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**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF VIRGINIA**
**RICHMOND DIVISION**

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| TOYS "R" US, INC., *et al.*,[1] | ) | Case No. 17-34665 (KLP) |
| Debtors. | ) | (Jointly Administered) |

**NOTICE OF FILING OF DISCLOSURE STATEMENT FOR THE AMENDED JOINT CHAPTER 11 PLAN OF TAJ DEBTORS AND THE TRU INC. DEBTORS**

**PLEASE TAKE NOTICE** that on August 4, 2018, and August 5, 2018, TRU Europe, Tru Taj LLC, Tru Taj Finance, Inc., TRU Taj Holdings 1, LLC, TRU Taj Holdings 2, Ltd., TRU Taj Holdings 3, LLC, TRU Asia, LLC, and TRU Taj (Europe) Holdings, LLC (collectively, the "Taj Debtors") and TRU Inc., MAP 2005 Real Estate, LLC, Toys "R" Us - Value, Inc., and TRU Mobility, LLC (the "TRU Inc. Debtors"), certain of the above-captioned debtors and debtors in possession (collectively and including the Taj Debtors and the TRU Inc. Debtors, the "Debtors"), filed the *Disclosure Statement for the Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors* [Docket No. 4018] (as modified, amended, or supplemented from time to time, the "Disclosure Statement") with the United States Bankruptcy Court for the Eastern District of Virginia (the "Court").

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* [Docket 78]. The location of the Debtors' service address is One Geoffrey Way, Wayne, New Jersey 07470.

**PLEASE TAKE FURTHER NOTICE** that the Debtors hereby file the *First Amended Disclosure Statement for Amended Chapter 11 Plans of the Taj Debtors and the TRU Inc. Debtors* (the "Amended Disclosure Statement"), attached hereto as **Exhibit A**. The Debtors are continuing to work with parties to resolve outstanding objections and intend to file a further revised Disclosure Statement in advance of the Disclosure Statement Hearing (as defined below).

**PLEASE TAKE FURTHER NOTICE** that attached hereto as **Exhibit B** is a redline of the Amended Disclosure Statement reflecting cumulative changes as between the Disclosure Statement and the Amended Disclosure Statement.

**PLEASE TAKE FURTHER NOTICE** that the Debtors will appear in connection with the *Debtors' Motion for Entry of an Order (I) Approving the Adequacy of the Disclosure Statement for the Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors, (II) Approving the Solicitation and Notice Procedures With Respect to Confirmation of the Taj Debtors and The TRU Inc. Debtors' Proposed Joint Chapter 11 Plan, (III) Approving the Forms of Ballots and Notices in Connection Therewith, (IV) Approving the Rights Offering Procedures, (V) Scheduling Certain Dates With Respect Thereto, (VI) Shortening the Objection Periods and Notice Requirements Related Thereto, (VIII) Authorizing the Backstop Commitment Agreement and the Payment of the Commitment Premium as Administrative Claims, and (VIII) Granting Related Relief* [Docket No. 4019] (the "Motion") on **September 6, 2018, at 11:00 a.m. (prevailing Eastern Time) (**the "Disclosure Statement Hearing") or as soon thereafter as counsel may be heard, before the Honorable Keith L. Phillips or any other judge who may be sitting in his place and stead, in Room 5100 in the United States Bankruptcy Court, 701 East Broad Street, Richmond, Virginia 23219.

**PLEASE TAKE FURTHER NOTICE** that Motion, Order, the Disclosure Statement, the Amended Disclosure Statement, and all other documents filed in these chapter 11 cases are available free of charge by: (a) visiting the Debtors' restructuring website at https://cases.primeclerk.com/toysrus or (b) by calling (844) 794-3476 (U.S. toll free) or +001 (917) 962-8499 (international). You may also obtain copies of any pleadings filed in these chapter 11 cases for a fee via PACER at: http://www.vaeb.uscourts.gov in accordance with the procedures and fees set forth therein.

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Richmond, Virginia
Dated: August 31, 2018

/s/ *Peter J. Barrett*

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**Exhibit A**

**Amended Disclosure Statement**

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF VIRGINIA**
**RICHMOND DIVISION**

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| TOYS "R" US, INC., *et al.*,[1] | ) | Case No. 17-34665 (KLP) |
| Debtors. | ) | (Jointly Administered) |

**FIRST AMENDED DISCLOSURE STATEMENT FOR THE JOINT CHAPTER 11 PLAN OF THE TAJ DEBTORS AND THE TRU INC. DEBTORS**

**THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.**

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Dated: August 31, 2018

**THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSE OF SOLICITING VOTES TO ACCEPT OR REJECT *THE JOINT CHAPTER 11 PLAN OF THE TAJ DEBTORS AND THE TRU INC. DEBTORS*. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VI HEREIN, BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN.**

**THE PLAN IS SUPPORTED BY THE DEBTORS AND CERTAIN BENEFICIAL HOLDERS OF TAJ SENIOR NOTES AND TAJ DIP NOTES REPRESENTED BY PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP AND REPRESENTING AT LEAST TWO-THIRDS OF THE AGGREGATE AMOUNT OF ALL OUTSTANDING TAJ SENIOR NOTES CLAIMS, EACH OF WHOM HAS EXECUTED THE RESTRUCTURING SUPPORT AGREEMENT (THE "TAJ HOLDERS STEERING GROUP"). ALL SUCH PARTIES URGE HOLDERS OF CLAIMS AND INTERESTS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.**

**THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.**

**THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND ATTACHED HERETO OR INCORPORATED BY REFERENCE HEREIN ARE CERTAIN DOCUMENTS RELATED TO THE PLAN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.**

**THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAVE PASSED UPON THIS DISCLOSURE STATEMENT'S ACCURACY OR ADEQUACY OR UPON THE PLAN'S MERITS. IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS**

**AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD LOOKING STATEMENTS CONTAINED HEREIN.**

**THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A AND SECTION 21E OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SUCH STATEMENTS MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY, AND MAY INCLUDE, WITHOUT LIMITATION, INFORMATION REGARDING THE DEBTORS' EXPECTATIONS WITH RESPECT TO FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. MAKING INVESTMENT DECISIONS BASED ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND/OR THE PLAN IS, THEREFORE, SPECULATIVE.**

**IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THEIR BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.**

**STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE DEBTORS' FUTURE PERFORMANCE. SUCH STATEMENTS REPRESENT THE DEBTORS' ESTIMATES AND ASSUMPTIONS ONLY AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM THOSE THEY MAY PROJECT. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.**

**HOLDERS OF CLAIMS OR INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN AND THE RESTRUCTURING TERM SHEET.**

**THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED BY REFERENCE HEREIN HAS NOT BEEN AND WILL NOT BE AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE.**

**THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS**

**DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**

**THE PLAN'S CONFIRMATION AND EFFECTIVENESS ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED OR, IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED OR WAIVED.**

**IF THE COURT CONFIRMS THE PLAN AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND INTERESTS, INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN, WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.**

**THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.**

**TABLE OF CONTENTS**

Page

**ARTICLE I. INTRODUCTION** ..... **7**
A. Preliminary Statement. ..... 7
B. Questions and Answers Regarding this Disclosure Statement and the Plan. ..... 9

**ARTICLE II. THE DEBTORS' BACKGROUND** ..... **22**
A. The Debtors' Business. ..... 22
B. Summary of Prepetition Capital Structure. ..... 24
C. Events Leading to the Chapter 11 Cases. ..... 27

**ARTICLE III. EVENTS OF THE CHAPTER 11 CASES** ..... **28**
A. First Day Pleadings and Other Case Matters. ..... 28
B. The Debtors' Restructuring Efforts ..... 35

**ARTICLE IV. SUMMARY OF THE PLAN** ..... **39**
A. Classification and Treatment of Claims and Interests Under the Plan. ..... 39
B. Means for Implementation of the Plan. ..... 42
C. Treatment of Executory Contracts and Unexpired Leases ..... 49
D. Provisions Governing Distributions. ..... 51
E. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims. ..... 54
F. Settlement, Release, Injunction, and Related Provisions. ..... 55
G. Conditions Precedent to Confirmation and the Effective Date. ..... 60
H. Modification, Revocation, or Withdrawal of the Plan. ..... 61
I. Retention of Jurisdiction. ..... 62
J. Miscellaneous Provisions. ..... 64

**ARTICLE V. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN** ..... **67**
A. Confirmation Hearing. ..... 67
B. Confirmation Standards. ..... 68
C. Acceptance by Impaired Classes. ..... 69
D. Confirmation without Acceptance by All Impaired Classes. ..... 70

**ARTICLE VI. CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING** ..... **71**
A. Bankruptcy Law Considerations. ..... 71
B. Risk Related to Recoveries Under the Plan. ..... 74
C. Operational and Administrative Costs ..... 74
D. Disclosure Statement Disclaimer. ..... 74
E. Liquidation Under Chapter 7. ..... 76

**ARTICLE VII. IMPORTANT SECURITIES LAW DISCLOSURE** ..... **76**
A. Issuance and Resale. ..... 76
B. No Registration or Listing. ..... 78

**ARTICLE VIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES** ..... **78**
A. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors. ..... 79
B. Certain U.S. Federal Income Tax Consequences to the Holders of Allowed Claims Entitled to Vote. ..... 80
C. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Owning and Disposing of Consideration Received Under the Plan. ..... 83

**ARTICLE IX. RECOMMENDATION OF THE DEBTORS** ..... **87**

**EXHIBITS**

EXHIBIT A *First Amended Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors*

## ARTICLE I.
## INTRODUCTION

Toys "R" Us, Inc. ("TRU Inc.") and certain of its directly owned debtor subsidiaries (collectively, the "TRU Inc. Debtors")[2] and Toys "R" Us Europe, LLC ("TRU Europe") and certain of TRU Europe's Debtor affiliates (collectively, the "Taj Debtors"),[3] as debtors and debtors in possession, (the TRU Inc. Debtors and the Taj Debtors when referencing their respective Plan and any other debtors when referencing debtors that are not subject to this Plan, the "Debtors" and each, a "Debtor") submit this disclosure statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims and Interests against the Taj Debtors and the TRU Inc. Debtors in connection with soliciting votes to accept the *First Amended Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors* (the "Plan") dated August 31, 2018.[4] A copy of the Plan is attached hereto as **Exhibit A**. The rules of interpretation set forth in Article I.B of the Plan shall govern the interpretation of this Disclosure Statement. The Plan derives from a restructuring support agreement that was extensively negotiated in good faith and at arm's-length between the Debtors and certain stakeholders and constitutes a separate chapter 11 plan for each of the TRU Inc. Debtors and the Taj Debtors. Any one Debtor's inability to meet the requirements necessary for confirmation of the Plan as to such Debtor (any such Debtor, a "Former Debtor"), whether determined at or prior to the Confirmation Hearing, in consultation with the Taj Holders Steering Group, shall not in any way prevent the Confirmation with respect to any other Debtor.

**THE DEBTORS BELIEVE THAT THE PLAN IS FAIR AND EQUITABLE, MAXIMIZES THE VALUE OF THE DEBTORS' ESTATES AND PROVIDES THE BEST RECOVERY TO CLAIM HOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN IS THE BEST AVAILABLE ALTERNATIVE FOR COMPLETING THESE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.**

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IS NOT A PARTY TO THE PLAN OR THE SETTLEMENTS DESCRIBED THEREIN AND HAS NOT YET TAKEN A POSITION WITH RESPECT TO THE PLAN.**

### *A. Preliminary Statement.*

Toys "R" Us, Inc. (together with its subsidiaries, the "Company") started out as a small, local toy store in Washington D.C. in 1948 and eventually grew to approximately 1,700 stores across 38 countries. Accordingly, the Toys "R" Us enterprise became one of the most widely recognized brands in the world among children. However, recent macroeconomic trends and changing consumer preferences have caused many retail companies to face financial pressures and operational issues. Specifically, online retailers obtained a competitive edge over those with expansive brick-and-mortar footprints, such as Toys "R" Us. The Company has struggled to compete in the new marketplace and, in addition, faced certain challenges with its supply-chain and online presence. These and other issues eventually led to the Company's inability to procure sufficient liquidity to stabilize its operations leading up to the 2017 holiday season. As a result, TRU Inc., and certain of its subsidiaries, including the Taj Debtors, filed voluntarily petitions under title 11 of the United States Code (the "Bankruptcy Code") on September 18, 2017 (the "Petition Date").

---

[2] The TRU Inc. Debtors are TRU Inc., MAP 2005 Real Estate, LLC, Toys "R" Us - Value, Inc., and TRU Mobility, LLC.

[3] The Taj Debtors are TRU Europe, Tru Taj LLC ("Tru Taj"), Tru Taj Finance, Inc. ("Tru Taj Finance"), TRU Taj Holdings 1, LLC, TRU Taj Holdings 2, Ltd., TRU Taj Holdings 3, LLC, TRU Asia, LLC, and TRU Taj (Europe) Holdings, LLC.

[4] Unless otherwise specified herein, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

The Debtors filed for chapter 11 intending to restructure their businesses and continue operating as a going concern. At the outset of these cases, the Debtors secured over $3.1 billion in three separate debtor-in-possession financing facilities (collectively, the "DIP Facilities"). This financing allowed the Debtors to begin reopening their global supply chain and positioned the Company to implement its holiday business plan, which historically accounted for approximately 40% of its annual revenue.

Ultimately, sales from the holiday season did not meet performance expectations, and the Debtors' restructuring efforts were derailed. Several factors contributed to the Debtors performance, including (a) delays and disruptions associated with reopening the supply chain in chapter 11 and during the holiday season, (b) competitors pricing toys at low-margins or as loss-leaders to drive store traffic, which undermined the Company's pricing structure, (c) a greater than expected decline in toy and gift card sales and baby gift registries after the Petition Date, and (d) the Company's inability to offer online prices or shipping on more attractive terms than their competitors. As a result, in early 2018, the Debtors defaulted on certain DIP covenants and certain lenders began imposing reserve restrictions after the U.S. businesses failed to meet revenue expectations, further constraining liquidity. The Debtors projected at that time that they would require significant new liquidity to continue operating through the fall. The Debtors were able to obtain certain waivers through early March 2018 while they negotiated for additional liquidity, but their efforts ultimately proved unsuccessful and further waivers could not be obtained. On March 14, 2018, the Debtors filed a motion seeking authority to wind-down their U.S. operations, setting forth more fully the events leading up to the U.S. wind down [Docket No. 2050] (the "Wind-Down Motion"). The Bankruptcy Court entered an order approving the wind-down of U.S. operations (the "U.S. Wind-Down") on May 22, 2018 [Docket No. 2344] (the "Wind-Down Order").

At the hearing on the U.S. Wind-Down Motion and subsequent hearings on proposed amendments to the DIP Facilities, certain creditors and other parties-in-interest, including the Creditors' Committee, alleged claims related to the U.S. Wind-Down that would have resulted in lengthy, complex, and expensive litigation regarding the myriad of disputed issues among secured, administrative, and unsecured creditors. On June 14, 2018, after engaging in months-long arm's-length negotiations, certain Debtors, the Ad Hoc Group of B-4 Lenders, the Creditors' Committee, the Ad Hoc Vendor Group, the Term DIP Facility Agent, the Prepetition Term Loan Agent, the Sponsors, and certain other administrative claimants and lender parties reached an agreement on settlement terms that both resolved and preserved certain claims and causes of action related to the U.S. Wind-Down, among other things. The terms of this agreement were documented in a settlement agreement executed on July 17, 2018 (the "Settlement Agreement"). A motion seeking to approve the Settlement Agreement was filed on July 17, 2018 [Docket No. 3814] (the "Settlement Agreement Motion"). The Settlement Agreement is more fully described in the Settlement Agreement Motion. The Bankruptcy Court entered an order approving the Settlement Agreement Motion on August 8, 2018. [Docket No. 4083].

Meanwhile, the Debtors have been engaging with multiple purchasers for their non-Debtor affiliate Toys (Labuan) Holding Limited ("Toys Labuan"), a joint venture that operates the Asian business (the "Asia JV"), and have obtained the Bankruptcy Court's approval to provide bid protections for the joint venture and intellectual property assets that may be sold therewith [Docket No. 3597]. The Taj Debtors own 84.87% of the Asia JV and the remaining 15.13% is owned by Fung Retail Limited ("Fung"),[5] a China-based retailer and subsidiary of the Fung Group, whose core businesses are comprised of companies in trading, logistics, distribution, and retailing. A shareholders' agreement (the "Shareholders' Agreement") governs the joint ownership among these parties. The Taj Debtors are seeking Bankruptcy Court approval to make two additional findings as part of the bidding procedures governing the sale of the Asia JV: one, that a right-of-first-refusal provision in the Shareholders' Agreement is invalid and unenforceable for these purposes because it restricts assignment of the Debtors' indirect interest in the Asia JV, hindering the bidding process and contributing to a decline in bid prices; and, two, that the "drag" right in the Shareholders' Agreement permitting the majority holder to sell the minority interest on the same terms and conditions is enforceable according to its terms.

[5] Fung formerly did business under the name Li & Fung (Retailing) Limited.

So far, the Debtors have generated approximately CAD 50 million, net of repayment of the Canadian revolving credit and "first-in-last-out" (FILO) facility, a sub-facility of the Delaware Secured ABL Facility, and other adjustments, and $55 million from the sale of their interests in their Canadian and Central European operations, respectively, which will ultimately inure to the benefit of the Debtors' Estates. On April 25, 2018, the Bankruptcy Court approved a sale of Toys "R" Us-Delaware, Inc.'s ("Toys Delaware") 100% equity interest in Toys "R" Us (Canada) Ltd./Toys "R" Us (Canada) Ltee ("Toys Canada") to Fairfax Financial Holdings Limited pursuant to a certain purchase agreement dated April 19, 2018. In addition, the Debtors received Bankruptcy Court approval to effectuate the sale of their non-Debtor affiliate TRU (UK) H8 Limited's equity interest in Toys "R" US-Handelsgesellschaft ("Toys Austria"), Toys "R" Us GmbH ("Toys Germany"), and Toys "R" Us AG ("Toys Switzerland," and, together with Toys Austria and Toys Germany, the "Central European Business") to Smyths Toys EU HQ Limited pursuant to a certain sale and purchase agreement dated April 21, 2018, as amended on May 15, 2018. The Debtors have also filed a motion seeking authority to sell a 100% equity interest in TRU Iberia Holdings I, S.L.U. (the "Iberia Business") to Green Swan SGPS SA as a going concern, transfer certain intercompany loans related to those entities, and enter into a bridge facility. Certain of these transactions are embodied in the Plan, and the Debtors believe these transactions benefit their Estates. On August 4, 2018, after engaging in months-long arm's-length negotiations, the Taj Debtors, the TRU Inc. Debtors, and certain beneficial holders of the Taj Notes and the Taj DIP Notes (the "Supporting Holders" and each, a "Supporting Holder") entered into a restructuring support agreement (the "Restructuring Support Agreement" and the parties thereto, "RSA Parties"). The Restructuring Support Agreement is more fully described in Article III.B hereof. The Debtors as well as the RSA Parties believe that the Plan maximizes stakeholder recoveries, minimizes risk and uncertainty to all parties, and will bring these Chapter 11 Cases to a resolution. Accordingly, the Debtors are seeking the Bankruptcy Court's approval of the Plan.

*B. Questions and Answers Regarding this Disclosure Statement and the Plan.*

The following are some frequently asked questions and corresponding answers regarding this Disclosure Statement and the Plan.

**1. What is chapter 11?**

Chapter 11 is the principal business reorganization chapter in the Bankruptcy Code. This chapter permits debtor rehabilitation and promotes equal treatment for creditors and similarly situated equity interest holders, subject to the priority distribution scheme set forth in the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

A principle objective of a chapter 11 case is to consummate a plan. A confirmed plan will be binding upon the debtor, any person acquiring property under the plan, any creditor or equity interest Holder of the debtor, and any other entity as the court may order. Subject to certain limited exceptions, a bankruptcy court's order confirming a plan provides for the treatment of the debtor's liabilities in accordance with the confirmed plan's terms.

**2. Why are the Debtors sending me this Disclosure Statement?**

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Prior to soliciting acceptances of a proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind and in sufficient detail to enable a hypothetical reasonable investor to make an informed judgment about accepting a chapter 11 plan and to share such disclosure statement with all holders of claims or interest whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with such requirements. The Disclosure Statement includes, without limitation, the following information:

- the Debtors' corporate history and structure, business operations, and prepetition capital structure and indebtedness (Article II hereof);

- events leading to the chapter 11 cases, including the Debtors' restructuring negotiations (Article II hereof);
- significant events in the Debtors' chapter 11 cases (Article III hereof);
- each Claims' and Interests' classification and treatment under the Plan, including who is entitled to vote and how to vote on the Plan (Article IV hereof);
- certain important effects of Confirmation of the Plan (Article IV hereof);
- releases contemplated under the Plan that are integral to the overall settlement of Claims and Interests pursuant to the Plan (Article IV hereof);
- the statutory requirements for confirming the Plan (Article V hereof);
- certain risk factors Holders of Claims and Interests should consider before voting to accept or reject and the Plan and information regarding alternatives to Confirmation of the Plan (Article VI hereof);
- certain securities law disclosures (Article VIII); and
- certain United States federal income tax consequences of the Plan (Article VIII hereof).

In light of the foregoing, the Debtors believe the Disclosure Statement contains "adequate information" to enable a hypothetical reasonable investor to make an informed judgment about the Plan and complies with all aspects of section 1125 of the Bankruptcy Code.

**3. Am I entitled to vote on the Plan?**

Your ability to vote and your distribution, if any, depends on what kind of Claim or Interest you hold. Each category of holders of Claims or Interests set forth in Article III of the Plan, pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." The voting status for Each Class's respective voting status is below. Administrative Claims, Taj DIP Claims, and Priority Tax Claims have not been classified in accordance with section 1123(a)(1) of the Bankruptcy Code.

**The following table is a summary of the classification, treatment, impairment status, and voting rights under the Plan. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Claims and Interests.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| **Classified Claims and Interests against the TRU Inc. Debtors** | | | |
| Class A1 | Other Secured Claims against the TRU Inc. Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class A2 | Other Priority Claims against the TRU Inc. Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class A3 | Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A4 | Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A5 | Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A6 | 7.375% Senior Notes Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class A7 | 8.75% Unsecured Notes Claim against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A8 | General Unsecured Claims Against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A9 | TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class A10 | TRU Inc. Intercompany Interests | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class A11 | TRU Inc. Interests | Impaired | Not Entitled to Vote (Deemed to Reject) |
| **Classified Claims and Interests against the Taj Debtors** | | | |
| Class B1 | Other Secured Claims against the Taj Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class B2 | Other Priority Claims against the Taj Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class B3 | Taj Senior Notes Claims against the Taj Debtors | Impaired | Entitled to Vote |
| Class B4 | General Unsecured Claims against the Taj Debtors | Impaired | Entitled to Vote |
| Class B5 | Taj Debtor Intercompany Claims against other Taj Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class B6 | Taj Debtor Intercompany Interests against the Taj Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class B7 | Interests in TRU Europe | Impaired | Entitled to Vote |

Only Holders of Claims or Interests included in one of the Classes entitled to vote to accept or reject the Plan will receive a Solicitation Package, as defined herein, from the Debtors' notice and claims agent, Prime Clerk LLC (the "Notice and Claims Agent"). For more information about the treatment of Claims and Interests, see Article IV.A of this Disclosure Statement entitled "Classification and Treatment of Claims and Interests Under the Plan."

**4. What will I receive from the Debtors if I hold an Allowed Administrative Claim, a Taj DIP Claim, or a Priority Tax Claim?**

Administrative Claims, Taj DIP Claims, and Priority Tax Claims have not been classified in accordance with section 1123(a)(1) of the Bankruptcy Code and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan. Administrative Claims and Priority Tax Claims will be satisfied as set forth Article II.A of the Plan and the Taj DIP Claims will be satisfied as set forth in Article II.C of the Plan.

**5. If the Plan provides that I get a distribution, when do I get it, and what does "Confirmation," "Effective Date," and "Consummation" mean?**

Confirmation of the Plan refers to the Bankruptcy Court's approval of the Plan. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan, there are conditions (described in Article IX of the Plan) that need to be satisfied or waived so that the Plan can be Consummated and become effective. References to the Effective Date mean the date that all conditions to the Plan

have been satisfied or waived, at which point the Plan may be "consummated." Distributions only will be made after Consummation of the Plan and will be made only to Holders on account of Claims or Interests that are or become Allowed. See Article V in this Disclosure Statement entitled "Statutory Requirements for Confirmation of the Plan" for a discussion of the conditions to Consummation.

**6. How will the Reorganized Debtors fund distributions under the Plan?**

The Reorganized Debtors will fund distributions under the Plan from Cash on hand, the Rights Offering, the Liquidation Proceeds, and/or the Sale Proceeds, as applicable.

**7. What materials will be sent to Holders of Claims or Interests who are eligible to vote to accept or reject the Plan?**

Holders of Claims or Interests who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials including (the "Solicitation Package"):

- the Disclosure Statement, as approved by the Bankruptcy Court (with all exhibits thereto, including the Plan and the exhibits to the Plan);
- the Solicitation Procedures;
- the Confirmation Hearing Notice;
- an appropriate Ballot with voting instructions with respect thereto, together with a pre-addressed, postage prepaid return envelope;
- a letter from the Debtors, substantially in the form attached to the Disclosure Statement Order recommending that holders of Claims entitled to vote on the Plan vote to accept the Plan; and
- any supplemental documents the Debtors may file with the Bankruptcy Court or that the Bankruptcy Court orders to be made available.

The Solicitation Package may also be obtained (a) from the Debtors' Notice and Claims Agent by (i) visiting https://cases.primeclerk.com/toysrus, (ii) writing to Toys "R" Us, Inc., c/o Prime Clerk LLC, 830 Third Avenue, New York, New York 10022, or (iii) calling (844) 794-3476 (toll free) or (917) 962-8499 (international) or (b) for a fee via PACER (except for ballots) at https://www.vaeb.uscourts.gov.

**8. What will I receive from the Debtors if the Plan is consummated?**

The following chart provides a summary of the anticipated recovery to holders of Claims and Interests under the Plan. Any estimates of Claims and Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

Each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class from the Disbursing Agent, as applicable. Unless otherwise indicated, the Holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the later of the Effective Date, or if a Claim or Interest is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter.

**THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.**[6]

[6] The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions. "Allowed" means with respect to any Claim: (a) a Claim that is scheduled by the Debtors as neither disputed, contingent, nor unliquidated and for which no contrary proof of claim has been filed; (b) a Claim that is not a Disputed Claim or has been allowed by a Final Order; (c) a Claim that is allowed (i) pursuant to the terms of the Plan, (ii) in any stipulation that is approved by the Bankruptcy Court or (iii) pursuant to any contract, instrument, indenture, or other agreement entered into or assumed in connection herewith; or (d) a Claim as to which a Proof of Claim has been timely Filed and as to which no objection has been Filed as of the Claims Objection Deadline. Except for any Claim that is expressly Allowed pursuant to the Plan, any Claim that has been, or is hereafter, listed in the Schedules as contingent, unliquidated, or disputed and for which no Proof of Claim has been Filed is not considered Allowed and shall be deemed expunged upon entry of the Confirmation Order.

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| **Classified Claims and Interests against the TRU Inc. Debtors** | | | | |
| A1 | Other Secured Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Secured Claim against the TRU Inc. Debtors, each Holder thereof shall receive, at the option of the applicable TRU Inc. Debtor: (a) payment in full in Cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) reinstatement of such Other Secured Claim; or (d) such other treatment as shall render such Claim Unimpaired. | [$1.2 million - $1.3 million] | [_]% |
| A2 | Other Priority Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Priority Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full in Cash all Senior Claims. | [$400,000 - $500,000] | [_]% |
| A3 | Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Taj Senior Notes Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall; *provided* that no Holder of a Class A3 Claim shall receive greater than a full recovery on account of its Claim. | [$588.6 million] | [_]% |
| A4 | Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Propco II Mortgage Loan Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | [$20.7 million] | [_]% |

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| A5 | Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Giraffe Junior Mezzanine Loan Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full in Cash all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | [$70 million] | [_]% |
| A6 | 7.375% Senior Notes Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed 7.375% Senior Notes Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | [$214.9 million] | [_]% |
| A7 | 8.75% Unsecured Notes Claim against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed 8.75% Unsecured Notes Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | [$21.8 million] | [_]% |

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| A8 | General Unsecured Claims Against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed General Unsecured Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in Cash all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | [$80 million - $1.19 billion][7] | [_]% |
| A9 | TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors, each TRU Inc. Debtor Intercompany Claim against another TRU Inc. Debtor shall be reinstated or canceled and released. | $[0] | [_]% |
| A10 | TRU Inc. Intercompany Interests | On the Effective Date, interests in the TRU Inc. Debtors other than TRU Inc. shall be reinstated or canceled and released. | N/A | N/A |
| A11 | TRU Inc. Interests | On the Effective Date, each interest in TRU Inc. shall be canceled and released; *provided, however*, that for the avoidance of doubt, new TRU Inc. Interests may be issued pursuant to the Toys Delaware Plan, subject to the consent of the Taj Holders Steering Group. | N/A | N/A |
| **Classified Claims and Interests against the Taj Debtors** | | | | |

[7] For the purpose of this chart, these figures include an Intercompany Claim by Toys Delaware against TRU Inc., in a range from $0 to [$1.095 billion], which does not take into account any potential setoff for amounts that may be owed by Toys Delaware to TRU Inc., which may be up to [$335 million], or any portions that may be subordinated to other claims. All Claims for set off with regard to Intercompany Claims are preserved.

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| B1 | Other Secured Claims against the Taj Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Secured Claim against the Taj Debtors, each Holder thereof shall receive, at the option of the applicable Taj Debtor: (a) payment in full in Cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) reinstatement of such Other Secured Claim; or (d) such other treatment as shall render such Claim Unimpaired. | $[0] | [_]% |
| B2 | Other Priority Claims against the Taj Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Priority Claim against the Taj Debtors, each Holder thereof shall receive payment in full in Cash or such other treatment as shall render such Claim Unimpaired. | $[0] | [_]% |
| B3 | Taj Senior Notes Claims against the Taj Debtors | On the Effective Date, subject in all respects to the Credit Bid Transaction, including the issuance of the Initial Purchaser Common Shares, and in accordance with the Transaction Steps Memorandum, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Taj Senior Notes Claim, each Holder thereof shall receive its pro rata share of:<br>(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and<br>(ii) the Sale Proceeds, if any, after paying in full all Senior Claims; and<br>(iii) the Subscription Rights. | $[588.6 million] | [_]% |

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| B4 | General Unsecured Claims against the Taj Debtors | On the Effective Date, in full and final satisfaction of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive its pro rata share of:<br>(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and<br>(ii) the Sale Proceeds, if any, after paying in full all Senior Claims. | [$14.5 million - $15.5 million] | [_]% |
| B5 | Taj Debtor Intercompany Claims against other Taj Debtors | On the Effective Date, each Taj Debtor Intercompany Claim against another Taj Debtor shall be Reinstated, canceled, or compromised as determined between the Taj Debtors and the Taj Holders Steering Group or the Credit Bid Purchaser (only if the Credit Bid Purchaser is the Successful Bidder), as applicable. | $[0] | [_]% |
| B6 | Taj Debtor Intercompany Interests against the Taj Debtors | On the Effective Date, each Taj Debtor Intercompany Interest shall be Reinstated, canceled, or compromised as determined between the Taj Debtors and the Taj Holders Steering Group or the Credit Bid Purchaser (only if the Credit Bid Purchaser is the Successful Bidder), as applicable. | N/A | N/A |
| B7 | Interests in TRU Europe | On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each interest in TRU Europe, each Holder of an Interest in TRU Europe shall receive its pro rata share of:<br>(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and<br>(ii) the Sale Proceeds, if any, after paying in full all Senior Claims. | N/A | N/A |

Any reinstatement of Intercompany Claims or Interests pursuant to the Plan will be done solely for administrative ease and to avoid further liabilities to the Debtors. Any such preservation or reinstatement of Intercompany Claims or Interests will not provide any additional economic benefit to Holders of such Claims or Interests in contravention of the absolute priority rule.

**9. If I am an unsecured creditor, how do I know what I am receiving under the Plan?**

Holders of Allowed General Unsecured Claims against the Taj Debtors, estimated in the amount of [$14.5 million - $15.5 million], shall receive, after payment of more senior Claims, including Administrative and Priority Claims, any excess value available from the sale of the TRU Asia Equity Interests and any excess value available from the liquidation of other assets of the Taj Debtors.

With respect to holders of allowed unsecured claims against Toys, Inc. (including the Taj Senior Notes Guaranty Claims, the Propco II Mortgage Loan Guaranty Claims, the Giraffe Junior Mezzanine Loan Guaranty Claims, the 7.375% Senior Notes Claims, the 8.75% Unsecured Notes Claims, and General Unsecured Claims), such holders are receiving, after payment of more senior Claims, including Administrative and Priority Claims, their pro rata share of the "TRU Inc. Silo Recovery." The "TRU Inc. Silo Recovery" is defined under the Plan as "(1) the balance of any Sale Proceeds and Liquidation Proceeds after repayment in full of all Senior Claims, in accordance with the Priority Waterfall; (2) the value, if any, distributed to the TRU Inc. Debtors on account of any claims or Causes of Action it may have against any other Entity; (3) Cash on hand or received by the TRU Inc. Debtors, including the proceeds of any dispositions of TRU Inc. Debtor assets and any distributions from non-Debtor subsidiaries to the TRU Inc. Debtors; and (4) any recoveries from the Non-Released Claims Trust (as defined in the Settlement Agreement) allocated to creditors of TRU Inc. in accordance with Section 3.2(k) of the Settlement Agreement, each of which shall be distributed to holders of Claims and Interests in the TRU Inc. Debtors according to their relative priority." Each component of the TRU Inc. Silo Recovery is summarized as follows:

- Sale Proceeds and Liquidation Proceeds will only be distributed to unsecured claims of TRU Inc. if those proceeds exceed the indebtedness at the Taj Debtors and exceed any senior claims asserted against TRU Inc. The Priority Waterfall will set forth a schedule of the priorities of each of such senior claims, and will be filed with the Plan Supplement at least ten business days prior to the Voting Deadline with respect to the Plan.
- Certain claims or causes of action may be held by TRU Inc. against any other Entity, including its Debtor and non-Debtor affiliates.
- Certain of the TRU Inc. Debtors, including MAP 2005 Real Estate, LLC, hold assets and Cash on hand. Those assets primarily include proceeds from the sale of certain real estate assets, and other liquidated and unliquidated assets.
- Under the Settlement Agreement negotiated with the Toys Delaware Debtors and the Toys Geoffrey Debtors, certain claims and causes of action, including all claims against the TRU Inc. Debtors' current and former directors, officers and managers (including any Sponsor-affiliated directors, officers and managers) are transferred and/or assigned to the Non-Released Claims Trust and are preserved for the benefit of creditors. The Settlement Agreement contemplates that the mechanics for an allocation or sharing of recoveries from any Non-Released Claims held by or allocable to TRU Inc. among creditors of TRU Inc. (other than Toys Delaware or its estate) and the beneficiaries of the Non-Released Claims Trust will be determined (i) in connection with confirmation of the Plan or other negotiated resolution of the TRU Inc. Debtors' Chapter 11 Cases, or (ii) by further order of the Court.

**10. Will the Debtors file reports with the SEC?**

The Debtors do not expect to file reports with the SEC after these chapter 11 cases because they do not expect to be subject to the public reporting requirements under the Securities Exchange Act of 1934 or the regulations promulgated thereunder.

**11. What is the deadline to vote on the Plan?**

The deadline to vote on the Plan is **October 5, 2018, at 5:00 p.m., prevailing Eastern Time** (the "Voting Deadline").

**12. How do I vote to accept or reject the Plan?**

The Debtors are distributing this Disclosure Statement along with a ballot to be used for voting to accept or reject the Plan to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim or Interest in Classes A3, A4, A5, A6, A7, A8, B3, B4, or B7 you may vote to accept or reject the Plan by completing the ballot and returning it in the envelopes provided.

The Debtors have engaged Prime Clerk LLC to serve as the Notice and Claims Agent. The Notice and Claims Agent is available to answer questions, provide additional copies of all materials, oversee the voting process, and process and tabulate ballots for each class entitled to vote to accept or reject the Plan.

| **BALLOTS** |
| --- |
| Ballots must be actually received by the Notice and Claims Agent by the Voting Deadline, which is October 5, 2018, at 5:00 p.m., prevailing Eastern Time, at the following address:<br><br>**Toys "R" Us, Inc. Ballot Processing**<br>c/o Prime Clerk LLC<br>830 Third Avenue,<br>New York, New York 10022<br><br>If you have any questions on the procedure for voting on the Plan, please call the Debtors at:<br><br>(844) 794-3476 (toll free) or (917) 962-8499 (international) |

More detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. If you are eligible to vote, for your vote to be counted, your ballot must be completed, signed, and received by the Voting Deadline; provided, however, that ballots received by the Notice and Claims Agent after the Voting Deadline may be counted only in the sole and absolute discretion of the Debtors.

Any ballot that is properly executed by the Holder of a Claim or Interest but that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Ballots received by facsimile or by electronic means will not be counted.

Each Holder of a Claim or Interest entitled to vote to accept or reject the Plan may cast only one ballot for each Claim or Interest held by such Holder. By signing and returning a ballot, each Holder of a Claim or Interest in Classes A3, A4, A5, A6, A7, B3, B4, or B7 will certify to the Bankruptcy Court and the Debtors that no other ballots with respect to such Claim or Interest have been cast or, if any other ballots have been cast with respect to such Claim or Interest, such earlier ballots are superseded and revoked.

The Plan provides that (i) all holders of Claims and Interests that are deemed to accept the Plan; (ii) all holders of Claims and Interests who vote to accept the Plan; and (iii) all holders in voting classes who abstain from voting on the Plan and who do not opt-out of the releases provided by the Plan will be deemed to have released all claims and Causes of Action against each Debtor, Reorganized Debtor, and other Released Party.

Return envelopes will be accompany all ballots. It is important to follow the specific instructions provided on each ballot, as failing to do so may result in your ballot not being counted.

**13. Will there be releases and exculpations granted to parties in interest as part of the Plan?**

Yes, the Plan contains certain releases (as described more fully in Article Article IV.G of this Disclosure Statement, entitled "Releases"), including mutual releases between (a) the Debtors; (b) the Reorganized Debtors; (c)

the Creditors' Committee and its members; (d) Holders of 8.75% Unsecured Notes Claims; (e) the 8.75% Unsecured Notes Trustee; (f) Holders of 7.375% Senior Notes Claims; (g) the 7.375% Senior Notes Trustee; (h) Holders of Taj Senior Notes Claims; (i) the Taj Senior Notes Indenture Trustee; (j) the Taj Holders Steering Group and its members; (k) the Taj DIP Lenders; (l) the Sponsors; (m) the Purchaser; (n) the Giraffe Junior Mezzanine Loan Lenders; (o) all holders of Claims and Interests that are deemed to accept the Plan and who do not opt out of the releases provided by the Plan; and (p) with respect to each of the Debtors and the foregoing entities in clauses (a) through (n), such entity's current and former affiliates (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors or any Former Debtor) and each of such entity's, and such entity's current and former affiliates' (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors or any Former Debtor), current and former equity holders (regardless of whether such interests are held directly or indirectly), subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; provided that any party that opts out of the releases contained in the Plan shall not be a "Released Party."

The Debtors believe that the Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Restructuring Transactions contemplated by the Plan and the Debtors' overall restructuring efforts. Further, the Debtors assert that many of the Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize the value of the Debtors for the benefit of all parties in interest. Accordingly, for all of these reasons the Debtors believe that each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

Based on the foregoing, the Debtors believe that the releases and exculpations in the plan are necessary and appropriate and meet the applicable legal standard. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for the propriety of the release and exculpation provisions.

The Plan provides that (i) all holders of Claims and Interests that are deemed to accept the Plan; (ii) all holders of Claims and Interests who vote to accept the Plan; and (iii) all holders in voting classes who abstain from voting on the Plan and who do not opt-out of the releases provided by the Plan will be deemed to have released all claims and Causes of Action against each Debtor, Reorganized Debtor, and other Released Party.

**14. How can I object to provisions contained in the Plan?**

The Bankruptcy Court has established **October 5, 2018, at 5:00 p.m., prevailing Eastern Time**, as the deadline to object to confirmation of the Plan (the "Plan Objection Deadline"). All such objections must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the order approving the Disclosure Statement and Solicitation Procedures so that they are ***actually received*** on or before the Plan Objection Deadline. The Debtors believe the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the objections to the Plan prior to a Confirmation Hearing.

**15. Do the Debtors recommend voting in favor of the Plan?**

Yes. The Debtors believe the Plan provides for a larger distribution to the Debtors' creditors than would otherwise result from any other available alternative. The Plan is the culmination of extensive arm's-length and good faith negotiations with various stakeholders. As such, the Debtors believe that the Plan is in the best interest of all Holders of Claims and Interests and that any alternatives, to the extent that they exist, fail to realize or recognize the value inherent under the Plan.

**16. When is the hearing on confirmation of the Plan expected to occur?**

Assuming the requisite acceptances are obtained for the Plan, the Debtors intend to seek confirmation of the Plan at a hearing to be scheduled on **October 10, 2018, at 1:00 p.m., prevailing Eastern Time**, before the Honorable Keith L. Phillips, United States Bankruptcy Judge, in Courtroom No. 5100 of the United States Court for the Eastern District of Virginia, 701 East Broad Street, Richmond, Virginia 23219 (each such hearing,

a "Confirmation Hearing"). A Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice to parties in interest other than such adjournment announced in open court and/or a notice of adjournment filed with the Court and served on the 2002 List. The Bankruptcy Court, in its discretion and prior to a Confirmation Hearing, may put in place additional procedures governing that hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the hearing to confirm the Plan without further notice to parties in interest.

## ARTICLE II.
## THE DEBTORS' BACKGROUND

*A. The Debtors' Business.*

**1. The Debtors' Business Overview**.

For many children around the world, Toys "R" Us is not just a retail store—it is an experience. Children find joy in perusing the toy-filled aisles for their favorite items while parents appreciate having all the latest merchandise available at one convenient location. The Company strategically placed stores across 49 states in the U.S., Puerto Rico, Guam, and 37 other countries. As such, the Toys "R" Us enterprise can be divided generally into two silos: (a) the North American operations; and (b) the European, Asian, African, Australian, and the Middle Eastern operations.

**The North American Business.** There were over 900 retail locations in the U.S., its territories, and Canada prior to the Petition Date. These stores operated under brand names that include Toys "R" Us, Babies "R" Us, Toys "R" Us Outlet, and Toys "R" Us Express, with Toys "R" Us being one of the most widely recognizable brands among children. Toys "R" Us stores catered to kids and carried the newest and most popular bikes, scooters, building blocks, playsets, puzzles, video games, outdoor equipment, action figures, and dolls, among other merchandise. Babies "R" Us, on the other hand, is the Company's specialty retail store for baby products and furniture. Consumers turned to Babies "R" Us knowing that they can find the latest items for infants and toddlers, obtain shopping expertise for their babies' needs, and create gift registries for newborns and children. The Company's goal has been to develop loyal Babies "R" Us customers whose children would eventually grow up and become Toys "R" Us kids.

In addition to holding certain real estate assets, Toys Delaware served as the operating company for the U.S. business and wholly-owned Toys Canada, which operates the Canadian business. Toys Delaware would coordinate and provide various essential functions for certain international and North American operations. The Global Resource Center (the Company's global headquarters) served as the hub for such shared services and is located in Wayne, New Jersey. The functions provided range from shared IT infrastructure and services, certain corporate services, management services for the private label business, and global branding and communications teams to merchandising and supply chain management, finance and store operations, analytics and reporting, marketing, and e-commerce. Toys Delaware facilitated these services to allow the Company to realize economies of scale and avoid duplicative costs.

In addition, Geoffrey LLC ("Geoffrey"), Toys Delaware subsidiary based in the U.S., owns substantially all of the Company's (excluding the Canadian affiliates) intellectual property (the "Intellectual Property"), which includes the Toys "R" Us trade name, trademarks, service marks, mascot, various registered domain names, a substantial private label business, a baby registry, and customer and email marketing lists. Geoffrey's sole function is to license this Intellectual Property to operating Debtor and non-Debtor affiliates and third parties in the ordinary course of business in exchange for royalty payments. These Intellectual Property assets are valuable, as such assets increase brand recognition and allow the Company to build equity value in its operations.

**The International Business and Geoffrey Licensing.** As of February 3, 2018, certain of the North American Debtors' affiliates operated over 770 Company-branded stores across 17 international markets. Geoffrey licenses its Intellectual Property to these entities pursuant to certain agreements so as to ensure a cohesive global brand for the Toys "R" Us enterprise. Two significant intercompany license agreements govern Geoffrey's relationship with its foreign affiliates: (1) that certain Master License Agreement dated March 24, 2017, by and

among Geoffrey, the Asia JV, TRU Inc., and Toys "R" Us Holdings (China) Limited[8] (as amended from time to time and together with the subsidiary license agreements issued pursuant thereto, the "Asia JV MLA") and (2) that certain License Agreement dated February 1, 2009, by and among Geoffrey and each of the non-Debtor affiliate counterparties thereto from time to time (the "European-Australian License Agreement" and, together with the Asia JV MLA, the "Intercompany IP License Agreements"). In 2017, Geoffrey received approximately $81 million in total royalty payments pursuant to both the Asia JV MLA and the European-Australian License Agreement. Geoffrey is currently undertaking a marketing process to sell the intellectual property assets.

(a) The Asian Businesses

The Asia JV is based in Hong Kong and operates approximately 411 Toys "R" Us stores across Japan, Greater China, and Southeast Asia and employs approximately 10,659 people, as of 2017. Non-debtor affiliate TRU (UK) Asia Limited and third party Fung are partners in the Asia JV. TRU (UK) Asia Limited owns approximately an 85% stake in the Asia JV, and Fung owns the remaining interests therein. The Shareholders Agreement governs the joint venture relationship.

(b) The Central European Business

Approximately 90 Toys "R" Us stores, as of October 2017, and approximately 2,500 employees, as of fiscal year end 2016, comprised the Central European operations in Austria, Germany, and Switzerland. Adjusted EBITDA after intercompany expenses and royalties for these businesses totaled approximately €24 million in 2017, as the Central European Business was a leading toy retailer in the region. The Toys Austria, Toys Germany, and Toys Switzerland entities operated seamlessly within the Toys "R" Us enterprise through their license agreements with Geoffrey that allowed them to use brand names and private label inventory, among other assets, and pursuant to certain shared services that Toys Delaware provided to such entities, including shared IT infrastructure and services, certain corporate services, management of the private label business, a global branding team, a global communications team, and other similar functions.

(c) Iberia Business

The Iberian operations in Spain and Portugal were comprised of 60 Toys "R" Us stores, as of October 2017, and approximately 1,278 employees, at the fiscal year end of 2016. The Iberia Business is a 100% shareholder of TRU Iberia Holdings 2, S.L.U, which is (a) a 100% shareholder of Toys "R" Us Iberia S.A.U and (b) a 0.01% shareholder of Toys "R" Us Portugal Brinquedose Artigos Juvenis LDA. Toys "R" Us Iberia S.A.U. is (a) a 99.9% shareholder of Toys "R" Us Portugal Brinquedose Artigos Juvenis LDA, (b) a 100% shareholder of Toys "R" Us Madrid S.L.U., and (c) a 100% shareholder of Toys "R" Us Iberia Real Estate, S.L.U. Historically, these Iberian entities have operated seamlessly within the Toys "R" Us enterprise through their license agreements with Geoffrey that allowed them to uses various trademarks, service marks, trade names, and other intellectual property owned by Geoffrey and benefited from certain shared services provided by and coordinated from the Debtors' Global Resource Center in Wayne, NJ, including shared IT infrastructure and services, certain corporate services, management of the private label business, a global branding team, a global communications team, and other similar functions.

(d) Other International Operations

In additional to the geographies above, certain non-Debtor subsidiaries in other regions continue to operate as a going concern while exploring various sale or going-concern scenarios while others, notably in the United Kingdom, Australia, and France have commenced local insolvency proceedings. In connection with the French

[8] Geoffrey also entered into a subsidy letter agreement dated as of March 24, 2017, with Toys Labuan (the "Subsidy Agreement") at the same time it entered into the Asia JV License Agreement.

bankruptcy proceedings, the Debtors are pursuing an asset/business sale process for the French companies under applicable French bankruptcy law.

