Mr. Fuente served as CEO of Office Depot from 1987 to 2000.
- (6) Total as shown reflects total of columns (b), (c), (d) and (g). These amounts reflect the total grant date expense for these awards, and do not correspond to the actual cash value that will be recognized by each of the Directors when received. See footnotes 2 and 3 above. Except for our new Directors who are representatives of BC Partners, our Directors receive annual compensation of (a) cash (up to \$75,000), (b) restricted stock and/or (c) stock options as discussed further in the Director Compensation section on page 41. The new Directors received their 2009 compensation entirely in cash.
- (7) As of December 26, 2009, there were no outstanding shares of restricted stock held by any Directors. Beginning in 2007, all annual grants of equity to the Directors fully vest at the grant date. Please see the table Equity Compensation Paid to Directors for Fiscal Year 2009 for all equity granted in 2009.
- (8) As of December 26, 2009, the following Directors held options to purchase the following number of shares of our common stock: Lee Ault 99,069, Neil Austrian 151,002, David Bernauer 132,426, Marsha Evans 19,368, David Fuente 49,811, Brenda Gaines 123,810, Myra Hart 110,375, Scott Hedrick 137,080, Kathleen Mason 56,013.
- (9) Mr. Myers died on July 1, 2009. His beneficiaries will be eligible to receive the 191,106 shares of stock options currently outstanding.

| (a)<br>Directors | Equity Compensation Paid to Directors for Fiscal Year 2009 |                  |   |                 |  |           | (g)<br>Total Value<br>of Equity<br>Awards for<br>2009 |
|------------------|--|------------------|---|-----------------|--|-----------|---|
|                  | (b)  | (c)              | (d)   | (e)             | (f)  |           |   |
|                  | Grant Date   | Option<br>Awards | (1)<br>Grant Date<br>Fair Value of<br>Option Awards | Stock<br>Awards | (1)<br>Grant Date<br>Fair Value of<br>Stock Awards |           |   |
| Lee Ault         | 3/4/09   | 26,758           | \$ 18,142   | 3,882           | \$ 3,300   | \$ 21,442 |   |
| Neil Austrian    | 3/4/09   | 38,736           | \$ 26,263   |                 |  | \$ 26,263 |   |
| David Bernauer   | 3/4/09   | 35,678           | \$ 24,190   |                 |  | \$ 24,190 |   |
| Marsha Evans     | 3/4/09   | 19,368           | \$ 13,131   | 8,429           | \$ 7,165   | \$ 20,296 |   |
| David Fuente     | 3/4/09   |                  |   | 16,859          | \$ 14,330  | \$ 14,330 |   |
| Brenda Gaines    | 3/4/09   |                  |   | 17,746          | \$ 15,084  | \$ 15,084 |   |
| Myra Hart        | 3/4/09   | 35,678           | \$ 24,190   |                 |  | \$ 24,190 |   |
| Scott Hedrick    | 3/4/09   | 35,678           | \$ 24,190   |                 |  | \$ 24,190 |   |
| Kathleen Mason   | 3/4/09   | 35,678           | \$ 24,190   |                 |  | \$ 24,190 |   |
| Michael Myers    | 3/4/09   | 35,678           | \$ 24,190   |                 |  | \$ 24,190 |   |

- (1) Amounts are determined using the fair market value of the Company's common stock on the grant date. See footnote 2 in the Director Compensation Table for Fiscal Year 2009 for additional information.

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**SUMMARY OF EXECUTIVE AGREEMENTS AND POTENTIAL PAYMENTS UPON**

**TERMINATION OR CHANGE OF CONTROL**

We have entered into Employment Agreements, Offer Letters and Change of Control Agreements with our NEOs. Material items addressed in these agreements include the term of the arrangement (including renewal provisions), the elements of the executive's compensation, the amounts and benefits payable on various termination events (including a change of control of the Company) and restrictions relating to non-competition, non-solicitation and confidentiality of information imposed on the executive management.

The employment agreement with our CEO and the Change of Control Agreements with the other NEOs, all of which are described below, provide for enhanced payments and benefits in the event of a change of control (as defined in these agreements). The basic rationale for such change of control protections is to diminish the potential distraction due to personal uncertainties and risks that inevitably arise when a change of control is threatened or pending. Thus, the Compensation Committee and the Board of Directors decided to provide these executives with what they determined to be competitive change of control compensation and benefits as compared with similar benefits provided by our competitors for executive talent.

The termination benefits payable in connection with a change of control under the Employment Agreements and Change of Control Agreements require a so-called "double trigger" which means that after a change of control (the first trigger) a covered executive's employment is either involuntarily terminated without cause or the executive resigns for good reason (as both terms are defined in the relevant agreement), either of which would constitute the second trigger. A double trigger was selected to increase the likelihood that an executive would remain with the Company after a change of control. Under Mr. Odland's employment agreement originally dated March 11, 2005, as amended February 28, 2008, between the Company and Mr. Odland (the Previous Employment Agreement) and the Company's 2007 Long-Term Incentive Plan, all outstanding equity awards will be fully vested upon a change of control without the second trigger. In addition, under the Company's bonus plan for executives, upon a change of control each NEO would receive a cash payment equal to a prorated target bonus or, if greater and if the change of control occurs during the last three months of the performance period, the projected bonus payout determined on the effective date of the change of control.

On October 14, 2009, the Company's shareholders approved a transaction allowing conversion at the option of the holders of our 10% Series A Redeemable Convertible Participating Perpetual Preferred Stock and conversion at the option of the holders of our 10% Series B Redeemable Conditional Convertible Participating Perpetual Preferred Stock (the BC Partners Transaction). Under each of the Employment Agreements and Change of Control Agreements, shareholder approval of the Series A Proposal and/or the Series B Proposal constituted a change of control. As a result of the BC Partners Transaction, all of Mr. Odland's outstanding equity awards are fully vested as a result of the change of control, even without a subsequent employment termination. The termination benefits payable in connection with a change of control under the Employment Agreements and Change of Control Agreements require a so-called "double trigger" which means that during a stated protection period after a change of control, a covered executive's employment is either involuntarily terminated without cause or the executive resigns for good reason (as both terms are defined in the relevant agreements). The protection period is three years for Mr. Odland, and one year for each of the other NEOs. In the case of Mr. Odland, Mr. Brown and Mr. Rubin, good reason includes a resignation for any reason during the 30-day period immediately preceding the first anniversary of a change of control. Therefore, between September 14, 2010 and October 14, 2010 Mr. Odland, Mr. Brown and Mr. Rubin may resign for any reason and be paid termination benefits as disclosed in the table below. Additionally, Mr. Brown and Mr. Rubin received an annual bonus for 2009 that was equal to their highest bonus in the last three fiscal years preceding the equity purchase because the BC Partners Transaction triggered their change-in-control agreements which included this bonus provision as discussed above.

In February 2010, the Company and Mr. Odland entered into an Amended Employment Agreement that, among other things, amends the severance and change-in-control provisions contained in the Previous Employment Agreement. The Amended Employment Agreement, among other things, eliminates Mr. Odland's

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ability to terminate his employment for any reason during the 30-day period immediately preceding the first anniversary of the effective date of the BC Partners equity purchase described above. The new severance and change-in-control provisions of the Amended Employment Agreement are described below.

In mid-2005, the Company ceased entering into employment agreements with our officers. Prior to this decision, our policy had been to enter into written employment agreements with each of our officers, vice presidents and above. Since the Compensation Committee's action in mid-2005 to alter the policy with respect to entering into employment agreements with our officers, newly hired or promoted officers, including NEOs, have not entered into formal employment agreements with our Company. As a result, the following NEOs who joined the Company after the date of the Committee's actions do not have formal employment agreements with the Company: Steven Schmidt, our President, Business Solutions Division, and Michael Newman, our Executive Vice President and Chief Financial Officer. However, each of them has the benefit of certain terms set out in his employment offer letter and in the Company's severance policy, both of which are described in more detail below.

***Key Definitions***

***Cause.*** The following actions constitute cause for all respective agreements described in this section. Differences reflect various combinations of the time at which agreements were reached, the level of the position and/or market conditions at the time of the initial hire:

*Steve Odland's Previous Employment Agreement in Effect in Fiscal Year 2009*

willful and continued failure to perform substantially executive's duties, after written demand by the Board;

willful engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company; or

willful and material violation of a material provision of the Company's written policies, including the Company's Code of Ethical Behavior.

*Steve Odland's Amended and Restated Employment Agreement in Effect Beginning February 19, 2010*

Same as described above.

*Chuck Rubin's Employment Agreement*

willful engagement in illegal conduct or gross misconduct, but only to the extent such conduct or misconduct is materially and demonstrably injurious to the Company in violation of the Company's Code of Ethical Behavior.

*Charles E. Brown's Employment Agreement and Mr. Brown's and Mr. Rubin's Change of Control Agreement*

willful and continued failure to perform substantially executive's duties, after written demand by the Company; or

willful engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

*Steven Schmidt's and Michael Newman's Change of Control Agreements*

continued failure to perform substantially executive's duties, after written demand by the Board of Directors or the Chief Executive Office; or

engagement in illegal conduct or gross misconduct in violation of the Company's Code of Ethical Behavior.

