UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)

/x/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1995

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ____________________

Commission file number 1-10948

OFFICE DEPOT, INC.
(Exact name of registrant as specified in its charter)

Delaware	59-2663954
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Old Germantown Road, Delray Beach, Florida	33445
(Address of principal executive offices)	(Zip Code)

(407) 278-4800
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirement for the past 90 days.

Yes X No ___

The registrant had 155,256,051 shares of common stock outstanding as of October 27, 1995.

OFFICE DEPOT, INC.

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OFFICE DEPOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)
(Unaudited)

	13 Weeks Ended September 30, 1995	13 Weeks Ended September 24, 1994	39 Weeks Ended September 30, 1995	39 Weeks Ended September 24, 1994
Sales	$1,337,108	$1,044,815	$3,888,730	$3,010,887
Cost of goods sold and occupancy costs	1,029,618	801,277	3,004,607	2,314,812
Gross profit	307,490	243,538	884,123	696,075
Store and warehouse operating and selling expenses	197,838	156,115	580,243	458,775
Pre-opening expenses	4,244	3,582	10,408	6,814
General and administrative expenses	37,357	32,156	110,621	92,955
Amortization of goodwill	1,290	1,266	3,882	3,803
	240,729	193,119	705,154	562,347
Operating Profit	66,761	50,419	178,969	133,728
Interest expense (income), net	5,151	3,224	16,782	10,458
Earnings before income taxes	61,610	47,195	162,187	123,270
Income taxes	24,768	19,784	65,453	50,504
Net earnings	$ 36,842	$ 27,411	$ 96,734	$ 72,766
Earnings per common and common equivalent share:				
Primary	$ 0.24	$ 0.18	$ 0.63	$ 0.48
Fully diluted	$ 0.23	$ 0.18	$ 0.61	$ 0.47
Average common and common equivalent shares:				
Primary	156,640	152,443	154,576	152,400
Fully diluted	173,248	169,244	171,309	169,093

OFFICE DEPOT, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	September 30, 1995 (Unaudited)	December 31, 1994
ASSETS		
Current Assets		
Cash and cash equivalents	$ 63,131	$ 32,406
Receivables, net of allowances	326,871	266,629
Merchandise inventories	973,390	936,048
Deferred income taxes	28,553	32,093
Prepaid expenses	12,329	7,046
Total current assets	1,404,274	1,274,222
Property and Equipment	677,561	524,350
Less accumulated depreciation and amortization	168,096	127,121
	509,465	397,229
Goodwill, net of amortization	196,652	200,449
Other Assets	40,765	32,083
	$2,151,156	$1,903,983
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 606,250	$ 609,914
Accrued expenses	160,657	154,894
Income taxes	20,768	18,051
Current maturities of long-term debt	515	4,030
Total current liabilities	788,190	786,889
Long-Term Debt, less current maturities	12,664	27,460
Deferred Taxes and Other Credits	14,230	8,023
Zero Coupon, Convertible, Subordinated Notes	378,234	366,340
Common Stockholders' Equity		
Common stock - authorized 400,000,000 shares of $.01 par value; issued 157,370,924 in 1995 and 151,536,781 in 1994	1,574	1,515
Additional paid-in capital	596,583	453,117
Foreign currency translation adjustment	(987)	(3,295)
Retained earnings	362,418	265,684
Less: 2,163,447 shares of treasury stock	(1,750)	(1,750)
	957,838	715,271
	$2,151,156	$1,903,983

OFFICE DEPOT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(In thousands)
(Unaudited)