**Global Supply Chain.** Prior to the U.S. Wind-Down, the Company obtained its merchandise from a variety of international and North American vendors, some of which offered the Company in-demand products at higher allocations, exclusive products, and advertising support. The Company had eighteen distribution centers to support the North American and international operations when these chapter 11 cases were filed. Such distribution centers implemented management systems for their inventory levels and distribution costs, and third-party logistic providers managed warehouse operations and deliveries to the stores. The systems and third-party logistic providers optimized flexibility and allowed the stores to maintain optimum stock levels.

Moreover, the Company's ability to maintain a robust and uninterrupted inventory supply was vital to customers shopping at Toys "R" Us, Babies "R" Us, and other brand named stores on a repeat basis throughout the year. The Toys "R" Us enterprise could not compete in the marketplace if it failed to procure products in line with consumer expectations or did not obtain goods and services necessary to conduct business in the ordinary course. As such, there were certain vendors that the Company considered more critical to their North American and international operations. These vendors offered a number of important services, including general supplies, and packaging materials, regulating direct mail and digital marketing campaigns, and providing brand creative services. Often times, the Company obtained these products and services from vendors on trade terms that were favorable and allowed stores to receive their purchases on a regularly scheduled basis.

**2. The Debtors' Corporate History**.

Toys "R" Us has its roots in Children's Bargain Town, a baby furniture store that Charles Lazarus founded in 1948 to capitalize on the post-World War II baby boom. Lazarus eventually added toys and other baby products to the array of merchandise sold at Children's Bargain Town, which became a success. This led Lazarus to open his first store dedicated exclusively to toys in 1957 called Toys "R" Us. The Company went on to open big-box stores across the U.S., dominating the toy industry with deep discounts and a huge selection that soon squeezed out smaller mom-and-pop toy shops.

In light of the Company's opportunities for growth, the Company completed an initial public offering in 1978. This allowed the Company to capitalize on its popularity and brand recognition and execute on plans to expand into various markets. In 1984, the Company opened the first wholly-owned Toys "R" Us store in Canada and licensed operations in Singapore. Eventually, in 1996, Babies "R" Us was opened for business, and, shortly thereafter, Toysrus.com entered the burgeoning U.S. online marketplace. Over time, the Company grew a broad customer base and loyalty program that reached approximately 19 million and 12 million domestic and international users, respectively.

Following a highly competitive process, the Company was acquired and taken private in 2005. An investment group comprising entities advised by or affiliated with Bain Capital Private Equity, LP, Kohlberg Kravis Roberts & Co., L.P., and Vornado Realty Trust (the "Sponsors") bought Toys "R" Us for approximately $6.6 billion, including $5.3 billion in debt secured in large part by the Company's assets. After going private, the Company opened new stores in China and Southeast Asia. Accordingly, Toys "R" Us was truly a global enterprise and a leader in the toy industries throughout Asia, North America, Europe, Australia, and Africa.

*B. Summary of Prepetition Capital Structure.*

As of the Petition Date, the Company had approximately $5.3 billion in total funded debt between its domestic and international operations. The Taj Debtors had approximately $583 million in funded debt, and the TRU Inc. Debtors' had approximately $785 million in funded debt. The instruments evidencing the Debtors' funded indebtedness are summarized in the table below, and more details are set forth thereafter.

| Funded Debt | Maturity | Outstanding Principal Amount as of 9/17/17 |
|---|---|---|
| **TRU Inc. Debt Facilities** | | |

| Funded Debt | Maturity | Outstanding Principal Amount as of 9/17/17 |
|---|---|---|
| Toys, Inc. 8.75% Senior Notes | September 1, 2021 | $22 million |
| Toys, Inc. 7.375% Senior Notes | October 15, 2018 | $208 million |
| Propco II Mortgage Loan | November 9, 2019 | $507 million |
| Giraffe Junior Mezzanine Loan | November 9, 2019 | $70 million |
| **Taj Debt Facilities** | | |
| Taj Senior Notes | August 15, 2021 | $583 million |
| Total Funded Debt: | | $1,390 million |

**1. TRU Inc. Debt Facilities**.

(a) 8.75% Senior Notes

TRU Inc. and Toys Delaware, as co-issuers, and The Bank of New York, as successor trustee (the "8.75% Unsecured Notes Indenture Trustee"), are parties to that certain Indenture, dated as of August 21, 1991 (as amended, novated, supplemented, extended, or restated from time to time, the "8.75% Unsecured Notes Indenture"). Pursuant to the 8.75% Unsecured Notes Indenture, TRU Inc. and Toys Delaware co-issued $200 million in original principal amount of 8.75% unsecured notes due September 1, 2021 (the "8.75% Unsecured Notes"). No other Debtor entities guarantees or is otherwise obligated under the 8.75% Notes. Approximately, $22 million in aggregate principal amount remains outstanding.

(b) 7.375% Senior Notes

On May 28, 2002, TRU Inc. issued $400 million of 7.375% senior unsecured notes due October 15, 2018 (as amended, novated, supplemented, extended or restated from time to time, the "7.375% Notes"). The 7.375% Notes are governed by that certain Indenture, dated as of May 28, 2002, among TRU Inc., as issuer, and The Bank of New York, as Indenture Trustee, as amended by that certain First Supplemental Indenture, dated as of May 28, 2002, among TRU Inc., as Issuer, and The Bank of New York, as Indenture Trustee. No other Debtor entity guarantees or is otherwise obligated under the 7.375% Notes. As of the Petition Date, approximately $208 million in aggregate principal amount of 7.375% Notes remains outstanding.

(c) Propco II Mortgage Loan

On November 3, 2016, Toys "R" Us Property Company II, LLC ("Propco II"), an indirect wholly-owned subsidiary of Toys Delaware, borrowed $512 million, due November 9, 2019, pursuant to that certain Loan Agreement among Propco II, as Borrower, and Goldman Sachs Mortgage Company and Bank of America, N.A., as the lenders party thereto (as amended, novated, supplemented, extended or restated from time to time, the "Propco II Mortgage Loan"). The Propco II Mortgage Loan obligations are guaranteed by TRU Inc., and are secured by all assets owned from time to time by Propco II, including (i) all of Propco II's interest in certain real property, and (ii) certain accounts and other related collateral of Propco II. As of the Petition Date, approximately $507 million in aggregate principal amount remains outstanding under the Propco II Mortgage Loan.

(d) Giraffe Junior Mezzanine Loan

On November 3, 2016, Giraffe Junior Holdings, LLC ("Giraffe Junior") borrowed $88 million, due November 19, 2019, pursuant to that certain 12.5% Mezzanine Loan Agreement among Giraffe Junior, as Borrower, and the lenders party thereto from time to time (as amended, novated, supplemented, extended or restated from time to time, the "Giraffe Junior Mezzanine Loan"). Giraffe Junior Mezzanine Loan obligations are guaranteed by TRU Inc., and are secured by assets owned by Giraffe Junior, including (i) 100% of the issued and outstanding limited liability company interests in Propco II, and (ii) certain accounts and other related collateral of Giraffe Junior. As of

the Petition Date, approximately $70 million in aggregate principal amount remained outstanding under the Giraffe Junior Mezzanine Loan.

**2. Taj Debt Facilities**.

(a) Taj Senior Notes

On August 16, 2016, Tru Taj and Tru Taj Finance issued $441.2 million of 12.00% senior secured notes due August 15, 2021 (as amended, novated, supplemented, extended or restated from time to time, the "Taj Senior Notes"). Additionally, on August 26, 2016, the Taj Notes Issuers issued an additional $142 million of Taj Notes in a private placement, resulting in $583 million of aggregate principal for the Taj Senior Notes. The Taj Senior Notes are governed by that certain First Supplemental Indenture, dated as of August 26, 2016 (the "Prepetition Indenture"), among Tru Taj and Tru Taj Finance, as co-issuers, TRU Inc. and certain of its direct and indirect wholly-owned subsidiaries in the United States, Europe and Australia, as guarantors (the "Taj Guarantors"), and Wilmington Trust, N.A., as trustee and collateral trustee. The obligations under the Taj Senior Notes are secured, subject to certain exceptions, by a first priority lien on the common equity shares of certain of the Taj Guarantors and certain of their subsidiaries that were not pledged under the Euro ABL Facility, and a second priority lien on the common equity shares of certain of the Taj Guarantors and certain of their subsidiaries that were previously pledged under the Euro ABL Facility. As of the Petition Date, $583 million in aggregate principal amount of Taj Senior Notes remains outstanding.

**3. Intercompany Indebtedness**.

The Debtors and non-Debtor affiliates regularly engage in intercompany transactions in the ordinary course of business, resulting in various intercompany balances, claims, and obligations. A summary of some of the intercompany indebtedness includes:

(a) TRU Inc. and Toys Delaware Intercompany Credit Agreement

TRU Inc. borrowed $90 million from Toys Delaware under that certain Credit Agreement dated July 25, 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Intercompany Credit Agreement"). The intercompany loan under the Intercompany Credit Agreement matures on December 31, 2018. Approximately $91 remains outstanding as of the Petition Date.

(b) 2006 Grid Promissory Note

TRU Inc. and Toys Delaware are parties to that certain Promissory Note, dated January 28, 2006 (as amended, amended and restated, extended, supplemented or otherwise modified from time to time, the "2006 Grid Promissory Note"), which evidences the intercompany loans made between TRU Inc. and Toys Delaware both as borrowers and lenders. Both TRU Inc. and Toys Delaware are permitted to offset and net any amounts owed to the other under the 2006 Grid Promissory Note. As of the Petition Date, the outstanding amount under the 2006 Grid Promissory Note was approximately $390 million that TRU Inc. owed to Toys Delaware. The 2006 Grid Promissory Note matures on November 30, 2020.

(c) 2009 Intercompany Promissory Note (TRU Inc. Borrower)

TRU Inc., as borrower, and Toys Delaware, as lender, entered into that certain promissory note, dated as of June 15, 2009 (as amended, amended and restated, extended, supplemented or otherwise modified from time to time, the "2009 Promissory Note") pursuant to which TRU Inc. borrowed an initial principal amount of $150 million. On July 29, 2017, the outstanding amount under the 2009 Promissory Note was approximately $313 million. The 2009 Promissory Note matures on November 30, 2020.

(d) 2009 Intercompany Promissory Note (Toys Delaware Borrower)

Toys Delaware borrowed an initial principal amount of $286 million from TRU Inc. under that certain Promissory Note, dated as of July 22, 2009 (as amended, amended and restated, extended, supplemented, or otherwise modified from time to time, the "July 2009 Promissory Note"). As of the Petition Date, approximately $250 million remained outstanding under the July 2009 Promissory Note, which matured on February 3, 2018.

(e) 2012 Intercompany Promissory Note

TRU Inc., as borrower, and Toy Delaware, as lender, entered into a promissory note, dated July 24, 2012 (as amended, amended and restated, extended, supplemented or otherwise modified from time to time, the "2012 Promissory Note") whereby TRU Inc. borrowed an aggregate principal amount of $175 million. As of the Petition Date, the amount outstanding under the 2012 Promissory Note was approximately $302 million. The 2012 Promissory Note matures on August 1, 2018.

*C. Events Leading to the Chapter 11 Cases.*

**1. Changing Retail Environment, Liquidity Concerns, and Debt Service Obligations**.

The Debtors were no exception to the substantial challenges facing many other retailers over the last several years. Market forces in tandem with consumer trends towards online shopping have caused many retailers with primarily brick-and-mortar based business models to restructure their operations and, for some, to file voluntary petitions under the Bankruptcy Code. Toys "R" Us' business model fits this category of retailers, as it relied heavily on revenue being generated from consumer purchases at retail store locations to maintain profitability. Competition from online companies like Amazon® and big-box retailers such as Walmart® and Target® was a major contributing factor in the decline in the Company's revenues in recent years. Specifically, the Company's revenue decreased approximately 3.9 percent during the 2016 holiday season compared to the 2015 holiday season after certain competitors began implementing deep discounts to drive in-store sales. This trend continued into 2017, which forced the Company to limit its investments in growth initiatives.

In addition, prior to the Petition Date, the Company's capital structure was highly leveraged with an unsustainable cash debt service burden of approximately $400 million per year. The Company faced a $186 million liability, as certain term loans under which Toys Delaware was a borrower, referred to as the Term B-2 Loans and Term B-3 Loans, had a scheduled maturity in May 2018. Applicable accounting regulations could have prompted the Company to make certain disclosures because there was substantial doubt about its ability to continue as a going concern in fiscal year 2018.

As a result, the Company decided that it needed a comprehensive deleveraging to right-size its balance sheet. The strategic decision to deleverage the capital structure would allow the Company to make necessary investments to maximize the business' long-term value. The Company hired Lazard Frères & Co. LLC ("Lazard") and other advisors to analyze different ways to raise approximately $200 million in incremental liquidity. They began engaging with potential lenders and their advisors about alternative structures for such incremental funds, including a sale-leaseback transaction with certain existing lenders. Ultimately, no such liquidity-enhancing transaction proved to be a viable option.

Meanwhile, the Company retained Kirkland & Ellis LLP ("K&E") and Alvarez & Marsal ("A&M") to focus on contingency planning, which involved securing DIP financing and preparing for an orderly chapter 11 filing. These plans were ultimately accelerated after a news article stating that the Company was considering restructuring options was published on September 6, 2017. Major media outlets around the world immediately picked up this story, and, within 72 hours, suppliers began to pull terms and withhold products that were not paid with cash on delivery. Most of the Company's international credit insurers withdrew or significantly limited their coverage for vendors shipping to the Company. This loss in product and tightening of liquidity had a deleterious impact on the Company's supply chain and happened at a time when the Company typically began securing additional inventory for the upcoming holiday season. Accordingly, the Company prepared for these Chapter 11

Cases, finalized negotiations, and documented the DIP financing arrangement on an expedited timeline so that it could resolve these operational and financial issues expeditiously.

**2. Internal Management and Operational Changes**.

The 2013 adjusted EBITDA declined 43% from the prior year, which led to the Company implementing broad organizational changes to confront market headwinds and drive increased revenue. The Company's board of directors hired several new executives, such as a chief executive officer, chief financial officer, a chief talent officer, a communications and customer satisfaction officer, a supply chain officer, a chief technology officer, a general counsel, and a chief marketing officer. The newly revamped management team in coordination with the board of directors began making short- and long-term strategic changes to, among other things, the Company's inventory and supply chain process, website and information technology platform, and store formats. Investments and expansion into strategic geographic markets to stabilize and grow topline sales also became a priority. Yet, despite these efforts, the overall revenue trend in the U.S. continued to decline as the Company struggled to maintain market share and compete in the changing retail environment.

## ARTICLE III.
## EVENTS OF THE CHAPTER 11 CASES

*A. First Day Pleadings and Other Case Matters.*

**1. First and Second Day Pleadings**.

On the Petition Date, the Debtors file their voluntary petitions for relief under chapter 11 (the "Petitions") and various motions to facilitate the chapter 11 cases, minimize disruption to the Debtors' businesses, and to continue operating as a going concern. A brief description of the first day motions and the evidence in support thereof are set forth in the *Declaration of David A. Brandon, Chief Executive Officer of Toys "R" Us, Inc., in Support of Chapter 11 Petitions and First Day Motio*ns (the "Brandon Declaration") [Docket No. 20] and the *Declaration of Michael J. Short, Chief Financial Officer of Toys "R" Us, Inc., in Support of Debtors' First Day Motions* [Docket No. 30] (the "Short Declaration" and, together with the Brandon Declaration, the "First Day Declarations") filed on September 19, 2017. The first and second day motions, the First Day Declarations, and all others for relief granted in these chapter 11 cases can be viewed at no charge at https://cases.primeclerk.com/toysrus.

**2. Procedural and Administrative Motions**.

The Debtors received authorization to implement procedural and administrative measures that would allow them to efficiently administer their Chapter 11 Cases and reduce administrative burdens associated therewith. Such authority included the following:

- granting the joint administration of the Chapter 11 Cases;
- approving notice, case management, and administrative procedures to govern the Chapter 11 Cases;
- extending the time for the Debtors to file certain schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs;
- authorizing the Debtors to file a consolidated list of creditors in lieu of a separate mailing matrix for each Debtor and to file a consolidated list of the Debtors' 50 largest creditors; and
- approving procedures for the interim compensation and reimbursement to retained Professionals in the Chapter 11 Cases.

**3. Stabilizing Operations**.

The Debtors recognized that any interruption in their businesses, even if for a brief period of time, would negatively impact their operations, customer relationships, and revenue and profits. As a result, the Debtors obtained Court approval that facilitated stabilizing their businesses and effectuated a smooth transition into operating as debtors in possession. Specifically, the Debtors sought and obtained orders authorizing them to do the following:

- maintain and administer customer programs and honor obligations arising under or relating to those such programs;
- pay prepetition wages, salaries and other compensation, reimbursable employee expenses, employee medical costs, and similar benefits;
- determine adequate assurance for future utility service and establish procedures for utility providers to object to such assurance;
- continue insurance coverage, including performance under their self-insurance programs, and enter into new insurance policies, if necessary;
- establish procedures for certain transfers and declarations of worthlessness with respect to common stock;
- maintain their existing cash management systems; and
- remit and pay certain taxes and fees.

In addition to the foregoing relief, the Debtors sought and obtained Bankruptcy Court approval to pay up to approximately $325 million in certain prepetition vendor and third-party service providers' claims who the Debtors believed were essential to their ongoing business operations [Docket No. 708]. Importantly, the Debtors were able to condition payments of these prepetition claims on the vendors' agreement to provide, among other things, favorable trade terms for the postpetition procurement of goods from the vendors. This relief was critical to the Debtors maintaining their ongoing business operations at the early stages of their chapter 11 cases.

**4. Retention Applications for Chapter 11 Professionals**.

The Debtors filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the chapter 11 cases. These professionals include (a) K&E, as counsel, (b) Kutak Rock LLP, as co-counsel, (c) A&M, as restructuring advisors; (d) Lazard as their investment banker; (e) Prime Clerk, as solicitation agent and administrative agent; (f) A&G Realty Partners, LLC, as real estate consultant and advisor, (g) Cushman & Wakefield U.S., Inc., as co-real estate advisor, (h) Consensus Advisory Services LLC ("Consensus") and Consensus Securities LLC, as sale process investment bankers, (i) Malfitano Advisors, LLC, as asset dispositions advisor and consultant, (j) DJM Realty Services, LLC ("DJM"), as real estate consultant and advisor, (k) KPMG LLC, as tax consultants and internal audit advisor, and (l) PricewaterhouseCoopers LLP ("PwC") as tax and accounting advisory consultants, among other professionals.

Tru Taj and Tru Taj Finance retained their own professionals for all matters involving a conflict of interest between the Debtors and their shareholders or affiliates, including directors and officers ("Conflict Matters"). Their professionals included (1) Proskauer Rose LLP, as co-counsel, (2) Dabney, PLLC, as co-counsel, and (3) Centerview Partners LLC, as financial advisors.

Toys "R" Us, Inc. also retained its own professionals for Conflict Matters. It filed applications to retain (1) Munger, Tolles & Olson LLP, as counsel to TRU Inc., (2) Ronald Page, PLLC, as co-counsel to TRU Inc., and (3) Ducera Partners LLC, as financial advisors.

**5. Appointment of Members to the Creditors' Committee and its Counsel**.

On September 26, 2017, the U.S. Trustee appointed the following constituents to the Creditors' Committee: (a) Mattel, Inc.; (b) Huffy Corporation; (c) Evenflo Company Inc.; (d) KIMCO Realty; (e) The Bank of New York Mellon, (f) Euler Hermes North America Insurance Co., (g) LEGO Systems, Inc., (h) Veritiv Operating Company, and (i) Simon Property Group, Inc. The Creditors' Committee retained (a) Kramer Levin Naftalis & Frankel LLP and Wolcott Rivers Gates as co-counsels, (b) Bennett Jones LLP as Canadian counsel, (c) Berwin Leighton Paisner LLP (which is now known as Bryan Cave Leighton Paisner LLP) as special foreign counsel, (d) Moelis & Company LLC as investment banker, (e) FTI Consulting, Inc. as financial advisor, and (f) JND Corporate Restructuring as information services agent. The Creditors' Committee established a website at www.jndla.com/cases/toyscommittee that has been maintained by and through JND Corporate Restructuring to share case information with unsecured creditors.

The Creditors' Committee engaged Moelis & Company, LLC as its investment banker pursuant to an engagement letter dated October 2, 2017 (the "Engagement Letter"). The Committee sought the Court's approval to retain Moelis through the filing of the application [Docket. No. 868]. The Court entered an order approving the application (and the Engagement Letter) on November 21, 2017 [Docket. No. 1054] (the "Moelis Retention Order"). Pursuant to the Moelis Retention Order, Moelis is retained as the Committee's investment banker under section 328(a) of the Bankruptcy Code. The Moelis Retention Order directs each Debtor to pay Moelis's compensation and approves the terms and conditions of the Engagement Letter.

Moelis asserts that upon Consummation of the Plan, Moelis's fees and expenses will become Allowed Administrative Claims of the Debtors' estates pursuant to section 507(a)(2) of the Bankruptcy Code. Moelis further asserts that because the Plan requires Moelis to accept an undetermined amount of compensation that will be less than the amount to which it is entitled, the Plan faces a material confirmation issue. Moelis has been engaging, and remains willing to engage, with the Debtors and their stakeholders to consensually resolve this issue. Moelis reserves all of its rights in connection with Confirmation of the Plan.

**6. Schedules, Statements, Claims Bar Date, and Administrative Claims Bar Date**.

On November 16, 2017, the Debtors filed their Schedules and Statements with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code.

The Bankruptcy Code allows the time to be fixed as to when proofs of claim must be filed in a chapter 11 case. Subject to certain exceptions, any creditor whose Claim is not scheduled in the Schedules and Statements or whose Claim is scheduled as disputed, contingent, or unliquidated must file a Proof of Claim. The Bankruptcy Court entered the Amended Bar Date Order [Docket No. 1332] that established April 6, 2018, at 5:00 p.m., prevailing Eastern Time as the General Claims Bar Date ("Bar Date") for claimants with claims arising prior to the Petition Date, including claims under section 503(b)(9), to file Proofs of Claims. Government units and certain claimants with specific types of prepetition claims were required to submit their Proofs of Claim on or before June 18, 2018, at 5:00 p.m., prevailing Eastern Time.

Further, on May 25, 2018, the Bankruptcy Court entered an order establishing the following deadlines for filing certain administrative proofs of claim against the Debtors: (a) for an Administrative Claim arising on or prior to June 30, 2018: July 16, 2018, at 5:00 p.m., prevailing Eastern Time, and (b) for an Administrative Claim arising after June 30, 2018: the affected party shall file a Proof of Administrative Claim with respect to such claim following the Administrative Claims Procedures by the earlier of (i) the 15th day of the month following the month in which the claim arose at 5:00 p.m., prevailing Eastern Time and (ii) 14 days following any hearing on a plan of liquidation, structured settlement, or other proposed resolution to the Debtors chapter 11 cases, at 5:00 p.m., prevailing Eastern Time [Docket No. 3260]. The Administrative Claims Procedures Order does not apply to Toys Canada or claims relating to Toys Canada.

The Debtors and their professionals continue to review and analyze Claims Filed in response to the Amended Bar Date Order and Administrative Bar Date Order and will file objections to Claims with the Bankruptcy Court as necessary and appropriate in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the proposed Plan's terms. The Claims resolution process is ongoing, which means that the

Claims figures identified in this Disclosure Statement represent *estimates* only. The recoveries set forth in this Disclosure Statement could be materially lower if the actual Allowed Claims are higher than the current estimates.

**7. Postpetition Financing**.

Prior to the Petition Date, the Debtors and their advisors engaged in a robust and extensive marketing process to obtain DIP financing to fund their global operations during these chapter 11 cases. On October 25, 2017, the Bankruptcy Court approved approximately $3.125 billion in combined postpetition DIP financing for both the domestic and international silos. The North American DIP facility, Taj DIP Notes, and subsequent waivers and amendments thereto is addressed below.

(a) Domestic Facilities

On October 24, 2017, the Bankruptcy Court authorized the Toys Delaware Debtors to receive approximately $2,750 million in postpetition financing on a final basis [Docket No. 98] (the "Final North American DIP Order") to support the Toys Delaware Debtors' North American businesses in the U.S. and Canada. The Final North American DIP Order authorized on a senior secured and superpriority basis (a) $1,850 million in revolving commitments (the "ABL/FILO Revolving DIP Facility"), (b) $450 million pursuant to a "first in last out" term loan financing (the "ABL/FILO Term DIP Facility"), and (c) $450 million in term loan financing (the "Term DIP Facility"). The ABL/FILO Revolving DIP Facility and the ABL/FILO Term DIP Facility were obtained pursuant to that certain Superpriority Secured Debtor-In-Possession Credit Agreement (as may be amended, restated, supplemented, waived, or otherwise modified from time to time and including the loan documents, the "ABL/FILO Revolving DIP Facility Credit Agreement") by and among Toys Delaware and Toys Canada, as borrowers, certain Debtor affiliates, as guarantors, Wells Fargo Bank, National Association, as collateral agent, and JPMorgan Chase Bank, N.A., as co-collateral agent and administrative agent (the "ABL/FILO Revolving DIP Facility Agent") for and on behalf of itself and the other lenders party thereto. The Term DIP Facility was issued pursuant to the terms and conditions under that certain Debtor-in-Possession Credit Agreement by and among Toys Delaware, as borrower, and NexBank SSB, as administrative agent and collateral agent (the "Term DIP Facility Agent," and, together with the ABL/FILO DIP Facility Agents, the "North American DIP Facility Agents") for and on behalf of itself and the other lenders party thereto (as may be amended, restated, supplemented, waived, or otherwise modified from time to time, the "Term DIP Facility Credit Agreement").

Pursuant to the Final North American DIP Order (a) the Debtors stipulated to, among other things, the amount, validity, perfection, enforceability, and priority of the claims and liens of the Prepetition Secured Parties (as defined in the Final DIP Financing Order) and waived and released the Prepetition Secured Parties and their representatives from any claims or causes of action arising prior to the Petition Date, and (b) all stipulations and releases by the Debtors were binding on all other parties in interest and the Creditors' Committee, subject to the Creditors' Committee's investigation of such claims and liens of the Prepetition Secured Parties and ability to commence an adversary proceeding or contested matter challenging such claims and liens (the "Challenge Period").

(b) International Facility

On October 24, 2017, the Bankruptcy Court authorized the Taj Debtors, and TRU Inc. as a guarantor, to obtain up to $375 million at 11% (the "Taj DIP") on a final basis [Docket No. 745] (the "Final Taj DIP Order") through the issuance of the Taj DIP Notes, plus additional financing under the Taj DIP through the issuance of additional notes pursuant to the terms and conditions provided for in that certain note purchase agreement, as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Taj DIP Note Purchase Agreement"). The parties under the DIP Note Purchase Agreement are Wilmington Savings Fund Society, FSB, as trustee and collateral trustee (collectively, the "Taj DIP Lenders"), TRU Taj and TRU Taj Finance, as issuers, and TRU Inc. as guarantor, and the noteholders party thereto from time to time (the "Taj DIP Noteholders"). The Final Taj DIP Order allowed the Taj Debtors to grant first priority superpriority claims to the Taj DIP Lenders and the Taj DIP Noteholders and first priority priming liens in favor of the Taj DIP Lenders (for it and the Taj DIP Noteholders' benefit) on all prepetition and postpetition property of the Taj Debtors' estates and all proceeds thereof, excluding a lien on avoidance actions and the other excluded assets but including any avoidance proceeds, each as defined in the relevant Taj DIP documents.

(c) Waiver for Domestic and International Facilities

The Debtors believed at the time of the Petition Date that the ABL/FILO Revolving DIP Facility, ABL/FILO Term DIP Facility, and the Term DIP Facility (collectively, the "North American DIP Facilities") were sufficient to support their business operations as a going concern throughout these Chapter 11 Cases. It was the Debtors' belief that these financing agreements would provide the liquidity necessary to stabilize their vendor base and capitalize on the upcoming holiday season. The Debtors thought that the North American DIP Facilities were value-maximizing agreements and in the best interest of the estates. In particular, the Debtors believed that they would be able to comply with all financial covenants set forth therein.

However, sales from the holiday season came in lower than the Debtors' projections, which led to the Debtors' inability to comply with certain covenants set forth in the Term DIP Facility, declines in liquidity, and projected needs for a significant new cash investment to continue operating through the fall of 2018. In the face of these circumstances, further waivers of covenant defaults were unobtainable, prompting the Debtors to begin an orderly wind-down of their U.S operations following further discussions with their lenders and obtain waivers for certain events of default under the North American DIP Facilities On April 25, 2018, the Bankruptcy Court entered final orders authorizing certain waivers under the North American DIP Facilities, which remain in full force and effect, except as modified [Docket No. 2853].

During the same time period, the Taj Debtors, their disinterested directors, members of the Taj Holders Steering Group, and their respective advisors were proactive in engaging in good-faith negotiations regarding waivers and amendments to the Taj DIP Note Indenture and the Taj DIP Notes it became apparent that certain actual or potential events of default under the Taj DIP, the Prepetition Indenture, and the Amended and Restated Foreign Guarantors Agreement, dated as of September 18, 2017, by and among TRU Inc., Tru Taj and Tru Taj Finance, the guarantors party thereto, and the supporting holders of the Taj Senior Notes, were imminent. The Debtors' U.K. businesses and entities related to the Debtors' Spanish business commenced insolvency proceedings. It also became apparent that certain international entities outside Central Europe and Asia may need to strategically commence insolvency proceedings.

Therefore, the Debtors sought approval of certain waivers under the domestic and international DIP facilities. On April 25, 2018, the Bankruptcy Court entered final orders (a) authorizing certain waivers under the North American DIP Facilities and permitting the Final North American DIP Order to remain in full force and effect, except to the extent modified pursuant to the waivers and (b) amending the Final Taj DIP Order to allow the Taj Debtors to incur $80 million in additional financing through the issuance of new notes (the "New Taj DIP Notes") with the net amount being funded into an escrow account and to enter into the supplemental Taj DIP documents. The New Taj DIP Notes have substantially the same terms as and rank pari passu payment rights with and security with the existing Taj DIP Notes. The proceeds from the New Taj DIP Notes were used for working capital and general corporate purposes, including funding operations in Central Europe, prior to its sale, and Asia.

**8. Committee Investigation**.

To obtain the post-petition financing for the Taj DIP, the Debtors stipulated to, among other things, the validity, perfection, enforceability, priority and extent of the Taj Noteholders debt and liens, and the Final Taj DIP Order provided for a waiver of certain claims against those lenders. The Final DIP Orders provide that the Debtors' stipulations automatically become binding on the Committee (and, by extension, the remainder of the estates), unless, within 120 days of the Final DIP Orders (i.e., February 22, 2018), the Committee, at a minimum, seeks standing to pursue a "Challenge Proceeding." Taj Final DIP Order at 12-13. The period by which the Committee was required to commence a "Challenge Proceeding" has been extended by stipulation, with a current deadline to commence a Challenge Proceeding of [●], 2018.

In connection with its investigation of any potential claims or causes of action that may be asserted by the Debtors or their estates or creditors, the Committee sought certain discovery from the Debtors and other parties-in-interest, and filed a motion pursuant to Rule 2004 in furtherance of this discovery [Docket No. 1162]. Among the transactions under investigation by the Committee are the prepetition transactions undertaken in connection with a reorganization by the Debtors in June 2016 (the "Taj Transaction"), whereby the Company created at least five new entities (now known as the Taj Debtors), transferred substantial equity interests formerly held by Toys, Inc. to the

Taj Entities, issued nearly $583 million of new debt, and retired certain other debt obligations. Among other things, the Committee is investigating whether the Taj Transaction gives rise to any claims against the Taj Debtors or the Taj Noteholders on behalf of certain of the Debtors' estates or creditors, including whether the Taj Transaction occurred at a time when TRU Inc. was insolvent or undercapitalized for less than reasonably equivalent value.

The Taj Noteholders believe that they have valid defenses to the potential claims identified by the Committee to date. The Committee has had multiple discussions with the Taj Noteholders with respect to potential claims and causes of action arising out of the Taj Transaction, and as disclosed on March 15, 2018, was on the verge of a consensual resolution of such claims with the Taj Noteholders prior to the announcement of the domestic wind-down. *See* Toys "R" Us, Inc., Current Report (Form 8-K) (March 15, 2018). The Plan currently provides for a release of the Taj Noteholders, including with respect to any claims relating to the Taj Transaction. The Committee has not yet taken a position with respect to the Plan, and continues to reserve its rights on these issues in connection with confirmation.

**9. IP Assumption**.

Prior to the Petition Date, the Debtors negotiated and agreed to a prospective waiver of certain defaults under the certain indebtedness of the "Taj" debtors. Although no U.S. Debtor was liable in respect of such indebtedness, the waiver required the Debtors to assume certain "Intellectual Property Licenses" and other agreements with certain subsidiaries of the "Taj" debtors within seven days following the Petition Date, which was later extended to December 15, 2017 (the "Taj Waiver"). On October 9, 2017, the Taj Waiver was amended to expand the definition of "Intellectual Property Licenses" to include the Subsidy Agreement in addition to the Asia JV MLA and other specific license agreements.[9] As a result, the Debtors filed the IP Assumption Motion [Docket No. 1263] and other specific license agreements. Subsidy Motion [Docket No. 1264] on December 15, 2017, and the Bankruptcy Court entered final orders approving such motions on January 25, 2018 [Docket No. 1609; 1610] (collectively, the "IP Assumption Orders"). The IP Assumption Orders include certain reservations of rights and Causes of Action that were negotiated and agreed by and among all relevant parties to resolve objections of the Ad Hoc Group of B-4 Lenders and others. Among other things, the orders provide that the assumptions of the Asia JV MLA and Asia JV Subsidy "shall have no bearing on, and be without prejudice to, any and all causes of action of Geoffrey or its estate, any other Debtor or its estate or any creditor relating to the Intercompany IP License Agreements, the Subsidy Agreement, the March 2017 Transaction, or the transactions consummated in connection therewith, including without limitation: (i) any cause of action to avoid any obligation or transfer under any of the Intercompany IP License Agreements or the Subsidy Agreement . . . under sections 544 to 550 of the Bankruptcy Code.

While Geoffrey continues to investigate the circumstances of the March 2017 transactions, the Geoffrey Disinterested Director believes that valid and substantial causes of action against the Asia JV and/or its subsidiaries exist in respect of the Asia JV MLA and/or the Asia JV Subsidy Agreement, which were fully preserved under the IP Assumption Orders. The Geoffrey Disinterested Director believes that the March 2017 transactions were designed to transfer significant value from Geoffrey to the Asia JV to the detriment of Geoffrey and its creditors. The Geoffrey Disinterested Director further believes that these transactions occurred at a time when Geoffrey was insolvent or undercapitalized and did not have an independent fiduciary, and that Geoffrey did not receive reasonably equivalent value in connection with these transactions and, in particular, no value for its agreement to provide large "subsidy" payments to the Asia JV. The Asia JV and the Taj Noteholders Steering Group assert that the IP Assumption Orders cannot be set aside and that there are no valid causes of action against the Asia JV and its subsidiaries relating to the Asia JV MLA or the Asia JV Subsidy Agreement. They also maintain that a subsequent breach, repudiation, or rejection of those contracts will give rise to administrative expense claims in favor of the Asia JV. Geoffrey maintains that any successful challenge to the Asia JV MLA or Subsidy Agreement, including a

[9] The Debtors complied with the Taj Waiver, as amended, when they filed the *Debtors' Motion for Entry of an Order (I) Authorizing Geoffrey LLC to Assume the Intercompany IP License Agreements, and (II) Granting Related Relief* [Docket No. 1263] and the *Debtors' Motion for Entry of an Order (I) Authorizing Geoffrey LLC to Assume the Subsidy Agreement and (II) Granting Related Relief* [Docket No. 1264] on December 15, 2017.

successful action to avoid the obligations under the Subsidy Agreement, will invalidate and render unenforceable any claims brought on the basis of any avoided agreement. Subject to the IP Assumption Orders, the parties, including the Geoffrey Debtors and the Asia JV, reserve any and all rights, claims, arguments, and defenses with respect to those contracts, the matters addressed in the IP Assumption Orders, and such other matters not specifically addressed therein.

(a) The March 2017 Transaction

Prior to 2011, Fung licensed Intellectual Property from Geoffrey for its Asian toys business in exchange for a fixed royalty rate that was paid directly to Geoffrey International, LLC, TRU Inc., and Toys "R" Us-Service, (collectively, the "Licensors"), pursuant to that certain License Agreement dated August 24, 1999. In 2011, the Debtors transacted with Fung to acquire a 70% interest in Fung's Asia business to license the Intellectual Property for a certain royalty rate. Separately, TRU (UK) Asia Limited ("TRU Asia") and Fung entered into that certain Shareholders' Agreement dated October 31, 2011, by and among Pieter Schats, TRU Asia, Toys "R" Us, Inc., Fung, and Toys Labuan. Under the Shareholders' Agreement, TRU Asia was to pay a "make whole" amount to the Asia JV to achieve net neutrality when the Asia JV's royalty payments resulted in an amount payable that was higher than what would have been payable under the 1999 license agreement (including the subsidy, which is discussed below). Conversely, if the royalty payment from the Asia JV was lower than it would have been under the 1999 license agreement, the Asia JV was to pay a "make whole" amount to TRU Asia to achieve net neutrality.

The current structure of the Asia JV was created on March 24, 2017 (the "March 2017 Transaction"), when the Debtors contributed their Japanese business to the Asia JV in exchange for an increased equity ownership. On the same date, Geoffrey and Toys Labuan entered into both the Asia JV MLA and a certain subsidy letter agreement (the "Subsidy Agreement").

(b) Reservation of Rights

The IP Assumption Order and the Subsidy Order have no bearing on, and were entered without prejudice to, any and all causes of action that Geoffrey, the other Debtors, their estates, or any creditor had related to the Intercompany IP License Agreements, the March 2017 Transaction, or the transactions consummated in connection therewith. The Bankruptcy Court authorized the Intercompany IP License Agreements and the Subsidy Agreement to be assumed without making a finding as as to (i) the fairness of the economic terms of the Intercompany IP License Agreements, the Subsidy Agreement, or any other transaction, (ii) whether Geoffrey or other parties to the Intercompany IP License Agreements and the Subsidy Agreement received reasonably equivalent value or fair consideration in connection with those agreements, or (iii) whether the directors of Geoffrey or other parties to the Intercompany IP License Agreements or the Subsidy Agreement properly discharged their fiduciary duties in approving and entering into those agreements. All Debtors and other parties in interest have reserved all claims, defenses, and arguments relating to those matters and such other matters not specifically addressed therein.

**10. Litigation Matters**.

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims. With certain exceptions, the filing of the chapter 11 cases operates as a stay with respect to litigation being commenced or continued against the Debtors that was or could have been commenced before the Petition Date. Any litigant's ability to collect on liabilities resulting therefrom is stayed due to these chapter 11 cases generally with such claims being subject to discharge, settlement, and release upon plan confirmation, with certain exceptions.

On June 28, 2018, the Bankruptcy Court entered a second order extending the period during which the Debtors may file notices of removal with respect to civil actions that are subject to removal under 28 U.S.C. § 1452 [Docket No. 3596]. The Debtors' removal deadline is the later of (a) December 12, 2018, or (b) 30 days after entry of an order terminating the automatic stay with respect to any particular Civil Action sought to be removed.

**11. Rejection and Assumption of Executory Contracts and Unexpired Leases**.

Prior to the Petition Date and in the ordinary course of business, the Debtors were party to over 11,000 Executory Contracts and Unexpired Leases related to, among other things, agreements with vendors, contractors, service providers, and landlords. The Debtors and their advisors have reviewed and will continue to review the Executory Contracts and Unexpired Leases to identify contracts and leases to either assume or reject pursuant to sections 365 or 1123 of the Bankruptcy Code. The Debtors intend to include such information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases, although the Debtors may elect to also assume or reject various Executory Contracts and Unexpired Leases before such time.

On December 8, 2017, the Bankruptcy Court entered the Order approving the Debtors' Assumption and Rejection Procedures for Executory Contracts and Unexpired Leases [Docket No. 1188]. Pursuant to these procedures, the Debtors have either rejected, assumed, or assumed and assigned over a thousand Executory Contracts and Unexpired Leases as of the date hereof.

*B. The Debtors' Restructuring Efforts*

The Debtors commenced their Chapter 11 Cases to address their organizational and operational issues, shrink their store footprint, and restructure their annual debt service obligations. However, the Debtors' financial projections for the 2017 fiscal year were not met, with EBITDA falling approximately $400 million below DIP budget projection for the 2017 fiscal year. As a result, the Debtors were unable to comply with certain covenants in the North American DIP Facilities and decided to wind-down their U.S. operations and sell U.S. and international assets after conversations with their secured creditors.

**1. U.S. Wind-Down**.

On March 22, 2018, the Bankruptcy Court entered the Wind-Down Order authorizing the Debtors to begin closing U.S. stores and warehouses and selling inventory and certain real estate assets. By June 30, 2018, the Debtors successfully completed liquidation sales at all of their U.S. stores. The revenue derived therefrom will be used to fund recoveries under the Plan.

Additionally, the Debtors sought and obtained Bankruptcy Court authority to auction certain unexpired leases and real property [Docket Nos. 2351, 3056]. The Debtors conducted auctions on March 29, 2018, June 11, 2018, July 12, 2018, and July 19, 2018. As of the date hereof, the Debtors have obtained approval of the sale of the vast majority of such assets and are in the process of finalizing documentation and obtaining the Bankruptcy Court's final approval for the properties sold in July.

On August 8, 2018, the Court entered an order approving certain of the Debtors' entry into the Settlement Agreement relating to the wind-down of the domestic businesses. The TRU Inc. Debtors were a party to that Settlement Agreement, and its terms as they pertain to the TRU Inc. Debtors are reflected in the Plan. Among other things, the Settlement Agreement preserves and transfers to the Non-Released Claims Trust all claims and causes of action held by TRU Inc. and its estate and creditors against the Debtors' current and former directors, officers, and managers (including any Sponsor-affiliated directors, officers, and managers), subject to the allocation and sharing mechanism described in section 3.2(k) of the Settlement Agreement, to be determined prior to confirmation of the TRU Inc. Plan.

**2. Canadian Sale**.

The Debtors sold 100% of Toys Delaware's equity interest in Toys Canada to Fairfax Financial Holdings Limited free and clear of liens, claims, interests, and encumbrances after conducting a robust auction process. The Court approved this transaction [Docket No. 2852], which had a CAD 300 million as the purchase price. On May 24, 2018, the Court entered an order dismissing Toys Canada from these Chapter 11 Cases.

**3. Central European Sale**.

In January 2018, the Debtors began marketing the Central European Business potential investors, as Toys "R" Us remains economically viable in Austria, Germany, and Switzerland. On May 2, 2018, the Debtors filed a motion to sell these operations to Smyths Toys EU HQ Limited for approximately EUR 79.0 million, and the Court entered an order approving the sale on May 21, 2018 [Docket No. 3138]. The Central European Sale closed on May 29, 2018.

**4. Asia JV Sale**.

In March 2018, the Debtors and Lazard began marketing the Debtors' approximately 84.87% equity interest in the Asia JV (the "TRU Asia Equity Interest") and the exclusive rights to the Intellectual Property in the Asia JV jurisdictions to potential bidders in an effort to stabilize the Asian businesses that remain healthy relative to their U.S. counterparts. In connection with this process, Geoffrey is also offering the related intellectual property interest for sale and/or to modify the Asia JV MLA, subject to terms to be agreed. Over 125 potential investors were contacted and multiple prospective purchasers have submitted letters of intent and made both binding and non-binding bids. In order to facilitate a sale process designed to yield the highest and best price for these assets, the Debtors obtained the Bankruptcy Court's approval to provide bid protections for the joint venture and intellectual property assets and are seeking Bankruptcy Court approval to invalidate a right-of-first-refusal embedded in the Shareholders' Agreement among the Asia JV owners and allow a "drag" right that permits the majority holder also to sell the minority interest on the same terms and conditions in conjunction with the sale process.

If acceptable terms are negotiated, the Debtors anticipate that Toys Delaware will provide certain transition services to the purchaser(s) of the Asia business. The Debtors believe such services, whether provided pursuant to that certain Information Technology and Administrative Support Services Agreement dated as of February 1, 2009 (the "Asia JV ITASSA"), or a substitute transition services agreement, are necessary to minimize disruption to the Asia business are necessary to minimize disruption to and maximize the value of the Asia business, as well as the value of the intellectual property. However, Toys Delaware is under no obligation to continue providing such services, in particular on the current terms, which the Toys Delaware Disinterested Directors and the Ad Hoc Group of B-4 Lenders believe were not negotiated at arm's length and do not adequately compensate Toys Delaware. For the further avoidance of doubt, and notwithstanding anything contained in the Asia JV Objection or the Taj Noteholders Objection, the terms of the prior transition services agreements approved by the Bankruptcy Court in these Chapter 11 Cases have no precedential effect on the terms, if any, that Toys Delaware may agree to in connection with a transition services agreement for the Asia business. Without continued Asia JV ITASSA services, the Asia business may be adversely affected, which could in turn adversely affect royalty payments to Geoffrey by the Asia JV.

With respect to Geoffrey's Asia-related intellectual property and license agreement, the bids the Company received featured either (a) an offer to purchase Geoffrey Asia-related intellectual property, (b) the assumption of the existing licensing agreement (with multiple bids requiring certain modifications thereto), or (c) both a purchase/licensing option. In the most recent round of bidding, interested parties offered up to $216 million for the outright purchase of the Asia-related intellectual property and/or a license to the Asia-related intellectual property for a net 2% royalty, with one bidder requiring a 25-year extension of the license with an automatic 25-year renewal thereafter.

**5. Iberia Sale**.

Beginning in mid-March 2018, the Debtors, with assistance from Rothschild & Co., began reaching out to potential investors to explore a sale of all or part of the Debtors' Iberia business and solicited offers from interested bidders. Following an auction, the Debtors and their non-Debtor affiliates chose the highest and overall best bid. On July 24, 2018, the Debtors filed a motion seeking approval to sell these operations on a going-concern basis, procure a bridge loan to fund the transaction, and authorize the Debtors to provide transition services [Docket No. 3906]. If consummated, the Iberia Sale will provide a baseline purchase price of EUR 35 million, approximately EUR 32.9 million of which will be used to pay TRU Taj LLC on account of intercompany loans (including accrued interest) and the remainder will be paid to the Seller in consideration for 100% of its equity interest in the Iberia Business.

In conjunction with the Iberia Sale, the Debtors will use reasonable efforts to ensure that certain intercompany loans owed by indirect, wholly-owned subsidiaries of the Iberia Business will be transferred at the closing of the Iberia Sale. To effectuate this transaction, Toys "R" Us Iberia Real Estate S.L.U. will procure a bridge financing facility of approximately EUR 65 million that will be used to fund the purchase price of the Iberia Sale, repay the intercompany loans owed by the indirect, wholly owned subsidiaries of the Iberia Business and other receivables, with the remaining proceeds to be used for working capital purposes.

**6. French Proceedings and Sale**.

On July 18, 2018, two of the Debtors' non-Debtor affiliates, Toys "R" Us SARL and Toys "R" Us France Real Estate SAS (collectively, the "French Debtors") filed bankruptcy petitions in the French Court. On July 25, 2018, the French Court: (a) opened judicial reorganization proceedings in respect of Toys "R" Us SARL and safeguard proceedings in respect of Toys "R" Us France Real Estate SAS, (b) appointed SCP Abitbol & Rousselet and Jérôme Cabooter as joint judicial administrators (the "Administrators"), Pascale Huille-Eraud, and SELARL Basse Christophe (in the name of Christophe Basse) as creditors' representatives, and (c) appointed Gilbert Vinit as supervising judge to oversee the bankruptcy cases of the French Debtors. These cases are pending before the Commercial Court of Evry under case numbers 2018P00519 and 2018G00006.

The Debtors plan to consummate a sale of these assets and will follow the customary asset/business sale process for French companies under applicable French bankruptcy law, which markedly differs from the customary sale process in bankruptcy courts in the United States. As supervised by the Administrators in accordance with French bankruptcy law, after a bidding process, the French court will select the winning bid. Following a hearing approving the bid, which is expected to occur in the end of September, the French court will likely order the purchaser to immediately take possession of the assets and the parties will then negotiate and execute definitive documentation.

**7. Australian Proceedings**.

On May 21, 2018, the directors of Toys "R" Us (Australia) Pty Ltd (Administrators Appointed) and Babies "R" Us (Australia) Pty Ltd (Administrators Appointed) (collectively, "TRUA"), resolved to appoint voluntary administrators to TRUA resulting in effective control of TRUA passing from the Parent Company to the voluntary administrators. On June 20, 2018, the administrators announced that the TRUA business and store operations would be progressively wound down. This is currently in process and it is presently anticipated that the final TRUA store will close on or around August 6, 2018. The voluntary administrators are continuing their investigations into the TRUA affairs.