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**Change of Control.** The following conditions constitute a change of control for all the Employment Agreements and Change of Control Agreements in effect in fiscal year 2009 described in this section:

the acquisition by an individual, entity or group of 20% (the threshold amount) or more of either (i) the Company's then-outstanding common stock or (ii) the combined voting power of the Company's then-outstanding voting securities; or

the directors in office as of the date of the relevant agreement cease to constitute at least a majority of the Board; or

consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a business combination). However, a change of control is not triggered if following the business combination (i) the Company's then-existing shareholders continue to hold more than 80% of the common stock and of the combined voting power of the new corporation, (ii) no one directly or indirectly owns 20% or more of the then-outstanding common stock or of the combined voting power of the new corporation except to the extent that such ownership existed prior to the business combination, and (iii) at least a majority of the new corporation's directors were members of the Board of Directors at the time of the execution of the initial agreement providing for such business combination; or

complete liquidation or dissolution of the Company as approved by the Company's shareholders.

*Steve Odland's Amended and Restated Employment Agreement in Effect Beginning February 19, 2010*

Same as described above except the threshold amount is defined as the acquisition by any person or group other than an exempt person as defined in the Amended Employment Agreement of (i) 20% or more of the combined voting power of the Company's then outstanding securities without the prior approval of the Company's Board of Directors, or (ii) 50% or more of the combined voting power of the Company's then outstanding securities, whether or not the Company's Board of Directors has first given its approval. However, in order for Mr. Odland to terminate his employment for any reason constituting good reason during the 30-day period immediately preceding the first anniversary of the effective date of a change of control, the acquisition outlined in subpart (i) above must be of 30% or more of the combined voting power of the Company's then outstanding securities. Any sale by BC Partners of their equity interest in the Company, other than a sale with other shareholders, will be disregarded for purposes of this definition.

**Good Reason.** The following actions constitute good reason for all respective agreements described in this section:

*Steve Odland's Employment Agreement in Effect in Fiscal Year 2009*

assignment of duties materially inconsistent with executive's position or any other action by the Company that diminishes the executive's position (including change of title or reporting requirements);

failure to maintain executive in the position(s) set forth in the Previous Employment Agreement;

material breach by the Company of a material provision of the Previous Employment Agreement, and failure to cure such breach within 30 days after executive's written notice;

requirement that executive be based at any location more than 35 miles from the Company's principal office;

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a termination by executive for any reason during the 30-day period immediately preceding the first anniversary of the effective date of a change of control; or

the Company's refusal to extend the employment term.

*Chuck Rubin's Employment Agreement*

assignment of duties inconsistent with executive's position or any other action by the Company that diminishes executive's position;

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failure by the Company to comply with material provisions of the agreement (including the compensation and benefit provisions);

requirement that executive be based at any location not within the vicinity of the Company's principal office;

purported termination of executive's employment other than as expressly permitted by the agreement; or

a court or an arbitrator bars executive from working with the Company.

*Steve Odland's Amended and Restated Employment in Effect Beginning February 19, 2010*

Same as described above, except a termination by Mr. Odland for any reason during the 30-day period immediately preceding the first anniversary of the effective date of the BC Partners equity purchase is exempted from the definition of "Good Reason."

*Charles E. Brown's Employment Agreement*

assignment of duties inconsistent with executive's position or any other action by the Company that diminishes executive's position;

failure by the Company to comply with the compensation and benefit provisions of the agreement;

requirement that executive be based at any location not within vicinity of the Company's principal office; or

purported termination of executive's employment other than as expressly permitted by the agreement.

*Change of Control Agreements with Chuck Rubin and Charles E. Brown*

assignment of duties inconsistent with executive's position or any other action by the Company that diminishes executive's position;

failure by the Company to comply with the compensation and benefit provisions of the agreement;

requirement that executive be based at a location 35 or more miles from where executive was employed before the change of control or requiring executive to travel on company business to a substantially greater extent than required immediately prior to the change of control effective date;

purported termination of executive's employment other than as expressly permitted by the agreement;

failure by the Company to require the Company's successor to assume and perform the agreement; or

termination by executive for any reason during 30-day period immediately preceding the first anniversary of the change of control effective date.

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*Change of Control Agreements with Steven Schmidt and Michael Newman*

material diminution of executive's authorities, duties or responsibilities;

material failure by the Company to comply with the compensation and benefit provisions in the agreement;

material change in the location at which executive is based or requiring executive to travel on Company business to a substantially greater extent than required immediately prior to the change of control effective date;

purported termination of executive's employment other than as expressly permitted by the agreement; or

material failure by the Company to require the Company's successor to assume and perform the agreement.

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***Employment Agreement with Steve Odland, our Chief Executive Officer in Effect in Fiscal Year 2009***

We are a party to an Employment Agreement initially dated March 11, 2005 as amended as of February 25, 2008, with our Chief Executive Officer, Steve Odland (the above-described Previous Employment Agreement ). By its terms, the Previous Employment Agreement automatically continues for successive 1-year employment terms ending on each March 11 unless either Mr. Odland or the Company gives at least 90 days written notice that the term is not to be extended. Neither the Company nor Mr. Odland has provided notice under the Agreement.

*Compensation, Benefits and Perquisites*

Mr. Odland is eligible for the following:

a base salary at the annual rate of at least \$1,000,000, subject to annual review and upward adjustment by the Compensation Committee;

an annual bonus, pursuant to the terms of the Company s bonus program for executives, with a minimum of 44% of target bonus (or 70% of base salary) if minimum annual performance targets are met. A target level of 160% of base salary applies if target annual performance is met. The annual performance targets are established by the Compensation Committee;

participation in all long-term equity incentive plans and programs that cover our senior executives, as well as in the welfare benefit plans and arrangements generally made available to our other senior executives; and

participation in our benefit and perquisite programs in effect from time to time for our senior executives, including (i) a \$25,000 annual car allowance and (ii) personal use of our corporate aircraft, but such usage is limited to a maximum of 100 hours per calendar year and is subject to income imputation.

As a result of the change of control that occurred pursuant to the BC Partners Transaction, all unvested stock options, restricted stock and other long-term equity or other long-term incentive awards then held by Mr. Odland became fully (100%) vested.

*Termination*

Mr. Odland s employment may be terminated by the Company or by Mr. Odland at any time, subject to the terms and condition of his Previous Employment Agreement. The respective rights and obligations of Mr. Odland and the Company depend upon the party that initiates the termination and the reasons for the termination.

The following table summarizes the termination events (each as defined in Mr. Odland s Previous Employment Agreement) and the payments Mr. Odland is eligible to receive upon each event.

| <b>Termination Event</b>                                    | <b>Payment</b>  |
|---|---|
| 1. Termination for cause or resignation without good reason | accrued compensation and benefits (including accrued, unused vacation and other benefits); and<br><br>any unpaid annual bonus, based on actual performance, for a fiscal year if the executive is employed on the last date of the fiscal year. |

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**Termination Event**

2. Termination resulting from death or disability

**Payment**

accrued compensation and benefits (including accrued, unused vacation and other benefits);

a pro rata portion of the target annual bonus;

a payment of 24 times the Company's monthly COBRA and other welfare benefit plan premiums for the type of coverage in effect for executive on the date of termination;

full and immediate vesting of all time-vested restricted stock, stock options and all other time-vested long-term equity or other long-term incentive awards; and

the lesser of (i) 24 months or (ii) the remaining option term to exercise stock options.

3. Termination without cause or resignation for good reason prior to a change of control

accrued compensation and benefits (including accrued, unused vacation and other benefits);

a pro rata portion of annual bonus, based on actual performance;

a payment of 24 times the Company's monthly COBRA and other welfare benefit plan premiums for the type of coverage in effect for executive on the date of termination;

a cash severance payment equal to two times the sum of base salary and target bonus;

full and immediate vesting of all time-vested restricted stock, stock options and all other time-vested long-term equity or other long-term incentive awards; and

the lesser of (i) 24 months or (ii) the remaining option term to exercise stock options.

4. Termination without cause or resignation for good reason upon or after a change of control

accrued compensation and benefits (including accrued, unused vacation and other benefits);

a payment of 36 times the Company's monthly COBRA and other welfare benefit plan premiums for the type of coverage in effect for executive on the date of termination;

a pro rata portion of the greater of (i) target bonus and (ii) highest annual bonus earned in any of the preceding three completed fiscal years;

a cash severance payment equal to two point nine nine (2.99) times the sum of (a) a base salary and (b) the greater of (i) target bonus and (ii) highest annual bonus earned in any of the preceding three completed fiscal years; and

the lesser of (i) 24 months or (ii) the remaining option term to exercise stock options.

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If any payments would constitute an excess payment under Internal Revenue Code section 280G and be subject to the excise tax imposed by Internal Revenue Code section 4999 on such excess payments, Mr. Odland is eligible to receive a tax gross-up payment of such amount that would leave Mr. Odland in the same tax position as if no such excise tax (including related penalties or interest) was applicable.

*Restrictive Covenants*

In the Previous Employment Agreement, Mr. Odland has agreed to various restrictive covenants that can limit certain post-employment activity. These include a two-year non-competition agreement that bars employment or engaging in any business for any competitor, including office products retailers (other than a business selling office products and supplies as a minor portion of its business). Other restrictions include non-solicitation and non-interference provisions relating to our employees or employees of any subsidiary, as well as non-solicitation provisions relating to customers, suppliers and other business relations. In addition, non-disclosure provisions protect our confidential information and work product. Among other remedies, the Company is entitled to cease making payments under Mr. Odland's Previous Employment Agreement in the event he violates his post-employment covenants.