	39 Weeks Ended September 30, 1995	39 Weeks Ended September 24, 1994
Cash flows from operating activities		
Cash received from customers	$ 3,831,442	$ 2,951,341
Cash paid for inventory	(2,932,694)	(2,273,214)
Cash paid for store and warehouse operating, selling and general and administrative expenses	(775,339)	(601,078)
Interest received	696	3,588
Interest paid	(5,189)	(2,067)
Taxes paid	(55,207)	(46,596)
Net cash provided by operating activities	63,709	31,974
Cash flows from investing activities		
Capital expenditures-net	(154,373)	(114,754)
Net cash used by investing activities	(154,373)	(114,754)
Cash flows from financing activities		
Proceeds from exercise of stock options	15,369	11,161
Proceeds from stock offering	122,023	-
Foreign currency translation adjustment	2,308	(1,865)
Proceeds from long- and short-term borrowings	176,430	29,067
Payments on long- and short-term borrowings	(194,741)	(30,357)
Distributions to shareholders	-	(4,956)
Net cash provided by financing activities	121,389	3,050
Net increase (decrease) in cash and cash equivalents	30,725	(79,730)
Cash and equivalents at beginning of period	32,406	142,471
Cash and equivalents at end of period	$ 63,131	$ 62,741
Reconciliation of net earnings to net cash provided (used) by operating activities		
Net earnings	$ 96,734	$ 72,766
Adjustments to reconcile net earnings to net cash provided (used) by operating activities		
Depreciation and amortization	47,252	35,660
Contributions of common stock to employee benefit plans	2,349	1,895
Changes in assets and liabilities		
Increase in receivables	(60,242)	(68,424)
Increase in inventories	(37,342)	(74,752)
Increase in prepaid expenses and other assets	(11,743)	(15,371)
Increase in accounts payable and other liabilities	26,701	80,200
Total adjustments	(33,025)	(40,792)
Net cash provided by operating activities	$ 63,709	$ 31,974

OFFICE DEPOT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The interim financial statements as of September 30, 1995 and for the 13 and 39 week periods ended September 30, 1995 and September 24, 1994 are unaudited; however, such interim statements reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial position and the results of operations for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year. The interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 1994.

2. Average common and common equivalent shares utilized in computing third quarter primary earnings per share include approximately 4,232,000 and 4,092,000 shares in 1995 and 1994, respectively, as a result of applying the treasury stock method to outstanding stock options. Earnings per common share, assuming full dilution, were determined on the assumption that the convertible notes were converted as of the beginning of the period. The number of shares utilized in the calculation of fully diluted earnings per share for conversion of the convertible notes in the third quarter were approximately 16,573,000 and 16,580,000 shares in 1995 and 1994, respectively. For purposes of this calculation, net earnings were adjusted for the interest on the convertible notes net of the tax effect.

3. In August 1995, the Company issued 4,325,000 shares of common stock in a public offering, raising net proceeds of approximately $122 million.

4. The Consolidated Statements of Cash Flows for the 39 weeks ended September 30, 1995 and September 24, 1994 do not include noncash financing transactions of approximately $12,127,000 and $11,743,000, respectively, associated with accreted interest on convertible, subordinated notes and approximately $233,000 and $0, respectively, relating to common stock issued upon conversion of convertible notes.

Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Sales increased 28% to $1,337,108,000 in the third quarter of 1995 from $1,044,815,000 in the third quarter of 1994; and to $3,888,730,000 for the first nine months of 1995 from $3,010,887,000 for the first nine months of 1994, an increase of 29%. Comparable sales for stores and delivery facilities increased 17% for the third quarter and 18% for the first nine months of 1995, respectively. The balance of the sales increase was attributable to the 78 new stores (net of one store closure) opened subsequent to the third quarter of 1994. The Company opened 13 stores in the third quarter of 1995, bringing the total number of stores open at the end of the third quarter to 461 compared with 384 stores at the end of the third quarter of 1994. The Company also operated 24 contract stationer and delivery warehouses (customer service centers) at the end of both the third quarter of 1995 and 1994. Several of these are new, larger facilities which replaced existing facilities of several contract stationers acquired in 1993 and 1994. Comparable sales in the future may be affected by competition from other stores and contract stationers, the opening of additional Office Depot stores or the expansion of the Company's contract stationer business in its existing markets, and general market conditions.