**8. UK Proceedings.**

On December 4, 2017, as part of the overall restructuring plan of the Company, Toys "R" Us Limited ("Toys-UK"), a subsidiary of TRU Inc. based in the United Kingdom (the "UK"), commenced a company voluntary arrangement under applicable English law (the "CVA"). Under the CVA process, Toys-UK submitted a comprehensive proposal to its creditors which was approved at the creditors' meeting on December 21, 2017. Pursuant to the CVA, Toys-UK proposed, among other things, that it would continue to service all of its obligations to creditors in the ordinary course. The only claims that were compromised under the CVA were certain rent payments to landlords.

Notwithstanding the approval of the CVA, as a result of continuing liquidity constraints, on February 28, 2018 (the "UK Petition Date"), Toys-UK and Toys "R" Us Holdings Limited entered administration proceedings under the laws of England. Pursuant to the terms of the CVA, the CVA terminated automatically on the administration filing of Toys-UK. The administration will result in the liquidation of Toys-UK and Toys "R" Us Holdings Limited. On May 25, 2018, liquidators were appointed over 5 other UK subsidiaries (Toys "R" Us (UK) Limited, Toys "R" Us Financial Services Limited, TRU (UK) H4 Limited, Toys "R" Us Properties Limited and TRU (UK) H5 Limited). It is likely that the remaining subsidiaries domiciled in the UK will be liquidated or enter into other insolvency processes in the near future.

**9. Transition Services**.

The Canadian sale and the sale of certain international entities by the Debtors' affiliates both contemplate that Toys Delaware will continue to provide certain transition services to the respective purchasers, which is consistent with services that Toys Delaware provided to such operations previously. These services and related agreements were heavily negotiated between the parties, and the Bankruptcy Court has entered orders approving such agreements [Docket No. 3113, 3231]. If acceptable terms are negotiated, the Debtors anticipate that they will provide such services to the purchaser(s) of additional international operations, including the purchaser(s) of the Asia business. Accordingly, the Plan contemplates that a new entity will be created post-emergence to manage transition services.

In connection with the sale of certain international businesses, a dispute arose between Toys Delaware and the Asia JV regarding $10,054,921.00 invoiced by Toys Delaware to two subsidiaries of the Asia JV (the "Invoiced Amounts") for services rendered under the Asia JV ITASSA. To avoid a contested hearing, the parties agreed to a 60-day reconciliation period concluding on the date of the July omnibus hearing during which time Toys Delaware and the Asia JV would endeavor to reach agreement on the Invoiced Amounts. During this 60-day period, Toys Delaware agreed to continue to provide shared services, both under the Asia JV ITASSA and otherwise, to the Taj Debtors and their subsidiaries if and only to the extent that such entities paid for such services on a current basis. By order of the Bankruptcy Court entered on May 17, 2018 [Docket No. 3113] (the "TSA Order"), all rights of the parties were reserved with respect to these issues from and after the July Omnibus Hearing. *See id*.

The parties have engaged in extensive discussions regarding the Invoiced Amounts. However, as of the date hereof, the dispute remains unresolved, as Toys Delaware believes that it is entitled to payment in full of the Invoiced Amounts, and the Asia JV and the Taj Noteholders Steering Group dispute that assertion, and the Asia JV has not paid the Invoiced Amounts. To date, Toys Delaware has continued to provide services to the Asia JV despite the Asia JV's failure to pay any of the Invoiced Amounts, but Toys Delaware believes it is entitled to cease providing such services in light of the Asia JV's material payment default under the ITASSA and the expiration of the 60-day period in the TSA Order.

**10. U.S. and International IP Sale Process**.

Toys Delaware and Geoffrey are in the process of marketing or exclusively licensing their rights, title, and interest in and to their Intellectual Property [Docket No. 3601]. The Debtors' investment banker for this process, Consensus, has received numerous inquiries from parties interested in the assets and engaged with more than 100 potential purchasers, including major retailers, infant and juvenile consumer products businesses, brand buying and e-commerce organizations, and short-term strategic partners. The Debtors are continuing to work with interested parties regarding a potential sale.

**11. Restructuring Support Agreement**.

The RSA Parties executed the Restructuring Support Agreement on August 4, 2018. The Restructuring Support Agreement was the product of arm's-length negotiations with the Debtors' stakeholders and significant efforts to evaluate available restructuring alternatives. The Debtors believe that the Restructuring Support Agreement represents the best available, value-maximizing restructuring alternative. The Restructuring Support Agreement contemplates that the Debtors will sell the equity interest in the Asia JV (the "Asia JV Equity Interest") to a stalking horse purchaser (the "Credit Bid Purchaser"), by or for the benefit of the holders of the Taj Senior Notes to effectuate the Credit Bid and the Rights Offering described in greater detail below, subject to higher or otherwise better offers solicited through a bidding process. In connection with the contemplated transaction, certain holders of Taj Senior Note Claims will be granted subscription rights in a new money rights offering, described in greater detail below. The Sale Transaction will be effectuated through the confirmation and consummation of the Plan.

## ARTICLE IV.
## SUMMARY OF THE PLAN

This section summarizes the Plan's structure, means for implementation, classification and treatment of Claims and Interests, and the documents referred to therein. Statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions in the Plan or documents referenced to therein. The Debtors refer you to the Plan and to such documents for the full and complete statement of such terms, provisions, and documents referred to therein.

In addition, the Plan controls the actual treatment of Claims against and Interests in the Debtors under the Plan and will be binding upon all Holders of Claims and Interests upon the occurrence of the Effective Date. In the event of any conflict between this Disclosure Statement and the Plan and operative documents, the Plan's terms and/or such other operative document shall control.

The Plan contemplates a sale or liquidation of all or substantially all of the Taj Debtors or any of their direct or indirect subsidiaries through a Sale Transaction, including the sale of the Asia JV Equity Interest to the Credit Bid Purchaser in connection with the Credit Bid, subject to higher or otherwise better bids. If the Sale Transaction is consummated as a Credit Bid Transaction, the License Agreement will remain in place on its current terms, subject to the Causes of Action of the estates of Geoffrey LLC and its affiliates, if any, preserved in the *Order (I) Authorizing Geoffrey LLC to Assume the Subsidy Agreement and (II) Granting Related Relief* [Docket No. 1609] and/or the *Order (I) Authorizing Geoffrey LLC to Assume the Intercompany IP License Agreements and (II) Granting Related Relief* [Docket No. 1610] (together, the "Geoffrey Causes of Action"). Alternatively, Geoffrey LLC may agree with the Credit Bid Purchaser to amend and/or restate the terms of the License Agreement prior to the Effective Date on mutually agreeable terms. If, on the other hand, the Sale Transaction is to a Third-Party Purchaser, then, either, (1) the License Agreement shall remain in place subject to the Geoffrey Causes of Action or be amended and/or restated on mutually agreeable terms or (2) the Third-Party Purchaser may purchase such intellectual property assets consistent with the bid procedures governing the Sale Transaction. Nothing herein shall be construed as binding Geoffrey LLC to amend the terms of the License Agreement (including without limitation in order to resolve any Geoffrey Causes of Action), and/or to accept any bid for any intellectual property assets owned by Geoffrey LLC, with each such determination to be made solely by Geoffrey LLC (in consultation with creditors of Geoffrey LLC), subject to the applicable bid procedures.

Key terms under the Plan are summarized below:

### *A. Administrative Claims, DIP Facility Claims, and Priority Tax Claims*

#### 1. Administrative Claims and Priority Tax Claims.

Except for Claims of Professionals, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors and the Purchaser, no later than the Administrative Claims Bar Date applicable to the Debtor against whom the Administrative Claim is asserted pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims by the Administrative Bar Date that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors and the Purchaser, or their respective property and such Administrative Claims shall be deemed compromised, settled, and released as of the Effective Date.

(a) Administrative Claims and Priority Tax Claims against the TRU Inc. Debtors.

On the Effective Date, except to the extent that a Holder of an Allowed Administrative Claim or Priority Tax Claim and the TRU Inc. Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim or Priority Tax Claim, shall receive, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim, its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims. The failure to object to Confirmation by a Holder of an Allowed Administrative Claim or Priority Tax Claim shall be deemed to be such

Holder's consent to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

(b) Administrative Claims and Priority Tax Claims against the Taj Debtors.

On the Effective Date, except to the extent that a Holder of an Allowed Administrative Claim or Priority Tax Claim and the Taj Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim or Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim, its pro rata share of: (i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and (ii) the Sale Proceeds, if any, after paying in full all Senior Claims. The failure to object to Confirmation by a Holder of an Allowed Administrative Claim or Priority Tax Claim shall be deemed to be such Holder's consent to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

**2. <u>Accrued Professional Compensation Claims</u>.**

(a) Professional Fee Escrow Account.

In accordance with Article II.B of the Plan and the Professional Fee Allocation Mechanism, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish the Professional Fee Escrow Account. The Debtors shall fund the Professional Fee Escrow Account in the amount of the aggregate Professional Fee Escrow Amount for all Professionals of the Debtors, subject to the Professional Fee Allocation Mechanism. The Professional Fee Escrow Account shall be maintained in trust for the Professionals. Such funds shall not be considered property of the Debtors' Estates, except as otherwise provided in Article II.B.2 of the Plan.

(b) Final Fee Applications and Payment of Accrued Professional Compensation Claims.

All final requests for payment of Claims of a Professional shall be Filed no later than 45 days after the last effective date of all chapter 11 plans filed in the chapter 11 cases of the Debtors and their affiliates that are being jointly administered in these Chapter 11 Cases. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Accrued Professional Compensation Claims shall be determined by the Bankruptcy Court. The amount of Allowed Accrued Professional Compensation Claims owing to the Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow Account, subject to the Professional Fee Allocation Mechanism. After all Accrued Professional Compensation Claims have been paid in full, the escrow agent shall promptly return any excess amounts to the Wind Down Entities. Notwithstanding anything to the contrary herein, the Fee Examiner Order shall remain in effect pursuant to its own terms.

(c) Professional Fee Escrow Amount.

To receive payment for unbilled fees and expenses incurred through the Confirmation Date, the Professionals of the Taj Debtors or the TRU Inc. Debtors shall estimate their Accrued Professional Compensation Claims before and as of the Confirmation Date and shall deliver such estimate to the Debtors no later than ten days after the Confirmation Date; *provided, however*, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional of the Debtors does not provide an estimate, the Debtors may estimate the unbilled fees and expenses of such Professional; *provided, however*, that such estimate shall not be binding or considered an admission with respect to the fees and expenses of such Professional. The total amount so estimated shall comprise the Professional Fee Escrow Amount.

(d) Post-Confirmation Fees and Expenses.

Except as otherwise provided in the Plan, from and after the Confirmation Date, each Debtor shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court,

pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation and Consummation of the Plan incurred by each Debtor. Upon the Confirmation Date, any requirement that Professionals and Ordinary Course Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code, the Interim Compensation Order, or the Ordinary Course Professionals Order, in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

**3. Taj DIP Claims**.

(a) Taj DIP Guaranty Claims against the TRU Inc. Debtors.

On the Effective Date, the Taj DIP Guaranty Claims shall be Allowed in the aggregate principal amount of $[•], plus interest, fees and other amounts payable under the Taj DIP Guaranty. The Holder of each Allowed Taj DIP Guaranty Claim against the TRU Inc. Debtors shall receive on the Effective Date either: (a) payment in full in Cash; or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the TRU Inc. Debtors.

(b) Taj DIP Claims against the Taj Debtors

On the Effective Date, the Taj DIP Claims shall be Allowed in the aggregate principal amount of $[•], plus interest, fees and other amounts payable under the Taj DIP Notes Indenture. The Holder of each Allowed Taj DIP Claim against the Taj Debtors shall receive on the Effective Date either: (a) payment in full in Cash; or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the Taj Debtors. In accordance with the Transaction Steps Memorandum, the Holders, upon receipt of an amount equal to the Allowed Taj DIP Claims, shall assign or transfer the Taj DIP Notes to the Wind Down Entities or one or more subsidiaries of the Wind Down Entities, which shall remain outstanding and shall retain substantially the same security interests, liens, pledges, and encumbrances that currently secure the Taj DIP Claims, other than as against the Debtors. If at any time the Wind Down Entities no longer retain any assets or interests, then the Taj DIP Notes shall be automatically cancelled.

*B. Classification and Treatment of Claims and Interests Under the Plan.*

**1. Summary of Classification**.

A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied before the Effective Date.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan.

**2. Special Provision Governing Unimpaired Claims**.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

**3. Elimination of Vacant Classes**.

Any Class of Claims or Interests that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes pursuant to the Disclosure Statement Order shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

**4. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code**.

The Debtors shall seek Confirmation for the applicable Debtors pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

**5. Subordinated Claims**.

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, all parties reserve their right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

*C. Means for Implementation of the Plan.*

**1. Substantive Consolidation**.

The Debtors shall not be substantively consolidated.

**2. Restructuring Transactions and Sources of Consideration for Plan Distributions**.

The Confirmation Order shall be deemed to authorize the Debtors to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan. The actions to implement the Restructuring Transactions and the Sale Transaction may include: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; (d) all other actions that the applicable Entities or the Purchaser determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Plan; (e) pursuant to the Rights Offering Procedures and the Backstop Commitment Agreement, the implementation of the Rights Offering, the distribution of the Subscription Rights to the Rights Offering Participants as of the Rights Offering Record Date, and the issuance of the Purchaser Common Shares in connection therewith; and (f) all other actions that are provided for in the Restructuring Transactions Description or that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

With respect to the Plan, all amounts of Cash necessary for the Debtors or the Disbursing Agent to make payments or distributions pursuant hereto shall be obtained from the Sale Proceeds, Liquidation Proceeds, Cash on hand, and Cash raised or held by the Debtors, including, as applicable, Cash raised from the Rights Offering.

(a) Cash on Hand.

The Reorganized Debtors shall use Cash on hand to fund distributions to certain Holders of Allowed Claims in accordance with Article III of the Plan.

(b) General Authorization.

Confirmation of the Plan shall be deemed to constitute approval of the transactions contemplated thereby and all actions to be taken, undertakings to be made, and obligations to be incurred by the Debtors, Reorganized Debtors, the Asia JV, the Purchaser and their respective affiliates or subsidiaries in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and, subject to the occurrence of the Effective Date, authorization for the Reorganized Debtors, the Asia JV, the Purchaser and their respective affiliates or subsidiaries to enter into and perform their obligations under such other documents as may be reasonably required or appropriate.

(c) Rights Offering.

In connection with a Credit Bid Transaction, on account of the Taj Senior Notes, the Debtors shall distribute the Subscription Rights to the Rights Offering Participants as set forth in the Plan, the Backstop Commitment Agreement and the Rights Offering Procedures; *provided*, *however*, that, if specified by the Restructuring Transactions Description and/or the Transaction Steps Memorandum, such distribution may be on behalf of the Credit Bid Purchaser or another entity specified in the Restructuring Transactions Description and/or the Transaction Steps Memorandum. Pursuant to the Backstop Commitment Agreement and the Rights Offering Procedures, the Rights Offering shall be open to all Rights Offering Participants, and all Commitment Parties shall be required to exercise the Subscription Rights allocated to them. Rights Offering Participants shall be entitled to participate in the Rights Offering up to a maximum amount of each Holder's Pro Rata share of the Adjusted Rights Offering Amount. Rights Offering Participants shall have the right to purchase their allocated Rights Offering Interests at the per unit purchase price set forth in the Rights Offering Procedures.

Upon exercise of the Subscription Rights by the Rights Offering Participants pursuant to the terms of the Backstop Commitment Agreement and the Rights Offering Procedures, the Purchaser shall be authorized to issue the Rights Offering Interests in accordance with the Plan, the Backstop Commitment Agreement, and the Rights Offering Procedures. Proceeds of any Rights Offering shall be used to fund, among other things, distributions to Holders of Allowed Taj DIP Claims as provided herein and in accordance with the Transaction Steps Memorandum.

Pursuant to the Backstop Commitment Agreement, (a) the Commitment Parties shall purchase any Rights Offering Shares not subscribed to for purchase by Rights Offering Participants who are not parties to the Backstop Commitment Agreement at the per share purchase price set forth in the Backstop Commitment Agreement. On the Effective Date, the rights and obligations of the Debtors under the Backstop Commitment Agreement shall vest in the Reorganized Debtors, the Purchaser, or such other entity as provided by the Backstop Commitment Agreement or the Restructuring Transactions Description, as applicable.

In addition, on the Effective Date (or earlier in the case of termination of the Backstop Commitment Agreement), the Backstop Commitment Premium (which shall be an administrative expense) shall be distributed or paid, as applicable, to the Commitment Parties under and as set forth in the Backstop Commitment Agreement and the Backstop Approval Order.

Further, upon the Effective Date, Cyrus Capital Partners, L.P. shall be reimbursed for fees and expenses incurred by it in connection with the Chapter 11 Cases in an amount not to exceed $950,000, so long as it participates pro rata in the Rights Offering and Credit Bid Transaction on account of its Taj Senior Notes and Taj DIP Notes.

**3. Sale Transaction**.

On the Effective Date, the Debtors shall consummate the Sale Transaction, and, among other things, the TRU Asia Equity Interests shall be transferred to and vest in the Purchaser free and clear of, other than contractual Claims subject to the TRU Inc. Silo Recovery, all Liens, Claims, charges, or other encumbrances pursuant to the terms of the Share Purchase Agreement and the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, the Purchaser may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Neither the Purchaser nor any of its Affiliates shall be deemed to be a successor of the Debtors.

(a) Payment of Sale Proceeds by the Purchaser.

No later than the Effective Date, the Purchaser shall pay to the Debtors the Sale Proceeds or shall consummate the Credit Bid Transaction, as applicable, as and to the extent provided for in the Share Purchase Agreement or other definitive documents. In connection with a Credit Bid Transaction, each holder of a Taj Senior Notes Claim shall receive its pro rata share of the Initial Purchaser Common Shares on account thereof, subject to dilution by the Backstop Commitment Premium and the Rights Offering Shares. Also in connection with a Credit Bid Transaction and subject to the Transaction Steps Memorandum, upon receipt of proceeds from the Rights Offering in the amount of the Allowed Taj DIP Note Claims, the Holders of the Taj DIP Notes shall assign or transfer the Taj DIP Notes to the Wind Down Entities or one or more subsidiaries of the Wind Down Entities, which shall remain outstanding and shall retain substantially the same security interests, liens, pledges, and encumbrances that currently secure the Taj DIP Claims, other than as against the Debtors.

(b) Wind Down Entities.

As specified in the Restructuring Transactions Description and/or the Transaction Steps Memorandum, on the Effective Date, one or more Wind Down Entities will be formed to implement the Wind Down. The Wind Down Entities will be established for the primary purpose of liquidating the Wind Down Entities' assets and Winding Down the Debtors' Estates, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Wind Down Entities. Upon the transfer of the Debtors' assets and equity as more fully set forth in the Administrator Agreement, the Debtors will have no reversionary or further interest in or with respect to the assets of the Wind Down Entities.

The Restructuring Transactions Description and/or the Transaction Steps Memorandum may provide that the Wind Down Entities will be classified as "liquidating trusts," "disputed ownership funds" (each as described below) or other type of entity. The U.S. tax treatment of liquidating trusts and disputed ownership funds are described below.

(i) Liquidating Trust Treatment

A Wind Down Entity may be classified as a "liquidating trust" under section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" under section 671 of the Tax Code. In such case, any beneficiaries of such Wind Down Entities would be treated as grantors and deemed owners thereof and, for all United States federal income tax purposes, any beneficiaries would be treated as if they had received a distribution of an undivided interest in the assets of the Wind Down Entities and then contributed such undivided interest to the vehicle. If this treatment applies, the person or persons responsible for administering the Wind Down Entities shall, in an expeditious but orderly manner, make timely distributions to beneficiaries of the Wind Down Entities pursuant to the Plan and not unduly prolong its duration. The Wind Down Entities would not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth herein or in the governing documents of the Wind Down Entities.

No entity-level tax should be imposed on the Wind Down Entities with respect to earnings generated by the assets held by the Wind Down Entities. Each beneficiary must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit, if any, recognized or incurred by the Wind Down Entities, even if

no distributions are made. Allocations of taxable income with respect to the Wind Down Entities shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately before such deemed distribution, the Wind Down Entities had distributed all of their other assets (valued for this purpose at their tax book value) to the beneficiaries, taking into account all prior and concurrent distributions from the Wind Down Entities. Similarly, taxable losses of the Wind Down Entities will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining assets. The tax book value of the assets for this purpose shall equal their respective fair market values on the Effective Date or, if later, the date such assets were acquired, adjusted in either case in accordance with the tax accounting principles prescribed by the applicable provisions of the Tax Code, Treasury Regulations and other applicable administrative and judicial authorities and pronouncements.

The character of items of income, gain, loss, deduction and credit to any Holder of a beneficial interest in the Wind Down Entities, and the ability of such Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder. Taxable income or loss allocated to a beneficiary should be treated as income or loss with respect to the interest of such beneficiary in the Wind Down Entities and not as income or loss with respect to such beneficiary's applicable Claim or Interest. In the event any tax is imposed on the Wind Down Entities, the person or persons responsible for administering the Wind Down Entities shall be responsible for payment, solely out of the assets of the Wind Down Entities of any taxes imposed on the Wind Down Entities.

The person or persons responsible for administering the Wind Down Entities shall be liable to prepare and provide to, or file with, the appropriate taxing authorities and other required parties such notices, tax returns and other filings, including all federal, state and local tax returns as may be required under the Bankruptcy Code, the Plan or by other applicable law, including, if required under applicable law, notices required to report interest or dividend income. The person or persons responsible for administering the Wind Down Entities will file tax returns pursuant to section 1.671-4(a) of the Treasury Regulations on the basis that the Wind Down Entities are a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations and related Treasury Regulations. As soon as reasonably practicable after the close of each calendar year, the person or persons responsible for administering the Wind Down Entities will send each affected beneficiary a statement setting forth such beneficiary's respective share of income, gain, deduction, loss and credit for the year, and will instruct the Holder to report all such items on its tax return for such year and to pay any tax due with respect thereto.

(ii) Disputed Ownership Fund Treatment

With respect to any of the assets of the Wind Down Entities that are subject to potential disputed claims of ownership or uncertain distributions, the Debtors may provide that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims or Interests on the Effective Date but, instead, is transferred to any such account, although not free from doubt, U.S. Holders should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

(c) Administrator.

Before or on the Effective Date, the Administrator may be designated by the Debtors and the Taj Holders Steering Group pursuant to the terms of the Administrator Agreement for the purposes of conducting the Wind Down and shall succeed to such powers as would have been applicable to the Debtors' officers, directors, and shareholders, and the Debtors shall be authorized to be (and, upon the conclusion of the Wind Down, shall be) dissolved by the Administrator. All property of the Estates not distributed to the Holders of Claims or Interests on the Effective Date, or transferred pursuant to the Share Purchase Agreement, shall be transferred to the Administrator and managed and distributed by the Administrator pursuant to the terms of the Administrator

Agreement and shall be held in the name of the Debtors free and clear of all Claims and Interests except for rights to such distributions provided to Holders of Allowed Claims and Allowed Interests as provided in the Plan. Any and all reasonable and documented costs and expenses incurred by the Administrator in connection with the Wind Down shall be paid from the funds of the Wind Down Entities, subject to the terms and conditions of the Administrator Agreement. The Administrator shall only file tax returns for Debtors in jurisdictions where such Debtor previously filed tax returns, unless the Administrator determines that a tax return is required to be filed due to a change in law, fact, or circumstance on or after the Effective Date. Following the Effective Date and in the event of the resignation or removal, liquidation, dissolution, death, or incapacity of the Administrator, the Purchaser shall designate another Entity to become Administrator and such Entity will become the successor Administrator and, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of the predecessor Administrator.

The Entity chosen to be the successor Administrator shall have such qualifications and experience to enable the Administrator to perform its obligations under the Plan and under the Administrator Agreement. The Administrator shall be compensated and reimbursed for reasonable costs and expenses as set forth in, and in accordance with, the Administrator Agreement.

(d) Wind Down and Dissolution of the Debtors.

On and after the Effective Date, the Administrator will implement any other provision of the Plan and any applicable orders of the Bankruptcy Court, and the Administrator shall have the power and authority to take any action necessary to wind down and dissolve the Debtors. After the Effective Date, the Debtors shall remain in existence for the sole purpose of dissolving. As soon as practicable after the Effective Date, the Administrator shall: (1) cause the Debtors to comply with, and abide by, the terms of the Share Purchase Agreement and the Plan; (2) file for each of the Debtors, a certificate of dissolution, together with all other necessary corporate and company documents, to effect the dissolution of the Debtors under the applicable laws of their state of incorporation or formation (as applicable); (3) complete and file all final or otherwise required federal, state, and local tax returns for each of the Debtors, and if the Administrator so elects, pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of such Debtor or its Estate for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax laws; and (4) take such other actions as the Administrator may determine to be necessary or desirable to carry out the purposes of the Plan and the other Restructuring Documents. The filing by the Administrator of any Debtor's certificate of dissolution shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, board of directors, or board of managers of each such Debtor. Solely to the extent and subject to the limitations provided in the Share Purchase Agreement (or other definitive documents), the Administrator Agreement, the Plan, and the Confirmation Order, the Purchaser shall fund the Wind Down Entities with funds to pay costs, expenses, or claims arising from or related to any Wind Down of the Taj Debtors, including the costs and expenses associated with any Claims resolution or similar process following the Effective Date. Notwithstanding anything in the Plan to the contrary, the Administrator or the Disbursing Agent will make, or cause to be made, all distributions under the Plan other than those distributions made by the Debtors on the Effective Date.

**4. General Settlement of Claims**.

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan.

**5. Cancellation of Securities and Agreements**.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, Certificates, and other documents evidencing, or in any way related to, Claims or Interests shall be canceled and the obligations of the Debtors or the Purchaser thereunder or in any way related thereto shall be released, settled, and compromised; *provided*, *however*, that notwithstanding Confirmation or the occurrence of the Effective Date, any credit document or agreement that governs the rights of the holder of a Claim or Interest shall continue in effect solely for purposes of (a) allowing holders of Allowed Claims to receive distributions under the Plan; (b) allowing

each of the TRU Inc. Unsecured Notes Trustees to make distributions to holders of the respective TRU Inc. Unsecured Notes Claims, pursuant to the respective indenture or bond agreement under which such TRU Inc. Unsecured Notes Trustee serves; (c) preserving each of the TRU Inc. Unsecured Notes Trustees' rights to compensation and indemnification under each of the applicable indentures or bond agreements as against any money or property distributable or allocable to holders of TRU Inc. Unsecured Notes Claims, including, without limitation, the TRU Inc. Unsecured Notes Trustees' rights to maintain, enforce, and exercise their respective charging liens against such money or property; (d) permitting each of the TRU Inc. Unsecured Notes Trustees to enforce any right or obligation owed to them under the Plan; and (e) permitting each of the TRU Inc. Unsecured Notes Trustees to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court. Each of the TRU Inc. Unsecured Notes Trustees shall be discharged and shall have no further obligation or liability except as expressly provided in the Plan or Confirmation Order.

**6. Corporate Action**.

Subject to the Sale Transaction permitted under Article IV.C of the Plan and the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other similar formation and governance documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation or bylaws (or other similar formation and governance documents) are amended by or in connection with the Plan or otherwise, and, to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law). The New TRU Europe Board shall be put into place in a manner acceptable to the Taj Holders Steering Group or the Purchaser, as applicable.

**7. New Organizational Documents**.

To the extent necessary, on or immediately prior to the Effective Date, the organizational documents of each of the Debtors shall be amended and restated, as may be necessary to effectuate the transactions contemplated by the Plan, in a manner consistent with section 1123(a)(6) of the Bankruptcy Code and shall otherwise be satisfactory to Taj Holders Steering Group or the Purchaser, as applicable. Each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities to the extent required under section 1123(a)(6) of the Bankruptcy Code.

**8. Effectuating Documents; Further Transactions**.

On and after the Effective Date, the Debtors and their directors, members, trustees, officers, and managers are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Sale Transaction, and other Restructuring Documents and the Securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorizations, or consents, except for those expressly required pursuant to the Plan, or any further notice to or action, order, or approval of the Bankruptcy Court.

**9. Exemption from Certain Taxes and Fees**.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property or any Interests pursuant to the Plan, including the recording of any amendments to such transfers, or any new mortgages or liens placed on the property in connection with such transfers, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and

accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

**10. Preservation of Rights of Action**.

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Taj Debtors reserve, and assign to the Purchaser pursuant to the Share Purchase Agreement or other definitive documents, any and all Causes of Action, including any actions specifically enumerated in and in accordance with the terms of the Plan Supplement, whether arising before or after the Petition Date, and preserve and assign to the Purchaser pursuant to the Share Purchase Agreement or other definitive documents, the right to commence, prosecute, or settle such Causes of Action, notwithstanding the occurrence of the Effective Date; provided, however, notwithstanding the foregoing, the Non-Released Claims (as defined in the Settlement Agreement) shall include all claims or Causes of Action, if any, held by TRU Inc. and its respective estates or creditors against any D&O Party (the "D&O Claims") and shall be transferred and/or assigned to the Non-Released Claims Trust (as defined in the Toys Delaware Plan) and the Non-Released Claims Trust Manager (as defined in the Toys Delaware Plan) shall have the right to commence, prosecute, or settle such Non-Released Claims in its discretion, in consultation with the Non-Released Claims Trust Oversight Committee (as defined in the Toys Delaware Plan). The Purchaser may pursue such Causes of Action in its sole discretion. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that either the Taj Debtors or Reorganized Taj Debtors, or the Wind Down Entities or Purchaser, as applicable, will not pursue any and all available Causes of Action against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Taj Debtors reserve and assign to the Purchaser pursuant to the Share Purchase Agreement, the Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Taj Debtor may hold against any Entity shall vest in the Taj Debtors and be assigned to the Purchaser pursuant to the Share Purchase Agreement. The Purchaser, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action and shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

**11. Vesting of Assets in the Reorganized Debtors**.

Except as otherwise provided in the Plan, the Share Purchase Agreement, the Settlement Agreement, or in any agreement, instrument, or other document incorporated in the Plan, and subject to the terms and the consummation of the Sale Transaction on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor or the Purchaser, as applicable, free and clear of all liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

**12. Avoidance Actions**.

The Debtors waive all rights to commence or otherwise pursue any and all Avoidance Actions, including, without limitation, to assert or use any such Avoidance Actions for defensive purposes, and such Avoidance Actions shall be released on the Effective Date; *provided* that any release of Avoidance Actions by the TRU Inc. Debtors is subject to the terms and conditions of the Settlement Agreement.

**13. Compensation and Benefits Programs**.

Unless otherwise provided herein or in the Plan Supplement, the Confirmation Order, or any applicable agreements binding on the Debtors, all employee wages, compensation, and benefit programs in place as of the Effective Date with the Debtors shall be rejected by the Reorganized Debtors. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

*D. Treatment of Executory Contracts and Unexpired Leases*

**1. Assumption and Rejection of Executory Contracts and Unexpired Leases**.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than: (1) those that previously were assumed or rejected by the Debtors; (2) those that are identified on the Assumed Executory Contract and Unexpired Lease List; (3) those that are the subject of a motion to assume Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (4) those that are part of transition services approved by the Bankruptcy Court, which will be deemed rejected at the termination of such services. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions, assignments, and rejections, including the assumptions of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease List and the rejection of the Executory Contracts or Unexpired Leases listed on the Rejected Executory Contract and Unexpired Lease List pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume or reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party before or on the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors, may alter, amend, modify, or supplement the schedules of Executory Contracts and Unexpired Leases identified in Article V, and in the Plan Supplement at any time through and including 90 days after the Effective Date (or such later date as provided in the event of any objection by a counterparty to an Executory Contract or Unexpired Lease to the amount of any Cure Obligation or other matter relating to the proposed assumption and assignment).

**2. Cure of Defaults for Assumed and Assigned Executory Contracts and Unexpired Leases**.

Any Cure Obligations under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Obligation in Cash on or after the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of the Cure Obligation, (2) the ability of the Debtors, the Purchaser, or any other assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the Cure Obligations required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least ten days before the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed Cure Obligations to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or Cure Obligation must be filed, served, and actually received by the Debtors at least three days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or Cure Obligation.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Obligations, whether

monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of assumption or assignment. **Anything in the Schedules and any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.**

**3. D&O Liability Insurance Policies**.

The Debtors shall be deemed to have assumed all of the Debtors' D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date, and coverage for defense and indemnity under any of the D&O Liability Insurance Policies shall remain available to all individuals within the definition of "Insured" in any of the D&O Liability Insurance Policies. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, and except as otherwise may be provided in an Order from the Bankruptcy Court, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed. Provided, however, that the holder(s) of a Claim for an indemnity obligation will look only to the D&O Liability Insurance Policies for recovery and not the Estates.

**4. Claims Based on Rejection of Executory Contracts and Unexpired Leases**.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date.

**Any Holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claims were not timely Filed as set forth in the above paragraph shall not (a) be treated as a creditor with respect to such Claim, (b) be permitted to vote to accept or reject the Plan, or (c) participate in any distribution in the Chapter 11 Cases on account of such Claim, and any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, and if Sale Transaction is consummated, the Purchaser, or their property without the need for any objection by the Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied and released, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims against the appropriate Debtor, except as otherwise provided by order of the Bankruptcy Court.

**5. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases**.

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Debtors or the Wind Down Entities or the Purchaser, as applicable, expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors or the Purchaser, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

**6. Modifications, Amendments, Supplements, Restatements, or Other Agreements**.

Unless otherwise provided in the Plan, each assumed and assigned Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the chapter 11 cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease was assumed by the Debtors and approved by the Bankruptcy Court.

**7. Reservations of Rights**.

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors, or if Sale Transaction is consummated, the Wind Down Entities or the Purchaser, as applicable, have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption and assignment or rejection, the Debtors or the Purchaser, as applicable, shall have 90 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided in the Plan.

**8. Nonoccurrence of Effective Date**.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

**9. Contracts and Leases Entered Into After the Petition Date**.

Unless otherwise provided in the Plan, contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor or assumed and assigned to the Purchaser under the Share Purchase Agreement, including the License Agreement and Transition Services Agreement, as applicable, will be performed by the Reorganized Debtors or the Purchaser, as applicable, in the ordinary course of their business after the Effective Date. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive entry of the Confirmation Order.

*E. Provisions Governing Distributions.*

**1. Timing and Calculation of Amounts to Be Distributed**.

Except as otherwise provided in the Plan, on the Effective Date (or if a Claim or Interest is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class from the Disbursing Agent, as applicable. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Interests, distributions on account of any such Disputed Claims or Disputed Interests shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims or Interests shall not be entitled to interest, dividends, or accruals on the distributions provided

for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date. Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim or Allowed Interest shall, on account of such Allowed Claim or Allowed Interest, receive a distribution in excess of the Allowed amount of such Claim or Interest plus any postpetition interest on such Claim or Interest payable in accordance with the Plan.

**2. Disbursing Agent**.

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Debtors.

**3. Rights and Powers of Disbursing Agent**.

(a) Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to, as applicable: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash as provided herein without any further notice to or action, order, or approval of the Bankruptcy Court.

**4. Delivery of Distributions and Undeliverable or Unclaimed Distributions**.

(a) Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

(b) Delivery of Distributions in General.

Except as otherwise provided herein, the Disbursing Agent shall make distributions to Holders of Allowed Claims and Allowed Interests as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided, however*, that the manner of such distributions shall be determined at the discretion of the Disbursing Agent; *provided further, however*, that the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(c) Minimum; *De Minimis* Distributions.

No Cash payment of less than $50.00, in the reasonable discretion of the Disbursing Agent, as applicable, shall be made to a Holder of an Allowed Claim or Allowed Interest on account of such Allowed Claim or Allowed Interest.

(d) Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided, however*, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the date the distribution is made. After such date, all unclaimed property or interests in property shall revert (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) to the applicable Debtor automatically and without need for a further order by the Bankruptcy Court, as applicable, and the Claim of any Holder to such property or interest in property shall be released, settled, compromised, and forever barred. Upon the termination of the Wind Down Entities, any remaining funds, including such distributions, shall be returned to the Purchaser.

(e) Manner of Payment Pursuant to the Plan.

Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Disbursing Agent by check or by wire transfer.

**5. Compliance with Tax Requirements/Allocations**.

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms it believes is reasonable and appropriate. The Debtors, in consultation with the Taj Holders Steering Group or the Purchaser, as applicable, reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

**6. Claims Paid or Payable by Third Parties**.

(a) Claims Paid by Third Parties.

The Debtors shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor on account of such Claim, such Holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Debtor to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

(b) Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with

respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

**7. Indefeasible Distributions**.

Any and all distributions made under the Plan shall be indefeasible and not subject to clawback.

*F. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.*

**1. Allowance of Claims**.

After the Effective Date, each of the Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim or Interest immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in the chapter 11 cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the chapter 11 cases allowing such Claim.

**2. Claims Administration Responsibilities**.

Except as otherwise specifically provided in the Plan, a Final Order by the Bankruptcy Court, or the Share Purchase Agreement, as applicable, after the Effective Date, the Debtors, with the consent of Taj Holders Steering Group or the Purchaser, as applicable, or by order of the Bankruptcy Court, shall have the sole authority, subject to a party in interest's right to object to a Claim or Interest under section 502(a) of the Bankruptcy Code: (1) to File, withdraw, or litigate to judgment objections to Claims or Interests; (2) to settle or compromise any Disputed Claim or Disputed Interest without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

**3. Estimation of Claims and Interests**.

Before or after the Effective Date, the Debtors may (but are not required to), by order of the Bankruptcy Court, at any time request that the Bankruptcy Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim or Interest that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the relevant Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

**4. Adjustment to Claims or Interests without Objection**.

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

**5. Time to File Objections to Claims**.

Any objections to Claims shall be Filed on or before the Claims Objection Bar Date.

**6. Disallowance of Claims**.

Except as otherwise expressly provided herein or in a Final Order by the Bankruptcy Court, any Claims or Interests held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims or Interests may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the applicable Debtor or the Purchaser, as applicable.

**Except as provided herein or otherwise agreed, any and all Proofs of Claim filed after the Claims Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely filed by a Final Order.**

**7. Amendments to Claims**.

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim or Interest may not be Filed or amended without the prior authorization of the Bankruptcy Court and the Debtors or the Purchaser, as applicable, and any such new or amended Claim or Interest Filed shall be deemed disallowed in full and expunged without any further action.

**8. No Distributions Pending Allowance**.

If an objection to a Claim or Interest or portion thereof is Filed as set forth in Article VII of the Plan, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

**9. Distributions After Allowance**.

To the extent that a Disputed Claim or Disputed Interest ultimately becomes an Allowed Claim or Allowed Interest, distributions (if any) shall be made to the Holder of such Allowed Claim or Allowed Interest in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Interest becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim or Interest the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim or Interest, without any interest, dividends, or accruals to be paid on account of such Claim or Interest unless required under applicable bankruptcy law or as otherwise provided in Article III.B of the Plan.

*G. Settlement, Release, Injunction, and Related Provisions.*

The Plan provides that (i) all holders of Claims and Interests that are deemed to accept the Plan; (ii) all holders of Claims and Interests who vote to accept the Plan; and (iii) all holders in voting classes who abstain from

voting on the Plan and who do not opt-out of the releases provided by the Plan will be deemed to have released all claims and Causes of Action against each Debtor, Reorganized Debtor, and other Released Party.

The release, exculpation, and injunction provisions that are contained in the Article VIII of the Plan are copied in pertinent part below.

**1. Settlement, Compromise, and Release of Claims and Interests**.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to or in connection with the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or their Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the chapter 11 cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests subject to the Effective Date occurring.

**2. Release of Liens**.

**Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Debtors' Estates shall revert to the Debtors or assigned to the Purchaser pursuant to the Share Purchase Agreement, as applicable.**

**3. Releases by the Debtors**.

**Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, except as otherwise expressly set forth herein, each Released Party shall be deemed released and discharged by the Debtors and the Reorganized Debtors, and their Estates from any and all claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors, that the Debtors or the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, or that any Holder of any Claim or Interest could have asserted on behalf of the Debtors, based on or relating to, or in any manner arising from, in whole or in part:**

1. **the Debtors or the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the formulation, preparation, dissemination, negotiation, or filing of any documents related to the Restructuring;**

2. **any contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring, the Disclosure Statement, or the Plan;**

3. **the chapter 11 cases, the Disclosure Statement, the Plan, the filing of the chapter 11 cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement;**

4. **the negotiation, implementation, terms, or amendments to the DIP Facility or DIP Orders prior to or during the chapter 11 cases;**

5. **(a) the transactions undertaken by the Sponsors in relation to the acquisition of the interests in TRU Inc., or (b) any and all refinancing transactions or sale transactions related to the equity or assets of the Debtors undertaken, approved, planned, or implemented by the Sponsors and/or the Debtor's managers, officers, directors, and employees, as applicable; or**

6. **any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the effective date relating to any of the foregoing.**

**Notwithstanding the foregoing, nothing in Article V of the Plan or the Plan shall release any Non-Released Claims, any D&O Claims, or any claims of TRU Inc. against the D&O Parties. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post-Effective Date obligations of any party or entity under the Plan or any document, instrument, or agreement (including those set forth in the plan supplement) executed to implement the Plan, the Sale Transaction and the Restructuring Transactions, (ii) any Intercompany Claims, or (iii) any claims or causes of action relating to or arising out of the chapter 11 cases of the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, Propco II Plan Entities, or any Former Debtor.**

**4. Releases by Holders of Claims and Interests.**

**Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, except as otherwise expressly set forth herein, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and other Released Party from any and all claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part:**

1. **the Debtors or the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the formulation, preparation, dissemination, negotiation, or filing of any documents related to the Restructuring;**

2. **any contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring, the Disclosure Statement, or the Plan;**

3. **the Chapter 11 Cases, the Disclosure Statement, the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement;**

4. **the negotiation, implementation, terms, or amendments to the DIP Facility or DIP Orders prior to or during the Chapter 11 Cases;**

5. **(a) the transactions undertaken by the Sponsors in relation to the acquisition of the interests in TRU Inc., or (b) any and all refinancing transactions or sale transactions related to the equity or assets of**

**the Debtors undertaken, approved, planned, or implemented by the Sponsors and/or the Debtor's managers, officers, directors, and employees, as applicable; or**

**6. any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the effective date relating to any of the foregoing.**

**Notwithstanding the foregoing, nothing in Article V of the Plan or the Plan shall release any Non-Released Claims, any D&O Claims, or any claims of TRU Inc. against the D&O Parties. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post-Effective Date obligations of any party or entity under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan, the Sale Transaction and the Restructuring Transactions, (ii) any Intercompany Claim, or (iii) any claims or causes of action relating to or arising out of the chapter 11 cases of the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, Propco II Plan Entities, or any Former Debtor.**

**5. Exculpation**.

**Except as otherwise specifically provided in the Plan or any other Restructuring Documents, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any cause of action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or termination of the any documents related to the Restructuring and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring transaction, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the DIP Facility, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Notwithstanding the foregoing, the Toys Delaware Debtors shall not be released or exculpated pursuant to Article VIII.E-F of the Plan.**

**6. Injunction**.

**Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Interests that have been compromised, settled, or released, or are subject to exculpation pursuant to the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Purchaser, or any of the other Released Parties: (i) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any such claims or interests; (iii) creating, perfecting, or enforcing any lien or encumbrance of any kind against such entities or the property or the estates of such entities on account of or in connection with or with respect to any such claims or interests; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such entities on account of or in connection with or with respect to any such claims or interests unless such entity has timely asserted such setoff right in a document filed with the Bankruptcy Court**

**explicitly preserving such setoff, and notwithstanding an indication of a claim or interest or otherwise that such entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (v) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan.**

**7. Certain Claims of Governmental Units**.

Nothing in this Plan discharges, releases, precludes, or enjoins: (i) any liability to any Governmental Unit that is not a Claim; (ii) any Claim of a Governmental Unit arising on or after the Effective Date; (iii) any police or regulatory liability to a Governmental Unit on the part of any Entity as the owner or operator of property after the Effective Date; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors. Nor shall anything in the Confirmation Order or the Plan enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence. Nothing in this Confirmation Order or the Plan divest any tribunal of any jurisdiction it may have law to adjudicate any defense based on this paragraph of this Confirmation Order.

**8. Setoffs**.

Except as otherwise expressly provided for in the Plan or a Final Order by of the Bankruptcy Court, each Debtor or the Purchaser, as applicable, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any claims, rights, and Causes of Action of any nature that such Debtor or the Purchaser, as applicable, may hold against the Holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or before the Effective Date (whether pursuant to the Plan or otherwise); *provided*, *however*, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor or the Purchaser, as applicable, of any such claims, rights, and Causes of Action that such Debtor or the Purchaser, as applicable, may possess against such Holder. In no event shall any Holder of Claims be entitled to set off any Claim against any Claim, right, or Cause of Action of a Debtor or the Purchaser, as applicable, unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff; *provided*, that the foregoing shall not prevent any Holder of Claims or Interests from asserting setoff as an affirmative defense to the extent provided by applicable law.

For the avoidance of doubt, all Claims for setoff with regard to Intercompany Claims are preserved.

**9. Recoupment**.

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim against any claim, right, or Cause of Action of the Debtors or the Purchaser, as applicable, unless such Holder actually has timely Filed a Proof of Claim with the Bankruptcy Court preserving such recoupment; *provided*, that the foregoing shall not prevent any Holder of Claims or Interests from asserting recoupment as an affirmative defense to the extent provided by applicable law.

**10. Subordination Rights**.

Subject to Article III.G. of the Plan, the classification and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests.

**11. Document Retention**.

On and after the Effective Date, the Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors; *provided*,

*however*, that the Debtors shall retain and preserve any documents, information (including electronically stored information), and other evidence potentially relevant to Claims or Causes of Action against the D&O Parties.

**12. Reimbursement or Contribution**.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless before the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered before the Confirmation Date determining such Claim as no longer contingent.

*H. Conditions Precedent to Confirmation and the Effective Date.*

**1. Conditions Precedent to Confirmation**.

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(A) The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtors, the Taj Holders Steering Group and the Purchaser;

(B) The Confirmation Order shall:

(i) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(ii) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(iii) authorize the Debtors to enter into any agreements, transactions, and sales of property as set forth in the Plan;

(iv) authorize the implementation of the Plan in accordance with its terms and the Share Purchase Agreement, and the other Restructuring Documents; and

(v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax (including, any mortgages or security interest filing to be recorded or filed in connection with the Sale Transaction); and

(C) The Share Purchase Agreement shall not have been terminated in accordance with its terms.

**2. Conditions Precedent to the Effective Date**.

It shall be a condition to Consummation that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) the Bankruptcy Court shall have entered the Confirmation Order and it shall have become a Final Order; *provided*, *however*, that in accordance with Bankruptcy Rules 3020(e), 6004(h), and 6006(d) (and notwithstanding any other provision of the Bankruptcy Code or the Bankruptcy Rules), the Confirmation Order shall not be stayed and shall be effective immediately upon its entry;

(b) all documents and agreements necessary to implement the Plan, including any documents related to the Sale Transaction shall have (a) all conditions precedent to the effectiveness of such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, (b) been tendered for delivery, and (c) been effected or executed;

(c) all governmental and material third party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions;

(d) the Professional Fee Escrow Account shall have been funded with Cash in the amount of the aggregate Professional Fee Escrow Amount for all Professionals;

(e) the closing of the Rights Offering, if any, and the other Restructuring Transactions shall have occurred in the manner set forth in the Transaction Steps Memorandum;

(f) the Effective Date shall have occurred; and

(g) the closing of the Sale Transaction contemplated by the Share Purchase Agreement or other definitive documents shall have occurred.

**3. Waiver of Conditions**.

The conditions to Confirmation and Consummation set forth in Article IX of the Plan may be waived only by consent of the Debtors, the Taj Holders Steering Group, and the Purchaser, as applicable, and without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

*I. Modification, Revocation, or Withdrawal of the Plan.*

**1. Modification and Amendments**.

Except as otherwise specifically provided in the Plan, the Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, and in consultation with the Creditors' Committee, reserve the right to modify the Plan, whether materially or immaterially, and seek Confirmation, in each instance, to the extent permitted under the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, expressly reserve their rights to alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X.