*Steve Odland's Amended and Restated Employment Agreement in Effect Beginning February 19, 2010*

As discussed above, on February 19, 2010, we entered into an Amended and Restated Employment Agreement with Mr. Odland that amends certain provisions related to severance and change of control arrangements and eliminates tax gross-up benefits contained in the Previous Employment Agreement. The Amended Employment Agreement also provides for the payment of a cash retention award to Mr. Odland subject to certain conditions. The Amended Employment Agreement became effective on February 19, 2010 for a term ending March 11, 2011, and shall automatically renew for an additional one year period on each successive March 11 unless the Company or Mr. Odland provides 90 days prior written notice that the term of employment shall not be extended.

The following table summarizes the termination events (each as defined in Mr. Odland's Amended Employment Agreement) and the payments Mr. Odland is eligible to receive upon each event.

| <b>Termination Event</b>                                    | <b>Payment</b>   |
|---|--|
| 1. Termination for cause or resignation without good reason | <p>accrued compensation and benefits (including accrued, unused vacation and other benefits);</p> <p>any unpaid annual bonus, based on actual performance, for a fiscal year if the executive is employed on the last date of the fiscal year; and</p> <p>any vested portion of the \$5 million retention award.</p> |
| 2. Termination resulting from death or disability           | <p>accrued compensation and benefits (including accrued, unused vacation and other benefits);</p> <p>a pro rata portion of the target annual bonus;</p> <p>\$5 million retention award;</p>  |

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a payment of 24 times the Company's monthly COBRA and other welfare benefit plan premiums for the type of coverage in effect for executive on the date of termination;

full and immediate vesting of all time-vested restricted stock, stock options and all other time-vested long-term equity or other long-term incentive awards; and

the lesser of (i) 24 months or (ii) the remaining option term to exercise stock options.

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**Termination Event**

3. Termination without cause or resignation for good reason

**Payment**

accrued compensation and benefits (including accrued, unused vacation and other benefits);

a pro rata portion of annual bonus, based on actual performance;

\$5 million retention award;

a payment of 24 times the Company's monthly COBRA and other welfare benefit plan premiums for the type of coverage in effect for executive on the date of termination, however, in the event of a termination within three years of a change-in-control, payment shall be for 36 times the Company's monthly COBRA and other welfare benefit plan premiums for the type of coverage in effect for executive on the date of termination;

a cash severance payment equal to two times the sum of base salary and target bonus which amount shall be no less than \$5.2 million;

full and immediate vesting of all time-vested restricted stock, stock options and all other time-vested long-term equity or other long-term incentive awards; and

the lesser of (i) 24 months or (ii) the remaining option term to exercise stock options.

In addition, in lieu of a tax gross-up (as was provided under the Previous Employment Agreement) in the event that part or all of the consideration, compensation and benefits to be paid to Mr. Odland pursuant to the Amended Employment Agreement together with the aggregate present value of payments, consideration, compensation and benefits under all other plans, arrangements and agreements applicable to Mr. Odland would constitute excess parachute payments under Section 280G(b) of the Internal Revenue Code of 1986, as amended (the Code), are subject to an excise tax under Section 4999 of the Code (collectively, the Parachute Amount), then the amount of excess parachute payments payable under the Amended Employment Agreement will be reduced if the reduction would result in a greater after-tax amount for Mr. Odland than would occur in such circumstances had he paid the excise tax. If such Parachute Amount is reduced, the reduction in payments shall first be applied to reduce any cash severance payments and then to reduce other payments and benefits without subjecting Mr. Odland to additional taxation under Section 409A of the Code. The Amended Employment Agreement also eliminates Mr. Odland's right to a gross up for additional taxes that could become payable pursuant to 409A of the Code that was included in the Previous Employment Agreement.

***Agreements with Chuck Rubin, our President, North American Retail Division***

We are a party to an Executive Employment Agreement initially dated March 1, 2004, with Chuck Rubin, who was Executive Vice President Merchandising when the Executive Employment Agreement was initially entered into and who was subsequently named President, North American Retail in early 2006. The Executive Employment Agreement was amended on June 15, 2004, and restated on January 23, 2006, in connection with Mr. Rubin's promotion to his current position of President, North American Retail. The Executive Employment Agreement was amended and restated effective December 31, 2008, to bring the agreement into documentary compliance with Internal Revenue Code section 409A (Section 409A). In addition, the Company entered into a Change of Control Agreement with Mr. Rubin dated March 1, 2004, which agreement was amended and restated effective February 25, 2008, to bring the agreement into documentary compliance with Section 409A.

***Executive Employment Agreement with Mr. Rubin***

The term of the Executive Employment Agreement ran until July 22, 2009, which period was and will be automatically extended for successive one-year periods unless either Mr. Rubin or we give at least 6 months prior written notice that the term is not to be extended.



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*Compensation, Benefits and Perquisites*

Under the Executive Employment Agreement, Mr. Rubin is eligible to receive the following:

a base salary of \$625,000 per annum, subject to annual review and upward adjustment by the Compensation Committee;

an annual bonus through participation in the Company's annual bonus plan for senior executives or other bonus plans offered to him; and

certain benefits and perquisites.

*Termination*

Mr. Rubin's employment may be terminated by us or by Mr. Rubin at any time, subject to the terms and conditions of the Executive Employment Agreement. The respective rights and obligations of Mr. Rubin and the Company depend upon the party that initiates the termination and the reason for the termination.

The following table summarizes the termination events (each as defined in Mr. Rubin's Executive Employment Agreement) and the payments Mr. Rubin is eligible to receive upon each event.

**Termination Event**

1. Termination for cause or resignation without good reason

2. Termination resulting from death or disability

3. Termination without cause or Resignation for good reason

**Payment**

accrued compensation and benefits (including vested and earned but unpaid amounts under incentive plans and other employee programs).

accrued compensation and benefits (including vested and earned but unpaid amounts under incentive plans and other employee programs); and

a pro rata portion of the target annual bonus.

accrued compensation and benefits (including vested and earned but unpaid amounts under incentive plans and other employee programs);

one point five (1.5) times base salary;

a pro rata portion of the target annual bonus;



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a payment of 18 times the Company's monthly COBRA and other welfare plan premiums for the type of coverage in effect for executive on the date of termination; and

one point five (1.5) times the target bonus.

Mr. Rubin's severance entitlements are conditional upon his execution of a release of claims against the Company and its affiliates.

### *Restrictive Covenants*

Mr. Rubin's Executive Employment Agreement subjects him to various restrictive covenants that can limit his post-employment activity. These include an 18-month non-competition period that bars employment or engaging in any business for any competitor. Other restrictions include non-solicitation and non-interference provisions. In addition, non-disclosure provisions protect our confidential information and work product.

### *Change of Control Agreement with Mr. Rubin*

The Change of Control Agreement governs the terms and conditions of Mr. Rubin's employment for a period of one year starting with the date of the change of control (as defined in the agreement). If we terminate

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Mr. Rubin's employment other than for cause, death or disability or if Mr. Rubin resigns for good reason (as such terms are defined in the agreement) following a change of control, Mr. Rubin is eligible to receive:

certain accrued compensation, obligations and other benefits (as provided in the agreement);

a pro rata portion of the highest annual bonus (as defined in the agreement);

two times the sum of annual base salary and highest annual bonus (as defined in the agreement);

a payment of 24 times the Company's monthly COBRA premium for the type of coverage in effect for executive on the date of termination; and

a 24-month executive outplacement services package.

If Mr. Rubin dies or we terminate Mr. Rubin's employment on account of disability following a change of control, Mr. Rubin is eligible to receive the payments and benefits described in the first three bullets above.

Mr. Rubin is eligible to receive a tax gross-up payment if any payments would constitute an excess payment under IRC section 4999. However, if Mr. Rubin would not receive a net after-tax benefit of at least \$50,000 (taking into account both income taxes and any excise tax payable on excess payments) as compared to eliminating the gross-up and having a reduction of the change of control payments to the largest amount that would not result in any parachute excise tax, then no gross-up payment would be made and Mr. Rubin's change of control payments would be so reduced.

***Agreements with Charles E. Brown, our President, International Division***

We entered into an Executive Employment Agreement with Charles E. Brown, President, International, dated October 8, 2001. The Executive Employment Agreement was amended as of July 26, 2005, and was amended and restated effective December 31, 2008, to bring the agreement into documentary compliance with Section 409A. In addition, the Company entered into a Change of Control Agreement with Mr. Brown dated May 28, 1998, which agreement was amended and restated effective February 25, 2008, to bring the agreement into documentary compliance with Section 409A.

The term of the Executive Employment Agreement ran until July 25, 2009, which period was and will be automatically extended for successive one-year periods unless either Mr. Brown or the Company gives at least 6 months prior written notice that the term is not to be extended.

Under the Executive Employment Agreement, Mr. Brown is eligible to receive the following:

a base salary of \$625,000 per annum, subject to annual review and upward adjustment by the Compensation Committee;

an annual bonus through participation in the Company's annual bonus plan for senior executives or other bonus plans offered to executive at the initial bonus target of 70% of earnings; and

certain benefits and perquisites.

