OFFICEMAX INC
Form 425
June 12, 2013

Investor
Investor
Presentation
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June 2013

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Filed by Office Depot, Inc.
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Where
to
Find
More
Information
Concerning
the
ODP
&
OMX
Merger
/
Safe

Harbor
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In connection with the proposed transaction, Office Depot, Inc. ( Office Depot ) has filed with the United States Securities an Exchange Commission (the SEC ) a registration statement on Form S-4 (Registration No. 333-187807) that includes the preliminary Joint Proxy Statement of Office Depot and OfficeMax Incorporated ( OfficeMax ) that also constitutes a prelimi prospectus of Office Depot. The registration statement, as amended, was declared effective by the SEC on June 7, 2013. Offic Depot and OfficeMax mailed the definitive Joint Proxy Statement/Prospectus to their respective shareholders in connection wi the transaction on or about June 10, 2013. INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE JOINT PRO STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAR BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT OFFICE DEPOT, OFFICEMA TRANSACTION AND RELATED MATTERS. Investors and shareholders may obtain free copies of the definitive Joint Prox Statement/Prospectus and other documents filed with the SEC by Office Depot and OfficeMax through the website maintained the SEC at www.sec.gov. In addition, investors and shareholders may obtain free copies of the definitive Joint Proxy Statement/Prospectus and other documents filed by Office Depot with the SEC by contacting Office Depot Investor Relations a 6600 North Military Trail, Boca Raton, FL 33496 or by calling 561-438-7878, and may obtain free copies of the definitive Joi Proxy Statement/Prospectus and other documents filed by OfficeMax by contacting OfficeMax Investor Relations at 263 Shum Blvd., Naperville, Illinois 60563 or by calling 630-864-6800. Information regarding the persons who may, under the rules of t SEC, be considered participants in the solicitation of the shareholders of Office Depot and OfficeMax in connection with the proposed transaction will be set forth in the definitive Joint Proxy Statement/Prospectus.

The Private Securities Litigation Reform Act of 1995 (the Act ) provides protection from liability in private lawsuits for fo looking statements made by public companies under certain circumstances, provided that the public company discloses with specificity the risk factors that may impact its future results. We want to take advantage of the safe harbor provisions of the Certain statements made during this presentation are forward-looking statements under the Act. Except for historical financial business performance information, statements made during this presentation should be considered forward-looking as referred in the Act. Much of the information that looks towards future performance of our company is based on various factors and important assumptions about future events that may or may not actually come true. As a result, our operations and financial results in the future could differ materially and substantially from those we have discussed in the forward-looking statements m during this presentation. Certain risks and uncertainties are detailed from time to time in our filings with the SEC. You are stro urged to review all such filings for a more detailed discussion of such risks and uncertainties. During portions of today s presentation, we may refer to results which are not GAAP numbers. A reconciliation of non-GAAP numbers to GAAP results available in the investor relations section of our web site at www.officedepot.com.

Executive Summary

Office Depot management and the Board of Directors have been executing a multi-year strategy that has resulted in over $1 billion in benefits since 2007, including approximately $200 million in 2012 and an estimated $120 million

in
2013
Initiated discussions in early 2012 on recently announced value creation opportunities:
Definitive
agreement
to
sell
Office
Depot s
JV
stake
in
Mexico
to
Grupo
Gigante
for
approximately $690 million, a 11.6x EBITDA multiple, announced in June 2013
Proposed merger with OfficeMax announced in February 2013, creating the opportunity for Office Depot shareholders to benefit from an estimated $400-600 million in annual synergies
Making significant progress on integration planning with OfficeMax, including commencement of the CEO search, selection of an outside integration advisor, formation of the integration planning teams and development of the integration plan
The
Office
Depot
Board
and
management
team
have
been
integral
in
developing
important
relationships
with
OfficeMax
and
are
best
qualified
to
see
the
transaction
through to completion and value realization for shareholders
3