**2. Effect of Confirmation on Modifications**.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof and before the Confirmation Date are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

**3. Revocation or Withdrawal of the Plan**.

The Debtors, with the consent of, either the Taj Holders Steering Group or the Purchaser, as applicable, reserve the right to revoke or withdraw the Plan with respect to one or more of the Debtors before the Confirmation Date or the Effective Date and to file subsequent plans of reorganization. If the Debtors, with the consent of, either the Taj Holders Steering Group or the Purchaser, as applicable, revoke or withdraw the Plan with respect to any Debtor, or if Confirmation or Consummation does not occur with respect to any Debtor, then: (1) the Plan with respect to such Debtor shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan with respect to such Debtor (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption and assignment or rejection of Executory Contracts or Unexpired Leases effected by the Plan with respect to such Debtor, and any document or agreement executed pursuant to the Plan with respect to such Debtor, shall be deemed null and void; and (3) nothing contained in the Plan with respect to such Debtor shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

*J. Retention of Jurisdiction.*

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the chapter 11 cases and all matters, arising out of, or related to, the chapter 11 cases and the Plan, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. Resolve any matters related to: (a) the assumption, assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Obligations pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed and/or assigned; (c) the Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, any Executory Contracts or Unexpired Leases to the Assumed Executory Contract and Unexpired Lease List, the Rejected Executory Contract and Unexpired Lease List, or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. Ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;

5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. Adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

11. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, exculpations, and other provisions contained in Article VIII of the Plan, and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

12. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.F of the Plan;

13. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

14. Adjudicate, decide, or resolve any and all matters related to the Settlement Agreement;

15. Determine any other matters that may arise in connection with or relate to the Plan, the Sale Transaction, the Restructuring Documents, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

16. Adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

17. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. Determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with any Non-Released Claims, including the D&O Claims;

20. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

21. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. Hear and determine matters concerning section 1145 of the Bankruptcy Code;

23. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' release, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

24. Enforce all orders previously entered by the Bankruptcy Court;

25. To resolve any disputes arising under the Share Purchase Agreement or other documents related to the Sale Transaction;

26. Hear any other matter not inconsistent with the Bankruptcy Code;

27. Enter an order concluding or closing the chapter 11 cases; and

28. Enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan.

*K. Miscellaneous Provisions.*

**1. Immediate Binding Effect**.

Subject to Article IX of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Purchaser, and any and all Holders of Claims or Interests (irrespective of whether the Holders of such Claims or Interests accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunction described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

**2. Additional Documents**.

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Purchaser, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

**3. Payment of Statutory Fees**.

All fees payable pursuant to section 1930(a) of the Judicial Code shall be paid by the Debtors for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first. For the avoidance of doubt, the Debtors shall pay any outstanding U.S. Trustee fees in full on the Effective Date and the Debtors or the applicable Wind Down Entities shall continue to pay such fees until the Chapter 11 cases are converted, dismissed, or closed, whichever occurs first.

**4. Dissolution of Committees**.

On the Effective Date, any statutory committee appointed in the chapter 11 cases of the Taj Debtors and the TRU Inc. Debtors shall dissolve solely with respect to the Taj Debtors and TRU Inc. Debtors, and members thereof shall be released and discharged from all rights and duties from or related to the chapter 11 cases of the Taj Debtors and the TRU Inc. Debtors. The Taj Debtors and TRU Inc. Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to the Committee after the Effective Date. Upon the dissolution of the Committee, the current and former members of the Committee, and their officers, employees, counsel, advisors, and agents, shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the chapter 11 cases of the Taj

Debtors and the TRU Inc. Debtors, and the retention or employment of the Committee's respective attorneys, accountants, and other agents shall terminate, except that the Committee and its professionals shall have the right to pursue, review, and object to any applications for compensation and reimbursement of expenses filed in accordance with Article II.B of the Plan.

**5. Monthly Operating Reports and Post-Effective Date Reports**.

The Debtors and/or the applicable Wind Down Entities will continue to include information regarding their deposits, expenditures, and other relevant financial information in monthly operating reports (prior to the Effective Date) and quarterly post-confirmation reports (after the Effective Date) Filed with the Court until the applicable Chapter 11 cases are converted, dismissed, or closed, whichever occurs first.

**6. Reservation of Rights**.

The Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests before the Effective Date.

**7. Successors and Assigns**.

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign, Affiliate, officer, director, manager, trustee, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

**8. Service of Documents**.

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors shall be served on:

**the Debtors**:

Toys "R" Us, Inc.
One Geoffrey Way,
Wayne, New Jersey 07470
Attention: James Young

with copies to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022-4611
Facsimile: (212) 446-4900
Attention: Edward O. Sassower, Joshua A. Sussberg
E-mail addresses: edward.sassower@kirkland.com
joshua.sussberg@kirkland.com

and

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654-3406
Facsimile: (312) 862-2200

Attention: Chad J. Husnick, Emily E. Geier
E-mail: chad.husnick@kirkland.com
emily.geier@kirkland.com

**Counsel for the Disinterested Directors of Toys "R" Us, Inc.**

Munger Tolles & Olson, LLP
350 South Grand Avenue, 50th Floor
Los Angeles, California 90071-1560
Telephone: (213) 683-9100
Facsimile: (213) 687-3702
Attention: Thomas B. Walper, Seth Goldman
Email: thomas.walper@mto.com
seth.goldman@mto.com

**Counsel for the Disinterested Directors of Tru Taj, LLC and TRU Taj Finance, Inc.**

Proskauer Rose, LLP
70 West Madison, Suite 3800
Chicago, Illinois 60602-4342
Facsimile: (312) 962-3551
Attention: Mark K. Thomas
Email: mthomas@proskauer.com

2049 Century Park East, Suite 3200
Los Angeles, California 90067-3206
Facsimile: (310) 557-2193
Attention: Peter J. Young
Email: pyoung@proskauer.com

**Counsel for the Taj Holders Steering Group**

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1095 Avenue of the Americas
New York, New York, 10036
Facsimile: (212) 492-0644
Attention: Brian S. Hermann, Samuel E. Lovett
Emails: bhermann@paulweiss.com;
slovett@paulweiss.com

**the Committee**

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Facsimile: (212) 715-8000
Attention: Kenneth Eckstein, Adam Rogoff, Rachael Ringer
Emails: keckstein@kramerlevin.com;
arogoff@ kramerlevin.com;
rringer@kramerlevin.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

**9. Term of Injunctions or Stays**.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the chapter 11 cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order (including the Injunction) shall remain in full force and effect in accordance with their terms.

**10. Entire Agreement**.

Except as otherwise indicated, the Plan, the Confirmation Order, and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

**11. Exhibits**.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.primeclerk.com/toysrus/ or the Bankruptcy Court's website at https://www.vaeb.uscourts.gov.

**12. Nonseverability of Plan Provisions**.

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the consent of the Debtors, the Taj Holders Steering Group or the Purchaser, as applicable; and (3) nonseverable and mutually dependent.

**13. Waiver or Estoppel**.

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court before the Confirmation Date.

## ARTICLE V.
## STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The confirmation process is summarized briefly below. Holders of Claims and Interests are encouraged to review the relevant Bankruptcy Code provisions and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

*A. Confirmation Hearing.*

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to

consider confirmation of a chapter 11 plan. Any party in interest may object to confirmation of the Plan in accordance with Section 1128(b) of the Bankruptcy Code. **The Bankruptcy Court has scheduled a Confirmation Hearing for October 10, 2018, at 1:00 p.m., prevailing Eastern Time.** The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at a Confirmation Hearing or the filing of a notice for such adjournment served in accordance with the order approving the Disclosure Statement and Solicitation Procedures, the Bankruptcy Code, and the Local Bankruptcy Rules, as applicable. An objection to the Plan must (1) be in writing, (2) conform to the Bankruptcy Rules and the Local Bankruptcy Rules, (3) state the objecting party's name, address, phone number, and e-mail address and the amount and nature of the Claim or Interest, if any, (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection, and (5) be filed contemporaneously with a proof of service with the Bankruptcy Court and served so that parties entitled to notice actually received no later than the Plan Objection Deadline, which is scheduled for **October 5, 2018, at 5:00 p.m., prevailing Eastern Time**. Objections that are not served and filed timely may not be considered.

*B. Confirmation Standards.*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are that (1) all Impaired Classes of Claims or Interests accept the Plan or, if an Impaired Class rejects the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class, (2) the Plan is feasible, and (3) the Plan is in the "best interests" of Holders of Claims and Interests.

**1. Best Interests of Creditors—Liquidation Analysis**.

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find that a chapter 11 plan provides that each holder of a claim or an interest in each class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the plan's effective date, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. Notwithstanding acceptance of the Plan by a voting Impaired Class, to confirm the Plan, the Bankruptcy Court must still independently determine that the Plan is in the best interests of each holder of a Claim or Interest in any such Impaired Class that has not voted to accept the Plan, meaning that the Plan provides each such holder with a recovery that has a value at least equal to the value of the recovery that each such holder would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code beginning on what would have been the Effective Date. Accordingly, if an Impaired Class does not unanimously vote to accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the recovery that each such Class member would receive if the Debtors were liquidated under chapter 7 beginning on the Effective Date.

The Debtors believe that the Plan will satisfy the best interests test because, among other things, the recoveries expected to be available to holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation, as discussed more fully below.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor's assets and to make distributions to creditors in accordance with the priorities established in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors' claims from their collateral, administrative expenses are next to be paid. After accounting for administrative expenses, unsecured creditors (including any secured creditor deficiency claims) are paid from the sale proceeds of any unencumbered assets and any remaining sale proceeds of encumbered assets in excess of any secured claims, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, interest holders receive the balance that remains, if any, after all creditors are paid.

All or substantially all of the assets of the Debtors' business will be liquidated through the Sale Transaction and the Plan effects a liquidation of the Debtors' remaining assets. Although a chapter 7 liquidation would achieve the same goal, the Debtors believe that the Plan provides a greater recovery to Holders of Claims and Interests than would a chapter 7 liquidation. Liquidating the Debtors' Estate under the Plan likely provides Holders of Claims and Interests with a larger, more timely recovery primarily due to expected materially lower realized sale proceeds in chapter 7.

A chapter 7 liquidation beginning on what would have been the Effective Date would provide less recovery for creditors than the Plan. The delay of the chapter 7 trustee becoming familiar with the assets could easily cause bids already obtained to be lost, and the chapter 7 trustee will not have the technical expertise and knowledge of the Debtors' business that the Debtors had when they proposed to sell their assets pursuant to the Plan. Moreover, the distributable proceeds under a chapter 7 liquidation will be lower because of the chapter 7 trustee's fees and expenses.

Sale proceeds in chapter 7 would likely be significantly lower particularly in light of the highly complex nature of the Debtor's assets, the time delay associated with the chapter 7 trustee's learning curve for these assets, and the wind-down of the Debtors' United States operations. In addition to the expected material reduction in sale proceeds, recoveries would be further reduced (in comparison with the Plan) due to the expenses that would be incurred in a chapter 7 liquidation, including added expenses for wind down costs and costs incurred by the chapter 7 trustee and any retained professionals in familiarizing themselves with the Debtors' complex corporate structure and assets, and these specific chapter 11 cases, in order to complete the administration of the Estate. *See, e.g.*, 11 U.S.C. § 326(a) (providing for compensation of a chapter 7 trustee up to three percent of the value of the assets); 11 U.S.C. 503(b)(2) (providing administrative expense status for compensation and expenses of a chapter 7 trustee and such trustee's professionals).

The Estate would continue to be obligated to pay all unpaid expenses incurred by the Debtors during the chapter 11 cases (such as compensation for Professionals), which may constitute Allowed Claims in any chapter 11 case. Moreover, the conversion to chapter 7 would also require entry of a new bar date for filing claims that would be more than 90 days following conversion of the case to chapter 7. See Fed. R. Bankr. P. 1019(2); 3002(c). Thus, the amount of Claims ultimately filed and Allowed against the Debtors could materially increase, thereby further reducing creditor recoveries versus those available under the Plan.

In light of the foregoing, the Debtors submit that a chapter 7 liquidation would result in materially reduced sale proceeds, increased expenses, delayed distributions, and the prospect of additional claims that were not asserted in the chapter 11 cases. Accordingly, the Debtors believe that the Plan provides an opportunity to bring the highest return for creditors.

**2. Financial Feasibility**.

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of the reorganized debtors or the need for further financial reorganization, unless the plan contemplates such liquidation or reorganization. The Debtors believe that the Plan meets the financial feasibility requirement because the Debtors' will be liquidating their assets through the Plan. Moreover, the Debtors believe that sufficient funds will exist to make all distributions required by the Plan. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

*C. Acceptance by Impaired Classes.*

The Bankruptcy Code requires, as a condition to confirmation, that, except as described therein, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the Holder of such claim or interest; (2) cures any default, reinstates the original terms of such obligation, and compensates; or (3) provides that, on the Consummation date, the Holder of such claim or interest receives cash equal to the allowed amount of that

claim or, with respect to any interest, any fixed liquidation preference to which the Holder of such interest is entitled or to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of creditor Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their ballots in favor of acceptance, subject to Article III of the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in dollar amount of those interests who actually vote to accept or to reject a plan. Votes that have been "designated" under section 1126(e) of the Bankruptcy Code are not included in the calculation of acceptance by a class of interests. Thus, a class of interests will have voted to accept the Plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance, not counting designated votes, subject to Article III of the Plan.

*D. Confirmation without Acceptance by All Impaired Classes.*

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if impaired classes entitled to vote on the plan have not accepted it or if an impaired class is deemed to reject the plan; provided, however, the plan is accepted by at least one impaired class (without regard to the votes of insiders). Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

**1. No Unfair Discrimination**.

The test for unfair discrimination applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent but that such treatment be "fair." In general, courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). The Debtors do not believe the Plan discriminates unfairly against any Impaired Class of Claims or Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests satisfy the foregoing requirements for non-consensual Confirmation.

**2. Fair and Equitable Test**.

The fair and equitable test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in such class. As to each non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtors believe that the Plan satisfies the "fair and equitable" requirement, notwithstanding the fact that certain Classes are deemed to reject the Plan. There is no Class receiving more than a 100 percent recovery and no junior Class is receiving a distribution under the Plan until all senior Classes have received a 100 percent recovery.

(a) Secured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (ii) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

(b) Unsecured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property.

(c) Interests

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of: (1) the allowed amount of any fixed liquidation preference to which such holder is entitled; (2) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under (i) no class of interests junior to the non-accepting class may receive a distribution under the plan.

## ARTICLE VI.
## CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

Holders of Claims and Interests entitled to vote should read and consider carefully the risk factors set forth below as well as the other information contained in this Disclosure Statement and the documents delivered therewith, referred to, or incorporated by reference prior to voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

The Debtors are subject to a number of risks that can be categorized generally as either (1) bankruptcy-related risks; (2) risks related to recoveries under the Plan; and (3) operational and administrative costs. Each factor that is related thereto and enumerated below may have a materially adverse effect on the Debtors' businesses, financial condition, or operational results, as applicable.

### *A. Bankruptcy Law Considerations.*

The occurrence or non-occurrence of any or all of the following contingencies and any others may affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

#### 1. **Objections to the Classification of Claims and Interests Under the Plan**.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that how Claims and Interests are classified under the Plan complies with the requirements set forth in the Bankruptcy Code because they created various Classes of Claims and Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

#### 2. **Conditions Precedent Under the Plan May Not Occur**.

As more fully set forth in Article IX of the Plan, Confirmation and the Effective Date are subject to a number of conditions precedent that need to be met or otherwise waived or else either Confirmation or the Effective Date, as applicable, will not take place.

**3. Failure to Satisfy Vote Requirements**.

The Bankruptcy Code requires Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in Classes entitled to vote to accept the Plan. In the event that the required number and amount of votes received is sufficient to confirm the Plan, the Debtors intend to seek Confirmation of the Plan as promptly as practicable thereafter. However, if sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests as those proposed in the Plan. As it stands, the Debtors do not believe that there is any such transaction that would be more beneficial to the Estates than the Plan.

**4. Inability to Confirm the Plan**.

Section 1129 of the Bankruptcy Code sets forth the requirements for a chapter 11 plan to be confirmed. A Bankruptcy Court must find pursuant to section 1129 of the Bankruptcy Code that (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes, (b) liquidation or the need for further financial reorganization likely will not the plan's confirmation unless such liquidation or reorganization is contemplated under the plan, and (c) the value of distributions to non-accepting holders of Claims and Interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

**Confirmation of the Plan will require that the Holders of Administrative Claims and Priority Tax Claims consent to the treatment of such claims under the Plan to meet the requirements of section 1129(a)(9) of the Bankruptcy Code. To the extent such Holders object to the Plan, the Debtors may be unable to obtain Confirmation of the Plan. In such a situation, the Debtors will either be required to seek Confirmation of an alternate chapter 11 plan or to liquidate under chapter 7 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative chapter 11 plan or recoveries in a chapter 7 liquidation would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests, including Administrative Claims and Priority Tax Claims, as the Plan.**

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either this Disclosure Statement's adequacy or whether the balloting procedures and voting results satisfy the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the Solicitation Procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any statutory requirement for Confirmation has not been met, including the requirement that the Plan does not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Allowed Interests will receive with respect to their Allowed Claims and Allowed Interests.

The Debtors reserve the right to modify the terms and conditions under the Plan as necessary for Confirmation, subject to the terms and conditions contained therein. Any such modifications may result in less favorable treatment for any Class than the treatment currently provided in the Plan. Less favorable treatment may include distribution of property that is lesser in value than the property to be distributed currently under the Plan or no distribution of property whatsoever.

**5. Nonconsensual Confirmation**.

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will

reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

**6. The Debtors May Object to the Amount or Classification of a Claim**.

Except as specifically provided in the Plan, the Debtors reserve the right, under the Plan, to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection, thus, may not receive its expected share of the estimated distributions described in this Disclosure Statement.

**7. Risk of Non-Occurrence of the Effective Date**.

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether such an Effective Date will, in fact, occur.

**8. Contingencies May Affect Votes of Impaired Classes to Accept or Reject the Plan**.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims and Allowed Interests to be subordinated to other Allowed Claims and Allowed Interests. The occurrence of any and all such contingencies, which may affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

**9. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code**.

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities set forth in the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses with a chapter 7 trustee being appointed to administer the cases, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from Unexpired Leases and other Executory Contracts being rejected in connection with cessation of operations.

**10. Releases, Injunctions, and Exculpation Provisions May Not Be Approved**.

Article VIII of the Plan provides for certain mutual releases, injunctions, and exculpations, including releases of liens and third-party releases that may otherwise be asserted against the Debtors or Released Parties, as applicable. Parties in Interest may object to the releases, injunctions, and exculpations provided in the Plan, which might result in them not being approved. If the releases, injunctions, and exculpations are not approved, certain Released Parties may withdraw their support for the Plan and the Debtors may not be able to obtain Confirmation of the Plan.

*B. Risk Related to Recoveries Under the Plan.*

**1. Actual Amounts of Allowed Claims May Differ from Estimated Amounts of Allowed Claims, Thereby Adversely Affecting the Recovery of Some Holders of Allowed Claims and Allowed Interests**.

The estimate of Allowed Claims and Allowed Interests and recoveries for Holders of Allowed Claims and Allowed Interests set forth in this Disclosure Statement are based on various assumptions. The actual Allowed amounts of Claims and Interests may vary significantly from the estimated Claims and Interests amounts contained in this Disclosure Statement in the event that one or more of the underlying assumptions ultimately prove to be incorrect. Moreover, the Debtors cannot determine with any certainty at this time the number or amount of Claims and Interests that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims and Allowed Interests under the Plan and the Reorganized Debtors' abilities to meet the Financial Projections.

**2. The Tax Implications of the Plan and the Bankruptcy of the Debtors and Certain of the Debtors' Affiliates are Complex**.

Holders of Allowed Claims should carefully review Article VIII of this Disclosure Statement, "Certain United States Federal Tax Income Consequences" to determine how the tax implications of the Plan and the chapter 11 cases may adversely affect the Debtors and/or Holders of Claims.

*C. Operational and Administrative Costs*

A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' financial condition. In addition, the longer the proceedings related the chapter 11 cases continue, the more likely various creditor constituents and potential purchasers of the Debtors assets will lose confidence in the Debtors' ability to sell certain parts of their operations and may seek to establish alternative commercial relationships, attempt to convert these cases to a chapter 7 under the Bankruptcy Code, or require the Debtors to seek additional concessions from certain lenders to continue administering these cases.

*D. Disclosure Statement Disclaimer.*

**1. The Financial Information Contained in this Disclosure Statement Has Not Been Audited.**

In preparing this Disclosure Statement, the Debtors and their advisors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information, and any conclusions or estimates drawn from such financial information, provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant that the financial information contained herein, or any such conclusions or estimates drawn therefrom, is without inaccuracies.

**2. Information Contained in this Disclosure Statement Is for Soliciting Votes**.

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

**3. This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission**.

This Disclosure Statement was not filed with the United States Securities and Exchange Commission under the Securities Act or applicable state securities laws. Neither the United States Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained in this Disclosure Statement.

**4. This Disclosure Statement May Contain Forward Looking Statements**.

This Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "continue," "pursue," or the negative thereof or comparable terminology. All forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The information contained herein is an estimate only, based upon information currently available to the Debtors.

**5. No Legal or Tax Advice Is Provided to You by this Disclosure Statement**.

**This Disclosure Statement is not legal advice to you.** The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Interest should consult his or her own legal counsel, accountant, or other applicable advisor with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

**6. No Admissions Made**.

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors or the Reorganized Debtors, as applicable) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Allowed Interests, or any other parties in interest.

**7. Failure to Identify Litigation Claims or Projected Objections**.

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors, as applicable, may seek to investigate, File, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

**8. No Waiver of Right to Object or Right to Recover Transfers and Assets**.

The vote by a Holder of an Claim or Interest for or against the Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Debtors or the Reorganized Debtors (or any entity, as the case may be) to object to that Holder's Claim or Interest, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their respective estates are specifically or generally identified in this Disclosure Statement.

**9. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors**.

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained in this Disclosure Statement.

**10. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update**.

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable

business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

**11. No Representations Outside this Disclosure Statement Are Authorized.**

No representations concerning or relating to the Debtors, the chapter 11 cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors, the United States Trustee for the Eastern District of Virginia, and counsel to the Creditors' Committee.

*E. Liquidation Under Chapter 7.*

If no plan can be confirmed, the Debtors' chapter 11 cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' liquidation analysis is set forth in Article V of this Disclosure Statement, "Statutory Requirements for Confirmation of the Plan."

## ARTICLE VII.
## IMPORTANT SECURITIES LAW DISCLOSURE

Under the Plan, the Rights Offering Interests will be distributed to Holders of Claims in Class A3 and Class B3, if applicable. On or before the Effective Date, the Reorganized Debtors or the Initial Purchaser, as applicable, or their Affiliates will reserve for issuance the Rights Offering Interests that are required to be issued pursuant to the Plan. The Debtors believe that the Rights Offering Interests may constitute "securities" as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws.

*A. Issuance and Resale.*

**1. The Bankruptcy Code Exemptions.**

The Reorganized Debtors and the Initial Purchaser (as a successor to the Taj Debtors) will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements under the Securities Act the offer, issuance, and distribution of the Initial Purchaser Common Shares, Subscription Rights, and, to the extent they constitute "securities" (as as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws), the Rights Offering Interests to the Holders of Taj Senior Notes Claims (Class B3).

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (a) with a view to distributing those securities and (b) under an agreement made in connection with the plan, the plan's completion, or with the offer or sale of securities under the plan; or

- is an issuer with respect to the securities, as the term "issuer" is defined in Section 2(a)(11) of the Securities Act.

To the extent that Holders of Taj Senior Notes Claims (Class B3) who receive the Initial Purchaser Common Shares, Subscription Rights or Rights Offering Interests are deemed to be "underwriters," such Holders' resale would not be exempted from registration under the Securities Act or other applicable law in accordance with section 1145 of the Bankruptcy Code. However, those Holders would be permitted to sell the Initial Purchaser Common Shares, Subscription Rights or Rights Offering Interests without registration if they are able to comply with the provisions under Rule 144 of the Securities Act, as described further below.

**2. Securities Act Exemptions**.

The Rights Offering Interests that are securities and are issued to the Commitment Parties pursuant to the Backstop Commitment Agreement will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on the exemption set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder.

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non exclusive safe harbor promulgated by the United States Securities and Exchange Commission under the Securities Act related to, among others, section 4(a)(2) of the Securities Act.

The term "issuer," as used in section 4(a)(2) of the Securities Act, means, among other things, a person who issues or proposes to issue any security.

Securities issued pursuant to the exemption provided by section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder are considered "restricted securities." As a result, resales of such securities may not be exempt from the registration requirements of the Securities Act or other applicable law. Holders of such restricted securities may, however, be able, at a future time and under certain conditions described below, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

Under certain circumstances, holders of securities who are affiliates of the issuer may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 provides that if certain conditions are met (e.g., that the availability of current public information with respect to the issuer, volume limitations, and notice and manner of sale requirements), specified persons who resell restricted securities or who resell securities which are not restricted but who are "affiliates" of the issuer of the securities sought to be resold, will not be deemed to be "underwriters" as defined in section 2(11) of the Securities Act. Rule 144 provides that: (i) a non-affiliate who has not been an affiliate during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is current public information regarding the issuer and after a one year holding period if there is not current public information regarding the issuer at the time of the sale; (ii) an affiliate may sell restricted securities after a six month holding period if at the time of the sale there is current public information regarding the issuer and after a one-year holding period if there is not current public information regarding the issuer at the time of the sale, provided that in each case the affiliate otherwise complies with the volume, manner of sale and notice requirements of Rule 144; and (iii) an affiliate may sell securities other than restricted securities if at the time of the sale there is current public information regarding the issuer, provided that in each case the affiliate otherwise complies with the volume, manner of sale, and notice requirements of Rule 144.

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales to certain "qualified institutional buyers" of securities that are "restricted securities" within the meaning of the Securities Act, irrespective of whether the seller of such securities purchased its securities with a view towards reselling such securities, if certain other conditions are met (e.g., the availability of information required by paragraph 4(d) of Rule 144A and certain notice provisions). Under Rule 144A, a "qualified institutional buyer" is defined to include, among other persons, certain "dealers" registered as such pursuant to section 15 of the Exchange Act, and entities that purchase securities for their own account or for the account of another qualified

institutional buyer and that, in the aggregate, own and invest on a discretionary basis at least $100 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not exempt the offer or sale of securities that, at the time of their issuance, were securities of the same class of securities then listed on a national securities exchange (registered as such pursuant to section 6 of the Exchange Act) or quoted in a United States automated inter-dealer quotation system).

**In view of the complex, subjective nature of the question whether a recipient of the Initial Purchaser Common Shares, Subscription Rights and/or Rights Offering Interests, may be an underwriter or an affiliate of the Reorganized Debtors, the Reorganized Debtors make no representations concerning the right of any person to trade the Initial Purchaser Common Shares, Subscription Rights and/or Rights Offering Interests to be distributed under the Plan. Accordingly, the Reorganized Debtors recommend that potential recipients of Initial Purchaser Common Shares, Subscription Rights and/or Rights Offering Interests under the Plan consult their own counsel concerning whether they may freely trade such securities.**

*B. No Registration or Listing.*

The Initial Purchaser will not be required to file periodic reports under the Securities Exchange Act or seek to list the Initial Purchaser Common Shares for trading on a national securities exchange. Consequently, there will not be "current public information" (as such term is defined in Rule 144) regarding the Initial Purchaser.

## ARTICLE VIII.
## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors and to certain Holders of Claims entitled to vote on the Plan. The following discussion does not address the U.S. federal income tax consequences to Holders of Claims that are not entitled to vote on the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authorities, published administrative positions of the Internal Revenue Service (the "IRS"), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and the Debtors do not intend to seek a ruling from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert or that a court would not sustain a different position than any position discussed in this Disclosure Statement.

This discussion does not purport to address non-U.S., state, local, estate, gift, or non-income tax consequences of the Plan (including such consequences with respect to the Debtors), nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to certain Holders in light of their individual circumstances nor does it address tax issues with respect to Holders that are not "United States persons" as such term is defined in the IRC or that are otherwise subject to special treatment under the U.S. federal income tax laws (including, for example, persons who are related to the Debtors within the meaning of the IRC, persons liable for alternative minimum tax, U.S. Holders (as defined below) whose functional currency is no the U.S. dollar, U.S. expatriates, mutual funds banks, governmental authorities or agencies, brokers-dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, partnerships (or other entities treated as partnerships or other pass-through entities), beneficial owners of partnership (or other entities treated as partnerships or other pass-through entities), subchapter S corporations, small business investment companies, and regulated investment companies, persons using mark-to-market method of accounting, and those holding, or who will hold, Claims, or deeds in lieu of foreclosure, as part of a hedge, straddle, conversion, constructive sale transaction, or other integrated investment, and Holders of Claims who are themselves in bankruptcy). Lastly, the following discussion assumes (i) each Holder of a Claim holds its Claim in a single Class and holds a Claim only as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the IRC and (ii) the debt obligations(s) underlying each Allowed Claim is properly treated as debt (rather than equity) of the Debtor(s) the Holder has the Allowed Claim against. The U.S. federal

income tax consequences of the implementation of the Plan to the Debtors and Holders of Claims described below also may vary depending on the nature of any Restructuring Transactions that the Debtors engage in.

For purposes of this discussion, a "U.S. Holder" is a Holder of a Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons (within the meaning of Section 7701(a)(30) of the IRC) have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any Holder of a Claim that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder of a Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other entities treated as partnerships or other pass-through entities) that are Holders of Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

The U.S. federal income tax consequences of the implementation of the Plan to the Debtors and Holders of Claims described below depends, among other things, on whether the consideration received is treated as stock or security of the entity which the Claim is against.

**THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, NON-U.S., NON-INCOME, AND OTHER TAX CONSEQUENCES OF THE PLAN.**

*A. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors.*

**1. Classification of Debtors for U.S. Federal Income Tax Purposes**.

The Debtors are either (a) members of the U.S. federal consolidated tax group, of which TRU Inc. is the common parent (the "TRU Inc. Consolidated Group"); or (b) disregarded subsidiaries of such members. The Debtors also directly and indirectly own numerous "controlled foreign corporations" ("CFCs"), foreign entities that are disregarded from Debtor entities, and certain foreign partnerships. Members of a consolidated group have joint and several liability for the U.S. federal income taxes of the consolidated group. According to certain nonbinding IRS guidance, disregarded entities of members in a consolidated group do not have liability for the taxes of such group. CFCs do not have liability for the tax liability of their parent companies that are members of a U.S. consolidated tax group. Each of TRU Inc., Toys "R" Us - Value, Inc., TRU Mobility, LLC, Toys "R" Us, Europe, LLC, TRU Taj (Europe) Holdings, LLC, and Tru Taj Finance is a member of the TRU Inc. Consolidated Group. The other TRU Inc. Debtors and Taj Debtors are disregarded entities for U.S. federal income tax purposes.

The Debtors currently anticipate that the consummation of the Plan, taken together with transactions that are expected to occur with respect to the Debtors' non-Debtor subsidiaries and other disregarded entities in the TRU Inc. Consolidated Group (e.g., Toys Delaware and its direct and indirect subsidiaries, including the PropCo II Debtors, and the PropCo I Debtors), will give rise to administrative tax liabilities for which the members of the TRU Inc. Consolidated Group will be jointly and severally liable. As they relate to the Debtors, such liabilities will be subject to the treatment generally outlined above with respect to Administrative Claims. These administrative tax liabilities may be reduced or, potentially eliminated, in certain transaction structures in which TRU Inc. continues to own the stock of Toys Delaware and Toys Delaware continues to directly or indirectly own sufficient assets so that the stock of Toys Delaware is not treated as "worthless" for applicable tax purposes (such structure, the "Delaware Retention Structure"). At this time, the Debtors have not determined whether the Delaware Retention Structure can

or will be pursued or the extent to which administrative tax liabilities would arise if the Delaware Retention Structure were to be utilized.

The Plan generally provides that certain of the Debtors' assets or equity (or a direct or indirect subsidiary) may be sold in whole or in part to one or more newly formed entities and that, among other things, the TRU Asia Equity Interests may be transferred to and vest in the Purchaser. Any such transaction would be anticipated to be a taxable transaction, that tax consequences of which would generally be factored into the overall determination of whether any administrative tax liabilities are owed by the TRU Inc. Consolidated Group.

**2. Tax Attributes**.

The Debtors expect that all of the Taj Debtors' assets or equity (in a direct or indirect subsidiary) will be disposed of in taxable transactions and that, among other things, the TRU Asia Equity Interests may be transferred to and vest in the Purchaser. In such an asset sale, all of the U.S. tax attributes of the Taj Debtors will be eliminated. The Toys Delaware Plan generally provides that, in certain circumstances, TRU Inc. may continue to own the stock of Toys Delaware, which may continue to own certain assets. In the event that structure is utilized, certain tax attributes may continue to exist within that structure. However, the Toys Delaware Plan does not currently provide that Holders of Claims against the Debtors addressed by this Plan would receive the stock of Reorganized TRU Inc., even if such structure is utilized pursuant to the Toys Delaware Plan. As such, Holders of Claims that are addressed by this Plan are not expected to receive equity interests in any entity that has any U.S. tax attributes that survive the Effective Date.

*B. Certain U.S. Federal Income Tax Consequences to the Holders of Allowed Claims Entitled to Vote.*

**1. Receipt of Consideration for All U.S. Holders of Claims Expected to be Taxable**.

In general for U.S. federal income tax purposes, the Claims are treated as Claims against the relevant "regarded" entity for U.S. tax purposes.[10] The U.S. federal income tax treatment of Holders of Claims will depend, in part, on whether the receipt of consideration under the Plan qualifies as an exchange of stock or "securities" pursuant to a tax-free "reorganization" or if, instead, the consideration under the Plan is treated as having been received in a fully taxable disposition. Whether the receipt of consideration under the Plan qualifies for "reorganization" treatment will depend on, among other things, (a) whether the Claim being exchanged constitutes a "security" and (b) whether the Debtor against which a Claim is asserted is the same entity that is issuing the consideration under the Plan.

In general, the Debtors do not expect that clause (b) in the preceding paragraph will be satisfied by the receipt of any consideration under the Plan. In general, the Debtors currently anticipate that a structure will be utilized that will constitute a taxable transaction with respect to any stock received under the Plan, and, as a result, any stock received under the Plan will not constitute stock or "security" of the relevant obligor (or a "party to a reorganization" with respect to such relevant obligor). As a result, the Debtors expect that all Holders of Claims will be treated as receiving their distribution under the Plan in taxable exchange under Section 1001 of the IRC. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount ("OID")), a U.S. Holder of such a claim would recognize gain or loss equal to the difference between (a) the sum of the cash and the fair market value (or issue price, in the case of debt instruments) of the consideration received and (b) such U.S. Holder's adjusted basis in such Claim.

Such U.S. Holder should obtain a tax basis in the non-cash consideration received, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or OID), equal to the fair market value of the non-cash consideration as of the receipt of such property. The tax basis of any non-cash consideration treated

[10] Claims against the Taj Debtors are generally treated as claims against TRU Europe or TRU Taj (Europe) Holdings, LLC. Claims against the TRU Inc. Debtors are generally treated as claims against TRU Inc., Toys "R" Us - Value, Inc., or TRU Mobility, LLC.

as received in satisfaction of accrued but untaxed interest (or OID) should equal the amount of such accrued but untaxed interest (or OID). The holding period of the non-cash consideration should begin on the day following the receipt of such property. See discussion below regarding the extent to which any consideration should be treated as attributable to accrued interest (or OID).

To the extent that a U.S. Holder receives distributions with respect to a Claim subsequent to the Effective Date, such U.S. Holder may recognize additional gain (if such U.S. Holder is in a gain position), and a portion of such distribution may be treated as imputed interest income. In addition, it is possible that the recognition of any loss realized by a U.S. Holder may be deferred until all payments have been made out of any such account. U.S. Holders are urged to consult their tax advisors regarding the possible application (and the ability to elect out) of the "installment method" of reporting any gain that may be recognized by such U.S. Holders in respect of their Claims due to the receipt of property in a taxable year subsequent to the taxable year in which the Effective Date occurs. The discussion herein assumes that the installment method does not apply.

**2. Transfer of Assets to Liquidating Trusts or Similar Structures.**

The Plan provides that, among other things and under certain circumstances, assets may be transferred by the Debtors to one or more entities that may be subject to taxation as "liquidating trusts" or "disputed ownership funds" to implement the Wind Down, where such entity will be established for the primary purpose of liquidating the applicable assets and Winding Down the Debtor's Estates, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the liquidating trust. The potential tax treatment of such entities is described below.

(a) Liquidating Trust Treatment

Other than with respect to any assets that are subject to potential disputed claims of ownership or uncertain distributions, any such trust or similar structure may be classified as a "liquidating trust" under Section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" under Section 671 of the IRC. In such case, any beneficiaries of such trust or similar structure would be treated as grantors and deemed owners thereof and, for all U.S. federal income tax purposes, any beneficiaries would be treated as if they had received a distribution of an undivided interest in the assets of such vehicle and then contributed such undivided interest to the vehicle. If this treatment applies, the person or persons responsible for administering the vehicle shall, in an expeditious but orderly manner, make timely distributions to beneficiaries of such vehicle pursuant to the Plan and not unduly prolong its duration. Such vehicle would not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth herein or in the governing documents for such vehicle.

Other than with respect to any assets of such vehicle that are subject to potential disputed claims of ownership or uncertain distributions, the treatment of the deemed transfer of assets to applicable Claims prior to the contribution of such assets to such vehicle should generally be consistent with the treatment described above with respect to the receipt of the applicable assets directly.

Other than with respect to any assets of such vehicle that are subject to potential disputed claims of ownership or uncertain distributions, no entity-level tax should be imposed on such vehicle with respect to earnings generated by the assets held by them. Each beneficiary must report on its U.S. federal income tax return its allocable share of income, gain, loss, deduction, and credit, if any, recognized or incurred by such entity, even if no distributions are made. Allocations of taxable income with respect to such vehicle shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately before such deemed distribution, such vehicle had distributed all of its other assets (valued for this purpose at their tax book value) to the beneficiaries, taking into account all prior and concurrent distributions from such vehicle. Similarly, taxable losses of such vehicle will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining assets. The tax book value of the assets for this purpose shall equal their respective fair market values on the Effective Date or, if later, the date such assets were acquired, adjusted in either case in accordance with the tax accounting principles prescribed by the applicable provisions of the IRC, Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

The character of items of income, gain, loss, deduction, and credit to any Holder of a beneficial interest in such vehicle, and the ability of such Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder. Taxable income or loss allocated to a beneficiary should be treated as income or loss with respect to the interest of such beneficiary in such vehicle and not as income or loss with respect to such beneficiary's applicable Claim. In the event any tax is imposed on such vehicle, the person or persons responsible for administering such vehicle shall be responsible for payment, solely out of the assets of such vehicle of any taxes imposed on such vehicle.

The person or persons responsible for administering such vehicle shall be liable to prepare and provide to, or file with, the appropriate taxing authorities and other required parties such notices, tax returns and other filings, including all U.S. federal, state and local tax returns as may be required under the Bankruptcy Code, the Plan or by other applicable law, including, if required under applicable law, notices required to report interest or dividend income. The person or persons responsible for administering such vehicle will file tax returns pursuant to Section 1.671-4(a) of the Treasury Regulations on the basis that such vehicle is a "liquidating trust" within the meaning of Section 301.7701-4(d) of the Treasury Regulations and related Treasury Regulations. As soon as reasonably practicable after the close of each calendar year, the person or persons responsible for administering such vehicle will send each affected beneficiary a statement setting forth such beneficiary's respective share of income, gain, deduction, loss and credit for the year, and will instruct the Holder to report all such items on its tax return for such year and to pay any tax due with respect thereto.

(b) Disputed Ownership Fund Treatment

With respect to any of the assets of such vehicle that are subject to potential disputed claims of ownership or uncertain distributions, the Debtors may provide that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate U.S. federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims on the Effective Date but, instead, is transferred to any such account, although not free from doubt, U.S. Holders should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

**3. Accrued Interest and OID**.

A portion of the consideration received by Holders of Allowed Claims may be attributable to accrued interest or OID on such Claims. Such amounts should be taxable to that U.S. Holder as interest income if such accrued interest or OID has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, U.S. Holders of Claims may be able to recognize a deductible loss to the extent any accrued interest or OID on the Claims was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest or OID on Allowed Claims, the extent to which such consideration will be attributable to accrued interest or OID is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest or OID that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan is binding for U.S. federal income tax purposes, while certain Treasury Regulations generally treat payments as allocated first to any accrued but unpaid interest or OID and then as a payment of principal. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan.

**4. Market Discount**.

Under the "market discount" provisions of Sections 1276 through 1278 of the IRC, some or all of any gain realized by a U.S. Holder of a Claim who exchanges the Claim for an amount may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with OID, its adjusted issue price, in each case, by at least a *de minimis* amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of Allowed Claims (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Allowed Claims were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that any Allowed Claims that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued thereon but was not recognized by the U.S. Holder may be required to be carried over to the property received therefore and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument.

**5. Medicare Tax on Net Investment Income**.

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, interest, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of consideration received pursuant to the Plan.

*C. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Owning and Disposing of Consideration Received Under the Plan.*

Because the form of consideration to be received under the Plan is uncertain, the U.S. federal income tax consequences of owning and disposing of the consideration received under the Plan is also uncertain. In general, if cash is received under the Plan, no further U.S. federal income tax consequences would be anticipated.

If equity of any entity taxed as a U.S. corporation (whether or not newly formed) is received pursuant to the Plan (potentially including equity of an entity that is formed as a non-U.S. corporation but is treated as a U.S. corporation pursuant to the so-called "inversion" rules), then the following treatment would apply: If any such entity makes distributions with respect to its stock, the distributions will generally be includable as ordinary dividend income on the day on which the dividends are actually or constructively received by a U.S. Holder to the extent paid out of current earnings and profits or earnings and profits accumulated as of the end of the prior year of such entity. A distribution in excess of such current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent, and in reduction, of the U.S. Holder's adjusted tax basis in such entity's stock, and as a capital gain to the extent it exceeds the U.S. Holder's adjusted tax basis in such stock. Non-corporate U.S. Holders may be eligible for reduced rates of taxation on dividends. Dividends paid to corporate U.S. Holders will generally be eligible for the dividends-received deduction, subject to applicable restrictions. A U.S. Holder will generally recognize gain or loss for U.S. federal income tax purposes, upon the sale, exchange or other taxable disposition of such entity's stock, equal to the difference, if any, between (i) the amount realized from such sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in the stock of such entity. Subject to the treatment of any accrued market discount on the surrendered Claim that, as discussed above, carried over to the stock of such entity, such gain or loss will be capital gain or loss and will generally be long-term capital gain or loss if the U.S. Holder's holding period for the stock of such entity exceeds one year. Under current U.S. federal income tax law, certain non-corporate U.S. Holders (including individuals) are eligible for preferential rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to limitations.

Holders of Claims could potentially receive the equity of an entity that is taxed as a corporation that is not a U.S. corporation. A Holder receiving such interests would be subject to highly complex rules regarding, among other things, (a) whether such entity was treated as a "controlled foreign corporation" or a "passive foreign investment corporation" (and the relevant rules applicable in the event the applicable entity was so-treated); and (b) depending upon the entity's country of domicile, favorable rates sometimes favorable to dividends (as discussed above) may or may not be applicable. In addition, there is a significant risk that any such non-U.S. corporation would be subject to the so-called "inversion" rules which, if applicable, would cause such corporation to be taxable as a U.S. corporation for U.S. federal income tax purposes.

There is a possibility that the Plan could be structured in such a way that Holders of Claims may receive interests in an entity taxed as a partnership for U.S. federal income tax purposes. Subject to the "publicly traded partnership" rules discussed below, in such a case, such partnership's items of income, gain, deduction, and loss would flow through such partnership to such Holder of a Claim (unless such Holder chooses to contribute the interest in such partnership to a "blocker" corporation, which is a possibility that is not addressed further and should be discussed with Holders' own tax advisors). In such case, a Holder of such equity interest would be currently taxed on items of income and gain that flow through such partnership. There may be various limitations on a Holder's ability to utilize losses that would flow through such partnership. In general, the taxation of flow-through entities is complex and, if a flow-through entity is utilized under the Plan, Holders should consult their own tax advisors.

If the Holders of Claims hold any stock received through a partnership, under the "publicly traded partnership" provisions of the IRC, an entity that would otherwise be treated as a partnership for U.S. federal income tax purposes whose interests are considered to be publicly traded and does not meet a qualifying income test will, instead, be taxable as a corporation for U.S. federal income tax purposes. If the Holders of Claims utilize a partnership and such partnership is treated as a "publicly traded partnership," such entity will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which it was a "publicly traded partnership," in return for stock in that corporation, and then distributed that stock to the unitholders in liquidation of their interests in such partnership. This deemed contribution and liquidation, in certain circumstances, could be taxable to an equity holder of such partnership. The Debtors are not certain whether the Holders of Claims will utilize a partnership or, if so, if such partnership would be a "publicly traded partnership" under the above-described rules.

*D. Certain U.S. Federal Income Tax Consequences of the Plan, and Owning or Disposing of Consideration Received Under the Plan, to Non-U.S. Holders of Claims Entitled to Vote.*

The following discussion includes only certain U.S. federal income tax consequences of the implementation of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the Plan to such Non-U.S. Holder and the ownership and disposition of non-Cash consideration.

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

**1. Gain Recognition**.

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the restructuring transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S.

sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

**2. Interest Payments; Accrued but Untaxed Interest**.

Payments to a Non-U.S. Holder that are attributable to either (a) interest on (or OID accruals with respect to) debt received under the Plan, or (b) accrued but untaxed interest (or OID) on their Allowed Claim generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless:

1. the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of the Debtors (in the case of consideration received in respect of accrued but unpaid interest or OID);

2. the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to the Debtors (each, within the meaning of the IRC);

3. the Non-U.S. Holder is a "bank" receiving interest described in Section 881(c)(3)(A) of the IRC; or

4. such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (i) generally will not be subject to withholding tax, but (ii) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest (or OID) at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30 percent rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on (a) interest on debt received under the Plan and (b) payments that are attributable to accrued but untaxed interest (or OID) on such Non-U.S. Holder's Allowed Claim. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

**3. Sale, Redemption, or Repurchase of Non-Cash Consideration**.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of its pro rata share of the consideration received under the Plan unless:

1. such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

2. such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States);

3. in the case of the sale of equity in an entity, such entity is or has been, during a specified testing period, a "U.S. real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes, and certain other circumstances exist; or

4. such Non-U.S. Holder receives a "flow-through" interest (including pursuant to assets held in a "liquidating trust") or direct ownership of an interest in assets that constitute a "U.S. real property interest" (a "USRPI").

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of applicable equity under the Foreign Investment in Real Property Tax Act ("FIRPTA"), unless (a) the equity is regularly traded on an established securities market and (b) such Non-U.S. Holder did not own 5 percent or more of the equity the relevant entity was a USRPHCs.

If the fourth exception applies, FIRPTA will generally be applicable to any such USRPI. If FIRPTA applies, taxable gain from the disposition of an interest in a USRPHC or USRPI (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income. Further, the buyer of such item may be required to withhold on any sale of such interest unless, in the case of equity in a USRPHC, such equity is regularly traded on an established securities market. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS. It is unknown whether the FIRPTA rules will apply to any consideration received under the Plan.

*E. Information Reporting and Backup Withholding.*

The Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. The Debtors will also comply with all applicable reporting requirements of the IRC. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim under the Plan, as well as future payments made with respect to consideration received under the Plan. The Debtors do not expect distributions or payments to Holders of Claims under the Plan to be subject to material withholding under the IRC.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a U.S. federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations

and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

*F. FATCA.*

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including dividends, if any, on any equity received pursuant to the Plan), and also include gross proceeds from the sale of any property of a type which can produce U.S.-source interest or dividends. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S.-source interest or dividends that occur after December 31, 2018. Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder.

**THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR INTEREST IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM UNDER THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-US, OR OTHER TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**

## ARTICLE IX.
## RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is the best available alternative because it provides for a larger distribution to the Holders of Allowed Claims and Allowed Interests than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims and Allowed Interests than proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims and Interests entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Dated: August 31, 2018

Toys "R" Us, Inc. (for itself and all Debtors)

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**Exhibit A**

**First Amended Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors**

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF VIRGINIA**
**RICHMOND DIVISION**

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| TOYS "R" US, INC., *et al.*,[1] | ) | Case No. 17-34665 (KLP) |
| Debtors. | ) | (Jointly Administered) |

# FIRST AMENDED JOINT CHAPTER 11 PLAN OF THE TAJ DEBTORS AND THE TRU INC. DEBTORS

**NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN OFFER, ACCEPTANCE, COMMITMENT, OR LEGALLY BINDING OBLIGATION OF THE DEBTORS OR ANY OTHER PARTY IN INTEREST.**

**YOU SHOULD NOT RELY ON THE INFORMATION CONTAINED IN, OR THE TERMS OF, THIS PLAN FOR ANY PURPOSE PRIOR TO THE CONFIRMATION OF THIS PLAN BY THE BANKRUPTCY COURT.**

**THIS PLAN IS SUBJECT TO APPROVAL BY THE BANKRUPTCY COURT AND OTHER CUSTOMARY CONDITIONS. THIS PLAN IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES.**

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Dated: August 31, 2018

**TABLE OF CONTENTS**

**Page**

**ARTICLE I DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW ..... 1**
A. Defined Terms. ..... 1
B. Rules of Interpretation. ..... 15
C. Computation of Time. ..... 15
D. Governing Law. ..... 16
E. Reference to Monetary Figures. ..... 16
F. Controlling Document. ..... 16
G. Application of the Plan. ..... 16

**ARTICLE II ADMINISTRATIVE CLAIMS, DIP FACILITY CLAIMS, AND PRIORITY TAX CLAIMS ..... 16**
A. Administrative Claims and Priority Tax Claims. ..... 16
B. Accrued Professional Compensation Claims. ..... 17
C. Taj DIP Claims. ..... 18

**ARTICLE III CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS ..... 18**
A. Summary of Classification. ..... 18
B. Treatment of Claims and Interests against the TRU Inc. Debtors. ..... 19
C. Treatment of Claims and Interests. ..... 23
D. Special Provision Governing Unimpaired Claims. ..... 25
E. Elimination of Vacant Classes. ..... 25
F. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code. ..... 25
G. Subordinated Claims. ..... 25

**ARTICLE IV MEANS FOR IMPLEMENTATION OF THE PLAN ..... 25**
A. Substantive Consolidation. ..... 25
B. Restructuring Transactions and Sources of Consideration for Plan Distributions. ..... 25
C. Sale Transaction. ..... 27
D. General Settlement of Claims. ..... 29
E. Cancellation of Securities and Agreements. ..... 29
F. Corporate Action. ..... 30
G. New Organizational Documents ..... 30
H. Effectuating Documents; Further Transactions. ..... 30
I. Exemption from Certain Taxes and Fees. ..... 30
J. Preservation of Rights of Action ..... 31
K. Vesting of Assets in the Reorganized Debtors ..... 31
L. Avoidance Actions ..... 31
M. Compensation and Benefits Programs ..... 32

**ARTICLE V TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES ..... 32**
A. Assumption and Rejection of Executory Contracts and Unexpired Leases. ..... 32
B. Cure of Defaults for Assumed and Assigned Executory Contracts and Unexpired Leases. ..... 32
C. D&O Liability Insurance Policies. ..... 33
D. Claims Based on Rejection of Executory Contracts and Unexpired Leases. ..... 33
E. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases ..... 33
F. Modifications, Amendments, Supplements, Restatements, or Other Agreements ..... 34
G. Reservation of Rights. ..... 34
H. Nonoccurrence of Effective Date ..... 34
I. Contracts and Leases Entered Into After the Petition Date. ..... 34

**ARTICLE VI PROVISIONS GOVERNING DISTRIBUTIONS ..... 34**
A. Timing and Calculation of Amounts to Be Distributed. ..... 34
B. Disbursing Agent. ..... 35
C. Rights and Powers of Disbursing Agent. ..... 35
D. Delivery of Distributions and Undeliverable or Unclaimed Distributions. ..... 35
E. Bankruptcy Code and Securities Act Exemptions ..... 36
F. Compliance with Tax Requirements/Allocations. ..... 37
G. Claims Paid or Payable by Third Parties. ..... 37
H. Indefeasible Distributions. ..... 38

**ARTICLE VII PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS ..... 38**
A. Allowance of Claims. ..... 38
B. Claims Administration Responsibilities. ..... 38
C. Estimation of Claims and Interests. ..... 39
D. Adjustment to Claims or Interests without Objection. ..... 39
E. Time to File Objections to Claims. ..... 39
F. Disallowance of Claims. ..... 39
G. Amendments to Claims. ..... 39
H. No Distributions Pending Allowance. ..... 39
I. Distributions After Allowance. ..... 40

**ARTICLE VIII SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS ..... 40**
A. Settlement, Compromise, and Release of Claims and Interests. ..... 40
B. **Release of Liens.** ..... 40
C. **Releases by the Debtors.** ..... 40
D. **Releases by Holders of Claims and Interests.** ..... 41
E. **Exculpation.** ..... 42
F. **Injunction.** ..... 42
G. Certain Claims of Governmental Units. ..... 43
H. Setoffs. ..... 43
I. Recoupment. ..... 43
J. Subordination Rights. ..... 43
K. Document Retention. ..... 44
L. Reimbursement or Contribution. ..... 44

**ARTICLE IX CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE ..... 44**
A. Conditions Precedent to Confirmation. ..... 44
B. Conditions Precedent to the Effective Date. ..... 45
C. Waiver of Conditions. ..... 45

**ARTICLE X MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN ..... 45**
A. Modification and Amendments ..... 45
B. Effect of Confirmation on Modifications. ..... 46
C. Revocation or Withdrawal of the Plan. ..... 46

**ARTICLE XI RETENTION OF JURISDICTION ..... 46**

**ARTICLE XII MISCELLANEOUS PROVISIONS ..... 48**
A. Immediate Binding Effect. ..... 48
B. Additional Documents. ..... 48
C. Payment of Statutory Fees. ..... 48
D. Dissolution of Committees. ..... 48
E. Monthly Operating Reports and Post-Effective Date Reports ..... 49
F. Reservation of Rights. ..... 49
G. Successors and Assigns. ..... 49

H. Service of Documents. 49
I. Term of Injunctions or Stays. 51
J. Entire Agreement. 51
K. Exhibits. 51
L. Nonseverability of Plan Provisions. 51
M. Waiver or Estoppel. 51

## INTRODUCTION

The Debtors propose the following joint plan of the Taj Debtors and the TRU Inc. Debtors pursuant to chapter 11 of the Bankruptcy Code (the "Plan"). Capitalized terms used in the Plan and not otherwise defined have the meanings ascribed to such terms in Article I.A.

The Chapter 11 Cases have been consolidated for procedural purposes only and are being jointly administered pursuant to an order of the Bankruptcy Court. Reference is made to the Disclosure Statement for a discussion of the Debtors' history, businesses, results of operations, historical financial information, projections and future operations, as well as a summary and analysis of the Plan and certain related matters, including distributions to be made under the Plan. Each of the Debtors is a proponent of the Plan contained herein within the meaning of section 1129 of the Bankruptcy Code.

## ARTICLE I
## DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

*A. Defined Terms.*

As used in this Plan, capitalized terms have the meanings and effect as set forth below.

1. "*7.375% Senior Notes*" means the 7.375% senior unsecured notes due October 15, 2018 in the currently outstanding principal amount of $208,340,000, which are governed by the 7.375% Senior Notes Indenture.

2. "*7.375% Senior Notes Claim*" means any Claim derived from or based upon the 7.375% Senior Notes.

3. "*7.375% Senior Notes Indenture*" means that certain Indenture, dated as of May 28, 2002 (as amended, novated, supplemented, extended, or restated from time to time), among TRU Inc., as issuer, and the 7.375% Senior Notes Indenture Trustee.

4. "*7.375% Senior Notes Indenture Trustee*" means the Bank of New York as indenture trustee under the 7.375% Senior Notes.

5. "*8.75% Unsecured Notes*" means the 8.75% unsecured notes due September 1, 2021 in the currently outstanding principal amount of $21,673,000, which are governed by the 8.75% Unsecured Notes Indenture.

6. "*8.75% Unsecured Notes Claim*" means any Claim derived from or based upon the 8.75% Unsecured Notes.

7. "*8.75% Unsecured Notes Indenture*" means that certain Indenture, dated as of August 21, 1991 (as amended, novated, supplemented, extended, or restated from time to time), by and among TRU Inc. and Toys Delaware, as co-issuers, and the 8.75% Unsecured Notes Indenture Trustee.

8. "*8.75% Unsecured Notes Indenture Trustee*" means and The Bank of New York, as successor trustee under the 8.75% Unsecured Notes Indenture.

9. "*Accrued Professional Compensation Claims*" means, at any given moment, all Claims for accrued fees and expenses (including success fees) for services rendered by a Professional through and including the Effective Date, to the extent such fees and expenses have not been paid pursuant to the Interim Compensation Order or any other order of the Bankruptcy Court and regardless of whether a fee application has been Filed for such fees and expenses. To the extent the Bankruptcy Court denies or reduces by a Final Order any amount of a Professional's fees or expenses, then the amount by which such fees or expenses are reduced or denied shall reduce the applicable Accrued Professional Compensation Claim.

10. "*Ad Hoc Group of Term B-4 Lenders*" means the ad hoc group of certain unaffiliated holders of Secured Term Loan B Credit Facility Claims (as defined in the Toys Delaware Plan) consisting of funds and accounts managed or advised by Angelo, Gordon & Co., L.P.; Franklin Mutual Advisors, LLC; Highland Capital Management, LP; Oaktree Capital Management, L.P.; and Solus Alternative Asset Management LP.

11. "*Ad Hoc Vendor Group*" means the ad hoc group of merchandise vendors represented by Foley & Lardner LLP, Fox Rothschild LLP; Schiff Hardin LLP; Saul Ewing Arnstein & Lehr LLP; Morris, Nichols, Arsht & Tunnell; and Wasserman, Jurista & Stolz, P.C.

12. "*Adjusted Rights Offering Amount*" means the final amount of new money to be raised (rounded to the nearest half million) pursuant to the Rights Offering, not to exceed the Maximum Rights Offering Amount, which amount shall be acceptable to the Taj Holders Steering Group and the Credit Bid Purchaser.

13. "*Administrative Claim*" means a Claim for costs and expenses of administration of the Debtors' estates pursuant to sections 503(b) or 507(a)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses of preserving the Estates and operating the business of the Debtors incurred after the Petition Date and through the Effective Date; (b) Claims of Professionals in the Chapter 11 Cases; and (c) amounts owing pursuant to the DIP Orders.

14. "*Administrative Claims Bar Date*" means, except for Administrative Claims of Professionals, the first Business Day that is 30 days following the Effective Date, except as specifically set forth in the Plan or the Administrative Claims Bar Date Order.

15. "*Administrative Claims Bar Date Order*" means the *Amended Order (I) Setting a Bar Date for Filing Proofs of Administrative Claims Against Certain Debtors, (II) Establishing Administrative Claims Procedures, (III) Approving the Form and Manner of Filing Proofs of Administrative Claims, (IV) Approving Notice of the Administrative Claim Bar Date, and (V) Granting Related Relief* [Docket No. 3260] entered by the Bankruptcy Court.

16. "*Administrator*" means such Entity as may be designated by the Debtors as liquidator pursuant to the Administrator Agreement to effectuate the Wind Down.

17. "*Administrator Agreement*" means the agreement governing, among other things, the retention and duties of the Administrator, which shall be agreed to between the Administrator and the Debtors and included in the Plan Supplement.

18. "*Affiliate*" has the meaning set forth in section 101(2) of the Bankruptcy Code.

19. "*Allowed*" means with reference to any Claim or Interest, as may be applicable, (a) any Claim, proof of which is timely filed by the applicable Claims Bar Date or which, pursuant to the Bankruptcy Code or a Final Order is not required to be filed; (b) any Claim that is listed in the Schedules as of the Effective Date as neither contingent, unliquidated, nor disputed, and for which no Proof of Claim has been timely filed; or (c) any Claim Allowed pursuant to the Plan; *provided, however*, that with respect to any Claim described in clause (a) above, such Claim shall be considered Allowed only if and to the extent that with respect to any Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court or such an objection is so interposed and the Claim shall have been Allowed for distribution purposes only by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim has been timely filed, is not considered Allowed and shall be expunged without further action by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval of the Bankruptcy Court.

20. "*Asia JV*" means, collectively, individually, or as applicable, TRU (Japan) Holdings Parent Ltd. and TRU Asia, LLC and such entities' direct and indirect subsidiaries and interests, including such entities' 84.87% interest in Toys (Labuan) Holding Limited.

21. "*Assumed Executory Contract and Unexpired Lease List*" means the list (as may be amended), as determined by the Debtors and the Taj Holders Steering Group or the Purchaser, as applicable, of Executory Contracts and Unexpired Leases that will be assumed by the Debtors and will be included in the Plan Supplement.

22. "*Auction*" means the auction for some or all of the equity or assets of the Taj Debtors or their subsidiaries, conducted in accordance with the Bidding Procedures.

23. "*Avoidance Actions*" means any and all avoidance, recovery, subordination, or other claims, actions, or remedies that may be brought by or on behalf of the Debtors or their Estates or other authorized parties in interest under the Bankruptcy Code or applicable non-bankruptcy law, including actions or remedies under sections 502, 510, 542, 544, 545, 547 through 553, and 724(a) of the Bankruptcy Code or under similar or related state or federal statutes and common law, including fraudulent transfer laws.

24. "*Backstop Approval Order*" means an order of the Bankruptcy Court approving the Backstop Commitment Agreement.

25. "*Backstop Commitment Agreement*" means that certain Backstop Commitment Agreement, in substantially the form attached to the Disclosure Statement Order, as may be amended or modified from time to time in accordance with the terms thereof and the Backstop Approval Order, pursuant to which the Commitment Parties have agreed to backstop the Rights Offering.

26. "*Backstop Commitment Premium Shares*" means the Purchaser Common Shares to be issued as payment of the Commitment Premium in accordance with the Backstop Commitment Agreement.

27. "*Bankruptcy Code*" means title 11 of the United States Code, 11 U.S.C. §§ 101–1532.

28. "*Bankruptcy Court*" means the United States Bankruptcy Court for the Eastern District of Virginia having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of any reference under 28 U.S.C. § 157 or the General Order of the District Court pursuant to section 151 of the Judicial Code, the United States District Court for the Eastern District of Virginia.

29. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.

30. "*Bidding Procedures*" means the procedures governing the Auction and sale of any or all of the equity or assets of the Taj Debtors or their subsidiaries, as approved by the Bankruptcy Court and as may be amended from time to time in accordance with its terms.

31. "*Bidding Procedures Order*" means the [*Order (A) Approving Bidding Procedures and Bid Protections in Connection with the Sales of Certain of the Debtors' Assets, (B) Approving the Form and Manner of Notice, (C) Scheduling Auctions and a Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granting Related Relief* [Docket No. __]] entered on [__].

32. "*Business Day*" means any day, other than a Saturday, Sunday, or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

33. "*Cash*" means the legal tender of the United States or the equivalent thereof.

34. "*Causes of Action*" means any claims, interests, damages, remedies, causes of action, demands, rights, actions, suits, obligations, liabilities, accounts, defenses, offsets, powers, privileges, licenses, liens, indemnities, guaranties, and franchises of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, secured or unsecured, assertable, directly or derivatively, matured or unmatured, suspected or unsuspected, in contract, tort, law, equity, or otherwise. For the avoidance of doubt, "Causes of Action" includes: (a) all rights of setoff, counterclaim, or recoupment and claims under contracts or for breaches of duties imposed by law; (b) the right to object to or otherwise

contest Claims or Interests; (c) claims pursuant to sections 362, 510, 542, 543, 544 through 550, or 553 of the Bankruptcy Code; (d) such claims and defenses as fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of the Bankruptcy Code; and (e) any state or foreign law fraudulent transfer or similar claim.

35. "*Certificate*" means any instrument evidencing a Claim or Interest.

36. "*Chapter 11 Cases*" means the jointly-administered chapter 11 cases of the Debtors pending before the Bankruptcy Court under the lead case of *In re Toys "R" Us, Inc.*, Case No. 17-34665 (KLP) (Bankr. E.D. Va.).

37. "*Claim*" means any "claim" (as defined in section 101(5) of the Bankruptcy Code) against any of the Debtors.

38. "*Claims Bar Date*" means, either, the General Claims Bar Date or the Governmental Claims Bar Date, as applicable.

39. "*Claims Objection Bar Date*" means the deadline for objecting to a Claim asserted against a Debtor, which shall be on the date that is the later of (a) with respect to (i) Administrative Claims, 150 days after the Administrative Claims Bar Date, or (ii) all other Claims, 365 days after the Effective Date and (b) such other period of limitation as may be specifically fixed by the Debtors or the Reorganized Debtors, as applicable, or by an order of the Bankruptcy Court for objecting to such Claims.

40. "*Claims Register*" means the official register of Claims maintained by the Notice and Claims Agent.

41. "*Class*" means a category of Holders of Claims or Interests as set forth in Article III in accordance with section 1122(a) of the Bankruptcy Code.

42. "*Commitment Parties*" means, at any time or from time to time, the holders of Taj Senior Notes that have committed to backstop the Rights Offering and to execute the Backstop Commitment Agreement, solely in their capacities as such, including their respective permitted transferees, successors and assigns, all in accordance with the Backstop Commitment Agreement.

43. "*Commitment Premium*" has the meaning assigned to such term in the Backstop Commitment Agreement.

44. "*Confirmation*" means the entry on the docket of the Chapter 11 Cases of a Confirmation Order.

45. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order.

46. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court to consider Confirmation pursuant to section 1129 of the Bankruptcy Code.

47. "*Confirmation Order*" means an order of the Bankruptcy Court confirming the Plan pursuant to section 1128(a) of the Bankruptcy Code.

48. "*Consummation*" means the occurrence of the Effective Date for the Plan.

49. "*Credit Bid Purchaser*" means the Purchaser party to the Credit Bid Transaction.

50. "*Credit Bid Transaction*" means any transaction in which the Holders of Taj Senior Notes Claims prevail in a credit bid for all or a portion of the direct or indirect TRU Asia Equity Interests.

51. "*Creditors' Committee*" means the official committee of unsecured creditors appointed in the Chapter 11 Cases.

52. "*Cure Obligations*" means all (a) amounts (or such lesser amount as may be agreed upon by the parties under an Executory Contract or Unexpired Lease) required to cure any monetary defaults and (b) other obligations required to cure any non-monetary defaults (the performance required to cure such non-monetary defaults and the timing of such performance will be described in reasonable detail in a notice of proposed assumption and assignment) under any Executory Contract or Unexpired Lease that is to be assumed by the Debtors pursuant to sections 365 or 1123 of the Bankruptcy Code.

53. "*D&O Liability Insurance Policies*" means all insurance policies for directors, members, trustees, officers, and managers' liability maintained by the Debtors as of the Effective Date.

54. "*D&O Party*" means all current and former directors, officers, or managers (including Sponsor-affiliated directors, officers, and managers) of the Toys Delaware Debtors, the Geoffrey Debtors, Toys Inc. and the other Debtors party to the Settlement Agreement, including, for the avoidance of doubt, the Disinterested Directors, in their respective capacities as such.

55. "*Debtors*" means, collectively, the TRU Inc. Debtors and the Taj Debtors, *provided*, *however*, that this term does not include any entity that becomes a Former Debtor in accordance with Article I.G.

56. "*DIP Facility*" means the Taj DIP.

57. "*DIP Facility Claims*" means any and all Claims arising under or related to the DIP Facility.

58. "*DIP Lender*" means the DIP Taj Trustee, and the banks, financial institutions, and other lenders party to the DIP Facility from time to time, and each arranger, bookrunner, syndication agent, manager, and documentation agent under the DIP Facility.

59. "*DIP Orders*" means the Final North American DIP Order and the Final Taj DIP Order.

60. "*Disallowed*" means any Claim that is not Allowed.

61. "*Disbursing Agent*" means the Entity or Entities selected by the Debtors and the Taj Holders Steering Group to make or facilitate distributions that are to be made on and after the Effective Date.

62. "*Disclosure Statement*" means the Disclosure Statement for the First Amended Joint Plan, Pursuant to Chapter 11 of the Bankruptcy Code, including all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code [Docket No. __].

63. "*Disclosure Statement Order*" means the *Order (I) Approving the Adequacy of the Disclosure Statement for the Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors, (II) Approving the Solicitation and Notice Procedures with Respect to Confirmation of the TAJ Debtors and the TRU Inc. Debtors' Proposed Joint Chapter 11 Plan, (III) Approving the Forms of Ballots and Notices in Connection Therewith, (IV) Approving the Rights Offering Procedures, (V) Scheduling Certain Dates with Respect Thereto, (VI) Shortening the Objection Periods and Notice Requirements Related Thereto, (VII) Authorizing the Backstop Commitment Agreement and the Payment of the Commitment Premium as Administrative Claims, and (VIII) Granting Related Relief*, ordered by the Bankruptcy Court on [_] [Docket No. __], approving the Disclosure Statement and certain procedures for solicitation of votes on the Plan and granting related relief.

64. "*Disinterested Directors*" means Alan Miller and Mohsin Meghji in their capacity as the disinterested directors for TRU Inc. and Jeffrey Stein and David Weinstein in their capacity as the disinterested directors for Tru Taj LLC and Tru Taj Finance, Inc., as applicable.

65. "*Disputed*" means, with respect to any Claim or Interest, any Claim or Interest that is not yet Allowed.

66. "*Distribution Record Date*" means the record date for purposes of making distributions under the Plan on account of Allowed Claims, which date shall be 20 days before the first day of the Confirmation Hearing, originally scheduled by the Bankruptcy Court in the Order approving the Disclosure Statement.

67. "*Effective Date*" means, with respect to the Plan, the date that is a Business Day selected by the Debtors after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect; (b) all conditions precedent specified in Article IX.A have been satisfied or waived (in accordance with Article IX.C); and (c) the Plan is declared effective. Any action to be taken on the Effective Date may be taken on or as soon as reasonably practicable after the Effective Date.

68. "*Eligible Holder*" means each holder of an Allowed Taj Senior Notes Claim as of the Rights Offering Record Date that is eligible to receive the Rights Offering Interests in the Rights Offering in accordance with the Rights Offering Procedures.

69. "*Entity*" shall have the meaning set forth in section 101(15) of the Bankruptcy Code.

70. "*Estate*" means, as to each Debtor, the estate created for each Debtor on the Petition Date pursuant to sections 301 and 541 of the Bankruptcy Code.

71. "*Exculpated Parties*" means, collectively, and in each case in its capacity as such: (a) the Debtors; (b) the Reorganized Debtors; (c) the Purchaser; (d) the members of the Taj Holders Steering Group; (e) the Creditors' Committee and its members; (f) the Sponsors (solely to the extent acting as a fiduciary of the Debtors); and (g) with respect to each of the foregoing entities in clauses (a) through (f), such entity's affiliates (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors or any Former Debtor), and its and their respective directors, officers, agents, advisors, and professionals; *provided* that the term "*Exculpated Parties*" does not include Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, any Former Debtor, or any D&O Party, in each case regardless of whether such party or entity would otherwise meet the definition of Exculpated Parties.

72. "*Executory Contract*" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

73. "*Federal Judgment Rate*" means the federal judgment rate in effect as of the Effective Date.

74. "*Fee Examiner Order*" means the *Stipulation and Order for Appointment of a Fee Examiner* [Docket No. 3463].

75. "*File*," "*Filed*," or "*Filing*" means file, filed, or filing in the Chapter 11 Cases with the Bankruptcy Court or, with respect to the filing of a Proof of Claim or Proof of Interest, the Notice and Claims Agent.

76. "*Final North American DIP Order*" means the *Final Order (I) Authorizing the North American Debtors to Obtain Postpetition Financing, (II) Authorizing the North American Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lenders, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief* [Docket No. 711] entered by the Bankruptcy Court on October 24, 2017, as subsequently amended by the *Final Order (A) Authorizing the North American Debtors' Entry into Waivers with Respect to ABL/FILO DIP Documents and the Term DIP Documents and (B) Amending Final Order (I) Authorizing the North American Debtors to Obtain Postpetition Financing, (II) Authorizing the North American Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lenders, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief* [Docket No. 2853] entered by the Bankruptcy Court on April 25, 2018.

77. "*Final Order*" means an order or judgment of the Bankruptcy Court (or any other court of competent jurisdiction) entered by the clerk of the Bankruptcy Court (or such other court) on the docket in the chapter 11 cases (or the docket of such other court), which has not been modified, amended, reversed, vacated or stayed and as to which (x) the time to appeal, petition for certiorari, or move for a new trial, stay, reargument or rehearing has expired and as

to which no appeal, petition for certiorari or motion for new trial, stay, reargument or rehearing shall then be pending or (y) if an appeal, writ of certiorari, new trial, stay, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court (or other court of competent jurisdiction) shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, stay, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, stay, reargument or rehearing shall have expired, as a result of which such order shall have become final in accordance with Rule 8002 of the Federal Rules of Bankruptcy Procedure; *provided* that no order shall fail to be a Final Order solely due to the possibility that a motion pursuant to section 502(j) of the Bankruptcy Code, Rules 59 or 60 of the Federal Rules of Civil Procedure, or Rule 9024 of the Bankruptcy Rules may be filed with respect to such order.

78. "*Final Taj DIP Order*" means the *Final Order (I) Authorizing the Tru Taj Debtors to Obtain Postpetition Financing, (II) Authorizing the Tru Taj Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Lenders, (V) Modifying the Automatic Stay, and (VI) Granting Related Relief* [Docket No. 745] entered by the Bankruptcy Court on October 25, 2017, as subsequently amended by the *Final Order (I) Authorizing the Tru Taj Debtors to (A) Amend the DIP Facility to Obtain Additional Financing and Waive Certain Defaults and (B) Enter into the Supplemental DIP Documents and the FGA/Prepetition Notes Waivers, and (II) Granting Related Relief* [Docket No. 2851] entered by the Bankruptcy Court on April 25, 2018.

79. "*Former Debtor*" shall have the meaning ascribed to it in Article I.G.

80. "*General Claims Bar Date*" means April 6, 2018, or such other date established by the Bankruptcy Court by which Proofs of Claim must have been Filed by Entities except for governmental units, as ordered by the Bankruptcy Court in the *Amended Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(B)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including Section 503(B)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief*, entered by the Bankruptcy Court [Docket No. 1332].

81. "*General Unsecured Claim*" means any unsecured Claims against any Debtor that are not otherwise paid in full during the Chapter 11 Cases pursuant to an order of the Bankruptcy Court (including Intercompany Claims against the Taj Debtors and TRU Inc. Debtors, other than as explicitly set forth in this definition) and are not: (a) an Administrative Claim; (b) a Taj DIP Guaranty Claim; (c) a Taj DIP Claim; (d) a Priority Tax Claim; (e) an Other Secured Claim; (f) an Other Priority Claim; (g) a Taj Senior Notes Guaranty Claim; (h) a Taj Senior Notes Claim; (i) a Propco II Mortgage Loan Guaranty Claim; (j) a Giraffe Junior Mezzanine Loan Guaranty Claim; (k) a Taj Debtor Intercompany Claim against a Taj Debtor; or (l) a TRU Inc. Debtor Intercompany Claim against a TRU Inc. Debtor.

82. "*Geoffrey Debtors*" means, collectively, Geoffrey Holdings, LLC, Geoffrey, LLC and Geoffrey International, LLC.

83. "*Giraffe Junior Mezzanine Loan*" means the $88 million 12.5% loan due November 19, 2019, which is governed by the Giraffe Junior Mezzanine Loan Agreement.

84. "*Giraffe Junior Mezzanine Loan Agreement*" means that certain 12.5% Mezzanine Loan Agreement, dated November 3, 2016 (as amended, novated, supplemented, extended or restated from time to time), among Giraffe Junior Holdings, LLC, as Borrower, TRU Inc., as guarantor, and the Giraffe Junior Mezzanine Loan Lenders.

85. "*Giraffe Junior Mezzanine Loan Claim*" means any Claim derived from or based upon the Giraffe Junior Mezzanine Loan.

86. "*Giraffe Junior Mezzanine Loan Guaranty*" means the guaranty of TRU Inc. of the Giraffe Junior Mezzanine Loan Claim.

87. *Giraffe Junior Mezzanine Loan Guaranty Claim*" means any Claim derived from or based upon the Giraffe Junior Mezzanine Loan Guaranty.

88. "*Giraffe Junior Mezzanine Loan Lenders*" means the lenders under the Giraffe Junior Mezzanine Loan Agreement.

89. "*Governmental Claims Bar Date*" means June 18, 2018 or such other date established by the Bankruptcy Court by which Proofs of Claim must have been Filed by a Governmental Unit, as ordered by the Bankruptcy Court in the *Amended Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(B)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner for Filing Proofs of Claim, Including Section 503(B)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief*, entered by the Bankruptcy Court [Docket No. 1332].

90. "*Governmental Unit*" shall have the meaning set forth in section 101(27) of the Bankruptcy Code.

91. "*Holder*" means any Entity holding a Claim or an Interest.

92. "*Impaired*" means, with respect to a Class of Claims or Interests, a Class of Claims or Interests that is not Unimpaired.

93. "*Initial Purchaser Common Shares*" means the initial equity interests in the Credit Bid Purchaser to be issued to the Holders of the Taj Senior Notes Claims in connection with the Credit Bid and in accordance with Transaction Steps Memorandum, prior to dilution by the Backstop Commitment or the Rights Offering.

94. "*Intercompany Claim*" means any claim or Claim held by TRU Inc. or any of its direct or indirect subsidiaries against TRU Inc. or any of its direct or indirect subsidiaries.

95. "*Interest*" means the common stock or shares, limited liability company interests, limited partnership units, preferred interests, and any other equity, ownership or profits interests of any Debtor or non-Debtor subsidiary of a Debtor and options, warrants, rights or other securities or agreements to acquire the common stock or shares, limited liability company interests, or other equity, ownership or profits interests of any Debtor or non-Debtor subsidiary of a Debtor (whether or not arising under or in connection with any employment agreement).

96. "*Interim Compensation Order*" means the *Order (I) Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals and (II) Granting Related Relief*, entered October 25, 2017 [Docket No. 746].

97. "*Judicial Code*" means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

98. "*LBO*" means the 2005 transaction in which the Sponsors became the direct and indirect equity holders of the Debtors.

99. "*Lien*" shall have the meaning set forth in section 101(37) of the Bankruptcy Code.

100. "*Liquidation Proceeds*" means the proceeds from the sales of equity and/or assets of the Taj Debtors or the Reorganized Taj Debtors, as applicable, and their direct and indirect subsidiaries, other than proceeds of the sale of the TRU Asia Equity Interests.

101. "*License Agreement*" means the agreement governing the license of certain intellectual property assets for the benefit of the Asia JV and the Credit Bid Purchaser (or a Third-Party Purchaser) and included in the Restructuring Documents, as may or may not be amended and restated, with the consent of the parties thereto and acceptable to the Purchaser, as applicable, unless the Sale Transaction is to a Third-Party Purchaser and includes a purchase of such intellectual property assets.

102. "*New TRU Europe Board*" means the initial board of directors of Reorganized TRU Europe, which board of directors shall be selected by the Taj Holders Steering Group or the Purchaser, as applicable, and disclosed in accordance with section 1129(a)(5) of the Bankruptcy Code.

103. "*Maximum Rights Offering Amount*" means $520,000,000.

104. "*Notice and Claims Agent*" means Prime Clerk LLC.

105. "*Ordinary Course Professional*" means professionals retained and compensated by the Debtors in accordance with the Ordinary Course Professionals Order.

106. "*Ordinary Course Professionals Order*" means the *Order Authorizing the Debtors to Retain and Compensate Professionals Utilized in the Ordinary Course of Business* [Docket No. 736].

107. "*Other Priority Claim*" means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or Claims entitled to administrative expense priority pursuant to section 503(b)(9) of the Bankruptcy Code.

108. "*Other Secured Claim*" means any secured Claim against the Debtors not specifically described in the Plan.

109. "*Petition Date*" means September 18, 2017.

110. "*Plan*" means this Joint Plan of the Taj Debtors and the TRU Inc. Debtors, Pursuant to Chapter 11 of the Bankruptcy Code, including the Plan Supplement which is incorporated herein by reference and made part of this Plan as if set forth herein.

111. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules, and exhibits to the Plan to be Filed on or before 10 business days prior to the deadline to vote on or object to the Plan (as may be subsequently amended, modified, or supplemented), each of which shall be acceptable to the Taj Holders Steering Group, including: (a) the Share Purchase Agreement; (b) the Administration Agreement; (c) the Assumed Executory Contract and Unexpired Lease List; (d) the Rejected Executory Contract and Unexpired Lease List; (e) the Restructuring Transactions Description; (f) the Transaction Steps Memorandum; (g) the Professional Fee Allocation Mechanism; (h) the Priority Waterfall; (i) the Transition Services Agreement; and (j) to the extent known, the identity of the members of the New Taj Europe Board.

112. "*Priority Tax Claim*" means any Claim of a Governmental Unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

113. "*Priority Waterfall*" means a schedule setting forth the priorities with respect to Senior Claims under Article III hereof that will be included in the Plan Supplement.

114. "*Professional*" means an Entity: (a) retained in the Chapter 11 Cases pursuant to a Final Order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered before or on the Confirmation Date, pursuant to sections 327, 328, 329, 330, 363, and 331 of the Bankruptcy Code; or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code; excluding those Entities entitled to retention and payment pursuant to the Ordinary Course Professionals Order.

115. "*Professional Fee Allocation Mechanism*" means the methodology for allocating Accrued Professional Compensation Claims among each Debtors, on the one hand, and the Toys Delaware Debtors, Geoffrey Debtors, and Propco I Debtors, on the other hand, which shall be set forth in a schedule reasonably acceptable to the Taj Debtors, TRU Inc., Toys Delaware, the Taj Holders Steering Group, the Geoffrey Debtors, and the Committee (or as otherwise ordered by the Bankruptcy Court) and that will be included in the Plan Supplement.

116. "*Professional Fee Escrow Account*" means an interest-bearing escrow account to hold and maintain an amount of Cash equal to the Professional Fee Escrow Amount funded by the Debtors on or before the Confirmation Date solely for the purpose of paying all Allowed and unpaid Accrued Professional Compensation Claims. Such Cash shall remain subject to the jurisdiction of the Bankruptcy Court.

117. "*Professional Fee Escrow Amount*" means the aggregate Accrued Professional Compensation Claims through the Confirmation Date as estimated in accordance with Article II.B.

118. "*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

119. "*Proof of Interest*" means a proof of Interest Filed against any of the Debtors in the Chapter 11 Cases.

120. "*Propco I*" means Toys "R" Us Property Company I, LLC.

121. "*Propco I Debtors*" means together, collectively, Propco I, Wayne Real Estate Holding Company, LLC, MAP Real Estate, LLC, TRU 2005 RE I, LLC, TRU 2005 RE II Trust, and Wayne Real Estate Company, LLC.

122. "*Propco II Plan Entities*" means together, Propco II and Giraffe Junior Holdings, LLC.

123. "*Purchaser*" means the Credit Bid Purchaser or the Third-Party Purchaser, as applicable.

124. "*Rejected Executory Contract and Unexpired Lease List*" means the list, as determined by the Debtors and the Purchaser, as applicable, of Executory Contracts and Unexpired Leases that will be rejected by the Debtors pursuant to the provisions of Article V and will be included in the Plan Supplement.

125. "*Released Party*" means, collectively, and in each case in its capacity as such: (a) the Debtors; (b) the Creditors' Committee and its members; (c) Holders of 8.75% Unsecured Notes Claims; (d) the 8.75% Unsecured Notes Trustee; (e) Holders of 7.375% Senior Notes Claims; (f) the 7.375% Senior Notes Trustee; (g) Holders of Taj Senior Notes Claims; (h) the Taj Senior Notes Indenture Trustee; (i) the Taj Holders Steering Group and its members; (j) the Taj DIP Lenders; (k) the Sponsors; (l) the Purchaser; and (m) with respect to each of the foregoing entities in clauses (a) through (l), such entity's non-Debtor affiliates, and such entity's and non-Debtor affiliates' respective directors, officers, agents, advisors, and professionals, provided that TRU Inc. shall not release any director or officer of the TRU Inc. Debtors; and (m) the officers, directors, employees, agents, advisors, and professionals of the Debtors' affiliates, provided that TRU Inc. shall not release any director or officer of Toys Delaware; *provided that*, notwithstanding any other provision herein, "Released Parties" shall not include the Toys Delaware Debtors, the Geoffrey Debtors, the Propco I Debtors, the Propco II Plan Entities, any Former Debtor, or any D&O Party, in each case regardless of whether such party or entity would otherwise meet the definition of Released Party.

126. "*Releasing Parties*" means, collectively, and in each case in its capacity as such: (a) the Debtors (to the extent expressly set forth in the "Debtor Release" provision of the Plan); (b) the Reorganized Debtors; (c) the Creditors' Committee and its members; (d) Holders of 8.75% Unsecured Notes Claims; (e) the 8.75% Unsecured Notes Trustee; (f) Holders of 7.375% Senior Notes Claims; (g) the 7.375% Senior Notes Trustee; (h) Holders of Taj Senior Notes Claims; (i) the Taj Senior Notes Indenture Trustee; (j) the Taj Holders Steering Group and its members; (k) the Taj DIP Lenders; (l) the Sponsors; (m) the Purchaser; and (n) with respect to the foregoing entities in clauses (a) through (m), such entity's current and former affiliates (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, or any Former Debtor) and each of such entity's, and such entity's current and former affiliates' (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors or any Former Debtor), current and former equity holders (regardless of whether such interests are held directly or indirectly), subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; (o) all holders of Claims and Interests that are deemed to accept the Plan and who do not opt out of the releases provided by the Plan; (p) all holders of Claims and Interests who vote to accept the Plan; and (q) all holders in voting classes who abstain from voting on the Plan and who do not opt-out of the releases provided by the Plan; *provided, that*, parties deemed

to reject the Plan are not Releasing Parties, *provided*, *further*, that "Releasing Parties" shall not include Toys Delaware Debtors, the Geoffrey Debtors, the Propco I Debtors, the Propco II Plan Entities, or any Former Debtor.

127. "*Reorganized Debtors*" means the Debtors, in each case, or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

128. "*Restructuring Documents*" means the Plan, the Disclosure Statement, the Plan Supplement, the Administrator Agreement, the License Agreement and the various other agreements and documentation formalizing the Plan, the Restructuring Transactions, and the Sale Transaction.

129. "*Reorganized Taj Debtors*" means the Taj Debtors, in each case, or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

130. "*Restructuring Support Agreement*" means that certain restructuring support agreement, dated as of August 3, 2018, and among the Debtors and the members of the Taj Holders Steering Group, as may be amended, amended and restated, supplemented or modified from time to time in accordance with the terms thereof.

131. "*Restructuring Transactions*" means those mergers, amalgamations, consolidations, arrangements, continuances, restructurings, transfers, conversions, dispositions, liquidations, dissolutions, or other corporate transactions that the Debtors, the Taj Holders Steering Group, and the Purchaser, as applicable, determine to be necessary or desirable to implement the Plan, the Plan Supplement, and the Confirmation Order.

132. "*Restructuring Transactions Description*" means a memorandum or other presentation setting forth some or all of the Restructuring Transactions.

133. "*Rights Offering*" means the rights offering for Rights Offering Interests contemplated by the Backstop Commitment Agreement, the Restructuring Support Agreement, and the Rights Offering Procedures.

134. "*Rights Offering Amount*" means the lower of the Maximum Rights Offering Amount and the Adjusted Rights Offering Amount.

135. "*Rights Offering Debt*" means the debt of the Credit Bid Purchaser to be issued to the Rights Offering Participants pursuant to the Rights Offering.

136. "*Rights Offering Interest*" means a unit comprised of Rights Offering Shares and Rights Offering Debt, as set forth in the Rights Offering Procedures.

137. "*Rights Offering Participants*" means those Eligible Holders who duly subscribe for Rights Offering Interests in accordance with the Rights Offering Procedures.

138. "*Rights Offering Procedures*" means the procedures set forth in Schedule 12 to the Disclosure Statement Order, as they may be amended or modified from time to time in a manner that is reasonably acceptable to the Debtors and the Commitment Parties.

139. "*Rights Offering Record Date*" means the record date(s) set by the Rights Offering Procedures, as of which date an entity must be a record Holder of Allowed Taj Senior Notes Claims in order to be an Eligible Holder.

140. "*Rights Offering Shares*" means the equity interests in the Credit Bid Purchaser to be purchased by the Rights Offering Participants pursuant to the Rights Offering. For the avoidance of doubt, the term "Rights Offering Shares" does not include the Purchaser Common Shares issued on account of the Commitment Premium.

141. "*Sale Proceeds*" means all proceeds of the Sale Transaction; *provided* that Sale Proceeds, other than in respect of Classes A3 and B3 Claims, shall not include any Initial Purchaser Common Shares.

142. "*Sale Transaction*" means the Credit Bid Transaction or any other sale to a Third-Party Purchaser of all or a portion of the direct or indirect TRU Asia Equity Interests.

143. "*Schedules*" means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the official bankruptcy forms.

144. "*Secured*" means when referring to a Claim secured by a Lien on property in which the applicable Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order or the Plan, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in such Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code.

145. "*Securities Act*" means the Securities Act of 1933, 15 U.S.C. §§ 77a–77aa.

146. "*Securities Exchange Act*" means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a–78nn.

147. "*Security*" shall have the meaning set forth in section 101(49) of the Bankruptcy Code.

148. "*Senior Claim*" means a Claim that is senior to a subject Claim in accordance with the priorities set forth in the Priority Waterfall.

149. "*Settlement Agreement*" means that certain settlement agreement by and among the the Toys Delaware Debtors and the Geoffrey Debtors and certain Holders of Claims and Interests, including the Creditors' Committee and certain of its members, the Ad Hoc Vendor Group and its members, the Sponsors, and the Ad Hoc Group of Term B-4 Lenders and its members, dated as of July 17, 2018.

150. "*Share Purchase Agreement*" means any share purchase agreement agreed to between the Taj Debtors and the Successful Bidder and included in the Plan Supplement.

151. "*Sponsors*" means, collectively, (a) Bain Capital Private Equity, LP, (b) Kohlberg Kravis Roberts & Co. L.P., (c) Vornado Realty Trust, and (d) funds and entities advised by each such Entity, and each such Entity's current and former Affiliates, who own or owned any equity in the Debtors.

152. "*Subscription Rights*" means the rights to purchase Rights Offering Interests on the terms set forth in the Rights Offering Procedures.

153. "*Successful Bidder*" shall have the same meaning as the term Successful Bidder as set forth in the Bidding Procedures Order.

154. "*Taj Debtors*" means TRU Europe, Tru Taj LLC, Tru Taj Finance, Inc., TRU Taj Holdings 1, LLC, TRU Taj Holdings 2, Ltd., TRU Taj Holdings 3, LLC, TRU Asia, LLC, and TRU Taj (Europe) Holdings, LLC.

155. "*Taj Debtor Intercompany Claim*" means an Intercompany Claim held by a Taj Debtor.

156. "*Taj DIP*" means the debtor-in-possession facility evidenced by the Taj DIP Notes Indenture.

157. "*Taj DIP Claim*" means any and all claims derived from or based upon the Taj DIP.

158. "*Taj DIP Guaranty*" means the guaranty of TRU Inc. of the Taj DIP.

159. "*Taj DIP Guaranty Claim*" means any and all claims derived from or based upon the Taj DIP Guaranty.

160. "*Taj DIP Lenders*" means the Taj DIP Notes Indenture Trustee, and the noteholders party to the Taj DIP.

161. "*Taj DIP Notes*" means those certain 11% senior secured notes due sixteen months from the date of issuance, in the currently issued and outstanding principal amount of $455 million provided for under the Taj DIP.

162. "*Taj DIP Notes Indenture*" means that certain Indenture, dated as of September 22, 2017, (as amended, novated, supplemented, extended, or restated from time to time) by and among Tru Taj LLC and Tru Taj Finance, Inc. as co-issuers, TRU Inc. and certain of its direct and indirect wholly-owned subsidiaries in the United States, Europe and Australia, as guarantors, and the Taj DIP Notes Indenture Trustee.

163. "*Taj DIP Notes Indenture Trustee*" means Wilmington Savings Fund Society, FSB, as trustee and collateral trustee under the Taj DIP Notes Indenture.

164. "*Taj Holders Steering Group*" means, collectively, certain beneficial holders of, or the investment advisor or investment manager to certain beneficial holders of, Taj Senior Notes and Taj DIP Notes represented by Paul, Weiss, Rifkind, Wharton & Garrison LLP and representing at least two-thirds of the aggregate amount of all outstanding Taj Senior Notes claims, each of whom executed the Restructuring Support Agreement.

165. "*Taj Intercompany Interests*" means direct and indirect interests of Taj Debtors in other Taj Debtors and certain of their direct and indirect subsidiaries and affiliates, other than the equity interests in TRU Europe.

166. "*Taj Senior Notes*" means the 12.00% senior secured notes due August 16, 2021, which are governed by the Taj Senior Notes Indenture and in the currently issued and outstanding principal amount of $582.7 million.

167. "*Taj Senior Notes Adequate Protection Claim*" means the Adequate Protection Claims (as defined in the Final Taj DIP Order) with regards to the Taj Senior Notes as set forth in the Final Taj DIP Order.

168. "*Taj Senior Notes Claim*" means any and all claims derived from or based upon the Taj Senior Notes, including the Taj Senior Notes Adequate Protection Claim.

169. "*Taj Senior Notes Guaranty*" means the guaranty of TRU Inc. and certain of its direct and indirect wholly-owned subsidiaries in the United States, Europe and Australia of the Taj Senior Notes.

170. "*Taj Senior Notes Guaranty Claim*" means any and all claims derived from or based upon the Taj Senior Notes Guaranty.

171. "*Taj Senior Notes Indenture*" means that certain Indenture, dated as of August 26, 2016, (as amended, novated, supplemented, extended, or restated from time to time) by and among Tru Taj LLC and Tru Taj Finance, Inc. as co-issuers, TRU Inc. and certain of its direct and indirect wholly-owned subsidiaries in the United States, Europe and Australia, as guarantors, and the Taj Senior Notes Indenture Trustee.

172. "*Taj Senior Notes Indenture Trustee*" means Wilmington Trust, N.A. as indenture trustee under the Taj Senior Notes Indenture.

173. "*Tax Code*" means the United States Internal Revenue Code of 1986, as amended.

174. "*Third-Party Purchaser*" means any third-party purchaser, other than the Credit Bid Purchaser, that consummates the Sale Transaction.

175. "*Toys Delaware*" means Toys "R" Us Delaware, Inc.

176. "*Toys Delaware Debtors*" means Toys Delaware, Giraffe Holdings, LLC, Giraffe Junior Holdings, LLC, TRU Guam, LLC, Toys Acquisition, LLC, Geoffrey Holdings, LLC, Geoffrey, LLC, Geoffrey International, LLC, TRU of Puerto Rico, Inc., TRU-SVC, Inc., Toys Canada, and Toys "R" Us Property Company II, LLC.

177. "*Toys Delaware Debtors Effective Date*" means the effective date of any plan of the Toys Delaware Debtors.

178. "*Toys Delaware Debtor Intercompany Claims*" means an Intercompany Claim held by Toys Delaware Debtor.

179. "*Toys Delaware Plan*" means the chapter 11 plan of the Toys Delaware Debtors.

180. "*Transaction Steps Memorandum*" means a memorandum, to be included in the Plan Supplement that, among other things, sets forth the steps necessary to effectuate the Credit Bid, the Rights Offering and the transfer of the Taj DIP Notes to the Wind Down Entities as contemplated under Article IV.C.

181. "*Transition Services Agreement*" means any transition services agreement agreed to between the Debtors and certain Debtor affiliates, on the one hand, and the Purchaser, on the other.

182. "*Treasury Regulations*" means the Treasury regulations promulgated under the Code.

183. "*TRU Asia Equity Interests*" means the Interests in the Asia JV.

184. "*TRU Europe*" means Toys "R" Us Europe, LLC.

185. "*TRU Inc.*" means Toys "R" Us, Inc.

186. "*TRU Inc. Debtors*" means, TRU Inc., MAP 2005 Real Estate, LLC, Toys "R" Us - Value, Inc., and TRU Mobility, LLC.

187. "*TRU Inc. Debtor Intercompany Claims*" means an Intercompany Claim held by TRU Inc. Debtor.

188. "*TRU Inc. Intercompany Interests*" means the direct and indirect interests of TRU Inc. Debtors in other TRU Inc. Debtors and certain of their direct and indirect subsidiaries and affiliates, other than the equity interests in TRU Inc.

189. "*TRU Inc. Silo Recovery*" means (1) the balance of any Sale Proceeds and Liquidation Proceeds after repayment in full of all Senior Claims, in accordance with the Priority Waterfall; (2) the value, if any, distributed to the TRU Inc. Debtors on account of any claims or Causes of Action it may have against any other Entity; (3) Cash on hand or received by the TRU Inc. Debtors, including the proceeds of any dispositions of TRU Inc. Debtor assets and any distributions from non-Debtor subsidiaries to the TRU Inc. Debtors; and (4) any recoveries from the Non-Released Claims Trust (as defined in the Settlement Agreement) allocated to creditors of TRU Inc. in accordance with Section 3.2(k) of the Settlement Agreement, each of which shall be distributed to holders of Claims and Interests in the TRU Inc. Debtors according to their relative priority.