The substantive provisions of Mr. Brown's Executive Employment Agreement otherwise accord substantially with those described above for Mr. Rubin except that in the event of termination by the Company without cause or the resignation of Mr. Brown for good reason, Mr. Brown is

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not eligible to receive one point five (1.5) times the target bonus, and Mr. Brown's severance entitlements are not conditioned upon his execution of a release of claims against the Company and its affiliates.

The substantive provisions of the Change of Control Agreement with Mr. Brown accord with those described above for Mr. Rubin.

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### ***Agreements with Michael Newman, our Executive Vice President and Chief Financial Officer***

No formal employment agreement is in effect with our Executive Vice President and Chief Financial Officer, Michael Newman, pursuant to the policy referred to previously, adopted in mid-2005, under which we no longer enter into employment agreements with officers. However, we are a party to an employment offer letter agreement with Mr. Newman, dated August 22, 2008, which was subsequently amended effective December 31, 2008, to bring the agreement into documentary compliance with Section 409A. We are also a party to a Change of Control Agreement with Mr. Newman dated September 17, 2008.

#### ***Employment Offer Letter Agreement with Mr. Newman***

Mr. Newman is eligible to receive the following:

a base salary of \$625,000 per annum, subject to annual review by the Compensation Committee;

the right to participate in our bonus plans and equity plans for senior executive officers; and

certain benefits and perquisites.

Mr. Newman's employment is terminable at will by either Mr. Newman or the Company. Except for cause, if Mr. Newman's employment is involuntarily terminated by us, then he is eligible to receive:

continued base salary for 18 months following termination;

a payment of 18 times the difference between the Company's monthly COBRA premium for the type of coverage in effect for executive on the date of termination and the applicable active employee monthly premium for such coverage;

a pro-rata annual bonus, based on actual performance, for the year of termination; and

a target annual bonus for the calendar year prior to the year of termination, if the annual bonus for such year has not yet been paid as of the date of termination.

Mr. Newman's severance entitlements are conditional upon his execution of a release of claims against the Company and its affiliates, and his compliance with the terms of that release.

#### ***Restrictive Covenants***

Mr. Newman is also subject to a Non-Compete Agreement that subjects him to various restrictive covenants that can limit his post-employment activity. These include an 18-month non-competition period that bars employment or engaging in any business for any competitor. Other restrictions include non-solicitation and non-interference provisions. In addition, non-disclosure provisions protect our confidential information and work product.

#### ***Change of Control Agreement with Mr. Newman***

The substantive provisions of the Change of Control Agreement with Mr. Newman accord with those described above for Mr. Rubin except that Mr. Newman is eligible to receive a payment of 18 times the Company's monthly COBRA premium for the type of coverage in effect for executive on the date of termination.

*Agreements with Steven Schmidt, our President, Business Solutions Division*

No formal employment agreement is in effect with our President, Business Solutions Division, Steven Schmidt, pursuant to the policy referred to previously, adopted in mid-2005, under which we no longer enter into employment agreements with officers. However, we are a party to an employment offer letter agreement with Mr. Schmidt, dated July 10, 2007, which was subsequently amended effective December 31, 2008, to bring the

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agreement into documentary compliance with Section 409A. We are also a party to a Change of Control Agreement with Mr. Schmidt dated December 4, 2007.

*Employment Offer Letter Agreement with Mr. Schmidt*

Mr. Schmidt is eligible to receive the following:

a base salary of \$625,000 per annum, subject to annual review by the Compensation Committee;

the right to participate in our bonus plans and equity plans for senior executive officers; and

certain benefits and perquisites.

Mr. Schmidt's employment is terminable at will by either Mr. Schmidt or the Company. Except for cause, if Mr. Schmidt's employment is involuntarily terminated by us, then he is eligible to receive:

continued base salary for 18 months following termination;

a payment of 18 times the Company's monthly COBRA premium for the type of coverage in effect for executive on the date of termination;

a pro-rata target annual bonus for the year of termination; and

a target annual bonus for the calendar year prior to the year of termination, if the annual bonus for such year has not yet been paid as of the date of termination.

Mr. Schmidt's severance entitlements are conditional upon his execution of a release of claims against the Company and its affiliates, and his compliance with the terms of that release.

*Restrictive Covenants*

Mr. Schmidt is also subject to a Non-Compete Agreement that subjects him to various restrictive covenants that can limit his post-employment activity. These include an 18-month non-competition period that bars employment or engaging in any business for any competitor. Other restrictions include non-solicitation and non-interference provisions. In addition, non-disclosure provisions protect our confidential information and work product.

*Change of Control Agreement with Mr. Schmidt*

The substantive provisions of the Change of Control Agreement with Mr. Schmidt accord with those described above for Mr. Rubin except that Mr. Schmidt is eligible to receive a payment of 18 times the Company's monthly COBRA premium for the type of coverage in effect for executive on the date of termination.

**Table of Contents****Tabular Information Regarding Potential Payments Upon Termination or a Change of Control**

The following tables quantify the potential termination and change of control payment amounts assuming a hypothetical triggering event had occurred as of December 26, 2009. The terms and conditions of the post employment and change of control provisions for each of the NEOs are described in detail above.

**Potential Payments Upon Termination or a Change in Control****Steve Odland**

|  | Termination<br>Resulting<br>from Death<br>(a) | Termination<br>Resulting<br>from<br>Disability<br>(b) | (1)<br>Termination<br>Resulting<br>from<br>Retirement<br>(c) | (1)<br>Termination<br>Resulting<br>from<br>Cause<br>(d) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Prior To<br>Change in<br>Control<br>(w/o<br>Cause)<br>(e) | (13)<br>Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Upon or<br>After<br>Change in<br>Control<br>(w/o<br>Cause)<br>(f) | Termination<br>for<br>All<br>Other<br>Reasons<br>(Voluntary)<br>(g) | Change in<br>Control<br>without<br>Termination<br>(h) |
|--|---|---|--|---|---|---|---|---|
| <b>Bonus</b>                                       | \$ 1,600,000(2)                               | \$ 1,600,000(2)                                       | \$   | \$  | \$ 1,600,000(3)   | \$ 1,600,000(4)   | \$  | \$ 1,600,000(2)                                       |
| <b>Benefits(12)</b>                                |   |   |  |   |   |   |   |   |
| Deferred Compensation<br>Plan Balance(11)          | \$ 50,886                                     | \$ 50,886   | \$   | \$  | \$  | \$  | \$  | \$  |
| <b>Long-Term Incentive<br/>or Performance Plan</b> |   |   |  |   |   |   |   |   |
| Stock Options(6)                                   | \$  | \$  | \$   | \$  | \$  | \$  | \$  | \$  |
| Restricted Stock(7)                                | \$  | \$  | \$   | \$  | \$  | \$  | \$  | \$  |
| Performance Shares(8)                              | \$  | \$  | \$   | \$  | \$  | \$  | \$  | \$  |
| <b>Cash Severance</b>                              | \$ 72,738(5)                                  | \$ 72,738(5)  | \$   | \$  | \$ 5,272,738(9)   | \$ 7,883,107(10)  | \$  | \$  |
| <b>Total for Mr. Odland</b>                        | <b>\$ 1,723,624</b>                           | <b>\$ 1,723,624</b>                                   | <b>\$</b>  | <b>\$</b>   | <b>\$ 6,872,738</b>   | <b>\$ 9,483,107</b>   | <b>\$</b>   | <b>\$ 1,600,000</b>                                   |

- (1) Retirement is generally treated as a voluntary termination for all programs except the 2007 Long-Term Incentive Plan, under which all vesting restrictions on stock options and restricted stock will lapse.
- (2) Reflects the amount of Mr. Odland's 2009 annual target bonus based on completion of the fiscal year 2008 as of December 26, 2009.
- (3) Reflects Mr. Odland's 2009 actual annual bonus based on completion of the fiscal year as of December 26, 2009.
- (4) Reflects an amount equal to Mr. Odland's highest annual bonus paid during the last three years prior to a change in control. Mr. Odland's 2009 bonus represents the highest bonus.
- (5) Reflects a payment equal to the sum of (i) the product of 24 and the monthly COBRA premium on December 26, 2009 for the group health plan

