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## Office Depot, Inc. F1Q09 (Qtr End 03/28/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) The first question comes from the line of Matthew Fassler – Goldman Sachs.

#### Matthew Fassler – Goldman Sachs

A couple of questions about the charges and about the ABL. I believe that if you look at your release and your disclosure on charges today you talked about aggregate charges for the year expected to be \$230 million and \$120 million you booked and another \$110 million. I believe at the end of the fourth quarter the number was \$186 million. Did I read that right? If so what does the change relate to?

#### Mike Newman

All the numbers you quoted were correct. What change are you referring to?

#### Matthew Fassler – Goldman Sachs

I guess you said today based on the release you booked \$120 million and have another \$110 million coming. That is different I believe from the \$186 million you said you were going to have in 2009 associated with charges. So it looks like the amount you expect to book in 2009 increased?

#### Mike Newman

I'll have to get back to you on the details of what that increase is. There were two stages. There was the first phase that Matthew was talking about that we announced in December and I think the second phase we announced in February which got to the same levels we are referring to today.

#### Steve Odland

There are two phases. One on international. I thought you were talking about the changes in the aggregate total of the announcement that was in December and the announcement in February. I believe the total charges from those two initiatives have not changed that much relative to what we had said.

#### Matthew Fassler – Goldman Sachs

Second question, just looking at the Q it looks like the average borrowing for the quarter on the ABL were \$240 million. What was the timing of the asset sales? So if we were to essentially look at the

average cash on the balance sheet from the asset sales just for sort of pro forma, what would the ABL outstanding have been?

**Mike Newman**

The asset sales in the first quarter at 160 most were ratably over the quarter. The sales lease backs on the international side came earlier in the quarter. The domestic side were towards the end of the quarter. Tax refunds that we had of \$40 million were earlier in the quarter. It was throughout the quarter. It wasn't really towards quarter end. Average borrowings tends to be higher because we tend to at the end of the quarter aggregate our excess cash and pay down debt which we do not do at month's end due to cash management systems, etc. So that is really what is driving that.

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