190. *"TRU Inc. Unsecured Notes Trustees"* means the 7.375% Senior Notes Indenture Trustee and the 8.75% Unsecured Notes Indenture Trustee, collectively.

191. *"TRU Inc. Unsecured Notes Trustee Fees"* means the compensation, fees, expenses, disbursements, and indemnification claims of each of the TRU Inc. Unsecured Notes Trustees incurred after the Petition Date, including, without limitation, any fees, expenses, and disbursements of attorneys, advisors, or agents retained or utilized by any of the TRU Inc. Unsecured Notes Trustees.

192. *"TRU Inc. Unsecured Notes Claims"* means the 7.375% Senior Notes Claims and the 8.75% Unsecured Notes Claims, collectively.

193. "*U.S. Trustee*" means the Office of the United States Trustee for the Eastern District of Virginia.

194. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

195. "*Unimpaired*" means, with respect to a Class of Claims or Interests, a Claim or an Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

196. "*United States*" means the United States of America, its agencies, departments, or agents.

197. "*Wind Down*" means the wind down, dissolution, and liquidation of the Debtors' Estates after the Effective Date.

198. "*Wind Down Entities*" means those certain entities contemplated to be created on the Effective Date as described in Article IV.C.2.

*B. Rules of Interpretation.*

For purposes of the Plan: (1) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (2) unless otherwise specified, any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (3) unless otherwise specified, any reference herein to an existing document, schedule, or exhibit, whether or not Filed, having been Filed or to be Filed shall mean that document, schedule, or exhibit, as it may thereafter be amended, modified, or supplemented; (4) any reference to an Entity as a Holder of a Claim or Interest includes that Entity's successors and assigns; (5) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (6) unless otherwise specified, all references herein to exhibits are references to exhibits in the Plan Supplement; (7) unless otherwise specified, the words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (8) subject to the provisions of any contract, certificate of incorporation, by-law, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with the applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (9) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (10) unless otherwise specified herein, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply to the Plan; (11) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be; (12) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court's CM/ECF system; (13) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, and as applicable to the Chapter 11 Cases, unless otherwise stated; (14) references to "Proofs of Claim," "holders of Claims," "Disputed Claims," and the like shall include "Proofs of Interest," "holders of Interests," "Disputed Interests," and the like, as applicable; and (15) any immaterial effectuating provisions may be interpreted in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. References in the Plan to the Debtors shall mean the Debtors or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date, as applicable.

*C. Computation of Time.*

The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed in the Plan or Confirmation Order. If the date on which a transaction may occur pursuant to the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

*D. Governing Law.*

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control); *provided, however*, that corporate or limited liability company governance matters relating to the Debtors shall be governed by the laws of the state of incorporation or formation (as applicable) of the applicable Debtor.

*E. Reference to Monetary Figures.*

All references in the Plan to monetary figures shall refer to the legal tender of the United States, unless otherwise expressly provided.

*F. Controlling Document.*

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement, or any other order referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control; provided, however, with respect to any conflict or inconsistency between the Plan and the Confirmation Order, the Confirmation Order shall govern.

*G. Application of the Plan.*

This Plan shall constitute a separate Plan for each Debtor. Any one Debtor's inability to meet the requirements necessary for confirmation of the Plan as to such Debtor (any such Debtor, a "Former Debtor"), whether determined at or prior to the Confirmation Hearing, in consultation with the Taj Holders Steering Group, shall not in any way prevent the Confirmation with respect to any other Debtor.

## ARTICLE II
## ADMINISTRATIVE CLAIMS, DIP FACILITY CLAIMS, AND PRIORITY TAX CLAIMS

*A. Administrative Claims and Priority Tax Claims.*

Except for Claims of Professionals, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors and the Purchaser, no later than the Administrative Claims Bar Date applicable to the Debtor against whom the Administrative Claim is asserted pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims by the Administrative Bar Date that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors and the Purchaser, or their respective property and such Administrative Claims shall be deemed compromised, settled, and released as of the Effective Date.

1. Administrative Claims and Priority Tax Claims against the TRU Inc. Debtors.

On the Effective Date, except to the extent that a Holder of an Allowed Administrative Claim or Priority Tax Claim and the TRU Inc. Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim or Priority Tax Claim, shall receive, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim, its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims. The failure to object to Confirmation by a Holder of an Allowed Administrative Claim or Priority Tax Claim shall be deemed to be such Holder's consent to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

2. Administrative Claims and Priority Tax Claims against the Taj Debtors.

On the Effective Date, except to the extent that a Holder of an Allowed Administrative Claim or Priority Tax Claim and the Taj Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim or Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim, its pro rata share of: (i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and (ii) the Sale Proceeds, if any, after paying in full all Senior Claims. The failure to object to Confirmation by a Holder of an Allowed Administrative Claim or Priority Tax Claim shall be deemed to be such Holder's consent to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

*B. Accrued Professional Compensation Claims.*

1. Professional Fee Escrow Account.

In accordance with this Article II.B and the Professional Fee Allocation Mechanism, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish the Professional Fee Escrow Account. The Debtors shall fund the Professional Fee Escrow Account in the amount of the aggregate Professional Fee Escrow Amount for all Professionals of the Debtors, subject to the Professional Fee Allocation Mechanism. The Professional Fee Escrow Account shall be maintained in trust for the Professionals. Such funds shall not be considered property of the Debtors' Estates, except as otherwise provided in Article II.B.2.

2. Final Fee Applications and Payment of Accrued Professional Compensation Claims.

All final requests for payment of Claims of a Professional shall be Filed no later than 45 days after the effective date of all chapter 11 plans filed in the chapter 11 cases of the Debtors and their affiliates that are being jointly administered in these Chapter 11 Cases. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Accrued Professional Compensation Claims shall be determined by the Bankruptcy Court. The amount of Allowed Accrued Professional Compensation Claims owing to the Professionals shall be paid in Cash to such Professionals from funds held in the Professional Fee Escrow Account, subject to the Professional Fee Allocation Mechanism. After all Accrued Professional Compensation Claims have been paid in full, the escrow agent shall promptly return any excess amounts to the Wind Down Entities. Notwithstanding anything to the contrary herein, the Fee Examiner Order shall remain in effect pursuant to its own terms.

3. Professional Fee Escrow Amount.

To receive payment for unbilled fees and expenses incurred through the Confirmation Date, the Professionals of the Taj Debtors or the TRU Inc. Debtors shall estimate their Accrued Professional Compensation Claims before and as of the Confirmation Date and shall deliver such estimate to the Debtors no later than ten days after the Confirmation Date; *provided*, *however*, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional of the Debtors does not provide an estimate, the Debtors may estimate the unbilled fees and expenses of such Professional; *provided*, *however*, that such estimate shall not be binding or considered an admission with respect to the fees and expenses of such Professional. The total amount so estimated shall comprise the Professional Fee Escrow Amount.

4. Post-Confirmation Fees and Expenses.

Except as otherwise provided in the Plan, from and after the Confirmation Date, each Debtor shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation and Consummation of the Plan incurred by each Debtor. Upon the Confirmation Date, any requirement that Professionals and Ordinary Course Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code, the Interim Compensation Order, or the Ordinary Course Professionals Order, in seeking retention or compensation for

services rendered after such date shall terminate, and the Debtors may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

*C. Taj DIP Claims.*

1. Taj DIP Guaranty Claims against the TRU Inc. Debtors.

On the Effective Date, the Taj DIP Guaranty Claims shall be Allowed in the aggregate principal amount of $[•], plus interest, fees and other amounts payable under the Taj DIP Guaranty. The Holder of each Allowed Taj DIP Guaranty Claim against the TRU Inc. Debtors shall receive on the Effective Date either: (a) payment in full in Cash; or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the TRU Inc. Debtors.

2. Taj DIP Claims against the Taj Debtors.

On the Effective Date, the Taj DIP Claims shall be Allowed in the aggregate principal amount of $[•], plus interest, fees and other amounts payable under the Taj DIP Notes Indenture. The Holder of each Allowed Taj DIP Claim against the Taj Debtors shall receive on the Effective Date either: (a) payment in full in Cash; or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the Taj Debtors. In accordance with the Transaction Steps Memorandum, the Holders, upon receipt of an amount equal to the Allowed Taj DIP Claims, shall assign or transfer the Taj DIP Notes to the Wind Down Entities or one or more subsidiaries of the Wind Down Entities, which shall remain outstanding and shall retain substantially the same security interests, liens, pledges, and encumbrances that currently secure the Taj DIP Claims, other than as against the Debtors. If at any time the Wind Down Entities no longer retain any assets or interests, then the Taj DIP Notes shall be automatically cancelled.

## ARTICLE III
## CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in this Article III.

*A. Summary of Classification.*

A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied before the Effective Date.

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| **Classified Claims and Interests against the TRU Inc. Debtors** | | | |
| Class A1 | Other Secured Claims against the TRU Inc. Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class A2 | Other Priority Claims against the TRU Inc. Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class A3 | Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class A4 | Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A5 | Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A6 | 7.375% Senior Notes Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A7 | 8.75% Unsecured Notes Claim against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A8 | General Unsecured Claims Against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A9 | TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class A10 | TRU Inc. Intercompany Interests | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class A11 | TRU Inc. Interests | Impaired | Not Entitled to Vote (Deemed to Reject) |
| **Classified Claims and Interests against the Taj Debtors** | | | |
| Class B1 | Other Secured Claims against the Taj Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class B2 | Other Priority Claims against the Taj Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class B3 | Taj Senior Notes Claims against the Taj Debtors | Impaired | Entitled to Vote |
| Class B4 | General Unsecured Claims against the Taj Debtors | Impaired | Entitled to Vote |
| Class B5 | Taj Debtor Intercompany Claims against other Taj Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class B6 | Taj Debtor Intercompany Interests against the Taj Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class B7 | Interests in TRU Europe | Impaired | Entitled to Vote |

*B. Treatment of Claims and Interests against the TRU Inc. Debtors.*

The treatment provided to each Class relating to each of the TRU Inc. Debtors for distribution purposes and voting rights are specified below:

1. Class A1 - Other Secured Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A1 consists of all Other Secured Claims against the TRU Inc. Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Secured Claim against the TRU Inc. Debtors, each Holder thereof shall receive, at the option of the applicable TRU Inc.

Debtor: (a) payment in full in Cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) reinstatement of such Other Secured Claim; or (d) such other treatment as shall render such Claim Unimpaired.

(c) *Voting*: Class A1 is Unimpaired under the Plan. Holders of Claims in Class A1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class A2 - Other Priority Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A2 consists of all Other Priority Claims against the TRU Inc. Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Priority Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full in Cash all Senior Claims.

(c) *Voting*: Class A2 is Unimpaired under the Plan. Holders of Claims in Class A2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class A3 - Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A3 consists of all Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors.

(b) *Allowance*: On the Effective Date, the Taj Senior Notes Guaranty Claims shall be Allowed in the aggregate principal amount of $582,749,000, plus interest, fees and other amounts payable under the Taj Senior Notes Guaranty.

(c) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Taj Senior Notes Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall; *provided* that no Holder of a Class A3 Claim shall receive greater than a full recovery on account of its Claim.

(d) *Voting*: Class A3 is Impaired under the Plan. Holders of Allowed Claims in Class A3 are entitled to vote to accept or reject the Plan.

4. Class A4 – Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A4 consists of all Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Propco II Mortgage Loan Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall.

(c) *Voting*: Class A4 is Impaired under the Plan. Holders of Allowed Claims in Class A4 are entitled to vote to accept or reject the Plan.

5. Class A5 - Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A5 consists of all Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Giraffe Junior Mezzanine Loan Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full in Cash all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall.

(c) *Voting*: Class A5 is Impaired under the Plan. Holders of Allowed Claims in Class A5 are entitled to vote to accept or reject the Plan.

6. Class A6 - 7.375% Senior Notes Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A6 consists of all 7.375% Senior Notes Claims against the TRU Inc. Debtors.

(b) *Allowance*: On the Effective Date, the 7.375% Senior Notes Claims shall be Allowed in the aggregate principal amount of $208,340,000, plus Allowed interest, fees and other amounts payable under the 7.375% Senior Notes.

(c) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed 7.375% Senior Notes Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall.

(d) *Voting*: Class A6 is Impaired under the Plan. Holders of Allowed Claims in Class A6 are entitled to vote to accept or reject the Plan.

7. Class A7 - 8.75% Unsecured Notes Claim against the TRU Inc. Debtors.

(a) *Classification*: Class A7 consists of all 8.75% Unsecured Notes Claim against the TRU Inc. Debtors.

(b) *Allowance*: On the Effective Date, the 8.75% Unsecured Notes Claims shall be Allowed in the aggregate principal amount of $21,673,000, plus Allowed interest, fees and other amounts payable under the 8.75% Unsecured Notes.

(c) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed 8.75% Unsecured Notes Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall.

(d) *Voting*: Class A7 is Impaired under the Plan. Holders of Allowed Claims in Class A7 are entitled to vote to accept or reject the Plan.

8. Class A8 - General Unsecured Claims against the TRU Inc. Debtors.

(a) *Classification*: Class A8 consists of all General Unsecured Claims against the TRU Inc. Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed General Unsecured Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in Cash all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall.

(c) *Voting*: Class A8 is Impaired under the Plan. Holders of Allowed Claims in Class A8 are entitled to vote to accept or reject the Plan.

9. Class A9 - TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors.

(a) *Classification*: Class A9 consists of all TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors, each TRU Inc. Debtor Intercompany Claim against another TRU Inc. Debtor shall be reinstated or canceled and released.

(c) *Voting*: Holders of Claims in Class A9 are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or section 1126(g) of the Bankruptcy Code, respectively. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

10. Class A10 - TRU Inc. Intercompany Interests.

(a) *Classification:* Class A10 consists of all TRU Inc. Intercompany Interests.

(b) *Treatment*: On the Effective Date, interests in the TRU Inc. Debtors other than TRU Inc. shall be reinstated or canceled and released.

(c) *Voting*: Holders of Interests in Class A10 are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or section 1126(g) of the Bankruptcy Code, respectively. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

11. Class A11 - TRU Inc. Interests.

(a) *Classification:* Class A11 consists of all TRU Inc. Interests.

(b) *Treatment*: On the Effective Date, each interest in TRU Inc. shall be canceled and released; *provided, however*, that for the avoidance of doubt, new TRU Inc. Interests may be issued pursuant to the Toys Delaware Plan, subject to the consent of the Taj Holders Steering Group.

(c) *Voting*: Class A11 is Impaired under the Plan. Holders of Interests in Class A11 are deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

*C. Treatment of Claims and Interests.*

The treatment provided to each Class relating to each of the Taj Debtors for distribution purposes and voting rights are specified below:

1. Class B1 - Other Secured Claims against the Taj Debtors.

(a) *Classification*: Class B1 consists of all Other Secured Claims against the Taj Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Secured Claim against the Taj Debtors, each Holder thereof shall receive, at the option of the applicable Taj Debtor: (a) payment in full in Cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) reinstatement of such Other Secured Claim; or (d) such other treatment as shall render such Claim Unimpaired.

(c) *Voting*: Class B1 is Unimpaired under the Plan. Holders of Claims in Class B1 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

2. Class B2 - Other Priority Claims against the Taj Debtors.

(a) *Classification*: Class B2 consists of all Other Priority Claims against the Taj Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Other Priority Claim against the Taj Debtors, each Holder thereof shall receive payment in full in Cash or such other treatment as shall render such Claim Unimpaired.

(c) *Voting*: Class B2 is Unimpaired under the Plan. Holders of Claims in Class B2 are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

3. Class B3 - Taj Senior Notes Claims against the Taj Debtors.

(a) *Classification*: Class B3 consists of all Taj Senior Notes Claims against the Taj Debtors.

(b) *Allowance*: On the Effective Date, the Taj Senior Notes Claims shall be Allowed in the aggregate principal amount of $582,749,000, plus interest, fees and other amounts payable under the Taj Senior Notes Indenture.

(c) *Treatment*: On the Effective Date, subject in all respects to the Credit Bid Transaction, including the issuance of the Initial Purchaser Common Shares, and in accordance with the Transaction Steps Memorandum, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Allowed Taj Senior Notes Claim, each Holder thereof shall receive its pro rata share of:

(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims;

(ii) the Sale Proceeds, if any, after paying in full all Senior Claims; and

(iii) the Subscription Rights.

(d) *Voting*: Class B3 is Impaired under the Plan. Holders of Allowed Claims in Class B3 are entitled to vote to accept or reject the Plan.

4. Class B4 – General Unsecured Claims against Taj Debtors.

(a) *Classification*: Class B4 consists of all General Unsecured Claims against Taj Debtors.

(b) *Treatment*: On the Effective Date, in full and final satisfaction of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive its pro rata share of:

(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and

(ii) the Sale Proceeds, if any, after paying in full all Senior Claims.

(c) *Voting*: Class B4 is Impaired under the Plan. Holders of Allowed Claims in Class B4 are entitled to vote to accept or reject the Plan.

5. Class B5 - Taj Debtor Intercompany Claims against other Taj Debtors.

(a) *Classification*: Class B5 consists of all Taj Debtor Intercompany Claims against other Taj Debtors.

(b) *Treatment*: On the Effective Date, each Taj Debtor Intercompany Claim against another Taj Debtor shall be Reinstated, canceled, or compromised as determined between the Taj Debtors and the Taj Holders Steering Group or the Credit Bid Purchaser (only if the Credit Bid Purchaser is the Successful Bidder), as applicable.

(c) *Voting*: Holders of Claims in Class B5 are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or section 1126(g) of the Bankruptcy Code, respectively. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

6. Class B6 - Taj Debtor Intercompany Interests against the Taj Debtors.

(a) *Classification*: Class B6 consists of all Taj Debtor Intercompany Interests against the Taj Debtors.

(b) *Treatment*: On the Effective Date, each Taj Debtor Intercompany Interest shall be Reinstated, canceled, or compromised as determined between the Taj Debtors and the Taj Holders Steering Group or the Credit Bid Purchaser (only if the Credit Bid Purchaser is the Successful Bidder), as applicable.

(c) *Voting*: Holders of Interests in Class B6 are conclusively deemed to have accepted or rejected the Plan pursuant to section 1126(f) or section 1126(g) of the Bankruptcy Code, respectively. Therefore, such Holders are not entitled to vote to accept or reject the Plan.

7. Class B7 - Interests in TRU Europe.

(a) *Classification*: Class B7 consists of all Interests in TRU Europe.

(b) *Treatment*: On the Effective Date, in full and final satisfaction, compromise, settlement, and release of and in exchange for each interest in TRU Europe, each Holder of an Interest in TRU Europe shall receive its pro rata share of:

(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and

(ii) the Sale Proceeds, if any, after paying in full all Senior Claims.

(c) *Voting*: Class B7 is Impaired under the Plan. Holders of Allowed Interests in Class B7 are entitled to vote to accept or reject the Plan.

*D. Special Provision Governing Unimpaired Claims.*

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

*E. Elimination of Vacant Classes.*

Any Class of Claims or Interests that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes pursuant to the Disclosure Statement Order shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

*F. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.*

The Debtors shall seek Confirmation for the applicable Debtors pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article X to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

*G. Subordinated Claims.*

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, all parties reserve their right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

## ARTICLE IV
## MEANS FOR IMPLEMENTATION OF THE PLAN

*A. Substantive Consolidation.*

The Debtors shall not be substantively consolidated.

*B. Restructuring Transactions and Sources of Consideration for Plan Distributions.*

The Confirmation Order shall be deemed to authorize the Debtors to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan. The actions to implement the Restructuring Transactions and the Sale Transaction may include: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; (d) all other actions that the

applicable Entities or the Purchaser determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Plan; (e) pursuant to the Rights Offering Procedures and the Backstop Commitment Agreement, the implementation of the Rights Offering, the distribution of the Subscription Rights to the Rights Offering Participants as of the Rights Offering Record Date, and the issuance of the Purchaser Common Shares in connection therewith; and (f) all other actions that are provided for in the Restructuring Transactions Description or that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

With respect to the Plan, all amounts of Cash necessary for the Debtors or the Disbursing Agent to make payments or distributions pursuant hereto shall be obtained from the Sale Proceeds, Liquidation Proceeds, Cash on hand, and Cash raised or held by the Debtors, including, as applicable, Cash raised from the Rights Offering.

1. Cash on Hand

The Reorganized Debtors shall use Cash on hand to fund distributions to certain Holders of Allowed Claims in accordance with Article III of the Plan.

2. General Authorization

Confirmation of the Plan shall be deemed to constitute approval of the transactions contemplated thereby and all actions to be taken, undertakings to be made, and obligations to be incurred by the Debtors, Reorganized Debtors, the Asia JV, the Purchaser and their respective affiliates or subsidiaries in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and, subject to the occurrence of the Effective Date, authorization for the Reorganized Debtors, the Asia JV, the Purchaser and their respective affiliates or subsidiaries to enter into and perform their obligations under such other documents as may be reasonably required or appropriate.

3. Rights Offering

In connection with a Credit Bid Transaction, on account of the Taj Senior Notes, the Debtors shall distribute the Subscription Rights to the Rights Offering Participants as set forth in the Plan, the Backstop Commitment Agreement and the Rights Offering Procedures; *provided, however,* that, if specified by the Restructuring Transactions Description and/or the Transaction Steps Memorandum, such distribution may be on behalf of the Credit Bid Purchaser or another entity specified in the Restructuring Transactions Description and/or the Transaction Steps Memorandum. Pursuant to the Backstop Commitment Agreement and the Rights Offering Procedures, the Rights Offering shall be open to all Rights Offering Participants, and all Commitment Parties shall be required to exercise the Subscription Rights allocated to them. Rights Offering Participants shall be entitled to participate in the Rights Offering up to a maximum amount of each Holder's Pro Rata share of the Adjusted Rights Offering Amount. Rights Offering Participants shall have the right to purchase their allocated Rights Offering Interests at the per unit purchase price set forth in the Rights Offering Procedures.

Upon exercise of the Subscription Rights by the Rights Offering Participants pursuant to the terms of the Backstop Commitment Agreement and the Rights Offering Procedures, the Purchaser shall be authorized to issue the Rights Offering Interests in accordance with the Plan, the Backstop Commitment Agreement, and the Rights Offering Procedures. Proceeds of any Rights Offering shall be used to fund, among other things, distributions to Holders of Allowed Taj DIP Claims as provided herein and in accordance with the Transaction Steps Memorandum.

Pursuant to the Backstop Commitment Agreement, (a) the Commitment Parties shall purchase any Rights Offering Shares not subscribed to for purchase by Rights Offering Participants who are not parties to the Backstop Commitment Agreement at the per share purchase price set forth in the Backstop Commitment Agreement. On the Effective Date, the rights and obligations of the Debtors under the Backstop Commitment Agreement shall vest in the Reorganized Debtors, the Purchaser, or such other entity as provided by the Backstop Commitment Agreement or the Restructuring Transactions Description, as applicable.

In addition, on the Effective Date (or earlier in the case of termination of the Backstop Commitment Agreement), the Backstop Commitment Premium (which shall be an administrative expense) shall be distributed or

paid, as applicable, to the Commitment Parties under and as set forth in the Backstop Commitment Agreement and the Backstop Approval Order.

Further, upon the Effective Date, Cyrus Capital Partners, L.P. shall be reimbursed for fees and expenses incurred by it in connection with the Chapter 11 Cases in an amount not to exceed $950,000, so long as it participates pro rata in the Rights Offering and Credit Bid Transaction on account of its Taj Senior Notes and Taj DIP Notes.

*C. Sale Transaction.*

On the Effective Date, the Debtors shall consummate the Sale Transaction, and, among other things, the TRU Asia Equity Interests shall be transferred to and vest in the Purchaser free and clear of, other than contractual Claims subject to the TRU Inc. Silo Recovery, all Liens, Claims, charges, or other encumbrances pursuant to the terms of the Share Purchase Agreement and the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, the Purchaser may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Neither the Purchaser nor any of its Affiliates shall be deemed to be a successor of the Debtors.

1. Payment of Sale Proceeds by the Purchaser.

No later than the Effective Date, the Purchaser shall pay to the Debtors the Sale Proceeds or shall consummate the Credit Bid Transaction, as applicable, as and to the extent provided for in the Share Purchase Agreement or other definitive documents. In connection with a Credit Bid Transaction, each holder of a Taj Senior Notes Claim shall receive its pro rata share of the Initial Purchaser Common Shares on account thereof, subject to dilution by the Backstop Commitment Premium and the Rights Offering Shares. Also in connection with a Credit Bid Transaction and subject to the Transaction Steps Memorandum, upon receipt of proceeds from the Rights Offering in the amount of the Allowed Taj DIP Note Claims, the Holders of the Taj DIP Notes shall assign or transfer the Taj DIP Notes to the Wind Down Entities or one or more subsidiaries of the Wind Down Entities, which shall remain outstanding and shall retain substantially the same security interests, liens, pledges, and encumbrances that currently secure the Taj DIP Claims, other than as against the Debtors.

2. Wind Down Entities.

As specified in the Restructuring Transactions Description and/or the Transaction Steps Memorandum, on the Effective Date, one or more Wind Down Entities will be formed to implement the Wind Down. The Wind Down Entities will be established for the primary purpose of liquidating the Wind Down Entities' assets and Winding Down the Debtors' Estates, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Wind Down Entities. Upon the transfer of the Debtors' assets and equity as more fully set forth in the Administrator Agreement, the Debtors will have no reversionary or further interest in or with respect to the assets of the Wind Down Entities.

The Restructuring Transactions Description and/or the Transaction Steps Memorandum may provide that the Wind Down Entities will be classified as "liquidating trusts," "disputed ownership funds" (each as described below) or other type of entity. The U.S. tax treatment of liquidating trusts and disputed ownership funds are described below.

(a) Liquidating Trust Treatment

A Wind Down Entity may be classified as a "liquidating trust" under section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" under section 671 of the Tax Code. In such case, any beneficiaries of such Wind Down Entities would be treated as grantors and deemed owners thereof and, for all United States federal income tax purposes, any beneficiaries would be treated as if they had received a distribution of an undivided interest in the assets of the Wind Down Entities and then contributed such undivided interest to the vehicle. If this treatment applies, the person or persons responsible for administering the Wind Down Entities shall, in an expeditious but orderly manner, make timely distributions to beneficiaries of the Wind Down Entities pursuant to the Plan and not

unduly prolong its duration. The Wind Down Entities would not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth herein or in the governing documents of the Wind Down Entities.

No entity-level tax should be imposed on the Wind Down Entities with respect to earnings generated by the assets held by the Wind Down Entities. Each beneficiary must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit, if any, recognized or incurred by the Wind Down Entities, even if no distributions are made. Allocations of taxable income with respect to the Wind Down Entities shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately before such deemed distribution, the Wind Down Entities had distributed all of their other assets (valued for this purpose at their tax book value) to the beneficiaries, taking into account all prior and concurrent distributions from the Wind Down Entities. Similarly, taxable losses of the Wind Down Entities will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining assets. The tax book value of the assets for this purpose shall equal their respective fair market values on the Effective Date or, if later, the date such assets were acquired, adjusted in either case in accordance with the tax accounting principles prescribed by the applicable provisions of the Tax Code, Treasury Regulations and other applicable administrative and judicial authorities and pronouncements.

The character of items of income, gain, loss, deduction and credit to any Holder of a beneficial interest in the Wind Down Entities, and the ability of such Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder. Taxable income or loss allocated to a beneficiary should be treated as income or loss with respect to the interest of such beneficiary in the Wind Down Entities and not as income or loss with respect to such beneficiary's applicable Claim or Interest. In the event any tax is imposed on the Wind Down Entities, the person or persons responsible for administering the Wind Down Entities shall be responsible for payment, solely out of the assets of the Wind Down Entities of any taxes imposed on the Wind Down Entities.

The person or persons responsible for administering the Wind Down Entities shall be liable to prepare and provide to, or file with, the appropriate taxing authorities and other required parties such notices, tax returns and other filings, including all federal, state and local tax returns as may be required under the Bankruptcy Code, the Plan or by other applicable law, including, if required under applicable law, notices required to report interest or dividend income. The person or persons responsible for administering the Wind Down Entities will file tax returns pursuant to section 1.671-4(a) of the Treasury Regulations on the basis that the Wind Down Entities are a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations and related Treasury Regulations. As soon as reasonably practicable after the close of each calendar year, the person or persons responsible for administering the Wind Down Entities will send each affected beneficiary a statement setting forth such beneficiary's respective share of income, gain, deduction, loss and credit for the year, and will instruct the Holder to report all such items on its tax return for such year and to pay any tax due with respect thereto.

(b) Disputed Ownership Fund Treatment

With respect to any of the assets of the Wind Down Entities that are subject to potential disputed claims of ownership or uncertain distributions, the Debtors may provide that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims or Interests on the Effective Date but, instead, is transferred to any such account, although not free from doubt, U.S. Holders should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

3. Administrator.

Before or on the Effective Date, the Administrator may be designated by the Debtors and the Taj Holders Steering Group pursuant to the terms of the Administrator Agreement for the purposes of conducting the Wind Down

and shall succeed to such powers as would have been applicable to the Debtors' officers, directors, and shareholders, and the Debtors shall be authorized to be (and, upon the conclusion of the Wind Down, shall be) dissolved by the Administrator. All property of the Estates not distributed to the Holders of Claims or Interests on the Effective Date, or transferred pursuant to the Share Purchase Agreement, shall be transferred to the Administrator and managed and distributed by the Administrator pursuant to the terms of the Administrator Agreement and shall be held in the name of the Debtors free and clear of all Claims and Interests except for rights to such distributions provided to Holders of Allowed Claims and Allowed Interests as provided in the Plan. Any and all reasonable and documented costs and expenses incurred by the Administrator in connection with the Wind Down shall be paid from the funds of the Wind Down Entities, subject to the terms and conditions of the Administrator Agreement. The Administrator shall only file tax returns for Debtors in jurisdictions where such Debtor previously filed tax returns, unless the Administrator determines that a tax return is required to be filed due to a change in law, fact, or circumstance on or after the Effective Date. Following the Effective Date and in the event of the resignation or removal, liquidation, dissolution, death, or incapacity of the Administrator, the Purchaser shall designate another Entity to become Administrator and such Entity will become the successor Administrator and, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of the predecessor Administrator.

The Entity chosen to be the successor Administrator shall have such qualifications and experience to enable the Administrator to perform its obligations under the Plan and under the Administrator Agreement. The Administrator shall be compensated and reimbursed for reasonable costs and expenses as set forth in, and in accordance with, the Administrator Agreement.

4. Wind Down and Dissolution of the Debtors.

On and after the Effective Date, the Administrator will implement any other provision of the Plan and any applicable orders of the Bankruptcy Court, and the Administrator shall have the power and authority to take any action necessary to wind down and dissolve the Debtors. After the Effective Date, the Debtors shall remain in existence for the sole purpose of dissolving. As soon as practicable after the Effective Date, the Administrator shall: (1) cause the Debtors to comply with, and abide by, the terms of the Share Purchase Agreement and the Plan; (2) file for each of the Debtors, a certificate of dissolution, together with all other necessary corporate and company documents, to effect the dissolution of the Debtors under the applicable laws of their state of incorporation or formation (as applicable); (3) complete and file all final or otherwise required federal, state, and local tax returns for each of the Debtors, and if the Administrator so elects, pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of such Debtor or its Estate for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax laws; and (4) take such other actions as the Administrator may determine to be necessary or desirable to carry out the purposes of the Plan and the other Restructuring Documents. The filing by the Administrator of any Debtor's certificate of dissolution shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule, including any action by the stockholders, members, board of directors, or board of managers of each such Debtor. Solely to the extent and subject to the limitations provided in the Share Purchase Agreement, the Administrator Agreement, the Plan, and the Confirmation Order, the Purchaser shall fund the Wind Down Entities with funds to pay costs, expenses, or claims arising from or related to any Wind Down of the Taj Debtors, including the costs and expenses associated with any Claims resolution or similar process following the Effective Date. Notwithstanding anything in the Plan to the contrary, the Administrator or the Disbursing Agent will make, or cause to be made, all distributions under the Plan other than those distributions made by the Debtors on the Effective Date.

*D. General Settlement of Claims.*

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan.

*E. Cancellation of Securities and Agreements.*

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, Certificates, and other documents evidencing, or in any way related to, Claims or Interests shall be canceled and the obligations of

the Debtors or the Purchaser thereunder or in any way related thereto shall be released, settled, and compromised; *provided*, *however*, that notwithstanding Confirmation or the occurrence of the Effective Date, any credit document or agreement that governs the rights of the holder of a Claim or Interest shall continue in effect solely for purposes of (a) allowing holders of Allowed Claims to receive distributions under the Plan; (b) allowing each of the TRU Inc. Unsecured Notes Trustees to make distributions to holders of the respective TRU Inc. Unsecured Notes Claims, pursuant to the respective indenture or bond agreement under which such TRU Inc. Unsecured Notes Trustee serves; (c) preserving each of the TRU Inc. Unsecured Notes Trustees' rights to compensation and indemnification under each of the applicable indentures or bond agreements as against any money or property distributable or allocable to holders of TRU Inc. Unsecured Notes Claims, including, without limitation, the TRU Inc. Unsecured Notes Trustees' rights to maintain, enforce, and exercise their respective charging liens against such money or property; (d) permitting each of the TRU Inc. Unsecured Notes Trustees to enforce any right or obligation owed to them under the Plan; and (e) permitting each of the TRU Inc. Unsecured Notes Trustees to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court. Each of the TRU Inc. Unsecured Notes Trustees shall have no further obligation or liability except as expressly provided in the Plan or Confirmation Order.

*F. Corporate Action.*

Subject to the Sale Transaction permitted under Article IV.C and the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other similar formation and governance documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation or bylaws (or other similar formation and governance documents) are amended by or in connection with the Plan or otherwise, and, to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law). The New TRU Europe Board shall be put into place in a manner acceptable to the Taj Holders Steering Group or the Purchaser, as applicable.

*G. New Organizational Documents*

To the extent necessary, on or immediately prior to the Effective Date, the organizational documents of each of the Debtors shall be amended and restated, as may be necessary to effectuate the transactions contemplated by the Plan, in a manner consistent with section 1123(a)(6) of the Bankruptcy Code and shall otherwise be satisfactory to Taj Holders Steering Group or the Purchaser, as applicable. Each of the Reorganized Debtors will file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities to the extent required under section 1123(a)(6) of the Bankruptcy Code.

*H. Effectuating Documents; Further Transactions.*

On and after the Effective Date, the Debtors and their directors, members, trustees, officers, and managers are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Sale Transaction, and the other Restructuring Documents and the Securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorizations, or consents, except for those expressly required pursuant to the Plan, or any further notice to or action, order, or approval of the Bankruptcy Court.

*I. Exemption from Certain Taxes and Fees.*

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property or any Interests pursuant to the Plan, including the recording of any amendments to such transfers, or any new mortgages or liens placed on the property in connection with such transfers, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar

tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

*J. Preservation of Rights of Action.*

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Taj Debtors reserve, and assign to the Purchaser pursuant to the Share Purchase Agreement or other definitive documents, any and all Causes of Action, including any actions specifically enumerated in and in accordance with the terms of the Plan Supplement, whether arising before or after the Petition Date, and preserve and assign to the Purchaser pursuant to the Share Purchase Agreement or other definitive documents, the right to commence, prosecute, or settle such Causes of Action, notwithstanding the occurrence of the Effective Date; *provided, however*, notwithstanding the foregoing, the Non-Released Claims (as defined in the Settlement Agreement) shall include all claims or Causes of Action, if any, held by TRU Inc. and its respective estates or creditors against any D&O Party (the "D&O Claims") and shall be transferred and/or assigned to the Non-Released Claims Trust (as defined in the Toys Delaware Plan) and the Non-Released Claims Trust Manager (as defined in the Toys Delaware Plan) shall have the right to commence, prosecute, or settle such Non-Released Claims in its discretion, in consultation with the Non-Released Claims Trust Oversight Committee (as defined in the Toys Delaware Plan). The Purchaser may pursue such Causes of Action in its sole discretion. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that either the Taj Debtors or Reorganized Taj Debtors, or the Wind Down Entities or Purchaser, as applicable, will not pursue any and all available Causes of Action against them. No preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Taj Debtors reserve and assign to the Purchaser pursuant to the Share Purchase Agreement, the Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Taj Debtor may hold against any Entity shall vest in the Taj Debtors and be assigned to the Purchaser pursuant to the Share Purchase Agreement. The Purchaser, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action and shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

*K. Vesting of Assets in the Reorganized Debtors*

Except as otherwise provided in the Plan, the Share Purchase Agreement, the Settlement Agreement, or in any agreement, instrument, or other document incorporated in the Plan, and subject to the terms and the consummation of the Sale Transaction on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor or the Purchaser, as applicable, free and clear of all liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

*L. Avoidance Actions*

The Debtors waive all rights to commence or otherwise pursue any and all Avoidance Actions, including, without limitation, to assert or use any such Avoidance Actions for defensive purposes, and such Avoidance Actions shall be released on the Effective Date.

*M. Compensation and Benefits Programs*

Unless otherwise provided herein or in the Plan Supplement, the Confirmation Order, or any applicable agreements binding on the Debtors, all employee wages, compensation, and benefit programs in place as of the Effective Date with the Debtors shall be rejected by the Reorganized Debtors. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, unless rejected in accordance herewith, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

## ARTICLE V
## TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

*A. Assumption and Rejection of Executory Contracts and Unexpired Leases.*

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than: (1) those that previously were assumed or rejected by the Debtors; (2) those that are identified on the Assumed Executory Contract and Unexpired Lease List; (3) those that are the subject of a motion to assume Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (4) those that are part of transition services approved by the Bankruptcy Court, which will be deemed rejected at the termination of such services. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions, assignments, and rejections, including the assumptions of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease List and the rejection of the Executory Contracts or Unexpired Leases listed on the Rejected Executory Contract and Unexpired Lease List pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume or reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party before or on the Confirmation Date, shall revest in and be fully enforceable by the Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors, may alter, amend, modify, or supplement the schedules of Executory Contracts and Unexpired Leases identified in Article V, and in the Plan Supplement at any time through and including 90 days after the Effective Date (or such later date as provided in the event of any objection by a counterparty to an Executory Contract or Unexpired Lease to the amount of any Cure Obligation or other matter relating to the proposed assumption and assignment).

*B. Cure of Defaults for Assumed and Assigned Executory Contracts and Unexpired Leases.*

Any Cure Obligations under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Obligation in Cash on or after the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of the Cure Obligation, (2) the ability of the Debtors, the Purchaser, or any other assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the Cure Obligations required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least ten days before the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed Cure Obligations to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or Cure Obligation must be filed, served, and actually received by the Debtors at least three days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or Cure Obligation.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Obligations, whether

monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of assumption or assignment. **Anything in the Schedules and any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.**

*C. D&O Liability Insurance Policies.*

The Debtors shall be deemed to have assumed all of the Debtors' D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date, and coverage for defense and indemnity under any of the D&O Liability Insurance Policies shall remain available to all individuals within the definition of "Insured" in any of the D&O Liability Insurance Policies. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, and except as otherwise may be provided in an Order from the Bankruptcy Court, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed. Provided, however, that the holder(s) of a Claim for an indemnity obligation will look only to the D&O Liability Insurance Policies for recovery and not the Estates.

*D. Claims Based on Rejection of Executory Contracts and Unexpired Leases.*

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date.

**Any Holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claims were not timely Filed as set forth in the above paragraph shall not (a) be treated as a creditor with respect to such Claim, (b) be permitted to vote to accept or reject the Plan, or (c) participate in any distribution in the Chapter 11 Cases on account of such Claim, and any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, and if Sale Transaction is consummated, the Purchaser, or their property without the need for any objection by the Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied and released, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims against the appropriate Debtor, except as otherwise provided by order of the Bankruptcy Court.

*E. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases.*

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Debtors or the Wind Down Entities or the Purchaser, as applicable, expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors or the Purchaser, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

*F. Modifications, Amendments, Supplements, Restatements, or Other Agreements.*

Unless otherwise provided in the Plan, each assumed and assigned Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease was assumed by the Debtors and approved by the Bankruptcy Court.

*G. Reservation of Rights.*

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors, or if Sale Transaction is consummated, the Wind Down Entities or the Purchaser, as applicable, have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption and assignment or rejection, the Debtors or the Purchaser, as applicable, shall have 90 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided in the Plan.

*H. Nonoccurrence of Effective Date.*

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

*I. Contracts and Leases Entered Into After the Petition Date.*

Unless otherwise provided in the Plan, contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor or assumed and assigned to the Purchaser under the Share Purchase Agreement, as applicable, will be performed by the Reorganized Debtors or the Purchaser, as applicable, in the ordinary course of their business after the Effective Date. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive entry of the Confirmation Order.

## ARTICLE VI
## PROVISIONS GOVERNING DISTRIBUTIONS

*A. Timing and Calculation of Amounts to Be Distributed.*

Except as otherwise provided in the Plan, on the Effective Date (or if a Claim or Interest is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class from the Disbursing Agent, as applicable. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Interests, distributions on account of any such Disputed Claims or Disputed Interests shall be made pursuant to the provisions set forth in Article VII. Except as otherwise provided in the Plan, Holders of Claims or Interests shall not

be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date. Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim or Allowed Interest shall, on account of such Allowed Claim or Allowed Interest, receive a distribution in excess of the Allowed amount of such Claim or Interest plus any postpetition interest on such Claim or Interest payable in accordance with the Plan.

*B. Disbursing Agent.*

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Debtors.

*C. Rights and Powers of Disbursing Agent.*

1. Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to, as applicable: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

2. Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash as provided herein without any further notice to or action, order, or approval of the Bankruptcy Court.

*D. Delivery of Distributions and Undeliverable or Unclaimed Distributions.*

1. Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

2. Delivery of Distributions in General.

Except as otherwise provided herein, the Disbursing Agent shall make distributions to Holders of Allowed Claims and Allowed Interests as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided*, *however*, that the manner of such distributions shall be determined at the discretion of the Disbursing Agent; *provided further*, *however*, that the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

3. Minimum; De Minimis Distributions.

No Cash payment of less than $50.00, in the reasonable discretion of the Disbursing Agent, as applicable, shall be made to a Holder of an Allowed Claim or Allowed Interest on account of such Allowed Claim or Allowed Interest.

4. Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided*, *however*, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the date the distribution is made. After such date, all unclaimed property or interests in property shall revert (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) to the applicable Debtor automatically and without need for a further order by the Bankruptcy Court, as applicable, and the Claim of any Holder to such property or interest in property shall be released, settled, compromised, and forever barred. Upon the termination of the Wind Down Entities, any remaining funds, including such distributions, shall be returned to the Purchaser.

5. Manner of Payment Pursuant to the Plan.

Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Disbursing Agent by check or by wire transfer.

*E. Bankruptcy Code and Securities Act Exemptions*

The Reorganized Debtors and the Credit Bid Purchaser (as a successor to the Taj Debtors) will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements under the Securities Act the offer, issuance, and distribution of the Initial Purchaser Common Shares, Subscription Rights, and, to the extent they constitute "securities" (as as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws), the Rights Offering Interests to the Holders of Taj Senior Notes Claims (Class B3). Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities (except by an underwriter, as defined in section 1145(b)) under a plan from registration under section 5 of the Securities Act and state laws when such securities are to be exchanged for claims or interests or principally in exchange for claims or interests and partly for cash.

To the extent that Holders of Taj Senior Notes Claims (Class B3) who receive the Initial Purchaser Common Shares, Subscription Rights or Rights Offering Interests are deemed to be "underwriters," such Holders' resale would not be exempted from registration under the Securities Act or other applicable law in accordance with section 1145 of the Bankruptcy Code. However, those Holders would be permitted to sell the Initial Purchaser Common Shares, Subscription Rights or Rights Offering Interests without registration if they are able to comply with the provisions under Rule 144 or 144A of the Securities Act, as described further below.

The Rights Offering Interests that are securities and are issued to the Commitment Parties pursuant to the Backstop Commitment Agreement will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on the exemption set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder.

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor promulgated by the United States Securities and Exchange Commission under the Securities Act related to, among others, section 4(a)(2) of the Securities Act.

The term "issuer," as used in section 4(a)(2) of the Securities Act, means, among other things, a person who issues or proposes to issue any security.

Securities issued pursuant to the exemption provided by section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder are considered "restricted securities." As a result, resales of such securities may not be exempt from the registration requirements of the Securities Act or other applicable law. Holders of such restricted securities may, however, be able, at a future time and under certain conditions described below, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

Under certain circumstances, holders of securities who are affiliates of the issuer may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 provides that if certain conditions are met (*e.g.*, that the availability of current public information with respect to the issuer, volume limitations, and notice and manner of sale requirements), specified persons who resell restricted securities or who resell securities which are not restricted but who are "affiliates" of the issuer of the securities sought to be resold, will not be deemed to be "underwriters" as defined in section 2(11) of the Securities Act. Rule 144 provides that: (i) a non-affiliate who has not been an affiliate during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is current public information regarding the issuer and after a one year holding period if there is not current public information regarding the issuer at the time of the sale; (ii) an affiliate may sell restricted securities after a six month holding period if at the time of the sale there is current public information regarding the issuer and after a one-year holding period if there is not current public information regarding the issuer at the time of the sale, provided that in each case the affiliate otherwise complies with the volume, manner of sale and notice requirements of Rule 144; and (iii) an affiliate may sell securities other than restricted securities if at the time of the sale there is current public information regarding the issuer, provided that in each case the affiliate otherwise complies with the volume, manner of sale, and notice requirements of Rule 144.

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales to certain "qualified institutional buyers" of securities that are "restricted securities" within the meaning of the Securities Act, irrespective of whether the seller of such securities purchased its securities with a view towards reselling such securities, if certain other conditions are met (*e.g.*, the availability of information required by paragraph 4(d) of Rule 144A and certain notice provisions). Under Rule 144A, a "qualified institutional buyer" is defined to include, among other persons, certain "dealers" registered as such pursuant to section 15 of the Exchange Act, and entities that purchase securities for their own account or for the account of another qualified institutional buyer and that, in the aggregate, own and invest on a discretionary basis at least $100 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not exempt the offer or sale of securities that, at the time of their issuance, were securities of the same class of securities then listed on a national securities exchange (registered as such pursuant to section 6 of the Exchange Act) or quoted in a United States automated inter-dealer quotation system).

The Credit Bid Purchaser will not be required to file periodic reports under the Securities Exchange Act or seek to list the Initial Purchaser Common Shares for trading on a national securities exchange. Consequently, there will not be "current public information" (as such term is defined in Rule 144) regarding the Credit Bid Purchaser.

*F. Compliance with Tax Requirements/Allocations.*

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms it believes is reasonable and appropriate. The Debtors, in consultation with the Taj Holders Steering Group or the Purchaser, as applicable, reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

*G. Claims Paid or Payable by Third Parties.*

1. Claims Paid by Third Parties.

The Debtors shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent

that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor on account of such Claim, such Holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Debtor to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

*H. Indefeasible Distributions.*

Any and all distributions made under the Plan shall be indefeasible and not subject to clawback.

## ARTICLE VII
## PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

*A. Allowance of Claims.*

After the Effective Date, each of the Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim or Interest immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the Chapter 11 Cases allowing such Claim.

*B. Claims Administration Responsibilities.*

Except as otherwise specifically provided in the Plan, a Final Order by the Bankruptcy Court, or the Share Purchase Agreement, as applicable, after the Effective Date, the Debtors, with the consent of Taj Holders Steering Group or the Purchaser, as applicable, or by order of the Bankruptcy Court, shall have the sole authority, subject to a party in interest's right to object to a Claim or Interest under section 502(a) of the Bankruptcy Code: (1) to File, withdraw, or litigate to judgment objections to Claims or Interests; (2) to settle or compromise any Disputed Claim or Disputed Interest without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

*C. Estimation of Claims and Interests.*

Before or after the Effective Date, the Debtors may (but are not required to), by order of the Bankruptcy Court, at any time request that the Bankruptcy Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim or Interest that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the relevant Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

*D. Adjustment to Claims or Interests without Objection.*

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

*E. Time to File Objections to Claims.*

Any objections to Claims shall be Filed on or before the Claims Objection Bar Date.

*F. Disallowance of Claims.*

Except as otherwise expressly provided herein or in a Final Order by the Bankruptcy Court, any Claims or Interests held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims or Interests may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the applicable Debtor or the Purchaser, as applicable.