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- coverage in effect for Mr. Odland on December 26, 2009, and (ii) the product of 24 and the aggregate monthly premiums on December 26, 2009 for the disability, life, accidental death and travel insurance coverage in effect for Mr. Odland on December 26, 2009.
- (6) Reflects the value of all unvested stock options based on the closing price of the Company's stock on December 24, 2009
- (7) Reflects the value of all unvested restricted stock based on the closing price on December 24, 2009. (Vesting occurs upon meeting the conditions for retirement, not upon actual retirement.)
- (8) Reflects value of all unvested performance shares based on the closing price on December 24, 2009.
- (9) Reflects a payment equal to the sum of (i) two times the sum of Mr. Odland's base salary in effect for December 26, 2009, Mr. Odland's 2009 target annual bonus, and (ii) the product of 24 and the monthly COBRA premium on December 26, 2009, for the group health plan coverage in effect for Mr. Odland on December 26, 2009, and (iii) the product of 24 and the aggregate monthly premiums for disability insurance, life insurance, accidental death insurance and travel insurance in effect for Mr. Odland on December 26, 2009.
- (10) Reflects a payment equal to (i) 2.99 times the sum of Mr. Odland's base salary in effect for December 26, 2009 and Mr. Odland's highest annual bonus earned in respect to the 2007, 2008 or 2009 fiscal year (Mr. Odland's 2009 bonus represents the highest bonus), (ii) the product of 36 and the monthly COBRA premium on December 26, 2009 for the group health plan coverage in effect for Mr. Odland on December 26, 2009, and (iii) the product of 36 and the aggregate monthly premiums on December 26, 2009 for disability insurance, life insurance, accidental death insurance and travel insurance in effect for Mr. Odland on on December 26, 2009.
- (11) Reflects vesting of Company matching contributions and the related earnings and dividends under the DCP upon death or disability. If Mr. Odland leaves the Company for reasons other than death or disability he forfeits the unvested Company matching contributions and the related earnings and dividends under the DCP (equal to \$50,886).  
See Non-Qualified Deferred Compensation table for payments under our non-qualified deferred compensation plans.
- (12) Upon termination of employment (other than for cause), Mr. Odland may continue to participate in the group health and welfare benefit plans (other than short-term disability) for 36 months by paying the the full cost of coverage.
- (13) The vesting of stock options, restricted stock and performance shares is triggered by the change in control. All of Mr. Odland's equity has vested as a result of the BC Partners PIPE transaction.  
The value of the accelerated portion of equity that vested as a result of this transaction was \$8,665,719 based on the closing stock price on December 24, 2009.



**Table of Contents****Potential Payments Upon Termination or a Change of Control****Steve Odland**

The following table quantifies the potential termination and change of control payment amounts under Mr. Odland's Amended Employment Agreement assuming a hypothetical triggering event had occurred as of February 20, 2010.

|  | Termination<br>Resulting<br>from Death<br>(a) | Termination<br>Resulting<br>from<br>Disability<br>(b) | (1)<br>Termination<br>Resulting<br>from<br>Retirement<br>(c) | (1)<br>Termination<br>for<br>Cause<br>(d) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>(or w/o<br>Cause)<br>(e) | Termination<br>for All<br>Other<br>Reasons<br>(Voluntary)<br>(f) | Change in<br>Control<br>without<br>Termination<br>(g) |
|--|---|---|--|---|--|--|---|
| <b>Bonus</b>                                       | \$ 223,562(2)                                 | \$ 223,562(2)   | \$   | \$  | \$ 223,562(2)(6)   | \$   | \$ 223,562(2)(6)                                      |
| <b>Retention Award</b>                             | \$ 5,000,000                                  | \$ 5,000,000  | \$   | \$  | \$ 5,000,000   | \$   | \$  |
| <b>Benefits</b>                                    |   |   |  |   |  |  |   |
| Deferred Compensation Plan                         |   |   |  |   |  |  |   |
| Balance  | \$ 50,886                                     | \$ 50,886   | \$   | \$  | \$   | \$   | \$  |
| <b>Long-Term Incentive or<br/>Performance Plan</b> |   |   |  |   |  |  |   |
| Stock Options                                      | \$  | \$  | \$   | \$  | \$   | \$   | \$  |
| Restricted Stock                                   | \$  | \$  | \$   | \$  | \$   | \$   | \$  |
| Performance Shares                                 | \$  | \$  | \$   | \$  | \$   | \$   | \$  |
| <b>Cash Severance</b>                              | \$ 72,738(4)                                  | \$ 72,738(4)  | \$   | \$  | \$ 5,272,738(5)  | \$   | \$  |
| <b>Total for Mr. Odland</b>                        | <b>\$ 5,347,186</b>                           | <b>\$ 5,347,186</b>                                   | <b>\$</b>  | <b>\$</b>                                 | <b>\$ 10,496,300</b>   | <b>\$</b>  | <b>\$ 223,562</b>                                     |

- (1) Retirement is generally treated as a voluntary termination for all programs except the 2007 Long-Term Incentive Plan, under which all vesting restrictions on stock options and restricted stock will lapse.
- (2) Reflects the amount of Mr. Odland's 2010 target annual bonus prorated for the number of months completed in the bonus period.
- (3) Reflects Mr. Odland's 2010 actual annual bonus.
- (4) Reflects a payment equal to the sum of (i) the product of 24 and the monthly COBRA premium on February 20, 2010 for the group health plan coverage in effect for Mr. Odland on February 20, 2010, and (ii) the product of 24 and the aggregate monthly premiums on February 20, 2010 for the disability, life, accidental death and travel insurance coverage in effect for Mr. Odland on February 20, 2010.
- (5) Reflects a payment equal to the sum of (i) two times the sum of Mr. Odland's base salary in effect for February 20, 2010, Mr. Odland's 2010 target annual bonus which shall be no less than \$5.2 million, and (ii) the product of 24 and the monthly COBRA premium on February 20, 2010, for the group health plan coverage in effect for Mr. Odland on February 20, 2010, and (iii) the product of 24 and the aggregate monthly premiums for disability insurance, life insurance, accidental death insurance and travel insurance in effect for Mr. Odland on February 20, 2010. In the event that such termination of employment occurs within three years following a change in control, the COBRA premium and insurance premiums shall be determined by substituting 36 for 24. If 36 were substituted for 24 the cash severance number would be \$5,309,107.
- (6) Prorated bonus assumes actual plan performance is being met.

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The following tables quantify the potential termination and change of control payment amounts assuming a hypothetical triggering event had occurred as of December 26, 2009. The terms and conditions of the post employment and change of control provisions for each of the NEOs are described in detail above.

**Potential Payments Upon Termination or a Change of Control****Charles Brown**

|  | Termination<br>Resulting<br>from Death<br>(a) | Termination<br>Resulting<br>from<br>Disability<br>(b) | (1)<br>Termination<br>Resulting<br>from<br>Retirement<br>(c) | Termination<br>for<br>Cause<br>(d) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Prior To<br>Change in<br>Control (w/o<br>Cause)<br>(e) | (10)(11)<br>Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Upon or<br>After<br>Change in<br>Control (w/o<br>Cause)<br>(f) | Termination<br>for<br>All<br>Other<br>Reasons<br>(Voluntary)<br>(g) | Change in<br>Control<br>without<br>Termination<br>(h) |
|--|---|---|--|------------------------------------|--|--|---|---|
| <b>Bonus</b>                                       | \$ 468,750(2)                                 | \$ 468,750(2)   | \$   | \$                                 | \$   | \$ 468,750(3)  | \$  | \$ 468,750(3)   |
| <b>Benefits</b>                                    |   |   |  |                                    |  |  |   |   |
| Outplacement Services(4)                           | \$  | \$  | \$   | \$                                 | \$   | \$ 30,000  | \$  | \$  |
| <b>Long-Term Incentive or<br/>Performance Plan</b> |   |   |  |                                    |  |  |   |   |
| Stock Options(5)                                   | \$ 2,437,500                                  | \$ 2,437,500  | \$ 2,437,500   | \$                                 | \$   | \$ 2,437,500   | \$  | \$ 2,437,500  |
| Restricted Stock(6)                                | \$  | \$  | \$   | \$                                 | \$   | \$   | \$  | \$  |
| Performance Shares(7)                              | \$  | \$  | \$   | \$                                 | \$   | \$ 312,780   | \$  | \$ 312,780  |
| <b>Cash Severance</b>                              | \$  | \$  | \$   | \$                                 | \$ 1,461,042(8)  | \$ 2,278,169(9)  | \$  | \$  |
| <b>Total for Mr. Brown</b>                         | <b>\$ 2,906,250</b>                           | <b>\$ 2,906,250</b>                                   | <b>\$ 2,437,500</b>  | <b>\$</b>                          | <b>\$ 1,461,042</b>  | <b>\$ 5,527,199</b>  | <b>\$</b>   | <b>\$ 3,219,030</b>                                   |

- (1) Retirement is generally treated as a voluntary termination for all programs except the 2007 Long-Term Incentive Plan, under which all vesting restrictions on stock options and restricted stock will lapse.
- (2) Reflects Mr. Brown's 2009 target annual bonus.
- (3) Reflects an amount equal to the highest annual bonus earned for the 2007, 2008 or 2009 fiscal year.
- (4) Reflects the value of a 24 month outplacement services package.
- (5) Reflects the value of all unvested stock options based on the closing price of the Company's stock on December 24, 2009.
- (6) Reflects the value of all unvested shares of restricted stock based on the closing price of the Company's stock on December 24, 2009.
- (7) Reflects value of all unvested performance shares based on the closing price on December 24, 2009.
- (8) Reflects a payment equal to the sum of (i) 1.5 times Mr. Brown's base salary in effect on December 26, 2009, (ii) his 2009 target annual bonus, (iii) the product of 18 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Brown on

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- December 26, 2009, and (iv) the product of 18 and the aggregate monthly premiums on December 26, 2009 for the disability insurance, life insurance, accidental death insurance and travel insurance in effect for Mr. Brown on December 26, 2009.
- (9) Reflects a payment equal to the sum of (i) two times the sum of Mr. Brown's base salary (including car allowance) in effect on December 26, 2009, and the highest annual bonus earned with respect to the 2007, 2008 or 2009 fiscal year, and (ii) the product of 24 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Brown on December 26, 2009.
- See Non-Qualified Deferred Compensation table for payments under our non-qualified deferred compensation plans.
- (10) The vesting of restricted stock and performance shares is triggered by a change in control. Note also, as disclosed in column (i) and Footnote 6 of the Other Compensation Table for the Fiscal Year 2009, Mr. Brown received a guaranteed bonus of \$616,821 as a result of a provision in his change in control agreement that was triggered upon shareholder approval of the preferred stock conversion in the BC Partners PIPE transaction.
- (11) If termination due to death or disability occurs after the change in control, Mr. Brown is entitled to all amounts in this column other than outplacement services and COBRA.