$3.5
$3.1
$2.6
$2.6
$2.7
$2.5
0.0
1.0
2.0
3.0
4.0
2007

2008
2009
2010
2011
2012
20%
21%
22%
23%
24%
GP $
GP %
EBIT Growth Driven by Strategic and Restructuring Initiatives
Improved gross profit rate through margin
initiatives including pricing & promotions

Offset deleveraging impact from sales
decline due to challenging economic
environment
Reduced overhead and supply chain expenses,
and centralized operations
Exited non-strategic businesses and reduced
International costs
Closed underperforming retail stores; sold and
leased back assets
Eliminated redundancy in IT equipment and
services
Reduced costs through business process
improvement initiatives
4
($51)
$8
$84
$122
$131
$150
(80)
(40)
0
40
80
120
160
2008
2009
2010
2011
2012
2013F
Adjusted EBIT

Expect adjusted EBIT
(2)
growth of approximately $200 million through 2013
(2)
(1)
(1)
Adjusted EBIT excludes charges for restructuring actions and activities to improve future operating performance.  Neither hist
investors an opportunity to make meaningful assessments and comparisons of results from total operations, charges related to r
that such information is superior to the presentation of GAAP information, but only to clarify some information and assist the r
(1)
(2)
For purposes of comparability, gross profit and gross profit percentages for the years 2007, 2008, and 2009 have been adjusted
principle of presenting such expenses. Gross profit for the years 2007, 2008, 2009, 2010, 2011 and 2012 include shipping and h
respectively.
www.officedepot.com

($ million)
Free Cash Flow
($49)
$138
$166
$34
$69
$117
($100)
($50)
$0
$50
$100

$150
$200
2007
2008
2009
2010
2011
2012
Enhanced Cash Flow and Strong Liquidity Position
($ million)
Positive
Free
Cash
Flow
(1)
since
2008
through
successful working capital management
Sustained liquidity above $1.3 billion since 2009
with no current ABL borrowings
$912
$868
$1,386
$1,301
$1,305
$1,370
(1)
Free
Cash
Flow
is
a
non-GAAP
financial
measure,
and
equals
net
cash
provided
by
operating
activities
less
capital
expenditures.
The
measure
is

presented to provide management and investors an opportunity to make meaningful assessments and comparisons of financial results. The presentation of such non-GAAP information is not intended to suggest that such information is superior to the presentation of GAAP information, but only to clarify some information and assist the reader. A reconciliation of GAAP to non-GAAP numbers can be found on the Office Depot web site at (2) 2012 free cash flow of $117 million has been adjusted to exclude a $58 million negative impact related to a first quarter pension settlement. The settlement impact on cash flow from operating activities

was
offset
by
a
positive
impact
to
cash
flow
from
investing
activities
of
the
same
amount,
with
the
net
result
of
having
no
total
cash
flow
impact
on
Office
Depot.
5
(2)
(1)
$0
$200
$400
$600
$800
$1,000
$1,200
$1,400
689
712
726
674
734
699
223
156
660

627
571
671
2007
2008
2009
2010
2011
2012
Revolver/ABL
Cash
Liquidity
www.officedepot.com.

Until the merger with OfficeMax is completed, the two companies continue to operate independently as competitors in the marketplace
To drive sales and profitability improvements, we remain highly focused on our key operating initiatives to deliver our 2013 plan:
Executing the North American Retail strategy
Improving the web experience and making omni-channel a reality
Growing services and solutions
Increasing own brand and direct import penetration
Driving small-and-medium-size business customer growth
Improving the International Division cost structure
Working with vendors to decrease cost of goods sold
Reducing expenses
Board and Management Focused on Optimizing Core Operations

Projected to Grow Adjusted EBIT by over 14% to $150 million in 2013
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Unlocking Value -
Office Depot de Mexico Transaction Highlights
Formed in 1994 as joint venture with
Grupo Gigante
2012 sales of
approximately $1.1 billion
50% ownership interest and equity
method of accounting
Began initiative to illuminate value of
business in Q1 of 2012
Total transaction value of
approximately $690 million represents
11.6x 2012 EBITDA