**Except as provided herein or otherwise agreed, any and all Proofs of Claim filed after the Claims Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely filed by a Final Order.**

*G. Amendments to Claims.*

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim or Interest may not be Filed or amended without the prior authorization of the Bankruptcy Court and the Debtors or the Purchaser, as applicable, and any such new or amended Claim or Interest Filed shall be deemed disallowed in full and expunged without any further action.

*H. No Distributions Pending Allowance.*

If an objection to a Claim or Interest or portion thereof is Filed as set forth in Article VII, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

*I. Distributions After Allowance.*

To the extent that a Disputed Claim or Disputed Interest ultimately becomes an Allowed Claim or Allowed Interest, distributions (if any) shall be made to the Holder of such Allowed Claim or Allowed Interest in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Interest becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim or Interest the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim or Interest, without any interest, dividends, or accruals to be paid on account of such Claim or Interest unless required under applicable bankruptcy law or as otherwise provided in Article III.B.

## ARTICLE VIII
## SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS

*A. Settlement, Compromise, and Release of Claims and Interests.*

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or their Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the settlement, compromise, and release of all Claims and Interests subject to the Effective Date occurring.

*B. **Release of Liens.***

**Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Debtors' Estates shall revert to the Debtors or assigned to the Purchaser pursuant to the Share Purchase Agreement, as applicable.**

*C. **Releases by the Debtors.***

**Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, except as otherwise expressly set forth herein, each Released Party shall be deemed released and discharged by the Debtors and the Reorganized Debtors, and their Estates from any and all claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors, that the Debtors or the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, or that any Holder of any Claim**

**or Interest could have asserted on behalf of the Debtors, based on or relating to, or in any manner arising from, in whole or in part:**

1. **the Debtors or the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the formulation, preparation, dissemination, negotiation, or filing of any documents related to the Restructuring;**
2. **any contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring, the Disclosure Statement, or the Plan;**
3. **the Chapter 11 Cases, the Disclosure Statement, the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement;**
4. **the negotiation, implementation, terms, or amendments to the DIP Facility or DIP Orders prior to or during the Chapter 11 Cases;**
5. **(a) the transactions undertaken by the Sponsors in relation to the acquisition of the interests in TRU Inc., or (b) any and all refinancing transactions or sale transactions related to the equity or assets of the Debtors undertaken, approved, planned, or implemented by the Sponsors and/or the Debtor's managers, officers, directors, and employees, as applicable; or**
6. **any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the effective date relating to any of the foregoing.**

**Notwithstanding the foregoing, nothing in this Article or this Plan shall release any Non-Released Claims, any D&O Claims, or any claims of TRU Inc. against the D&O Parties. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post-Effective Date obligations of any party or entity under the Plan or any document, instrument, or agreement (including those set forth in the plan supplement) executed to implement the Plan, the Sale Transaction and the Restructuring Transactions, (ii) any Intercompany Claims, or (iii) any claims or causes of action relating to or arising out of the chapter 11 cases of the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, Propco II Plan Entities, or any Former Debtor.**

*D.* ***Releases by Holders of Claims and Interests.***

**Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, except as otherwise expressly set forth herein, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and other Released Party from any and all claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part:**

1. **the Debtors or the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the formulation, preparation, dissemination, negotiation, or filing of any documents related to the Restructuring;**
2. **any contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring, the Disclosure Statement, or the Plan;**
3. **the Chapter 11 Cases, the Disclosure Statement, the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan,**

**including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement;**

4. **the negotiation, implementation, terms, or amendments to the DIP Facility or DIP Orders prior to or during the Chapter 11 Cases;**

5. **(a) the transactions undertaken by the Sponsors in relation to the acquisition of the interests in TRU Inc., or (b) any and all refinancing transactions or sale transactions related to the equity or assets of the Debtors undertaken, approved, planned, or implemented by the Sponsors and/or the Debtor's managers, officers, directors, and employees, as applicable; or**

6. **any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the effective date relating to any of the foregoing.**

**Notwithstanding the foregoing, nothing in this Article or this Plan shall release any Non-Released Claims, any D&O Claims, or any claims of TRU Inc. against the D&O Parties. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post-Effective Date obligations of any party or entity under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan, the Sale Transaction and the Restructuring Transactions, (ii) any Intercompany Claim, or (iii) any claims or causes of action relating to or arising out of the chapter 11 cases of the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, Propco II Plan Entities, or any Former Debtor.**

*E.* ***Exculpation.***

**Except as otherwise specifically provided in the Plan or any other Restructuring Documents, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any cause of action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or termination of the any documents related to the Restructuring and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring transaction, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the DIP Facility, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Notwithstanding the foregoing, the Toys Delaware Debtors shall not be released or exculpated pursuant to this Article VIII.E-F.**

*F.* ***Injunction.***

**Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Interests that have been compromised, settled, or released, or are subject to exculpation pursuant to the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Purchaser, or any of the other Released Parties: (i) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of**

**or in connection with or with respect to any such claims or interests; (iii) creating, perfecting, or enforcing any lien or encumbrance of any kind against such entities or the property or the estates of such entities on account of or in connection with or with respect to any such claims or interests; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such entities on account of or in connection with or with respect to any such claims or interests unless such entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a claim or interest or otherwise that such entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (v) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan.**

*G. Certain Claims of Governmental Units.*

Nothing in this Plan discharges, releases, precludes, or enjoins: (i) any liability to any Governmental Unit that is not a Claim; (ii) any Claim of a Governmental Unit arising on or after the Effective Date; (iii) any police or regulatory liability to a Governmental Unit on the part of any Entity as the owner or operator of property after the Effective Date; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors. Nor shall anything in the Confirmation Order or the Plan enjoin or otherwise bar a Governmental Unit from asserting or enforcing, outside this Court, any liability described in the preceding sentence. Nothing in this Confirmation Order or the Plan divest any tribunal of any jurisdiction it may have law to adjudicate any defense based on this paragraph of this Confirmation Order.

*H. Setoffs.*

Except as otherwise expressly provided for in the Plan or a Final Order by of the Bankruptcy Court, each Debtor or the Purchaser, as applicable, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any claims, rights, and Causes of Action of any nature that such Debtor or the Purchaser, as applicable, may hold against the Holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or before the Effective Date (whether pursuant to the Plan or otherwise); *provided*, *however*, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor or the Purchaser, as applicable, of any such claims, rights, and Causes of Action that such Debtor or the Purchaser, as applicable, may possess against such Holder. In no event shall any Holder of Claims be entitled to set off any Claim against any Claim, right, or Cause of Action of a Debtor or the Purchaser, as applicable, unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff; *provided*, that the foregoing shall not prevent any Holder of Claims or Interests from asserting setoff as an affirmative defense to the extent provided by applicable law.

For the avoidance of doubt, all Claims for setoff with regard to Intercompany Claims are preserved.

*I. Recoupment.*

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim against any claim, right, or Cause of Action of the Debtors or the Purchaser, as applicable, unless such Holder actually has timely Filed a Proof of Claim with the Bankruptcy Court preserving such recoupment; *provided*, that the foregoing shall not prevent any Holder of Claims or Interests from asserting recoupment as an affirmative defense to the extent provided by applicable law.

*J. Subordination Rights.*

Subject to Article III.G. of the Plan, the classification and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests.

*K. Document Retention.*

On and after the Effective Date, the Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors; *provided, however*, that the Debtors shall retain and preserve any documents, information (including electronically stored information), and other evidence potentially relevant to Claims or Causes of Action against the D&O Parties.

*L. Reimbursement or Contribution.*

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless before the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered before the Confirmation Date determining such Claim as no longer contingent.

## ARTICLE IX
## CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

*A. Conditions Precedent to Confirmation.*

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C:

1. the Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtors, the Taj Holders Steering Group, and the Purchaser;

2. the Confirmation Order shall:

(a) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(b) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(c) authorize the Debtors to enter into any agreements, transactions, and sales of property as set forth in the Plan;

(d) authorize the implementation of the Plan in accordance with its terms and the Share Purchase Agreement; and the other Restructuring Documents; and

(e) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax (including, any mortgages or security interest filing to be recorded or filed in connection with the Sale Transaction); and

3. The Share Purchase Agreement shall not have been terminated in accordance with its terms.

*B. Conditions Precedent to the Effective Date.*

It shall be a condition to Consummation that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C:

1. the Bankruptcy Court shall have entered the Confirmation Order and it shall have become a Final Order; *provided*, *however*, that in accordance with Bankruptcy Rules 3020(e), 6004(h), and 6006(d) (and notwithstanding any other provision of the Bankruptcy Code or the Bankruptcy Rules), the Confirmation Order shall not be stayed and shall be effective immediately upon its entry;

2. all documents and agreements necessary to implement the Plan, including any documents related to the Sale Transaction shall have (a) all conditions precedent to the effectiveness of such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, (b) been tendered for delivery, and (c) been effected or executed;

3. all governmental and material third party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions;

4. the Professional Fee Escrow Account shall have been funded with Cash in the amount of the aggregate Professional Fee Escrow Amount for all Professionals;

5. the closing of the Rights Offering, if any, and the other Restructuring Transactions shall have occurred in the manner set forth in the Transaction Steps Memorandum;

6. the Effective Date shall have occurred; and

7. the closing of the Sale Transaction contemplated by the Share Purchase Agreement or other definitive documents shall have occurred.

*C. Waiver of Conditions.*

The conditions to Confirmation and Consummation set forth in this Article IX may be waived only by consent of the Debtors, the Taj Holders Steering Group, and the Purchaser, as applicable, and without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

## ARTICLE X
## MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN

*A. Modification and Amendments.*

Except as otherwise specifically provided in the Plan, the Debtors, with the consent of the Taj Holders Steering Group, and the Purchaser, as applicable, and in consultation with the Creditors' Committee, reserve the right to modify the Plan, whether materially or immaterially, and seek Confirmation, in each instance, to the extent permitted under the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, expressly reserve their rights to alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such

modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X.

*B. Effect of Confirmation on Modifications.*

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof and before the Confirmation Date are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

*C. Revocation or Withdrawal of the Plan.*

The Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, reserve the right to revoke or withdraw the Plan with respect to one or more of the Debtors before the Confirmation Date or the Effective Date and to file subsequent plans of reorganization. If the Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, revoke or withdraw the Plan with respect to any Debtor, or if Confirmation or Consummation does not occur with respect to any Debtor, then: (1) the Plan with respect to such Debtor shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan with respect to such Debtor (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption and assignment or rejection of Executory Contracts or Unexpired Leases effected by the Plan with respect to such Debtor, and any document or agreement executed pursuant to the Plan with respect to such Debtor, shall be deemed null and void; and (3) nothing contained in the Plan with respect to such Debtor shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

## ARTICLE XI
## RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Chapter 11 Cases and all matters, arising out of, or related to, the Chapter 11 Cases and the Plan, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. Resolve any matters related to: (a) the assumption, assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Obligations pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed and/or assigned; (c) the Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V, any Executory Contracts or Unexpired Leases to the Assumed Executory Contract and Unexpired Lease List, the Rejected Executory Contract and Unexpired Lease List, or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. Ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;

5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. Adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

11. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, exculpations, and other provisions contained in Article VIII and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

12. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.F;

13. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

14. Adjudicate, decide, or resolve any and all matters related to the Settlement Agreement;

15. Determine any other matters that may arise in connection with or relate to the Plan, the Sale Transaction, the Restructuring Documents, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

16. Adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

17. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

18. Determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with any Non-Released Claims, including the D&O Claims;

20. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

21. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

22. Hear and determine matters concerning section 1145 of the Bankruptcy Code;

23. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' release, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

24. Enforce all orders previously entered by the Bankruptcy Court;

25. To resolve any disputes arising under the Share Purchase Agreement or other documents related to the Sale Transaction;

26. Hear any other matter not inconsistent with the Bankruptcy Code;

27. Enter an order concluding or closing the Chapter 11 Cases; and

28. Enforce the injunction, release, and exculpation provisions set forth in Article VIII.

## ARTICLE XII
## MISCELLANEOUS PROVISIONS

*A. Immediate Binding Effect.*

Subject to Article IX and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Purchaser, and any and all Holders of Claims or Interests (irrespective of whether the Holders of such Claims or Interests accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunction described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

*B. Additional Documents.*

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Purchaser, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

*C. Payment of Statutory Fees.*

All fees payable pursuant to section 1930(a) of the Judicial Code shall be paid by the Debtors for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first. For the avoidance of doubt, the Debtors shall pay any outstanding U.S. Trustee fees in full on the Effective Date and the Debtors or the applicable Wind Down Entities shall continue to pay such fees until the Chapter 11 cases are converted, dismissed, or closed, whichever occurs first.

*D. Dissolution of Committees.*

On the Effective Date, any statutory committee appointed in the chapter 11 cases of the Taj Debtors and the TRU Inc. Debtors shall dissolve solely with respect to the Taj Debtors and TRU Inc. Debtors, and members thereof shall be released and discharged from all rights and duties from or related to the chapter 11 cases of the Taj Debtors

and the TRU Inc. Debtors. The Taj Debtors and TRU Inc. Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to the Committee after the Effective Date. Upon the dissolution of the Committee, the current and former members of the Committee, and their officers, employees, counsel, advisors, and agents, shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the chapter 11 cases of the Taj Debtors and the TRU Inc. Debtors, and the retention or employment of the Committee's respective attorneys, accountants, and other agents shall terminate, except that the Committee and its professionals shall have the right to pursue, review, and object to any applications for compensation and reimbursement of expenses filed in accordance with Article II.B hereof.

*E. Monthly Operating Reports and Post-Effective Date Reports*

The Debtors will continue to include information regarding their deposits, expenditures, and other relevant financial information in monthly operating reports (prior to the Effective Date) and quarterly post-confirmation reports (after the Effective Date) Filed with the Court until the applicable Chapter 11 cases are converted, dismissed, or closed, whichever occurs first.

*F. Reservation of Rights.*

The Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests before the Effective Date.

*G. Successors and Assigns.*

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign, Affiliate, officer, director, manager, trustee, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

*H. Service of Documents.*

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors shall be served on:

1. <u>the Debtors:</u>

Toys "R" Us, Inc.
One Geoffrey Way,
Wayne, New Jersey 07470
Attention: James Young

with copies to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022-4611
Facsimile: (212) 446-4900
Attention: Edward O. Sassower, Joshua A. Sussberg
E-mail addresses: edward.sassower@kirkland.com, joshua.sussberg@kirkland.com

and

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654-3406

Facsimile: (312) 862-2200
Attention: Chad J. Husnick, Emily E. Geier
E-mail addresses: chad.husnick@kirkland.com, emily.geier@kirkland.com

2. Counsel to Toys "R" Us, Inc. at Direction of the Disinterested Directors of Toys "R" Us, Inc.

Munger Tolles & Olson, LLP
Thomas B. Walper
Seth Goldman
350 South Grand Avenue, 50th Floor
Los Angeles, California 90071-1560
Telephone: (213) 683-9100
Facsimile: (213) 687-3702
Email: thomas.walper@mto.com
seth.goldman@mto.com

3. Counsel to Tru Taj, LLC and TRU Taj Finance, Inc. at the Direction of the Disinterested Directors of Tru Taj, LLC and TRU Taj Finance, Inc.

Proskauer Rose, LLP
Mark K. Thomas (admitted pro hac vice)
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Chicago, Illinois 60602-4342
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Facsimile: (312) 962-3551

Peter J. Young (admitted pro hac vice)
2049 Century Park East, Suite 3200
Los Angeles, California 90067-3206
Telephone: (310) 557-2900
Facsimile: (310) 557-2193

4. Counsel to the Taj Holders Steering Group

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019
Attn: Brian S. Hermann, Samuel E. Lovett
E-mail addresses: bhermann@paulweiss.com; slovett@paulweiss.com

5. the Committee:

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Facsimile: (212) 715-8000
Attn: Kenneth Eckstein, Adam Rogoff, Rachael Ringer
E-mail addresses: keckstein@kramerlevin.com, arogoff@ kramerlevin.com,
rringer@kramerlevin.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

*I. Term of Injunctions or Stays.*

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order (including the Injunction) shall remain in full force and effect in accordance with their terms.

*J. Entire Agreement.*

Except as otherwise indicated, the Plan, the Confirmation Order, and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

*K. Exhibits.*

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.primeclerk.com/toysrus/ or the Bankruptcy Court's website at https://www.vaeb.uscourts.gov.

*L. Nonseverability of Plan Provisions.*

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the consent of the Debtors, the Taj Holders Steering Group or the Purchaser, as applicable; and (3) nonseverable and mutually dependent.

*M. Waiver or Estoppel.*

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court before the Confirmation Date.

Respectfully submitted, as of the date first set forth above,

Dated: August 31, 2018

Toys "R" Us, Inc. (for itself and all Debtors)

By: */s/ Matthew Finigan*
Name: Matthew Finigan
Title: Executive Vice President - Chief Financial Officer and Treasurer

Prepared by:

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Joshua A. Sussberg, P.C. (admitted *pro hac vice*)
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*Co-Counsel to the Debtors and Debtors in Possession*

**Exhibit B**

**Redline**

**IN THE UNITED STATES BANKRUPTCY COURT**
**FOR THE EASTERN DISTRICT OF VIRGINIA**
**RICHMOND DIVISION**

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| TOYS "R" US, INC., *et al.*,[1] | ) | Case No. 17-34665 (KLP) |
| Debtors. | ) | (Jointly Administered) |

**FIRST AMENDED DISCLOSURE STATEMENT FOR THE JOINT CHAPTER 11 PLAN OF THE TAJ DEBTORS AND THE TRU INC. DEBTORS**

**THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.**

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*Co-Counsel to Debtors and Debtors in Possession*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are set forth in the *Order (I) Directing Joint Administration of Chapter 11 Cases and (II) Granting Related Relief* [Docket No. 78]. The location of the Debtors' service address is One Geoffrey Way, Wayne, New Jersey 07470.

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*Co-Counsel to Debtor and Debtor in Possession Toys "R" Us, Inc.*

Dated: August ~~4~~31, 2018

**THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS AND INTERESTS FOR PURPOSE OF SOLICITING VOTES TO ACCEPT OR REJECT *THE JOINT CHAPTER 11 PLAN OF THE TAJ DEBTORS AND THE TRU INC. DEBTORS*. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VI HEREIN, BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN.**

**THE PLAN IS SUPPORTED BY THE DEBTORS AND CERTAIN BENEFICIAL HOLDERS OF TAJ SENIOR NOTES AND TAJ DIP NOTES REPRESENTED BY PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP AND REPRESENTING AT LEAST TWO-THIRDS OF THE AGGREGATE AMOUNT OF ALL OUTSTANDING TAJ SENIOR NOTES CLAIMS, EACH OF WHOM HAS EXECUTED THE RESTRUCTURING SUPPORT AGREEMENT (THE "TAJ HOLDERS STEERING GROUP"). ALL SUCH PARTIES URGE HOLDERS OF CLAIMS AND INTERESTS WHOSE VOTES ARE BEING SOLICITED TO ACCEPT THE PLAN.**

**THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.**

**THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES, AND ATTACHED HERETO OR INCORPORATED BY REFERENCE HEREIN ARE CERTAIN DOCUMENTS RELATED TO THE PLAN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.**

**THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAVE PASSED UPON THIS DISCLOSURE STATEMENT'S ACCURACY OR ADEQUACY OR UPON THE PLAN'S MERITS. IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. WHILE THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS**

**AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD LOOKING STATEMENTS CONTAINED HEREIN.**

**THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A AND SECTION 21E OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). SUCH STATEMENTS MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY, AND MAY INCLUDE, WITHOUT LIMITATION, INFORMATION REGARDING THE DEBTORS' EXPECTATIONS WITH RESPECT TO FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN AND ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. MAKING INVESTMENT DECISIONS BASED ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND/OR THE PLAN IS, THEREFORE, SPECULATIVE.**

**IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THEIR BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. THE DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.**

**STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF THE DEBTORS' FUTURE PERFORMANCE. SUCH STATEMENTS REPRESENT THE DEBTORS' ESTIMATES AND ASSUMPTIONS ONLY AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE DEBTORS' ACTUAL PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM THOSE THEY MAY PROJECT. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.**

**HOLDERS OF CLAIMS OR INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME, SUBJECT TO THE TERMS OF THE PLAN AND THE RESTRUCTURING TERM SHEET.**

**THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED BY REFERENCE HEREIN HAS NOT BEEN AND WILL NOT BE AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE.**

**THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS**

**DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**

**THE PLAN'S CONFIRMATION AND EFFECTIVENESS ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED OR, IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED OR WAIVED.**

**IF THE COURT CONFIRMS THE PLAN AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AND INTERESTS, INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN, WILL BE BOUND BY THE TERMS OF THE PLAN AND THE RESTRUCTURING TRANSACTIONS CONTEMPLATED THEREBY.**

**THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.**

**TABLE OF CONTENTS**

Page

**ARTICLE I. INTRODUCTION** ..... **1**
A. Preliminary Statement. ..... 1
B. Questions and Answers Regarding this Disclosure Statement and the Plan. ..... 1

**ARTICLE II. THE DEBTORS' BACKGROUND** ..... **1**
A. The Debtors' Business. ..... 1
B. Summary of Prepetition Capital Structure. ..... 1
C. Events Leading to the Chapter 11 Cases. ..... 1

**ARTICLE III. EVENTS OF THE CHAPTER 11 CASES** ..... **1**
A. First Day Pleadings and Other Case Matters. ..... 1
B. The Debtors' Restructuring Efforts ..... 1

**ARTICLE IV. SUMMARY OF THE PLAN** ..... **1**
A. Classification and Treatment of Claims and Interests Under the Plan. ..... 1
B. Means for Implementation of the Plan. ..... 1
C. Treatment of Executory Contracts and Unexpired Leases ..... 1
D. Provisions Governing Distributions. ..... 1
E. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims. ..... 1
F. Settlement, Release, Injunction, and Related Provisions. ..... 1
G. Conditions Precedent to Confirmation and the Effective Date. ..... 1
H. Modification, Revocation, or Withdrawal of the Plan. ..... 1
I. Retention of Jurisdiction. ..... 1
J. Miscellaneous Provisions. ..... 1

**ARTICLE V. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN** ..... **1**
A. Confirmation Hearing. ..... 1
B. Confirmation Standards. ..... 1
C. Acceptance by Impaired Classes. ..... 1
D. Confirmation without Acceptance by All Impaired Classes. ..... 1

**ARTICLE VI. CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING** ..... **1**
A. Bankruptcy Law Considerations. ..... 1
B. Risk Related to Recoveries Under the Plan. ..... 1
C. Operational and Administrative Costs ..... 1
D. Disclosure Statement Disclaimer. ..... 1
E. Liquidation Under Chapter 7. ..... 1

**ARTICLE VII. IMPORTANT SECURITIES LAW DISCLOSURE** ..... **1**
A. Issuance and Resale. ..... 1
B. No Registration or Listing. ..... 1

**ARTICLE VIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES** ..... **1**
A. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors. ..... 1
B. Certain U.S. Federal Income Tax Consequences to the Holders of Allowed Claims Entitled to Vote. ..... 1
C. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Owning and Disposing of Consideration Received Under the Plan. ..... 1

**ARTICLE IX. RECOMMENDATION OF THE DEBTORS** ..... **1**

**EXHIBITS**

EXHIBIT A *First Amended Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors*

## ARTICLE I.
## INTRODUCTION

Toys "R" Us, Inc. ("TRU Inc.") and certain of its directly owned debtor subsidiaries (collectively, the "TRU Inc. Debtors")[2] and Toys "R" Us Europe, LLC ("TRU Europe") and certain of TRU Europe's Debtor affiliates (collectively, the "Taj Debtors"),[3] as debtors and debtors in possession, (the TRU Inc. Debtors and the Taj Debtors when referencing their respective Plan and any other debtors when referencing debtors that are not subject to this Plan, the "Debtors" and each, a "Debtor") submit this disclosure statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims and Interests against the Taj Debtors and the TRU Inc. Debtors in connection with soliciting votes to accept the *First Amended Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors* (the "Plan") dated August 431, 2018.[4] A copy of the Plan is attached hereto as **Exhibit A**. The rules of interpretation set forth in Article I.B of the Plan shall govern the interpretation of this Disclosure Statement. The Plan derives from a restructuring support agreement that was extensively negotiated in good faith and at arm's-length between the Debtors and certain stakeholders and constitutes a separate chapter 11 plan for each of the TRU Inc. Debtors and the Taj Debtors. Any one Debtor's inability to meet the requirements necessary for confirmation of the Plan as to such Debtor (any such Debtor, a "Former Debtor"), whether determined at or prior to the Confirmation Hearing, in consultation with the Taj Holders Steering Group, shall not in any way prevent the Confirmation with respect to any other Debtor.

**THE DEBTORS BELIEVE THAT THE PLAN IS FAIR AND EQUITABLE, MAXIMIZES THE VALUE OF THE DEBTORS' ESTATES AND PROVIDES THE BEST RECOVERY TO CLAIM HOLDERS. AT THIS TIME, THE DEBTORS BELIEVE THE PLAN IS THE BEST AVAILABLE ALTERNATIVE FOR COMPLETING THESE CHAPTER 11 CASES. THE DEBTORS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.**

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS IS NOT A PARTY TO THE PLAN OR THE SETTLEMENTS DESCRIBED THEREIN AND HAS NOT YET TAKEN A POSITION WITH RESPECT TO THE PLAN.**

### *A. Preliminary Statement.*

Toys "R" Us, Inc. (together with its subsidiaries, the "Company") started out as a small, local toy store in Washington D.C. in 1948 and eventually grew to approximately 1,700 stores across 38 countries. Accordingly, the Toys "R" Us enterprise became one of the most widely recognized brands in the world among children. However, recent macroeconomic trends and changing consumer preferences have caused many retail companies to face financial pressures and operational issues. Specifically, online retailers obtained a competitive edge over those with expansive brick-and-mortar footprints, such as Toys "R" Us. The Company has struggled to compete in the new marketplace and, in addition, faced certain challenges with its supply-chain and online presence. These and other issues eventually led to the Company's inability to procure sufficient liquidity to stabilize its operations leading up to the 2017 holiday season. As a result, TRU Inc., and certain of its subsidiaries, including the Taj Debtors, filed voluntarily petitions under title 11 of the United States Code (the "Bankruptcy Code") on September 18, 2017 (the "Petition Date").

The Debtors filed for chapter 11 intending to restructure their businesses and continue operating as a going concern. At the outset of these cases, the Debtors secured over $3.1 billion in three separate debtor-in-possession financing facilities (collectively, the "DIP Facilities"). This financing allowed the Debtors to begin reopening their

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2 The TRU Inc. Debtors are TRU Inc., MAP 2005 Real Estate, LLC, Toys "R" Us - Value, Inc., and TRU Mobility, LLC.

3 The Taj Debtors are TRU Europe, Tru Taj LLC ("Tru Taj"), Tru Taj Finance, Inc. ("Tru Taj Finance"), TRU Taj Holdings 1, LLC, TRU Taj Holdings 2, Ltd., TRU Taj Holdings 3, LLC, TRU Asia, LLC, and TRU Taj (Europe) Holdings, LLC.

4 Unless otherwise specified herein, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

global supply chain and positioned the Company to implement its holiday business plan, which historically accounted for approximately 40% of its annual revenue.

Ultimately, sales from the holiday season did not meet performance expectations, and the Debtors' restructuring efforts were derailed. Several factors contributed to the Debtors performance, including (a) delays and disruptions associated with reopening the supply chain in chapter 11 and during the holiday season, (b) competitors pricing toys at low-margins or as loss-leaders to drive store traffic, which undermined the Company's pricing structure, (c) a greater than expected decline in toy and gift card sales and baby gift registries after the Petition Date, and (d) the Company's inability to offer online prices or shipping on more attractive terms than their competitors. As a result, in early 2018, the Debtors defaulted on certain DIP covenants and certain lenders began imposing reserve restrictions after the U.S. businesses failed to meet revenue expectations, further constraining liquidity. The Debtors projected at that time that they would require significant new liquidity to continue operating through the fall. The Debtors were able to obtain certain waivers through early March 2018 while they negotiated for additional liquidity, but their efforts ultimately proved unsuccessful and further waivers could not be obtained. On March 14, 2018, the Debtors filed a motion seeking authority to wind-down their U.S. operations, setting forth more fully the events leading up to the U.S. wind down [Docket No. 2050] (the "Wind-Down Motion"). The Bankruptcy Court entered an order approving the wind-down of U.S. operations (the "U.S. Wind-Down") on May 22, 2018 [Docket No. 2344] (the "Wind-Down Order").

At the hearing on the U.S. Wind-Down Motion and subsequent hearings on proposed amendments to the DIP Facilities, certain creditors and other parties-in-interest, including the Creditors' Committee, alleged claims related to the U.S. Wind-Down that would have resulted in lengthy, complex, and expensive litigation regarding the myriad of disputed issues among secured, administrative, and unsecured creditors. On June 14, 2018, after engaging in months-long arm's-length negotiations, certain Debtors, the Ad Hoc Group of B-4 Lenders, the Creditors' Committee, the Ad Hoc Vendor Group, the Term DIP Facility Agent, the Prepetition Term Loan Agent, the Sponsors, and certain other administrative claimants and lender parties reached an agreement on settlement terms that both resolved and preserved certain claims and causes of action related to the U.S. Wind-Down, among other things. The terms of this agreement were documented in a settlement agreement executed on July 17, 2018 (the "Settlement Agreement"). A motion seeking to approve the Settlement Agreement was filed on July 17, 2018 [Docket No. 3814] (the "Settlement Agreement Motion"). The Settlement Agreement is more fully described in the Settlement Agreement Motion. The Bankruptcy Court entered an order approving the Settlement Agreement Motion on August 8, 2018. [Docket No. 4083].

Meanwhile, the Debtors have been engaging with multiple purchasers for their non-Debtor affiliate Toys (Labuan) Holding Limited ("Toys Labuan"), a joint venture that operates the Asian business (the "Asia~~n~~ JV"), and have obtained the Bankruptcy Court's approval to provide bid protections for the joint venture and intellectual property assets that may be sold therewith [Docket No. 3597]. The Taj Debtors own 84.87% of the Asia~~n~~ JV and the remaining 15.13% is owned by Fung Retail Limited ("Fung"),[5] a China-based retailer and subsidiary of the Fung Group, whose core businesses are comprised of companies in trading, logistics, distribution, and retailing. A shareholders' agreement (the "Shareholders' Agreement") governs the joint ownership among these parties. The Taj Debtors are seeking Bankruptcy Court approval to make two additional findings as part of the bidding procedures governing the sale of the Asia~~n~~ JV: one, that a right-of-first-refusal provision in the Shareholders' Agreement is invalid and unenforceable for these purposes because it restricts assignment of the Debtors' indirect interest in the Asia JV, hindering the bidding process and contributing to a decline in bid prices; and, two, that the "drag" right in the Shareholders' Agreement permitting the majority holder to sell the minority interest on the same terms and conditions is enforceable according to its terms.

So far, the Debtors have generated approximately CAD 50 million, net of repayment of the Canadian revolving credit and "first-in-last-out" (FILO) facility, a sub-facility of the Delaware Secured ABL Facility, and other adjustments, and $55 million from the sale of their interests in their Canadian and Central European operations, respectively, which will ultimately inure to the benefit of the Debtors' Estates. On April 25, 2018, the Bankruptcy Court approved a sale of Toys "R" Us-Delaware, Inc.'s ("Toys Delaware") 100% equity interest in Toys

5 Fung formerly did business under the name Li & Fung (Retailing) Limited.

"R" Us (Canada) Ltd./Toys "R" Us (Canada) Ltee ("Toys Canada") to Fairfax Financial Holdings Limited pursuant to a certain purchase agreement dated April 19, 2018. In addition, the Debtors received Bankruptcy Court approval to effectuate the sale of their non-Debtor affiliate TRU (UK) H8 Limited's equity interest in Toys "R" US-Handelsgesellschaft ("Toys Austria"), Toys "R" Us GmbH ("Toys Germany"), and Toys "R" Us AG ("Toys Switzerland," and, together with Toys Austria and Toys Germany, the "Central European Business") to Smyths Toys EU HQ Limited pursuant to a certain sale and purchase agreement dated April 21, 2018, as amended on May 15, 2018. The Debtors have also filed a motion seeking authority to sell a 100% equity interest in TRU Iberia Holdings I, S.L.U. (the "Iberia Business") to Green Swan SGPS SA as a going concern, transfer certain intercompany loans related to those entities, and enter into a bridge facility. Certain of these transactions are embodied in the Plan, and the Debtors believe these transactions benefit their Estates. On August 4, 2018, after engaging in months-long arm's-length negotiations, the Taj Debtors, the TRU Inc. Debtors, and certain beneficial holders of the Taj Notes and the Taj DIP Notes (the "Supporting Holders" and each, a "Supporting Holder") entered into a restructuring support agreement (the "Restructuring Support Agreement" and the parties thereto, "RSA Parties"). The Restructuring Support Agreement is more fully described in Article III.B hereof. The Debtors as well as the RSA Parties believe that the Plan maximizes stakeholder recoveries, minimizes risk and uncertainty to all parties, and will bring these Chapter 11 Cases to a resolution. Accordingly, the Debtors are seeking the Bankruptcy Court's approval of the Plan.

*B. Questions and Answers Regarding this Disclosure Statement and the Plan.*

The following are some frequently asked questions and corresponding answers regarding this Disclosure Statement and the Plan.

**1. What is chapter 11?**

Chapter 11 is the principal business reorganization chapter in the Bankruptcy Code. This chapter permits debtor rehabilitation and promotes equal treatment for creditors and similarly situated equity interest holders, subject to the priority distribution scheme set forth in the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

A principle objective of a chapter 11 case is to consummate a plan. A confirmed plan will be binding upon the debtor, any person acquiring property under the plan, any creditor or equity interest Holder of the debtor, and any other entity as the court may order. Subject to certain limited exceptions, a bankruptcy court's order confirming a plan provides for the treatment of the debtor's liabilities in accordance with the confirmed plan's terms.

**2. Why are the Debtors sending me this Disclosure Statement?**

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Prior to soliciting acceptances of a proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind and in sufficient detail to enable a hypothetical reasonable investor to make an informed judgment about accepting a chapter 11 plan and to share such disclosure statement with all holders of claims or interest whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with such requirements. The Disclosure Statement includes, without limitation, the following information:

- the Debtors' corporate history and structure, business operations, and prepetition capital structure and indebtedness (Article II hereof);
- events leading to the chapter 11 cases, including the Debtors' restructuring negotiations (Article II hereof);
- significant events in the Debtors' chapter 11 cases (Article III hereof);
- each Claims' and Interests' classification and treatment under the Plan, including who is entitled to vote and how to vote on the Plan (Article IV hereof);

- certain important effects of Confirmation of the Plan (Article IV hereof);
- releases contemplated under the Plan that are integral to the overall settlement of Claims and Interests pursuant to the Plan (Article IV hereof);
- the statutory requirements for confirming the Plan (Article V hereof);
- certain risk factors Holders of Claims and Interests should consider before voting to accept or reject and the Plan and information regarding alternatives to Confirmation of the Plan (Article VI hereof);
- certain securities law disclosures (Article VIII); and
- certain United States federal income tax consequences of the Plan (Article VIII hereof).

In light of the foregoing, the Debtors believe the Disclosure Statement contains "adequate information" to enable a hypothetical reasonable investor to make an informed judgment about the Plan and complies with all aspects of section 1125 of the Bankruptcy Code.

**3. Am I entitled to vote on the Plan?**

Your ability to vote and your distribution, if any, depends on what kind of Claim or Interest you hold. Each category of holders of Claims or Interests set forth in Article III of the Plan, pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." The voting status for Each Class's respective voting status is below. Administrative Claims, Taj DIP Claims, and Priority Tax Claims have not been classified in accordance with section 1123(a)(1) of the Bankruptcy Code.

**The following table is a summary of the classification, treatment, impairment status, and voting rights under the Plan. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Claims and Interests.**

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| **Classified Claims and Interests against the TRU Inc. Debtors** | | | |
| Class A1 | Other Secured Claims against the TRU Inc. Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class A2 | Other Priority Claims against the TRU Inc. Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class A3 | Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A4 | Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A5 | Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A6 | 7.375% Senior Notes Claims against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A7 | 8.75% Unsecured Notes Claim against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A8 | General Unsecured Claims Against the TRU Inc. Debtors | Impaired | Entitled to Vote |
| Class A9 | TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |

| Class | Claims and Interests | Status | Voting Rights |
|---|---|---|---|
| Class A10 | TRU Inc. Intercompany Interests | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class A11 | TRU Inc. Interests | Impaired | Not Entitled to Vote (Deemed to Reject) |
| **Classified Claims and Interests against the Taj Debtors** | | | |
| Class B1 | Other Secured Claims against the Taj Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class B2 | Other Priority Claims against the Taj Debtors | Unimpaired | Not Entitled to Vote (Deemed to Accept) |
| Class B3 | Taj Senior Notes Claims against the Taj Debtors | Impaired | Entitled to Vote |
| Class B4 | General Unsecured Claims against the Taj Debtors | Impaired | Entitled to Vote |
| Class B5 | Taj Debtor Intercompany Claims against other Taj Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class B6 | Taj Debtor Intercompany Interests against the Taj Debtors | Unimpaired or Impaired | Not Entitled to Vote (Deemed to Accept or Deemed to Reject) |
| Class B7 | Interests in TRU Europe | Impaired | Entitled to Vote |

Only Holders of Claims or Interests included in one of the Classes entitled to vote to accept or reject the Plan will receive a Solicitation Package, as defined herein, from the Debtors' notice and claims agent, Prime Clerk LLC (the "Notice and Claims Agent"). For more information about the treatment of Claims and Interests, see Article IV.A of this Disclosure Statement entitled "Classification and Treatment of Claims and Interests Under the Plan."

**4. What will I receive from the Debtors if I hold an Allowed Administrative Claim, a Taj DIP Claim, or a Priority Tax Claim?**

Administrative Claims, Taj DIP Claims, and Priority Tax Claims have not been classified in accordance with section 1123(a)(1) of the Bankruptcy Code and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan. Administrative Claims and Priority Tax Claims will be satisfied as set forth Article II.A of the Plan and the Taj DIP Claims will be satisfied as set forth in Article II.C of the Plan.

**5. If the Plan provides that I get a distribution, when do I get it, and what does "Confirmation," "Effective Date," and "Consummation" mean?**

Confirmation of the Plan refers to the Bankruptcy Court's approval of the Plan. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan, there are conditions (described in Article IX of the Plan) that need to be satisfied or waived so that the Plan can be Consummated and become effective. References to the Effective Date mean the date that all conditions to the Plan have been satisfied or waived, at which point the Plan may be "consummated." Distributions only will be made after Consummation of the Plan and will be made only to Holders on account of Claims or Interests that are or become Allowed. See Article V in this Disclosure Statement entitled "Statutory Requirements for Confirmation of the Plan" for a discussion of the conditions to Consummation.

**6. How will the Reorganized Debtors fund distributions under the Plan?**

The Reorganized Debtors will fund distributions under the Plan from Cash on hand, the Rights Offering, the Liquidation Proceeds, and/or the Sale Proceeds, as applicable.

**7. What materials will be sent to Holders of Claims or Interests who are eligible to vote to accept or reject the Plan?**

Holders of Claims or Interests who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials including (the "Solicitation Package"):

- the Disclosure Statement, as approved by the Bankruptcy Court (with all exhibits thereto, including the Plan and the exhibits to the Plan);
- the Solicitation Procedures;
- the Confirmation Hearing Notice;
- an appropriate Ballot with voting instructions with respect thereto, together with a pre-addressed, postage prepaid return envelope;
- a letter from the Debtors, substantially in the form attached to the Disclosure Statement Order recommending that holders of Claims entitled to vote on the Plan vote to accept the Plan; and
- any supplemental documents the Debtors may file with the Bankruptcy Court or that the Bankruptcy Court orders to be made available.

The Solicitation Package may also be obtained (a) from the Debtors' Notice and Claims Agent by (i) visiting https://cases.primeclerk.com/toysrus, (ii) writing to Toys "R" Us, Inc., c/o Prime Clerk LLC, 830 Third Avenue, New York, New York 10022, or (iii) calling (844) 794-3476 (toll free) or (917) 962-8499 (international) or (b) for a fee via PACER (except for ballots) at https://www.vaeb.uscourts.gov.

**8. What will I receive from the Debtors if the Plan is consummated?**

The following chart provides a summary of the anticipated recovery to holders of Claims and Interests under the Plan. Any estimates of Claims and Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

Each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class from the Disbursing Agent, as applicable. Unless otherwise indicated, the Holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the later of the Effective Date, or if a Claim or Interest is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter.

**THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.**[6]

[6] The recoveries set forth below may change based upon changes in the amount of Claims that are "Allowed" as well as other factors related to the Debtors' business operations and general economic conditions. "Allowed" means with respect to any Claim: (a) a Claim that is scheduled by the Debtors as neither disputed, contingent, nor unliquidated and for which no

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| **Classified Claims and Interests against the TRU Inc. Debtors** | | | | |
| A1 | Other Secured Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Other Secured Claim against the TRU Inc. Debtors, each Holder thereof shall receive, at the option of the applicable TRU Inc. Debtor: (a) payment in full in Cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) reinstatement of such Other Secured Claim; or (d) such other treatment as shall render such Claim Unimpaired. | ~~$[___]~~[$1.2 million - $1.3 million] | [_]% |
| A2 | Other Priority Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Other Priority Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full in Cash all Senior Claims. | ~~$[___]~~[$400,000 - $500,000] | [_]% |

contrary proof of claim has been filed; (b) a Claim that is not a Disputed Claim or has been allowed by a Final Order; (c) a Claim that is allowed (i) pursuant to the terms of the Plan, (ii) in any stipulation that is approved by the Bankruptcy Court or (iii) pursuant to any contract, instrument, indenture, or other agreement entered into or assumed in connection herewith; or (d) a Claim as to which a Proof of Claim has been timely Filed and as to which no objection has been Filed as of the Claims Objection Deadline. Except for any Claim that is expressly Allowed pursuant to the Plan, any Claim that has been, or is hereafter, listed in the Schedules as contingent, unliquidated, or disputed and for which no Proof of Claim has been Filed is not considered Allowed and shall be deemed expunged upon entry of the Confirmation Order.

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| A3 | Taj Senior Notes Guaranty Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Taj Senior Notes Guaranty Claim, each Holder thereof shall receive its pro rata share of~~:~~<br><br>~~(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims;~~<br><br>~~(ii) the Sale Proceeds, if any, after paying in full all Senior Claims;~~<br><br>~~(iii) the Subscription Rights; and~~<br><br>the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall~~.~~; *provided* that no Holder of a Class A3 Claim shall receive greater than a full recovery on account of its Claim. | ~~$582,749,000 in aggregate principal amount~~ [$588.6 million] | [_]% |
| A4 | Propco II Mortgage Loan Guaranty Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Propco II Mortgage Loan Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | ~~$507~~[$20.7 million ~~in principal amount~~] | [_]% |
| A5 | Giraffe Junior Mezzanine Loan Guaranty Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Giraffe Junior Mezzanine Loan Guaranty Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full in Cash all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | ~~$~~[$70 million ~~in principal amount~~] | [_]% |

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| A6 | 7.375% Senior Notes Claims against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed 7.375% Senior Notes Claim, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | ~~$208~~[$214.9 million ~~in principal amount~~] | [_]% |
| A7 | 8.75% Unsecured Notes Claim against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed 8.75% Unsecured Notes Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | ~~$22~~[$21.8 million ~~in principal amount~~] | [_]% |
| A8 | General Unsecured Claims Against the TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed General Unsecured Claim against the TRU Inc. Debtors, each Holder thereof shall receive its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in Cash all Senior Claims and on a pari passu basis with other Allowed Class A3 - A8 Claims to the extent set forth in the Priority Waterfall. | ~~$[___]~~[$80 million - $1.19 billion][7] | [_]% |
| A9 | TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for TRU Inc. Debtor Intercompany Claims against other TRU Inc. Debtors, each TRU Inc. Debtor Intercompany Claim against another TRU Inc. Debtor shall be reinstated or canceled and released. | ~~$[___]~~$[0] | [_]% |

[7] For the purpose of this chart, these figures include an Intercompany Claim by Toys Delaware against TRU Inc., in a range from $0 to [$1.095 billion], which does not take into account any potential setoff for amounts that may be owed by Toys Delaware to TRU Inc., which may be up to [$335 million], or any portions that may be subordinated to other claims. All Claims for set off with regard to Intercompany Claims are preserved.

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| A10 | TRU Inc. Intercompany Interests | On the Effective Date, interests in the TRU Inc. Debtors other than TRU Inc. shall be reinstated or canceled and released. | ~~$[___]~~N/A | ~~[_]%~~N/A |
| A11 | TRU Inc. Interests | On the Effective Date, each interest in TRU Inc. shall be canceled and released; *provided*, *however*, that for the avoidance of doubt, new TRU Inc. Interests may be issued pursuant to the Toys Delaware Plan, subject to the consent of the Taj Holders Steering Group. | ~~$[___]~~N/A | ~~[_]%~~N/A |
| **Classified Claims and Interests against the Taj Debtors** | | | | |
| B1 | Other Secured Claims against the Taj Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Other Secured Claim against the Taj Debtors, each Holder thereof shall receive, at the option of the applicable Taj Debtor: (a) payment in full in Cash; (b) delivery of the collateral securing any such Claim and payment of any interest required under section 506(b) of the Bankruptcy Code; (c) reinstatement of such Other Secured Claim; or (d) such other treatment as shall render such Claim Unimpaired. | ~~$[___]~~$[0] | [_]% |
| B2 | Other Priority Claims against the Taj Debtors | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each Allowed Other Priority Claim against the Taj Debtors, each Holder thereof shall receive payment in full in Cash or such other treatment as shall render such Claim Unimpaired. | ~~$[___]~~$[0] | [_]% |

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| B3 | Taj Senior Notes Claims against the Taj Debtors | On the Effective Date, subject in all respects to the Credit Bid Transaction, including the issuance of the Initial Purchaser Common Shares, and in accordance with the Transaction Steps Memorandum, in full and final satisfaction ~~and discharge of~~, compromise, settlement, and release of and in exchange for each Allowed Taj Senior Notes Claim, each Holder thereof shall receive its pro rata share of:<br>(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and<br>(ii) the Sale Proceeds, if any, after paying in full all Senior Claims; and<br>(iii) the Subscription Rights. | ~~$582,749,000 in aggregate principal amount~~ $[588.6 million] | [_]% |
| B4 | General Unsecured Claims against the Taj Debtors | On the Effective Date, in full and final satisfaction of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive its pro rata share of:<br>(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and<br>(ii) the Sale Proceeds, if any, after paying in full all Senior Claims. | ~~$[___]~~[$14.5 million - $15.5 million] | [_]% |
| B5 | Taj Debtor Intercompany Claims against other Taj Debtors | On the Effective Date, each Taj Debtor Intercompany Claim against another Taj Debtor shall be Reinstated, canceled, or compromised as determined between the Taj Debtors and the Taj Holders Steering Group or the Credit Bid Purchaser (only if the Credit Bid Purchaser is the Successful Bidder), as applicable. | ~~$[___]~~$[0] | [_]% |
| B6 | Taj Debtor Intercompany Interests against the Taj Debtors | On the Effective Date, each Taj Debtor Intercompany Interest shall be Reinstated, canceled, or compromised as determined between the Taj Debtors and the Taj Holders Steering Group or the Credit Bid Purchaser (only if the Credit Bid Purchaser is the Successful Bidder), as applicable. | ~~$[___]~~N/A | ~~[_]%~~N/A |

| SUMMARY OF EXPECTED RECOVERIES | | | | |
|---|---|---|---|---|
| **Class** | **Claim/Interest** | **Treatment of Claim/Equity Interest** | **Projected Amount of Claims** | **Projected Recovery Under the Plan** |
| B7 | Interests in TRU Europe | On the Effective Date, in full and final satisfaction, compromise, settlement, and ~~discharge~~release of and in exchange for each interest in TRU Europe, each Holder of an Interest in TRU Europe shall receive its pro rata share of:<br>(i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and<br>(ii) the Sale Proceeds, if any, after paying in full all Senior Claims. | ~~$[___]~~N/A | ~~[__]%~~N/A |

Any reinstatement of Intercompany Claims or Interests pursuant to the Plan will be done solely for administrative ease and to avoid further liabilities to the Debtors. Any such preservation or reinstatement of Intercompany Claims or Interests will not provide any additional economic benefit to Holders of such Claims or Interests in contravention of the absolute priority rule.

**9. If I am an unsecured creditor, how do I know what I am receiving under the Plan?**

Holders of Allowed General Unsecured Claims against the Taj Debtors, estimated in the amount of [$14.5 million - $15.5 million], shall receive, after payment of more senior Claims, including Administrative and Priority Claims, any excess value available from the sale of the TRU Asia Equity Interests and any excess value available from the liquidation of other assets of the Taj Debtors.