**Table of Contents****Potential Payments Upon Termination or a Change of Control****Chuck Rubin**

|  | Termination<br>Resulting<br>from Death<br>(a) | Termination<br>Resulting<br>from<br>Disability<br>(b) | (1)<br>Termination<br>Resulting<br>from<br>Retirement<br>(c) | Termination<br>for<br>Cause<br>(d) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Prior To<br>Change in<br>Control (w/o<br>Cause) (e) | (11)(12)<br>Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Upon or<br>After<br>Change in<br>Control<br>(w/o Cause)<br>(f) | Termination<br>for<br>All<br>Other<br>Reasons<br>(Voluntary<br>Termination)<br>(g) | Change in<br>Control<br>without<br>(h) |
|--|---|---|--|------------------------------------|---|--|--|--|
| <b>Bonus</b>                                       | \$ 468,750(2)                                 | \$ 468,750(2)   | \$   | \$                                 | \$ 703,125(3)   | \$ 468,750(4)  | \$   | \$ 468,750(4)                          |
| <b>Benefits</b>                                    |   |   |  |                                    |   |  |  |  |
| Outplacement                                       | \$  | \$  | \$   | \$                                 | \$  | \$ 30,000(5)   | \$   | \$                                     |
| <b>Long-Term Incentive<br/>or Performance Plan</b> |   |   |  |                                    |   |  |  |  |
| Stock Options(6)                                   | \$ 2,437,500                                  | \$ 2,437,500  | \$ 2,437,500   | \$                                 | \$  | \$ 2,437,500   | \$   | \$ 2,437,500                           |
| Restricted Stock(7)                                | \$ 632,808                                    | \$ 583,853  | \$ 632,808   | \$                                 | \$  | \$ 632,808   | \$   | \$ 632,808                             |
| Performance Shares(8)                              | \$  | \$  | \$   | \$                                 | \$  | \$ 312,780   | \$   | \$ 312,780                             |
| <b>Cash Severance</b>                              | \$  | \$  | \$   | \$                                 | \$ 1,461,476(9)   | \$ 2,278,169(10)   | \$   | \$                                     |
| <b>Total for Mr. Rubin</b>                         | <b>\$ 3,539,058</b>                           | <b>\$ 3,490,103</b>                                   | <b>\$ 3,070,308</b>  | <b>\$</b>                          | <b>\$ 2,164,601</b>   | <b>\$ 6,160,007</b>  | <b>\$</b>  | <b>\$ 3,851,838</b>                    |

- (1) Retirement is generally treated as a voluntary termination for all programs except the 2007 Long-Term Incentive Plan, under which all vesting restrictions on stock options and restricted stock will lapse.
- (2) Reflects Mr. Rubin's 2009 target annual bonus.
- (3) Reflects an amount equal to 1.5 times Mr. Rubin's target annual bonus.
- (4) Reflects an amount equal to the highest annual bonus earned for the 2007, 2008 or 2009 fiscal year. Mr. Rubin's 2009 bonus represents the highest bonus.
- (5) Reflects the value of a 24 month outplacement services package.
- (6) Reflects the value of all unvested stock options based on the closing price of the Company's stock on December 24, 2009.
- (7) Reflects the value of all unvested restricted stock based on the closing price of the Company's stock on December 24, 2009. (Vesting occurs upon meeting the conditions for retirement, not upon actual retirement.)
- (8) Reflects the value of all unvested performance shares based on the closing price of the Company's stock on December 24, 2009.
- (9) Reflects a payment equal to the sum of (i) 1.5 times Mr. Rubin's base salary in effect on December 26, 2009, (ii) his 2009 target annual bonus, (iii) the product of 18 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Rubin on December 26, 2009, and (iv) the product of 18 and the aggregate monthly premiums on December 26, 2009 for the disability insurance, life insurance, accidental death insurance and travel insurance in effect for Mr. Rubin on December 26, 2009.

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- (10) Reflects a payment equal to the sum of (i) two times the sum of Mr. Rubin's base salary (including car allowance) in effect on December 26, 2009, and the highest annual bonus earned with respect to the 2007, 2008 or 2009 fiscal year, and (ii) the product of 24 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Rubin on December 26, 2009.
- (11) The vesting of restricted stock and performance shares is triggered by a change in control. Note also, as disclosed in column (i) and Footnote 6 of the Other Compensation Table for the Fiscal Year 2009, Mr. Rubin received a guaranteed bonus of \$569,866 as a result of a provision in his change in control agreement that was triggered upon shareholder approval of the preferred stock conversion in the BC Partners PIPE transaction.
- (12) If termination due to death or disability occurs after the change in control, Mr. Rubin is entitled to all amounts in this column other than outplacement services and COBRA.

**Table of Contents****Potential Payments Upon Termination or a Change of Control****Steven Schmidt**

|  | Termination<br>Resulting<br>from Death<br>(a) | Termination<br>Resulting<br>from<br>Disability<br>(b) | (1)<br>Termination<br>Resulting<br>from<br>Retirement<br>(c) | Termination<br>for<br>Cause<br>(d) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Prior To<br>Change in<br>Control<br>(w/o<br>Cause)<br>(e) | (12) (14) (15)<br>Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason Upon<br>or After<br>Change in<br>Control<br>(w/o Cause)<br>(f) | Termination<br>for<br>All<br>Other<br>Reasons<br>(Voluntary<br>Termination)<br>(g) | Change in<br>Control<br>without<br>Termination<br>(h) |
|--|---|---|--|------------------------------------|---|---|--|---|
| <b>Bonus</b>   | \$ 468,750(3)                                 | \$ 468,750(3)   |  | (2) \$                             | \$ 468,750(3)   | \$ 468,750(11)  | \$   | \$ 468,750(11)  |
| <b>Benefits</b>  |   |   |  |                                    |   |   |  |   |
| Outplacement<br>Services                               | \$  | \$  | \$   | \$                                 | \$  | \$ 30,000(4)  | \$   | \$  |
| Deferred<br>Compensation Plan<br>Balance(5)            | \$ 23,805                                     | \$ 23,805   | \$   | \$                                 | \$  |   | \$   | \$  |
| <b>Tax Gross-Up<br/>Payment(6)</b>                     |   |   |  |                                    |   | \$ 1,462,317  |  |   |
| <b>Long-Term<br/>Incentive or<br/>Performance Plan</b> |   |   |  |                                    |   |   |  |   |
| Stock Options(7)                                       | \$ 5,537,500                                  | \$ 5,537,500  | \$ 5,537,500   | \$                                 | \$  | \$ 5,537,500  | \$   | \$ 5,537,500  |
| Restricted Stock(8)                                    | \$ 706,551                                    | \$ 706,551  | \$ 706,551   | \$                                 | \$  | \$ 706,551  | \$   | \$ 706,551  |
| Performance<br>Shares(9)                               | \$  | \$  | \$   | \$                                 | \$  | \$ 312,780  | \$   | \$ 312,780  |
| <b>Cash Severance</b>                                  | \$  | \$ 974,936(10)  | \$   | \$                                 | \$ 974,936(10)  | \$ 2,256,136(13)  | \$   | \$  |
| <b>Total for<br/>Mr. Schmidt</b>                       | <b>\$ 6,736,606</b>                           | <b>\$ 7,711,542</b>                                   | <b>\$ 6,244,051</b>  | <b>\$</b>                          | <b>\$ 1,443,686</b>   | <b>\$ 10,774,034</b>  | <b>\$</b>  | <b>\$ 7,025,581</b>                                   |

- Retirement is generally treated as a voluntary termination for all programs except the 2007 Long-Term Incentive Plan, under which all vesting restrictions on stock options and restricted stock will lapse.
- Upon retirement prior to a change in control, Mr. Schmidt would have received no bonus payments.
- Reflects Mr. Schmidt's 2009 target annual bonus.
- Reflects the value of a 24 month outplacement services package.
- Reflects vesting of Company matching contributions and the related earnings and dividends under the DCP upon death or disability. If Mr. Schmidt leaves the Company for reasons other than death or disability he forfeits the unvested Company matching contributions and the related earnings and dividends under the DCP (equal to \$23,805). See Non-Qualified Deferred Compensation table for payments under our non-qualified deferred compensation plans.