After-tax proceeds of approximately
$550 million, which will enhance
liquidity going into the merger
Transaction expected to close in July
2013
Represents significant value creation
for shareholders
Latin American Geographic Presence
$31
$31
$34
$32
2009
2010
2011
2012
Miscellaneous
Income
Recorded
at
Office
Depot

Mexico
JV
($ in millions)
* At end of 2012
7
257* retail locations and
distribution facilities in
Latin America

Creating Value -
Office Depot / OfficeMax Merger Highlights

OfficeMax
and
Office
Depot
merger
of
equals
to
create
$18

billion
(1)
office
solutions company

Two leading companies to combine to build a stronger, more efficient competitor able to meet the growing challenges of a rapidly changing industry

Customers will benefit from unique, innovative products, services and solutions available through a global, multichannel network

Well-positioned to optimize sales platform and distribution network, and to expand multichannel capabilities to better serve customers and compete against larger players (e.g., Wal-Mart, Amazon, Costco, Target)

Size, scale and global reach will strengthen the portfolio of products, services and solutions to customers worldwide

Long-term value creation through realization of annual synergies as well as enhanced cash generation and liquidity to fund internal and external opportunities

(1) Pro forma combined revenue for the 12 months ended December 29, 2012

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Approximately $8 billion in combined North American spend
SKU harmonization and vendor optimization
Purchasing
Efficiencies
Supply
Chain
Approximately $2 billion in combined North American spend
Network optimization and delivery efficiencies
Advertising &
Marketing
Approximately $0.5 billion in combined North American spend
Efficiencies in media, catalogs and inserts

Selling, General &
Administrative
Approximately $2 billion in combined North American spend
Sales force optimization and support function efficiencies
Standardization of processes
Substantial Synergies to be Realized Through Merger
Total annual run-rate cost synergies following integration of approximately $400-$600 million
Approximately $350-$450 million in one-time costs
(2)
and $200 million in capital investment to achieve synergies
Majority of integration expected to be completed by Year 3 post-close
9
Approximately $18 billion in Revenue and $270 million in adjusted EBIT
(1)
(1)
Based
on
2012
pro-forma
figures.
Adjusted
EBIT
excludes
charges
for
restructuring
actions
and
activities
to
improve
future
operating
performance.
The
measure
is
presented
to
provide
management
and
investors
an
opportunity
to
make meaningful assessments and comparisons of results from total operations, charges related to restructuring and efficiency-
those charges. The presentation of such non-GAAP information is not intended to suggest that such information is superior to
to
clarify

some
information
and
assist
the
reader.
A
reconciliation
of
GAAP
to
non-GAAP
numbers
can
be
found
on
the
Office
Depot
web
site
at
www.officedepot.com
and
on
the
Office
Max
website
at
www.officemax.com..
(2)
Includes transaction costs.

Strong Leadership Around Merger Integration Planning
Neil Austrian
Mike Newman *
Michael Allison
Elisa Garcia
Ravi Saligram
Bruce Besanko *
Steve Parsons
Matt Broad
Boston Consulting Group hired as external integration advisor
Established Integration Management Office (IMO) and planning teams
Joint representation from Office Depot and OfficeMax in IMO and all integration tracks
Creating detailed integration strategy and Day 1 operating plan

Extensive collaboration with bi-weekly face-to-face Steering Committee meetings
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Merchandising/COGS
ODP
OMX
Indirect Procurement
ODP
OMX
HR
ODP
OMX
Legal
ODP
OMX
IT
ODP
OMX
E-Commerce
Communication/PR
ODP
OMX
Finance / Accounting
ODP
OMX
Supply Chain
ODP
OMX
B2B Ops
ODP
OMX
Marketing
ODP
OMX
Retail Ops Mgmt
ODP
OMX
* Integration Planning
Leaders
ODP
OMX
Platform Teams
Steering Committee
Integration Management Office (IMO)
ODP
OMX