Gross profit as a percentage of sales was 23.0% during the third quarter of 1995, as compared with 23.3% during the comparable quarter in 1994, and 22.7% for the first nine months of 1995, as compared with 23.1% for the first nine months of 1994. The decrease was primarily a result of an increase in sales of lower margin business machines and computers and an increase associated with higher occupancy costs on new and converted customer service centers. These decreases were partially offset by purchasing efficiencies gained through vendor volume discount programs which increased as purchasing levels continued to increase, and by leveraging the Company's store occupancy costs through higher average sales per store. Gross margins are slightly higher in the contract stationer portion of the business due to a lower percentage of business machine and computer sales. Gross margins may fluctuate in both the retail and contract stationer business as a result of competitive pricing in more market areas, continued change in sales product mix and increased occupancy costs in certain new markets and for new warehouses.

Store and warehouse operating and selling expenses as a percentage of sales were 14.8% and 14.9% in the third quarter and first nine months of 1995, respectively, compared with 14.9% and 15.2% in the comparable periods in 1994, respectively. Store and warehouse operating and selling expenses consist primarily of payroll and advertising expenses. Although the majority of these expenses vary proportionately with sales, there is a fixed cost component to these expenses such that, as sales increase within a given market area, store and warehouse operating and selling expenses should decrease as a percentage of sales. This benefit may not be fully realized, however, during periods when a large number of new stores and customer service centers are being opened, as new facilities typically generate lower sales than the average mature location, resulting in higher operating and selling expenses as a percentage of sales for such new facilities. This percentage is also affected when the Company enters large metropolitan market areas where the advertising costs for the full market must be absorbed by the small number of stores initially opened. As additional stores in these large markets are opened, advertising costs, which are essentially a fixed expense for a market area, typically decrease overall as a percentage of sales. The Company has also continued a strategy of opening additional stores in existing markets. Although increasing the number of stores increases operating income in absolute dollars, this may have the effect of increasing overall expenses as a percentage of sales, since the sales of certain existing stores in the market may initially be adversely affected. Warehouse expenses in the first nine months of 1995 were adversely affected by the additional costs incurred in the systems conversion and integration of the contract stationer warehouses. The integration is expected to be substantially completed by early 1996.

Pre-opening expenses increased to $4,244,000 in the third quarter of 1995 from $3,582,000 in the comparable period in 1994, and to $10,408,000 in the nine month period ended September 30, 1995 from $6,814,000 in the comparable 1994 period. Pre-opening expenses in 1995 include the costs associated with replacing seven existing customer service centers with larger, more functional facilities. Additionally, the Company added 42 stores in the first nine months of 1995, as compared with 33 stores in the comparable 1994 period. Pre-opening expenses currently are approximately $140,000 per store and $500,000 for a customer service center, and are predominately incurred during a six-week period prior to the opening of the store or a twelve-week period prior to the opening of a customer service center. Pre-opening expenses may vary based on geographical area and customer base being serviced. These expenses consist principally of amounts paid for salaries, occupancy costs and supplies. Since the Company's policy is to expense these items during the period in which they occur, the amount of pre-opening expenses in each quarter is generally proportional to the number of new stores or customer service centers opened or in the process of being opened during the period.

General and administrative expenses have decreased as a percentage of sales to 2.8% in the third quarter of 1995 from 3.1% in the comparable period in 1994, and to 2.8% in the first nine months of 1995 from 3.1% in the comparable 1994 period. General and administrative expenses have decreased as a percentage of sales, primarily as a result of the Company's ability to increase sales without a proportionate increase in corporate expenditures. The Company's continued investment in its information systems should allow the Company to further reduce general and administrative expenses as a percentage of sales.

The Company incurred net interest expense of $5,151,000 and $16,782,000 in the third quarter and first nine months of 1995, respectively, as compared with $3,224,000 and $10,458,000 in the comparable periods in 1994. This increase in interest expense is primarily due to funds borrowed under the Company's revolving credit agreement.

LIQUIDITY AND CAPITAL RESOURCES

Since the Company's store sales are substantially on a cash and carry basis, cash flow generated from operating stores provides a source of liquidity to the Company. Working capital requirements are reduced by vendor credit terms, which allow the Company to finance a portion of its inventory. The Company utilizes private label credit card programs administered and financed by financial service companies; this allows the Company to expand its retail sales without the burden of additional receivables.