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- (6) Reflects the additional payment ( Gross-up Payment ) that Mr. Schmidt would have received under his Change in Control agreement with the Company to reimburse him for excise tax under section 4999 of the Internal Revenue Code on excess parachute payments received in connection with a change in control, together with income and FICA taxes on the Gross-up Payment. The Gross-up Payment was estimated, in accordance with the regulations under section 280G of the Internal Revenue Code without valuing Mr. Schmidt's non-compete agreement and using the following assumptions: (a) each stock option held by Mr. Schmidt was canceled on the date of the change in control in exchange for a cash payment equal to a number of option shares times the excess (if any) of the closing price of the Company's common stock on December 24, 2009 (i.e., \$7.05) over the exercise price per share for the option and (b) Mr. Schmidt will pay tax on additional compensation and excess parachute payments at the following rates: federal income tax, 35%; state and local income tax, 0%; FICA tax, 1.45% (Medicare only); parachute excise tax, 20%. The Gross-up Payment increases the total excess parachute payments by an equal amount. Note that if Mr. Schmidt's stock options had remained outstanding and exercisable after the change in control, the value of the options characterized as parachute payments, and consequently the amount of the Gross-up Payment would have been larger.
- (7) Reflects the value of all unvested stock options based on the closing price of the Company's stock on December 24, 2009.
- (8) Reflects the value of all unvested restricted stock based on the closing price of the Company's stock on December 24, 2009. (Vesting occurs upon meeting conditions for retirement, not upon actual retirement.)
- (9) Reflects the value of all unvested performance shares based on the closing price of the Company's stock on December 24, 2009.
- (10) Reflects a payment equal to the sum of (i) 18 months of Mr. Schmidt's base salary in effect on December 26, 2009, and (ii) the product of 18 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Schmidt on December 26, 2009.
- (11) Reflects an amount equal to Mr. Schmidt's highest annual bonus earned with respect to the 2007, 2008 or 2009 fiscal year (annualized in the event that the Executive was not employed by the Company for the whole of such fiscal year) Mr. Schmidt's highest bonus was earned in 2009.
- (12) As noted previously in Summary of Executive Agreements and Potential Payments upon Termination or Change in Control above, Mr. Schmidt does not have a formal employment agreement but has an offer letter that articulated certain severance benefits. Effective December 4, 2008 Mr. Schmidt and the Company entered into a Change in Control agreement. The information reflected in this chart is in accordance with the terms of that offer letter and change in control agreement.
- (13) Reflects an amount equal to (i) two times the sum of Mr. Schmidt's annual base salary (including car allowance) in effect on December 26, 2009, and Mr. Schmidt's highest bonus earned with respect to the 2007, 2008 and 2009 fiscal year, and (ii) the product of 18 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Schmidt on December 26, 2009.
- (14) The vesting of restricted stock and performance shares is triggered by the change in control.
- (15) If termination due to death or disability occurs after the change in control, Mr. Schmidt is entitled to all amounts in this column other than outplacement services and COBRA premiums.

**Table of Contents****Potential Payments Upon Termination or a Change of Control****Michael Newman**

|  | Termination<br>Resulting<br>from Death<br>(a) | Termination<br>Resulting<br>from<br>Disability<br>(b) | (1)<br>Termination<br>Resulting<br>from<br>Retirement<br>(c) | Termination<br>for<br>Cause<br>(d) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Prior To<br>Change in<br>Control<br>(w/o<br>Cause)<br>(e) | Involuntary<br>Termination<br>or<br>Resignation<br>w/ Good<br>Reason<br>Upon or<br>After<br>Change in<br>Control<br>(w/o Cause)<br>(9) (11)<br>(f) | Termination<br>for<br>All<br>Other<br>Reasons<br>(Voluntary)<br>(g) | Change in<br>Control<br>without<br>Termination<br>(h) |
|--|---|---|--|------------------------------------|---|--|---|---|
| <b>Bonus</b>                                       | \$ 437,500(3)                                 | \$ 437,500(3)   | \$   | (2) \$                             | \$ 437,500(3)   | \$ 437,500(8)  | \$  | \$ 437,500(8)   |
| <b>Benefits</b>                                    |   |   |  |                                    |   |  |   |   |
| Outplacement Services                              | \$  | \$  | \$   | \$                                 | \$  | \$ 30,000(4)   | \$  | \$  |
| <b>Tax Gross-Up<br/>Payment(5)</b>                 |   |   |  |                                    |   | \$ 1,032,892   |   |   |
| <b>Long-Term Incentive<br/>or Performance Plan</b> |   |   |  |                                    |   |  |   |   |
| Stock Options(6)                                   | \$ 1,895,438                                  | \$ 1,895,438  | \$ 1,895,438   | \$                                 | \$  | \$ 1,895,438   | \$  | \$ 1,895,438  |
| <b>Cash Severance</b>                              | \$  | \$ 974,936(7)   | \$   | \$                                 | \$ 974,936(7)   | \$ 2,193,636(10)   | \$  | \$  |
| <b>Total for<br/>Mr. Newman</b>                    | <b>\$ 2,332,938</b>                           | <b>\$ 3,307,874</b>                                   | <b>\$ 1,895,438</b>  | <b>\$</b>                          | <b>\$ 1,412,436</b>   | <b>\$ 5,589,466</b>  | <b>\$</b>   | <b>\$ 2,332,938</b>                                   |

- (1) Retirement is generally treated as a voluntary termination for all programs except the 2007 Long-Term Incentive Plan, under which all vesting restrictions on stock options and restricted stock will lapse.
- (2) Upon retirement prior to a change in control, Mr. Newman would have received no bonus payments.
- (3) Reflects Mr. Newman's actual 2009 annual bonus.
- (4) Reflects the value of a 24 month outplacement services package.
- (5) Reflects the additional payment (Gross-up Payment) that Mr. Newman would have received under his Change in Control agreement with the Company to reimburse him for excise tax under section 4999 of the Internal Revenue Code on excess parachute payments received in connection with a change in control, together with income and FICA taxes on the Gross-up Payment. The Gross-up Payment was estimated, in accordance with the regulations under section 280G of the Internal Revenue Code without valuing Mr. Newman's non-compete agreement and using the following assumptions: (a) each stock option held by Mr. Newman was canceled on the date of the change in control in exchange for a cash payment equal to a number of option shares times the excess (if any) of the closing price of the Company's common stock on December 24, 2009 (i.e., \$7.05) over the exercise price per share for the option and (b) Mr. Newman will pay tax on additional compensation and excess parachute payments at the following rates: federal income tax, 35%; state and local income tax, 0%; FICA tax, 1.45% (Medicare only); parachute excise tax, 20%. The Gross-up Payment increases the total excess parachute payments by an equal amount. Note that if Mr. Newman's stock options had remained outstanding and exercisable after the change in control, the value of the options characterized as parachute payments, and consequently the amount of the Gross-up Payment would have been larger.



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- (6) Reflects the value of all unvested stock options based on the closing price of the Company's stock on December 24, 2009.
- (7) Reflects a payment equal to the sum of (i) 18 months of Mr. Newman's base salary in effect on December 26, 2009, and (ii) the product of 18 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage of group health plan coverage in effect for Mr. Newman on December 26, 2009.
- (8) Reflects an amount equal to Mr. Newman's highest annual bonus earned with respect to the last three fiscal years annualized in the event the executive was not employed for the entire year. Mr. Newman was hired in August of 2008 and earned his highest bonus in 2009.
- (9) As noted previously in Summary of Executive Agreements and Potential Payments upon Termination or Change in Control above, Mr. Newman does not have a formal employment agreement. Effective September 17, 2008 Mr. Newman and the Company entered into a Change in Control agreement. The information reflected in these columns is in accordance with the terms of that change of control agreement.
- (10) Reflects an amount equal to the sum of (i) two times the sum of Mr. Newman's annual base salary (including car allowance) in effect on December 26, 2009, and Mr. Newman's highest bonus earned with respect to the 2008 or 2009 fiscal year, and (ii) the product of 18 and the monthly COBRA premium on December 26, 2009 for the type of group health plan coverage in effect for Mr. Newman on December 26, 2009.
- (11) If termination due to death or disability occurs after the change in control, Mr. Newman is entitled to all amounts in this column other than outplacement services and COBRA.

**Table of Contents****STOCK OWNERSHIP INFORMATION*****Our Largest Shareholders; Ownership by Our Directors and Executive Officers***

We have provided a stock ownership table below that contains certain information about shareholders whom we believe are the beneficial owners of more than five percent (5%) of our outstanding common stock, as well as information regarding stock ownership by our Directors, NEOs and our Directors and executive officers as a group. Except as described below, we know of no person that beneficially owns more than 5% of our outstanding common stock, based solely upon filings made with the SEC.