Key Transaction Timelines
Q2 2013
Q4 2013
Q3 2013
Q1 2013
Merger
Announced
2/20/13
Merger SEC Review /
Shareholder Approval
S-4 Submitted, SEC Responses Received,
Declared Effective 06/07/13
Shareholder

Meetings to
Approve Merger
7/10/13
Merger FTC Review
Second Requests Received and Responses Submitted
Merger Integration
Integration Advisor Selected, Teams Formed & Detailed Planning
Sale of Office Depot de
Mexico Stake
Transaction
Announcement
6/4/13
Expected
Close
(July)
Merger Announcement /
Close
11
US Filing
Submitted
Internal
Integration
Planning
Expected Merger
Close

CEO Selection and Board Composition
Board of Directors to be comprised of equal representation from both ODP and OMX
CEO selection committee formed with experienced and independent Directors
Constructive dialogue on-going between members from both Boards
CEO Selection Committee
* Committee Co-Chairs
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Neil Austrian
Chairman & CEO, Office Depot
Nigel Travis *
CEO/Chairman, Dunkin Brands;
Former President/CEO, Papa John s

Thomas Colligan
Director, ADT Corp and CNH Global;
Former Vice Chairman, PriceWaterhouseCoopers
Marsha Evans
Director, Weight Watchers Int l and
Lehman Brothers Holdings;
Retired Rear Admiral, U.S. Navy
Brenda Gaines
Director, Tenet Healthcare,
Fannie Mae, NICOR Inc.;
Former President/CEO, Diners Club
W. Scott Hedrick
Director, Hot Topic, American Funds
Target Date Retirement Series,
America Funds Insurance Series
Kathleen Mason
Former President/CEO, Tuesday Morning,
Former President, HomeGoods,
Former Chair/CEO, Cherry & Webb
Justin Bateman
Partner, BC Partners
Eugene Fife
Sr. Advisor,
BC Partners,
Former Partner, Goldman Sachs
Raymond Svider
Partner, BC Partners
Office Depot
Ravi Saligram
President & CEO, OfficeMax
V. James Marino *
Director, PVH Corp;
Former President/CEO, Alberto-Culver
Rakesh Gangwal
Non-Exec. Chairman, OfficeMax;
Former
Chairman/President/CEO
Worldspan
Technologies,
Former President/CEO US Airways Group
Francesca Ruiz de Luzuriaga
Director, SCAN Health;
Former COO, Mattel Interactive
Warren Bryant
Director, Dollar General and George Weston
Limited; Former Chairman/President/CEO
Longs Drug Stores
Joseph DePinto
President/CEO, 7-Eleven;
Director, Brinker International

William Montgoris
Director, Carters and Stage Stores;
Former COO/CFO The Bear Stearns Companies
David Szymanski
Dean, University of Cincinnati
Lindner College of Business
OfficeMax
Director, CarMax and Petsmart;

Existing Board Best-Qualified to Complete Value Creation Initiatives

The Office Depot Board has demonstrated its commitment to sustained value creation

Secured investment from BC Partners in 2009 to solidify liquidity position

Ongoing input and oversight on development and execution of key operating initiatives

Negotiating merger with OfficeMax and creating opportunity for Office Depot shareholders to benefit from an estimated $400-600 million in annual synergies

Unlocking value for shareholders by proactively monetizing Office Depot s Mexico JV

Our highly-qualified Board and management team have been instrumental in the progress made to date on the OfficeMax and Office Depot de Mexico transactions

Important relationships have been built with OfficeMax in multiple functional areas

Key leaders from both companies are actively engaged in merger integration planning for the successful integration of the two companies and realization of potential synergies

The CEO Selection Committee has launched a search process that will consider both incumbent CEOs and external candidates to lead the combined company

Inserting new parties at the table at this point is potentially disruptive and not in our shareholders
best interests
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