Sales made through the customer service centers are generally made under regular commercial credit terms, where the Company carries its own receivables. As the Company expands into servicing additional large companies in the delivery portion of its business, it is expected that the Company will carry a greater amount of receivables.

In the third quarter of 1995, the Company added 13 stores, compared with 16 stores added in the comparable 1994 period. The Company also replaced one of its existing customer service centers with a larger, more efficient facility. As stores mature and become more profitable, and as the number of new stores opened in a year becomes a smaller percentage of the existing store base, cash generated from operations will provide a greater portion of funds required for new store fixed assets, inventories and other working capital requirements. Cash generated from operations will be affected by an increase in receivables carried without outside financing, and an increase in inventory at the stores and customer service centers as the Company continues to expand its sales in computers and business machines. Net cash provided by operating activities was $63,709,000 and $31,974,000 in the first nine months of 1995 and 1994, respectively. Capital expenditures are also affected by the number of stores and customer service centers opened, converted or acquired each year and the increase in computer and other equipment at the corporate office required to support such expansion. Cash utilized for capital expenditures was $154,373,000 and $114,754,000 in the first nine months of 1995 and 1994, respectively.

During the 39 weeks ended September 30, 1995, the Company's cash balance increased approximately $30,725,000 and long- and short-term debt decreased by approximately $18,311,000. The increase in cash was primarily attributable to proceeds of approximately $122 million received from a public offering of common stock. Proceeds were used to pay down amounts outstanding under the Company's revolving credit facility as well as other working capital needs.

The Company plans to open a total of approximately 35-40 additional stores, replace three existing customer service centers, close three customer service centers, and add two new customer service centers during the remainder of 1995. Management estimates that the Company's cash requirements, exclusive of pre-opening expenses, will be approximately $1,700,000 and $5,300,000 for each additional store and customer service center, respectively.

The Company has a credit agreement with its principal bank and a syndicate of commercial banks to provide for a working capital line of $300,000,000. The credit agreement provides that funds borrowed will bear interest, at the Company's option, at .3125% over the LIBOR rate, 1.75% over the Fed Funds rate, at a base rate linked to the prime rate or at a competitive bid rate. The Company also pays a fee of .1875% per annum on the total credit facility. The credit facility expires in June 2000. As of September 30, 1995 the Company had no borrowings under the credit facility. In addition to the credit facility, the bank has provided a lease facility to the Company under which the bank has agreed to purchase up to $25,000,000 of equipment from the Company and lease such equipment to the Company. As of September 30, 1995, the Company had approximately $5,600,000 outstanding under this lease facility.

The Company's management continually reviews its financing options. It is currently anticipated that the Company has the ability to finance its planned expansion through 1995 from cash on hand, funds generated from operations, equipment leased under the Company's lease facility, and funds borrowed under the Company's credit facility. The Company is considering and will continue to consider alternative financing opportunities including the issuance of equity, debt or convertible debt, if market conditions make such alternatives financially attractive methods of funding the Company's short-term or long-term expansion. The Company's financing requirements in the future will be affected by the number of new stores and customer service centers opened, converted or acquired and additional receivables carried by the Company.

PART II. OTHER INFORMATION

Items 1-5	Not applicable.
Item 6	Exhibits and Reports on Form 8-K
a. 27.1	Financial Data Schedule (for SEC use only)
b.	No reports on Form 8-K were filed during the quarter ended September 30, 1995.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OFFICE DEPOT, INC.
(Registrant)

Date: October 31, 1995

By:/s/ Barry J. Goldstein
Barry J. Goldstein
Executive Vice President-Finance
and Chief Financial Officer

INDEX TO EXHIBITS

27.1 Financial Data Schedule (for SEC use only)

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF OFFICE DEPOT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000
U.S. DOLLARS

9-MOS
DEC-30-1995
JAN-01-1995
SEP-30-1995
1
63,131
0
329,640
2,769
973,390
1,404,274
677,561
168,096
2,151,156
788,190
390,898
1,574
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0
956,264
2,151,156
3,888,730
3,888,730
3,004,607
3,595,258
114,503
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162,187
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0
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96,734
.63
.61