Except as otherwise noted below, each person or entity named in the following table has the sole voting and investment power with respect to all shares of our common stock that he, she or it beneficially owns.

| Name of Beneficial Owner  | Beneficial<br>Ownership(1) | Percent of<br>Class (Less than<br>1% not shown)(2) |
|---|----------------------------|--|
| <b>(As of December 31, 2009)</b>  |                            |  |
| <b>BC Partners Holdings, Ltd. and related entities:(3)</b><br>PO Box 225, Heritage Hall, Le Marchant Street<br>St. Peter Port, Guernsey, GY1 4HY, Channel Islands |                            |  |
| <b>CIE Management II Limited</b><br>PO Box 225, Heritage Hall, Le Marchant Street<br>St. Peter Port, Guernsey, GY1 4HY, Channel Islands                           |                            |  |
| <b>LMBO Europe SAS</b><br>54 Avenue Marceau, Paris, France 75008  | 73,703,194                 | 21.15%   |
| <b>AXA Financial, Inc. and related entities:(7)</b><br>1290 Avenue of the Americas, New York, New York 10104  |                            |  |
| <b>AXA</b><br>25, avenue Matignon, 75008 Paris, France  |                            |  |
| <b>Mutuelles AXA</b><br>26, rue Drouot, 75009 Paris, France   | 40,651,159                 | 14.80%   |
| <b>Samana Capital, L.P. and related entities:</b>   |                            |  |
| <b>Morton Holdings, Inc. and Philip B. Korsant(4)</b><br>283 Greenwich Avenue, Greenwich, CT 06830  | 22,622,844                 | 8.23%  |
| <b>State Street Corporation (11)</b><br>State Street Financial Center, One Lincoln Street<br>Boston, MA 02111   | 14,897,049                 | 5.42%  |
| <b>Barclays Global Investors, NA(5)</b><br>400 Howard Street, San Francisco, CA 94105 USA   | 14,787,828                 | 5.38%  |
| <b>The Vanguard Group, Inc.(9)</b><br>100 Vanguard Blvd., Malvern, PA 19355   | 14,557,366                 | 5.30%  |
| <b>Wellington Management Company, LLP(10)</b><br>75 State Street, Boston, MA 02109  | 14,384,845                 | 5.24%  |
| <b>Board of Directors and NEOs(6)</b>   |                            |  |
| Lee A. Ault III   | 184,919                    |  |
| Neil R. Austrian  | 287,306                    |  |
| Justin Bateman  | 0                          |  |
| David W. Bernauer   | 145,151                    |  |
| Thomas J. Colligan  | 6,783                      |  |
| Marsha J. Evans   | 46,590                     |  |
| David I. Fuente   | 84,141                     |  |
| Brenda Gaines   | 153,656                    |  |
| Myra M. Hart  | 129,784                    |  |

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|   |                  |       |
|---|------------------|-------|
| W. Scott Hedrick  | 237,448          |       |
| Kathleen Mason  | 70,455           |       |
| James S. Rubin  | 0                |       |
| Raymond Svider  | 0                |       |
| Steve Odland (Chair and Chief Executive Officer)(8)               | 6,023,602        | 2.20% |
| <b>Total of Board of Directors</b>                                | <b>7,369,835</b> |       |
| <b>(Our NEOs, Other than our Chair and CEO)</b>                   |                  |       |
| Charles Brown, President International                            | 933,025          |       |
| Chuck Rubin, President North American Retail                      | 737,843          |       |
| Steven M. Schmidt, President North American Business Solutions    | 535,574          |       |
| Michael D. Newman, EVP & Chief Financial Officer                  | 234,625          |       |
| Directors and Executive Officers as a Group (23 Persons in Total) | 11,551,841       | 4.20% |

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- (1) Includes shares of common stock subject to options exercisable within 60 days of February 8, 2010, even though a considerable number of the options are underwater. See Options Exercisable within 60 days of Record Date table below for detail. Also included are unvested shares of restricted stock, as to which the holder has voting rights.
- (2) Applicable percentage of ownership for all shareholders listed in the table above except for BC Partners Holdings, Ltd. and related entities (including CIE Management II Limited and LMBO Europe SAS) is based on 274,737,010 shares of common stock outstanding as of March 3, 2010 together with the exercisable stock options, for such shareholder or group of shareholders, as applicable. Applicable percentage of ownership for BC Partners Holdings, Ltd. (including CIE Management II Limited and LMBO Europe SAS) is based on 348,440,204 shares of common stock, which includes the as-converted number of common shares underlying the shares of Series B Preferred owned by these entities, which are now convertible into common stock. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, shares issuable upon the exercise of options that are exercisable within 60 days of March 3, 2010 are not deemed outstanding for purposes of computing the percentage of ownership of any other person.
- (3) The information regarding CIE Management II Limited, which we refer to as CIE, and LMBO Europe SAS, which we refer to as LMBO, is as of July 2, 2009 and was derived from a Schedule 13D filed jointly by (i) BC European Capital VIII-1 to 12 (inclusive), each a United Kingdom limited partnership ( Funds 1-12 ); (ii) BC European Capital VIII-14 to 34 (inclusive), each a United Kingdom limited partnership ( Funds 14-34 and together with Funds 1-12, the CIE Investors ); (iii) BC European Capital VIII-35 SC to 39 SC (inclusive), each a Société Civiles organized under the laws of France (the LMBO Investors and together with the CIE Investors, the Investors ); (iv) LMBO; and (v) CIE on July 2, 2009. CIE is the general partner of, and has investment control over the shares held by, each of the CIE Investors and LMBO is Gérant as to, and has investment control over the shares held by, each of the LMBO Investors. BC Partners Holdings Limited, a limited corporation organized under the laws of Guernsey, Channel Islands ( BCHL ), is the controlling entity of each of (i) CIE; and (ii) LMBO. CIE, LMBO and BCHL are each managed by separate boards of directors. A list of the directors of CIE, LMBO and BCHL is provided on Schedules II, III and IV to the Schedule 13D filed on July 2, 2009 and none of those directors have beneficial ownership of the share held by the Investors. Since CIE, LMBO and BCHL are managed by boards of directors, no individuals have ultimate voting or investment control (as determined by Rule 13d-3) over the shares that may be deemed beneficially owned by CIE and LMBO. We have no further information or knowledge about CIE, LMBO or BCHL. The Investors, CIE and LMBO may be deemed to be a group (within the meaning of Section 13(d)(3) of the Securities Exchange Act) and, as such, may be deemed to be beneficial owners of (y) 274,596 shares of 10% Series A Redeemable Convertible Participating Perpetual Preferred Stock, par value \$0.01 per share and (z) 75,404 shares of 10% Series B Redeemable Conditional Convertible Participating Perpetual Preferred Stock, par value \$0.01 per share, of Office Depot, Inc., each Investor, however, disclaims beneficial ownership with respect to the shares owned by each of the other Investors, CIE and LMBO. None of the Investors own any shares of common stock over which it has sole voting, disposition or investment power. The figures in the table set forth the number of shares of common stock, on an as-converted basis, owned of record and beneficially owned by the funds including the as-converted underlying shares of Series B Preferred owned by the funds, which are now convertible into common stock.
- (4) The information regarding Samana Capital, L.P. (formerly, Ziff Asset Management LP) and its affiliates is reported as of December 31, 2009 and was derived from a Schedule 13G/A filed on February 16, 2010 by Samana Capital, L.P. ( SC ), Morton Holdings, Inc. ( MH ), and Philip B. Korsant. Partnerships of which MH is the general partner, including SC, are the owners of record. Each of MH and Philip B Korsant may be deemed to beneficially own the shares reported herein as a result of the direct or indirect power to vote or dispose of such shares. SC reported shared voting power over 18,045,546 shares and shared dispositive power over 18,045,546. MH and Philip B. Korsant reported shared voting power over 22,622,844 shares and shared dispositive power over 22,622,844 shares.
- (5) The information regarding Barclays Global Investors, NA ( Barclays ) is as of December 31, 2009 and was derived from a Schedule 13-G filed by Barclays on February 5, 2009. Barclays reported that it serves as bank and/or an investment advisor to investment companies and is therefore deemed to have sole dispositive power over 14,787,828 shares and sole voting power with respect to 12,602,686 shares.
- (6) The address for all Directors and NEOs is c/o Office Depot, Inc., 6600 North Military Trail, Boca Raton, Florida 33496.
- (7) The information regarding AXA Financial, Inc. and its affiliates is reported as of December 31, 2009 and was derived from a Schedule 13G filed on February 12, 2010 by AXA Assurances I.A.R.D Mutuelle and AXA Assurances Vie Mutuelle (collectively, the Mutuelles AXA ), AXA, and AXA Financial, Inc. Mutuelles AXA and AXA, through the AXA Entity or Entities, that reported sole voting power over 1,098,290 shares and sole dispositive power over 1,938,210 shares. AXA Financial, Inc., through its subsidiaries, reported sole voting power over 28,794,423 shares and sole dispositive power over 38,712,949 shares.
- (8) As a result of the BC Partners transaction, all of Mr. Odland s outstanding stock options and performance shares became fully vested, resulting in him having beneficial ownership of an additional 2,445,225 shares of common stock.
- (9) The information regarding The Vanguard Group, Inc. is reported as of December 31, 2009 and was derived from a Schedule 13G filed on February 8, 2010 by The Vanguard Group, Inc., that reported sole voting power over 439,680 shares, sole dispositive power over 14,164,086 shares and shared dispositive power over 393,280 shares.
- (10) The information regarding Wellington Management Company, LLP is reported as of December 31, 2009 and was derived from a Schedule 13G filed on February 12, 2010 by Wellington Management Company, LLP, that reported shared voting power over 11,009,520 shares and shared dispositive power over 14,384,845 shares.
- (11)

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The information regarding State Street Corporation is reported as of December 31, 2009 and was derived from a Schedule 13G filed on February 12, 2010 by State Street Corporation, that reported shared voting power over 14,897,049 shares and shared dispositive power over 14,897,049 shares.

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**Options Exercisable within 60 Days of Record Date**

The number of options that are or will be exercisable within 60 days of February 8, 2010 for each applicable person named in the table above and for our Executive Officers and Directors as a group is as follows:

|                 |        |                  |
|-----------------|--------|------------------|
| Lee A. Ault III | 95,319 | Neil R. Austrian |
|-----------------|--------|------------------|