With respect to holders of allowed unsecured claims against Toys, Inc. (including the Taj Senior Notes Guaranty Claims, the Propco II Mortgage Loan Guaranty Claims, the Giraffe Junior Mezzanine Loan Guaranty Claims, the 7.375% Senior Notes Claims, the 8.75% Unsecured Notes Claims, and General Unsecured Claims), such holders are receiving, after payment of more senior Claims, including Administrative and Priority Claims, their pro rata share of the "TRU Inc. Silo Recovery." The "TRU Inc. Silo Recovery" is defined under the Plan as "(1) the balance of any Sale Proceeds and Liquidation Proceeds after repayment in full of all Senior Claims, in accordance with the Priority Waterfall; (2) the value, if any, distributed to the TRU Inc. Debtors on account of any claims or Causes of Action it may have against any other Entity; (3) Cash on hand or received by the TRU Inc. Debtors, including the proceeds of any dispositions of TRU Inc. Debtor assets and any distributions from non-Debtor subsidiaries to the TRU Inc. Debtors; and (4) any recoveries from the Non-Released Claims Trust (as defined in the Settlement Agreement) allocated to creditors of TRU Inc. in accordance with Section 3.2(k) of the Settlement Agreement, each of which shall be distributed to holders of Claims and Interests in the TRU Inc. Debtors according to their relative priority." Each component of the TRU Inc. Silo Recovery is summarized as follows:

- Sale Proceeds and Liquidation Proceeds will only be distributed to unsecured claims of TRU Inc. if those proceeds exceed the indebtedness at the Taj Debtors and exceed any senior claims asserted against TRU Inc. The Priority Waterfall will set forth a schedule of the priorities of each of such senior claims, and will be filed with the Plan Supplement at least ten business days prior to the Voting Deadline with respect to the Plan.
- Certain claims or causes of action may be held by TRU Inc. against any other Entity, including its Debtor and non-Debtor affiliates.

- Certain of the TRU Inc. Debtors, including MAP 2005 Real Estate, LLC, hold assets and Cash on hand. Those assets primarily include proceeds from the sale of certain real estate assets, and other liquidated and unliquidated assets.
- Under the Settlement Agreement negotiated with the Toys Delaware Debtors and the Toys Geoffrey Debtors, certain claims and causes of action, including all claims against the TRU Inc. Debtors' current and former directors, officers and managers (including any Sponsor-affiliated directors, officers and managers) are transferred and/or assigned to the Non-Released Claims Trust and are preserved for the benefit of creditors. The Settlement Agreement contemplates that the mechanics for an allocation or sharing of recoveries from any Non-Released Claims held by or allocable to TRU Inc. among creditors of TRU Inc. (other than Toys Delaware or its estate) and the beneficiaries of the Non-Released Claims Trust will be determined (i) in connection with confirmation of the Plan or other negotiated resolution of the TRU Inc. Debtors' Chapter 11 Cases, or (ii) by further order of the Court.

**~~9.~~10. Will the Debtors file reports with the SEC?**

The Debtors do not expect to file reports with the SEC after these chapter 11 cases because they do not expect to be subject to the public reporting requirements under the Securities Exchange Act of 1934 or the regulations promulgated thereunder.

**~~10.~~11. What is the deadline to vote on the Plan?**

The deadline to vote on the Plan is **~~[~~October ~~31~~5, 2018, at 5:00 p.m., prevailing Eastern Time** (the "Voting Deadline").

**~~11.~~12. How do I vote to accept or reject the Plan?**

The Debtors are distributing this Disclosure Statement along with a ballot to be used for voting to accept or reject the Plan to the Holders of Claims entitled to vote to accept or reject the Plan. If you are a Holder of a Claim or Interest in Classes A3, A4, A5, A6, A7, A8, B3, B4, or B7 you may vote to accept or reject the Plan by completing the ballot and returning it in the envelopes provided.

The Debtors have engaged Prime Clerk LLC to serve as the Notice and Claims Agent. The Notice and Claims Agent is available to answer questions, provide additional copies of all materials, oversee the voting process, and process and tabulate ballots for each class entitled to vote to accept or reject the Plan.

| **BALLOTS** |
| --- |
| Ballots must be actually received by the Notice and Claims Agent by the Voting Deadline, which is ~~[~~October ~~31~~5, 2018, at 5:00 p.m., prevailing Eastern Time, at the following address:<br><br>**Toys "R" Us, Inc. Ballot Processing**<br>c/o Prime Clerk LLC<br>830 Third Avenue,<br>New York, New York 10022<br><br>If you have any questions on the procedure for voting on the Plan, please call the Debtors at:<br><br>(844) 794-3476 (toll free) or (917) 962-8499 (international) |

More detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to Holders of Claims that are entitled to vote to accept or reject the Plan. If you are eligible to vote, for your vote to be counted, your ballot must be completed, signed, and received by the Voting Deadline; provided, however, that

ballots received by the Notice and Claims Agent after the Voting Deadline may be counted only in the sole and absolute discretion of the Debtors.

Any ballot that is properly executed by the Holder of a Claim or Interest but that does not clearly indicate an acceptance or rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Ballots received by facsimile or by electronic means will not be counted.

Each Holder of a Claim or Interest entitled to vote to accept or reject the Plan may cast only one ballot for each Claim or Interest held by such Holder. By signing and returning a ballot, each Holder of a Claim or Interest in Classes A3, A4, A5, A6, A7, B3, B4, or B7 will certify to the Bankruptcy Court and the Debtors that no other ballots with respect to such Claim or Interest have been cast or, if any other ballots have been cast with respect to such Claim or Interest, such earlier ballots are superseded and revoked.

The Plan provides that (i) all holders of Claims and Interests that are deemed to accept the Plan; (ii) all holders of Claims and Interests who vote to accept the Plan; and (iii) all holders in voting classes who abstain from voting on the Plan and who do not opt-out of the releases provided by the Plan will be deemed to have released all claims and Causes of Action against each Debtor, Reorganized Debtor, and other Released Party.

Return envelopes will be accompany all ballots. It is important to follow the specific instructions provided on each ballot, as failing to do so may result in your ballot not being counted.

### 13. Will there be releases and exculpations granted to parties in interest as part of the Plan?

Yes, the Plan contains certain releases (as described more fully in Article Article IV.G of this Disclosure Statement, entitled "Releases"), including mutual releases between (a) the Debtors; (b) the Reorganized Debtors; (c) the Creditors' Committee and its members; (d) Holders of 8.75% Unsecured Notes Claims; (e) the 8.75% Unsecured Notes Trustee; (f) Holders of 7.375% Senior Notes Claims; (g) the 7.375% Senior Notes Trustee; (h) Holders of Taj Senior Notes Claims; (i) the Taj Senior Notes Indenture Trustee; (j) the Taj Holders Steering Group and its members; (k) the Taj DIP Lenders; (l) the Sponsors; (m) the Purchaser; (n) the Giraffe Junior Mezzanine Loan Lenders; (o) all holders of Claims and Interests that are deemed to accept the Plan and who do not opt out of the releases provided by the Plan; and (p) with respect to each of the Debtors and the foregoing entities in clauses (a) through (n), such entity's current and former affiliates (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors or any Former Debtor) and each of such entity's, and such entity's current and former affiliates' (that are not the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors or any Former Debtor), current and former equity holders (regardless of whether such interests are held directly or indirectly), subsidiaries, officers, directors, managers, principals, members, employees, agents, advisory board members, financial advisors, partners, attorneys, accountants, investment bankers, consultants, representatives, and other professionals; provided that any party that opts out of the releases contained in the Plan shall not be a "Released Party."

The Debtors believe that the Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Restructuring Transactions contemplated by the Plan and the Debtors' overall restructuring efforts. Further, the Debtors assert that many of the Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize the value of the Debtors for the benefit of all parties in interest. Accordingly, for all of these reasons the Debtors believe that each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

Based on the foregoing, the Debtors believe that the releases and exculpations in the plan are necessary and appropriate and meet the applicable legal standard. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for the propriety of the release and exculpation provisions.

The Plan provides that (i) all holders of Claims and Interests that are deemed to accept the Plan; (ii) all holders of Claims and Interests who vote to accept the Plan; and (iii) all holders in voting classes who abstain from voting on the Plan and who do not opt-out of the releases provided by the Plan will be deemed to have released all claims and Causes of Action against each Debtor, Reorganized Debtor, and other Released Party.

**~~12.~~14. How can I object to provisions contained in the Plan?**

The Bankruptcy Court has established **~~[~~October ~~31~~5, 2018, at 5:00 p.m., prevailing Eastern Time**, as the deadline to object to confirmation of the Plan (the "Plan Objection Deadline"). All such objections must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in interest in accordance with the order approving the Disclosure Statement and Solicitation Procedures so that they are ***actually received*** on or before the Plan Objection Deadline. The Debtors believe the Plan Objection Deadline, as established by the Bankruptcy Court, affords the Bankruptcy Court, the Debtors, and other parties in interest reasonable time to consider the objections to the Plan prior to a Confirmation Hearing.

**~~13.~~15. Do the Debtors recommend voting in favor of the Plan?**

Yes. The Debtors believe the Plan provides for a larger distribution to the Debtors' creditors than would otherwise result from any other available alternative. The Plan is the culmination of extensive arm's-length and good faith negotiations with various stakeholders. As such, the Debtors believe that the Plan is in the best interest of all Holders of Claims and Interests and that any alternatives, to the extent that they exist, fail to realize or recognize the value inherent under the Plan.

**~~14.~~16. When is the hearing on confirmation of the Plan expected to occur?**

Assuming the requisite acceptances are obtained for the Plan, the Debtors intend to seek confirmation of the Plan at a hearing to be scheduled on **~~[~~October 10~~]~~, 2018, at ~~[~~1:00 p.m.~~]~~, prevailing Eastern Time**, before the Honorable Keith L. Phillips, United States Bankruptcy Judge, in Courtroom No. 5100 of the United States Court for the Eastern District of Virginia, 701 East Broad Street, Richmond, Virginia 23219 (each such hearing, a "Confirmation Hearing"). A Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice to parties in interest other than such adjournment announced in open court and/or a notice of adjournment filed with the Court and served on the 2002 List. The Bankruptcy Court, in its discretion and prior to a Confirmation Hearing, may put in place additional procedures governing that hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the hearing to confirm the Plan without further notice to parties in interest.

## ARTICLE II.
## THE DEBTORS' BACKGROUND

*A. The Debtors' Business.*

**1. The Debtors' Business Overview**.

For many children around the world, Toys "R" Us is not just a retail store—it is an experience. Children find joy in perusing the toy-filled aisles for their favorite items while parents appreciate having all the latest merchandise available at one convenient location. The Company strategically placed stores across 49 states in the U.S., Puerto Rico, Guam, and 37 other countries. As such, the Toys "R" Us enterprise can be divided generally into two silos: (a) the North American operations; and (b) the European, Asian, African, Australian, and the Middle Eastern operations.

**The North American Business.** There were over 900 retail locations in the U.S., its territories, and Canada prior to the Petition Date. These stores operated under brand names that include Toys "R" Us, Babies "R" Us, Toys "R" Us Outlet, and Toys "R" Us Express, with Toys "R" Us being one of the most widely recognizable brands among children. Toys "R" Us stores catered to kids and carried the newest and most popular bikes, scooters, building blocks, playsets, puzzles, video games, outdoor equipment, action figures, and dolls, among other merchandise. Babies "R" Us, on the other hand, is the Company's specialty retail store for baby products and furniture. Consumers turned to Babies "R" Us knowing that they can find the latest items for infants and toddlers, obtain shopping expertise for their babies' needs, and create gift registries for newborns and children. The Company's goal has been to develop loyal Babies "R" Us customers whose children would eventually grow up and become Toys "R" Us kids.

In addition to holding certain real estate assets, Toys Delaware served as the operating company for the U.S. business and wholly-owned Toys Canada, which operates the Canadian business. Toys Delaware would coordinate and provide various essential functions for certain international and North American operations. The Global Resource Center (the Company's global headquarters) served as the hub for such shared services and is located in Wayne, New Jersey. The functions provided range from shared IT infrastructure and services, certain corporate services, management services for the private label business, and global branding and communications teams to merchandising and supply chain management, finance and store operations, analytics and reporting, marketing, and e-commerce. Toys Delaware facilitated these services to allow the Company to realize economies of scale and avoid duplicative costs.

In addition, Geoffrey LLC ("Geoffrey"), Toys Delaware subsidiary based in the U.S., owns substantially all of the Company's (excluding the Canadian affiliates) intellectual property (the "Intellectual Property"), which includes the Toys "R" Us trade name, trademarks, service marks, mascot, various registered domain names, a substantial private label business, a baby registry, and customer and email marketing lists. Geoffrey's sole function is to license this Intellectual Property to operating Debtor and non-Debtor affiliates and third parties in the ordinary course of business in exchange for royalty payments. These Intellectual Property assets are valuable, as such assets increase brand recognition and allow the Company to build equity value in its operations.

**The International Business and Geoffrey Licensing.** As of February 3, 2018, certain of the North American Debtors' affiliates operated over 770 Company-branded stores across 17 international markets. Geoffrey licenses its Intellectual Property to these entities pursuant to certain agreements so as to ensure a cohesive global brand for the Toys "R" Us enterprise. Two significant intercompany license agreements govern Geoffrey's relationship with its foreign affiliates: (1) that certain Master License Agreement dated March 24, 2017, by and among Geoffrey, ~~Toys Labuan~~the Asia JV, TRU Inc., and Toys "R" Us Holdings (China) Limited ~~("Toys China")~~[8] (as amended from time to time and together with the subsidiary license agreements issued pursuant thereto, the "Asia~~n~~ JV ~~License Agreement~~MLA") and (2) that certain License Agreement dated February 1, 2009, by and among Geoffrey and each of the non-Debtor affiliate counterparties thereto from time to time (the "European-Australian License Agreement" and, together with the Asia~~n~~ JV ~~License Agreement~~MLA, the "Intercompany IP License Agreements"). In 2017, Geoffrey received approximately $81 million in total royalty payments pursuant to both the Asia~~n~~ JV ~~License Agreement~~MLA and the European-Australian License Agreement. Geoffrey is currently undertaking a marketing process to sell the intellectual property assets.

(a) The Asian Businesses

The Asia~~n~~ JV is based in Hong Kong and operates approximately 411 Toys "R" Us stores across Japan, Greater China, and Southeast Asia and employs approximately 10,659 people, as of 2017. Non-debtor affiliate TRU (UK) Asia Limited and third party Fung are partners in the Asia~~n~~ JV. TRU (UK) Asia Limited owns approximately an 85% stake in the Asia~~n~~ JV, and Fung owns the remaining interests therein. The Shareholders Agreement governs the joint venture relationship.

(b) The Central European Business

Approximately 90 Toys "R" Us stores, as of October 2017, and approximately 2,500 employees, as of fiscal year end 2016, comprised the Central European operations in Austria, Germany, and Switzerland. Adjusted EBITDA after intercompany expenses and royalties for these businesses totaled approximately €24 million in 2017, as the Central European Business was a leading toy retailer in the region. The Toys Austria, Toys Germany, and Toys Switzerland entities operated seamlessly within the Toys "R" Us enterprise through their license agreements with Geoffrey that allowed them to use brand names and private label inventory, among other assets, and pursuant to certain shared services that Toys Delaware provided to such entities, including shared IT infrastructure and services, certain corporate services, management of the private label business, a global branding team, a global communications team, and other similar functions.

[8] Geoffrey also entered into ~~that certain~~a subsidy letter agreement dated as of March 24, 2017, with Toys Labuan (the "Subsidy Agreement") at the same time it entered into the Asia~~n~~ JV License Agreement.

(c) Iberia Business

The Iberian operations in Spain and Portugal were comprised of 60 Toys "R" Us stores, as of October 2017, and approximately 1,278 employees, at the fiscal year end of 2016. The Iberia Business is a 100% shareholder of TRU Iberia Holdings 2, S.L.U, which is (a) a 100% shareholder of Toys "R" Us Iberia S.A.U and (b) a 0.01% shareholder of Toys "R" Us Portugal Brinquedose Artigos Juvenis LDA. Toys "R" Us Iberia S.A.U. is (a) a 99.9% shareholder of Toys "R" Us Portugal Brinquedose Artigos Juvenis LDA, (b) a 100% shareholder of Toys "R" Us Madrid S.L.U., and (c) a 100% shareholder of Toys "R" Us Iberia Real Estate, S.L.U. Historically, these Iberian entities have operated seamlessly within the Toys "R" Us enterprise through their license agreements with Geoffrey that allowed them to uses various trademarks, service marks, trade names, and other intellectual property owned by Geoffrey and benefited from certain shared services provided by and coordinated from the Debtors' Global Resource Center in Wayne, NJ, including shared IT infrastructure and services, certain corporate services, management of the private label business, a global branding team, a global communications team, and other similar functions.

(d) Other International Operations

In additional to the geographies above, certain non-Debtor subsidiaries in other regions continue to operate as a going concern while exploring various sale or going-concern scenarios while others, notably in the United Kingdom ~~and~~, Australia, and France have commenced local insolvency proceedings. In connection with the French bankruptcy proceedings, the Debtors are pursuing an asset/business sale process for the French companies under applicable French bankruptcy law.

**Global Supply Chain.** Prior to the U.S. Wind-Down, the Company obtained its merchandise from a variety of international and North American vendors, some of which offered the Company in-demand products at higher allocations, exclusive products, and advertising support. The Company had eighteen distribution centers to support the North American and international operations when these chapter 11 cases were filed. Such distribution centers implemented management systems for their inventory levels and distribution costs, and third-party logistic providers managed warehouse operations and deliveries to the stores. The systems and third-party logistic providers optimized flexibility and allowed the stores to maintain optimum stock levels.

Moreover, the Company's ability to maintain a robust and uninterrupted inventory supply was vital to customers shopping at Toys "R" Us, Babies "R" Us, and other brand named stores on a repeat basis throughout the year. The Toys "R" Us enterprise could not compete in the marketplace if it failed to procure products in line with consumer expectations or did not obtain goods and services necessary to conduct business in the ordinary course. As such, there were certain vendors that the Company considered more critical to their North American and international operations. These vendors offered a number of important services, including general supplies, and packaging materials, regulating direct mail and digital marketing campaigns, and providing brand creative services. Often times, the Company obtained these products and services from vendors on trade terms that were favorable and allowed stores to receive their purchases on a regularly scheduled basis.

**2. The Debtors' Corporate History**.

Toys "R" Us has its roots in Children's Bargain Town, a baby furniture store that Charles Lazarus founded in 1948 to capitalize on the post-World War II baby boom. Lazarus eventually added toys and other baby products to the array of merchandise sold at Children's Bargain Town, which became a success. This led Lazarus to open his first store dedicated exclusively to toys in 1957 called Toys "R" Us. The Company went on to open big-box stores across the U.S., dominating the toy industry with deep discounts and a huge selection that soon squeezed out smaller mom-and-pop toy shops.

In light of the Company's opportunities for growth, the Company completed an initial public offering in 1978. This allowed the Company to capitalize on its popularity and brand recognition and execute on plans to expand into various markets. In 1984, the Company opened the first wholly-owned Toys "R" Us store in Canada and licensed operations in Singapore. Eventually, in 1996, Babies "R" Us was opened for business, and, shortly thereafter, Toysrus.com entered the burgeoning U.S. online marketplace. Over time, the Company grew a broad

customer base and loyalty program that reached approximately 19 million and 12 million domestic and international users, respectively.

Following a highly competitive process, the Company was acquired and taken private in 2005. An investment group comprising entities advised by or affiliated with Bain Capital Private Equity, LP, Kohlberg Kravis Roberts & Co., L.P., and Vornado Realty Trust (the "Sponsors") bought Toys "R" Us for approximately $6.6 billion, including $5.3 billion in debt secured in large part by the Company's assets. After going private, the Company opened new stores in China and Southeast Asia. Accordingly, Toys "R" Us was truly a global enterprise and a leader in the toy industries throughout Asia, North America, Europe, Australia, and Africa.

*B. Summary of Prepetition Capital Structure.*

As of the Petition Date, the Company had approximately $5.3 billion in total funded debt between its domestic and international operations. The Taj Debtors had approximately $583 million in funded debt, and the TRU Inc. Debtors' had approximately $785 million in funded debt. The instruments evidencing the Debtors' funded indebtedness are summarized in the table below, and more details are set forth thereafter.

| Funded Debt | Maturity | Outstanding Principal Amount as of 9/17/17 |
|---|---|---|
| **TRU Inc. Debt Facilities** | | |
| Toys, Inc. 8.75% Senior Notes | September 1, 2021 | $22 million |
| Toys, Inc. 7.375% Senior Notes | October 15, 2018 | $208 million |
| Propco II Mortgage Loan | November 9, 2019 | $507 million |
| Giraffe Junior Mezzanine Loan | November 9, 2019 | $70 million |
| **Taj Debt Facilities** | | |
| Taj Senior Notes | August 15, 2021 | $583 million |
| Total Funded Debt: | | $1,390 million |

**1. TRU Inc. Debt Facilities**.

(a) 8.75% Senior Notes

TRU Inc. and Toys Delaware, as co-issuers, and The Bank of New York, as successor trustee (the "8.75% Unsecured Notes Indenture Trustee"), are parties to that certain Indenture, dated as of August 21, 1991 (as amended, novated, supplemented, extended, or restated from time to time, the "8.75% Unsecured Notes Indenture"). Pursuant to the 8.75% Unsecured Notes Indenture, TRU Inc. and Toys Delaware co-issued $200 million in original principal amount of 8.75% unsecured notes due September 1, 2021 (the "8.75% Unsecured Notes"). No other Debtor entities guarantees or is otherwise obligated under the 8.75% Notes. Approximately, $22 million in aggregate principal amount remains outstanding.

(b) 7.375% Senior Notes

On May 28, 2002, TRU Inc. issued $400 million of 7.375% senior unsecured notes due October 15, 2018 (as amended, novated, supplemented, extended or restated from time to time, the "7.375% Notes"). The 7.375% Notes are governed by that certain Indenture, dated as of May 28, 2002, among TRU Inc., as issuer, and The Bank of New York, as Indenture Trustee, as amended by that certain First Supplemental Indenture, dated as of May 28, 2002, among TRU Inc., as Issuer, and The Bank of New York, as Indenture Trustee. No other Debtor entity guarantees or is otherwise obligated under the 7.375% Notes. As of the Petition Date, approximately $208 million in aggregate principal amount of 7.375% Notes remains outstanding.

(c) Propco II Mortgage Loan

On November 3, 2016, Toys "R" Us Property Company II, LLC ("Propco II"), an indirect wholly-owned subsidiary of Toys Delaware, borrowed $512 million, due November 9, 2019, pursuant to that certain Loan Agreement among Propco II, as Borrower, and Goldman Sachs Mortgage Company and Bank of America, N.A., as the lenders party thereto (as amended, novated, supplemented, extended or restated from time to time, the "Propco II Mortgage Loan"). The Propco II Mortgage Loan obligations are guaranteed by TRU Inc., and are secured by all assets owned from time to time by Propco II, including (i) all of Propco II's interest in certain real property, and (ii) certain accounts and other related collateral of Propco II. As of the Petition Date, approximately $507 million in aggregate principal amount remains outstanding under the Propco II Mortgage Loan.

(d) Giraffe Junior Mezzanine Loan

On November 3, 2016, Giraffe Junior Holdings, LLC ("Giraffe Junior") borrowed $88 million, due November 19, 2019, pursuant to that certain 12.5% Mezzanine Loan Agreement among Giraffe Junior, as Borrower, and the lenders party thereto from time to time (as amended, novated, supplemented, extended or restated from time to time, the "Giraffe Junior Mezzanine Loan"). Giraffe Junior Mezzanine Loan obligations are guaranteed by TRU Inc., and are secured by assets owned by Giraffe Junior, including (i) 100% of the issued and outstanding limited liability company interests in Propco II, and (ii) certain accounts and other related collateral of Giraffe Junior. As of the Petition Date, approximately $70 million in aggregate principal amount remained outstanding under the Giraffe Junior Mezzanine Loan.

**2. Taj Debt Facilities**.

(a) Taj Senior Notes

On August 16, 2016, Tru Taj and Tru Taj Finance issued $441.2 million of 12.00% senior secured notes due August 15, 2021 (as amended, novated, supplemented, extended or restated from time to time, the "Taj Senior Notes"). Additionally, on August 26, 2016, the Taj Notes Issuers issued an additional $142 million of Taj Notes in a private placement, resulting in $583 million of aggregate principal for the Taj Senior Notes. The Taj Senior Notes are governed by that certain First Supplemental Indenture, dated as of August 26, 2016 (the "Prepetition Indenture"), among Tru Taj and Tru Taj Finance, as co-issuers, TRU Inc. and certain of its direct and indirect wholly-owned subsidiaries in the United States, Europe and Australia, as guarantors (the "Taj Guarantors"), and Wilmington Trust, N.A., as trustee and collateral trustee. The obligations under the Taj Senior Notes are secured, subject to certain exceptions, by a first priority lien on the common equity shares of certain of the Taj Guarantors and certain of their subsidiaries that were not pledged under the Euro ABL Facility, and a second priority lien on the common equity shares of certain of the Taj Guarantors and certain of their subsidiaries that were previously pledged under the Euro ABL Facility. As of the Petition Date, $583 million in aggregate principal amount of Taj Senior Notes remains outstanding.

**3. Intercompany Indebtedness**.

The Debtors and non-Debtor affiliates regularly engage in intercompany transactions in the ordinary course of business, resulting in various intercompany balances, claims, and obligations. A summary of some of the intercompany indebtedness includes:

(a) TRU Inc. and Toys Delaware Intercompany Credit Agreement

TRU Inc. borrowed $90 million from Toys Delaware under that certain Credit Agreement dated July 25, 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Intercompany Credit Agreement"). The intercompany loan under the Intercompany Credit Agreement matures on December 31, 2018. Approximately $91 remains outstanding as of the Petition Date.

(b) 2006 Grid Promissory Note

TRU Inc. and Toys Delaware are parties to that certain Promissory Note, dated January 28, 2006 (as amended, amended and restated, extended, supplemented or otherwise modified from time to time, the "2006 Grid Promissory Note"), which evidences the intercompany loans made between TRU Inc. and Toys Delaware both as borrowers and lenders. Both TRU Inc. and Toys Delaware are permitted to offset and net any amounts owed to the other under the 2006 Grid Promissory Note. As of the Petition Date, the outstanding amount under the 2006 Grid Promissory Note was approximately $390 million that TRU Inc. owed to Toys Delaware. The 2006 Grid Promissory Note matures on November 30, 2020.

(c) 2009 Intercompany Promissory Note (TRU Inc. Borrower)

TRU Inc., as borrower, and Toys Delaware, as lender, entered into that certain promissory note, dated as of June 15, 2009 (as amended, amended and restated, extended, supplemented or otherwise modified from time to time, the "2009 Promissory Note") pursuant to which TRU Inc. borrowed an initial principal amount of $150 million. On July 29, 2017, the outstanding amount under the 2009 Promissory Note was approximately $313 million. The 2009 Promissory Note matures on November 30, 2020.

(d) 2009 Intercompany Promissory Note (Toys Delaware Borrower)

Toys Delaware borrowed an initial principal amount of $286 million from TRU Inc. under that certain Promissory Note, dated as of July 22, 2009 (as amended, amended and restated, extended, supplemented, or otherwise modified from time to time, the "July 2009 Promissory Note"). As of the Petition Date, approximately $250 million remained outstanding under the July 2009 Promissory Note, which matured on February 3, 2018.

(e) 2012 Intercompany Promissory Note

TRU Inc., as borrower, and Toy Delaware, as lender, entered into a promissory note, dated July 24, 2012 (as amended, amended and restated, extended, supplemented or otherwise modified from time to time, the "2012 Promissory Note") whereby TRU Inc. borrowed an aggregate principal amount of $175 million. As of the Petition Date, the amount outstanding under the 2012 Promissory Note was approximately $302 million. The 2012 Promissory Note matures on August 1, 2018.

*C. Events Leading to the Chapter 11 Cases.*

**1. Changing Retail Environment, Liquidity Concerns, and Debt Service Obligations**.

The Debtors were no exception to the substantial challenges facing many other retailers over the last several years. Market forces in tandem with consumer trends towards online shopping have caused many retailers with primarily brick-and-mortar based business models to restructure their operations and, for some, to file voluntary petitions under the Bankruptcy Code. Toys "R" Us' business model fits this category of retailers, as it relied heavily on revenue being generated from consumer purchases at retail store locations to maintain profitability. Competition from online companies like Amazon® and big-box retailers such as Walmart® and Target® was a major contributing factor in the decline in the Company's revenues in recent years. Specifically, the Company's revenue decreased approximately 3.9 percent during the 2016 holiday season compared to the 2015 holiday season after certain competitors began implementing deep discounts to drive in-store sales. This trend continued into 2017, which forced the Company to limit its investments in growth initiatives.

In addition, prior to the Petition Date, the Company's capital structure was highly leveraged with an unsustainable cash debt service burden of approximately $400 million per year. The Company faced a $186 million liability, as certain term loans under which Toys Delaware was a borrower, referred to as the Term B-2 Loans and Term B-3 Loans, had a scheduled maturity in May 2018. Applicable accounting regulations could have prompted the Company to make certain disclosures because there was substantial doubt about its ability to continue as a going concern in fiscal year 2018.

As a result, the Company decided that it needed a comprehensive deleveraging to right-size its balance sheet. The strategic decision to deleverage the capital structure would allow the Company to make necessary investments to maximize the business' long-term value. The Company hired Lazard Frères & Co. LLC ("Lazard") and other advisors to analyze different ways to raise approximately $200 million in incremental liquidity. They began engaging with potential lenders and their advisors about alternative structures for such incremental funds, including a sale-leaseback transaction with certain existing lenders. Ultimately, no such liquidity-enhancing transaction proved to be a viable option.

Meanwhile, the Company retained Kirkland & Ellis LLP ("K&E") and Alvarez & Marsal ("A&M") to focus on contingency planning, which involved securing DIP financing and preparing for an orderly chapter 11 filing. These plans were ultimately accelerated after a news article stating that the Company was considering restructuring options was published on September 6, 2017. Major media outlets around the world immediately picked up this story, and, within 72 hours, suppliers began to pull terms and withhold products that were not paid with cash on delivery. Most of the Company's international credit insurers withdrew or significantly limited their coverage for vendors shipping to the Company. This loss in product and tightening of liquidity had a deleterious impact on the Company's supply chain and happened at a time when the Company typically began securing additional inventory for the upcoming holiday season. Accordingly, the Company prepared for these Chapter 11 Cases, finalized negotiations, and documented the DIP financing arrangement on an expedited timeline so that it could resolve these operational and financial issues expeditiously.

**2. Internal Management and Operational Changes**.

The 2013 adjusted EBITDA declined 43% from the prior year, which led to the Company implementing broad organizational changes to confront market headwinds and drive increased revenue. The Company's board of directors hired several new executives, such as a chief executive officer, chief financial officer, a chief talent officer, a communications and customer satisfaction officer, a supply chain officer, a chief technology officer, a general counsel, and a chief marketing officer. The newly revamped management team in coordination with the board of directors began making short- and long-term strategic changes to, among other things, the Company's inventory and supply chain process, website and information technology platform, and store formats. Investments and expansion into strategic geographic markets to stabilize and grow topline sales also became a priority. Yet, despite these efforts, the overall revenue trend in the U.S. continued to decline as the Company struggled to maintain market share and compete in the changing retail environment.

## ARTICLE III.
## EVENTS OF THE CHAPTER 11 CASES

*A. First Day Pleadings and Other Case Matters.*

**1. First and Second Day Pleadings**.

On the Petition Date, the Debtors file their voluntary petitions for relief under chapter 11 (the "Petitions") and various motions to facilitate the chapter 11 cases, minimize disruption to the Debtors' businesses, and to continue operating as a going concern. A brief description of the first day motions and the evidence in support thereof are set forth in the *Declaration of David A. Brandon, Chief Executive Officer of Toys "R" Us, Inc., in Support of Chapter 11 Petitions and First Day Motio*ns (the "Brandon Declaration") [Docket No. 20] and the *Declaration of Michael J. Short, Chief Financial Officer of Toys "R" Us, Inc., in Support of Debtors' First Day Motions* [Docket No. 30] (the "Short Declaration" and, together with the Brandon Declaration, the "First Day Declarations") filed on September 19, 2017. The first and second day motions, the First Day Declarations, and all others for relief granted in these chapter 11 cases can be viewed at no charge at https://cases.primeclerk.com/toysrus.

**2. Procedural and Administrative Motions**.

The Debtors received authorization to implement procedural and administrative measures that would allow them to efficiently administer their Chapter 11 Cases and reduce administrative burdens associated therewith. Such authority included the following:

- granting the joint administration of the Chapter 11 Cases;
- approving notice, case management, and administrative procedures to govern the Chapter 11 Cases;
- extending the time for the Debtors to file certain schedules of assets and liabilities, schedules of executory contracts and unexpired leases, and statements of financial affairs;
- authorizing the Debtors to file a consolidated list of creditors in lieu of a separate mailing matrix for each Debtor and to file a consolidated list of the Debtors' 50 largest creditors; and
- approving procedures for the interim compensation and reimbursement to retained Professionals in the Chapter 11 Cases.

**3. Stabilizing Operations**.

The Debtors recognized that any interruption in their businesses, even if for a brief period of time, would negatively impact their operations, customer relationships, and revenue and profits. As a result, the Debtors obtained Court approval that facilitated stabilizing their businesses and effectuated a smooth transition into operating as debtors in possession. Specifically, the Debtors sought and obtained orders authorizing them to do the following:

- maintain and administer customer programs and honor obligations arising under or relating to those such programs;
- pay prepetition wages, salaries and other compensation, reimbursable employee expenses, employee medical costs, and similar benefits;
- determine adequate assurance for future utility service and establish procedures for utility providers to object to such assurance;
- continue insurance coverage, including performance under their self-insurance programs, and enter into new insurance policies, if necessary;
- establish procedures for certain transfers and declarations of worthlessness with respect to common stock;
- maintain their existing cash management systems; and
- remit and pay certain taxes and fees.

In addition to the foregoing relief, the Debtors sought and obtained Bankruptcy Court approval to pay up to approximately $325 million in certain prepetition vendor and third-party service providers' claims who the Debtors believed were essential to their ongoing business operations [Docket No. 708]. Importantly, the Debtors were able to condition payments of these prepetition claims on the vendors' agreement to provide, among other things, favorable trade terms for the postpetition procurement of goods from the vendors. This relief was critical to the Debtors maintaining their ongoing business operations at the early stages of their chapter 11 cases.

**4. Retention Applications for Chapter 11 Professionals**.

The Debtors filed several applications and obtained authority to retain various professionals to assist the Debtors in carrying out their duties under the Bankruptcy Code during the chapter 11 cases. These professionals include (a) K&E, as counsel, (b) Kutak Rock LLP, as co-counsel, (c) A&M, as restructuring advisors; (d) Lazard as their investment banker; (e) Prime Clerk, as solicitation agent and administrative agent; (f) A&G Realty Partners, LLC, as real estate consultant and advisor, (g) Cushman & Wakefield U.S., Inc., as co-real estate advisor, (h)

Consensus Advisory Services LLC ("Consensus") and Consensus Securities LLC, as sale process investment bankers, (i) Malfitano Advisors, LLC, as asset dispositions advisor and consultant, (j) DJM Realty Services, LLC ("DJM"), as real estate consultant and advisor, (k) KPMG LLC, as tax consultants and internal audit advisor, and (l) PricewaterhouseCoopers LLP ("PwC") as tax and accounting advisory consultants, among other professionals.

Tru Taj and Tru Taj Finance retained their own professionals for all matters involving a conflict of interest between the Debtors and their shareholders or affiliates, including directors and officers ("Conflict Matters"). Their professionals included (1) Proskauer Rose LLP, as co-counsel, (2) Dabney, PLLC, as co-counsel, and (3) Centerview Partners LLC, as financial advisors.

Toys "R" Us, Inc. also retained its own professionals for Conflict Matters. It filed applications to retain (1) Munger, Tolles & Olson LLP, as counsel to TRU Inc., (2) Ronald Page, PLLC, as co-counsel to TRU Inc., and (3) Ducera Partners LLC, as financial advisors.

**5. Appointment of Members to the Creditors' Committee and its Counsel.**

On September 26, 2017, the U.S. Trustee appointed the following constituents to the Creditors' Committee: (a) Mattel, Inc.; (b) Huffy Corporation; (c) Evenflo Company Inc.; (d) KIMCO Realty; (e) The Bank of New York Mellon, (f) Euler Hermes North America Insurance Co., (g) LEGO Systems, Inc., (h) Veritiv Operating Company, and (i) Simon Property Group, Inc. The Creditors' Committee retained (a) Kramer Levin Naftalis & Frankel LLP and Wolcott Rivers Gates as co-counsels, (b) Bennett Jones LLP as Canadian counsel, (c) Berwin Leighton Paisner LLP (which is now known as Bryan Cave Leighton Paisner LLP) as special foreign counsel, (d) Moelis & Company LLC as investment banker, (e) FTI Consulting, Inc. as financial advisor, and (f) JND Corporate Restructuring as information services agent. The Creditors' Committee established a website at www.jndla.com/cases/toyscommittee that has been maintained by and through JND Corporate Restructuring to share case information with unsecured creditors.

The Creditors' Committee engaged Moelis & Company, LLC as its investment banker pursuant to an engagement letter dated October 2, 2017 (the "Engagement Letter"). The Committee sought the Court's approval to retain Moelis through the filing of the application [Docket. No. 868]. The Court entered an order approving the application (and the Engagement Letter) on November 21, 2017 [Docket. No. 1054] (the "Moelis Retention Order"). Pursuant to the Moelis Retention Order, Moelis is retained as the Committee's investment banker under section 328(a) of the Bankruptcy Code. The Moelis Retention Order directs each Debtor to pay Moelis's compensation and approves the terms and conditions of the Engagement Letter.

Moelis asserts that upon Consummation of the Plan, Moelis's fees and expenses will become Allowed Administrative Claims of the Debtors' estates pursuant to section 507(a)(2) of the Bankruptcy Code. Moelis further asserts that because the Plan requires Moelis to accept an undetermined amount of compensation that will be less than the amount to which it is entitled, the Plan faces a material confirmation issue. Moelis has been engaging, and remains willing to engage, with the Debtors and their stakeholders to consensually resolve this issue. Moelis reserves all of its rights in connection with Confirmation of the Plan.

**6. Schedules, Statements, Claims Bar Date, and Administrative Claims Bar Date.**

On November 16, 2017, the Debtors filed their Schedules and Statements with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code.

The Bankruptcy Code allows the time to be fixed as to when proofs of claim must be filed in a chapter 11 case. Subject to certain exceptions, any creditor whose Claim is not scheduled in the Schedules and Statements or whose Claim is scheduled as disputed, contingent, or unliquidated must file a Proof of Claim. The Bankruptcy Court entered the Amended Bar Date Order [Docket No. 1332] that established April 6, 2018, at 5:00 p.m., prevailing Eastern Time as the General Claims Bar Date ("Bar Date") for claimants with claims arising prior to the Petition Date, including claims under section 503(b)(9), to file Proofs of Claims. Government units and certain claimants with specific types of prepetition claims were required to submit their Proofs of Claim on or before June 18, 2018, at 5:00 p.m., prevailing Eastern Time.

Further, on May 25, 2018, the Bankruptcy Court entered an order establishing the following deadlines for filing certain administrative proofs of claim against the Debtors: (a) for an Administrative Claim arising on or prior to June 30, 2018: July 16, 2018, at 5:00 p.m., prevailing Eastern Time, and (b) for an Administrative Claim arising after June 30, 2018: the affected party shall file a Proof of Administrative Claim with respect to such claim following the Administrative Claims Procedures by the earlier of (i) the 15th day of the month following the month in which the claim arose at 5:00 p.m., prevailing Eastern Time and (ii) 14 days following any hearing on a plan of liquidation, structured settlement, or other proposed resolution to the Debtors chapter 11 cases, at 5:00 p.m., prevailing Eastern Time [Docket No. 3260]. The Administrative Claims Procedures Order does not apply to Toys Canada or claims relating to Toys Canada.

The Debtors and their professionals continue to review and analyze Claims Filed in response to the Amended Bar Date Order and Administrative Bar Date Order and will file objections to Claims with the Bankruptcy Court as necessary and appropriate in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the proposed Plan's terms. The Claims resolution process is ongoing, which means that the Claims figures identified in this Disclosure Statement represent *estimates* only. The recoveries set forth in this Disclosure Statement could be materially lower if the actual Allowed Claims are higher than the current estimates.

### 7. Postpetition Financing.

Prior to the Petition Date, the Debtors and their advisors engaged in a robust and extensive marketing process to obtain DIP financing to fund their global operations during these chapter 11 cases. On October 25, 2017, the Bankruptcy Court approved approximately $3.125 billion in combined postpetition DIP financing for both the domestic and international silos. The North American DIP facility, Taj DIP Notes, and subsequent waivers and amendments thereto is addressed below.

(a) Domestic Facilities

On October 24, 2017, the Bankruptcy Court authorized the Toys Delaware Debtors to receive approximately $2,750 million in postpetition financing on a final basis [Docket No. 98] (the "Final North American DIP Order") to support the Toys Delaware Debtors' North American businesses in the U.S. and Canada. The Final North American DIP Order authorized on a senior secured and superpriority basis (a) $1,850 million in revolving commitments (the "ABL/FILO Revolving DIP Facility"), (b) $450 million pursuant to a "first in last out" term loan financing (the "ABL/FILO Term DIP Facility"), and (c) $450 million in term loan financing (the "Term DIP Facility"). The ABL/FILO Revolving DIP Facility and the ABL/FILO Term DIP Facility were obtained pursuant to that certain Superpriority Secured Debtor-In-Possession Credit Agreement (as may be amended, restated, supplemented, waived, or otherwise modified from time to time and including the loan documents, the "ABL/FILO Revolving DIP Facility Credit Agreement") by and among Toys Delaware and Toys Canada, as borrowers, certain Debtor affiliates, as guarantors, Wells Fargo Bank, National Association, as collateral agent, and JPMorgan Chase Bank, N.A., as co-collateral agent and administrative ~~agent and collateral~~ agent (the "ABL/FILO Revolving DIP Facility Agent") for and on behalf of itself and the other lenders party thereto. The Term DIP Facility was issued pursuant to the terms and conditions under that certain Debtor-in-Possession Credit Agreement by and among Toys Delaware, as borrower, and NexBank SSB, as administrative agent and collateral agent (the "Term DIP Facility Agent," and, together with the ABL/FILO ~~Revolving~~ DIP Facility Agents, the "North American DIP Facility Agents") for and on behalf of itself and the other lenders party thereto (as may be amended, restated, supplemented, waived, or otherwise modified from time to time, the "Term DIP Facility Credit Agreement").

Pursuant to the Final North American DIP Order (a) the Debtors stipulated to, among other things, the amount, validity, perfection, enforceability, and priority of the claims and liens of the Prepetition Secured Parties (as defined in the Final DIP Financing Order) and waived and released the Prepetition Secured Parties and their representatives from any claims or causes of action arising prior to the Petition Date, and (b) all stipulations and releases by the Debtors were binding on all other parties in interest and the Creditors' Committee, subject to the Creditors' Committee's investigation of such claims and liens of the Prepetition Secured Parties and ability to commence an adversary proceeding or contested matter challenging such claims and liens (the "Challenge Period").

(b) International Facility

On October 24, 2017, the Bankruptcy Court authorized the Taj Debtors, and TRU Inc. as a guarantor, to obtain up to $375 million at 11% (the "Taj DIP") on a final basis [Docket No. 745] (the "Final Taj DIP Order") through the issuance of the Taj DIP Notes, plus additional financing under the Taj DIP through the issuance of additional notes pursuant to the terms and conditions provided for in that certain note purchase agreement, as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Taj DIP Note Purchase Agreement"). The parties under the DIP Note Purchase Agreement are Wilmington Savings Fund Society, FSB, as trustee and collateral trustee (collectively, the "Taj DIP Lenders"), TRU Taj and TRU Taj Finance, as issuers, and TRU Inc. as guarantor, and the noteholders party thereto from time to time (the "Taj DIP Noteholders"). The Final Taj DIP Order allowed the Taj Debtors to grant first priority superpriority claims to the Taj DIP Lenders and the Taj DIP Noteholders and first priority priming liens in favor of the Taj DIP Lenders (for it and the Taj DIP Noteholders' benefit) on all prepetition and postpetition property of the Taj Debtors' estates and all proceeds thereof, excluding a lien on avoidance actions and the other excluded assets but including any avoidance proceeds, each as defined in the relevant Taj DIP documents.

(c) Waiver for Domestic and International Facilities

The Debtors believed at the time of the Petition Date that the ABL/FILO Revolving DIP Facility, ABL/FILO Term DIP Facility, and the Term DIP Facility (collectively, the "North American DIP Facilities") were sufficient to support their business operations as a going concern throughout these Chapter 11 Cases. It was the Debtors' belief that these financing agreements would provide the liquidity necessary to stabilize their vendor base and capitalize on the upcoming holiday season. The Debtors thought that the North American DIP Facilities were value-maximizing agreements and in the best interest of the estates. In particular, the Debtors believed that they would be able to comply with all financial covenants set forth therein.

However, sales from the holiday season came in lower than the Debtors' projections, which led to the Debtors' inability to comply with certain covenants set forth in the Term DIP Facility, declines in liquidity, and projected needs for a significant new cash investment to continue operating through the fall of 2018. In the face of these circumstances, further waivers of covenant defaults were unobtainable, prompting the Debtors to begin an orderly wind-down of their U.S operations following further discussions with their lenders and obtain waivers for certain events of default under the North American DIP Facilities On April 25, 2018, the Bankruptcy Court entered final orders authorizing certain waivers under the North American DIP Facilities, which remain in full force and effect, except as modified [Docket No. 2853].

During the same time period, the Taj Debtors, their disinterested directors, members of the Taj Holders Steering Group, and their respective advisors were proactive in engaging in good-faith negotiations regarding waivers and amendments to the Taj DIP Note Indenture and the Taj DIP Notes it became apparent that certain actual or potential events of default under the Taj DIP, the Prepetition Indenture, and the Amended and Restated Foreign Guarantors Agreement, dated as of September 18, 2017, by and among TRU Inc., Tru Taj and Tru Taj Finance, the guarantors party thereto, and the supporting holders of the Taj Senior Notes, were imminent. The Debtors' U.K. businesses and entities related to the Debtors' Spanish business commenced insolvency proceedings. It also became apparent that certain international entities outside Central Europe and Asia may need to strategically commence insolvency proceedings.

Therefore, the Debtors sought approval of certain waivers under the domestic and international DIP facilities. On April 25, 2018, the Bankruptcy Court entered final orders (a) authorizing certain waivers under the North American DIP Facilities and permitting the Final North American DIP Order to remain in full force and effect, except to the extent modified pursuant to the waivers and (b) amending the Final Taj DIP Order to allow the Taj Debtors to incur $80 million in additional financing through the issuance of new notes (the "New Taj DIP Notes") with the net amount being funded into an escrow account and to enter into the supplemental Taj DIP documents. The New Taj DIP Notes have substantially the same terms as and rank pari passu payment rights with and security with the existing Taj DIP Notes. The proceeds from the New Taj DIP Notes were used for working capital and general corporate purposes, including funding operations in Central Europe, prior to its sale, and Asia.

**8. Committee Investigation.**

To obtain the post-petition financing for the Taj DIP, the Debtors stipulated to, among other things, the validity, perfection, enforceability, priority and extent of the Taj Noteholders debt and liens, and the Final Taj DIP Order provided for a waiver of certain claims against those lenders. The Final DIP Orders provide that the Debtors' stipulations automatically become binding on the Committee (and, by extension, the remainder of the estates), unless, within 120 days of the Final DIP Orders (i.e., February 22, 2018), the Committee, at a minimum, seeks standing to pursue a "Challenge Proceeding." Taj Final DIP Order at 12-13. The period by which the Committee was required to commence a "Challenge Proceeding" has been extended by stipulation, with a current deadline to commence a Challenge Proceeding of [●], 2018.

In connection with its investigation of any potential claims or causes of action that may be asserted by the Debtors or their estates or creditors, the Committee sought certain discovery from the Debtors and other parties-in-interest, and filed a motion pursuant to Rule 2004 in furtherance of this discovery [Docket No. 1162]. Among the transactions under investigation by the Committee are the prepetition transactions undertaken in connection with a reorganization by the Debtors in June 2016 (the "Taj Transaction"), whereby the Company created at least five new entities (now known as the Taj Debtors), transferred substantial equity interests formerly held by Toys, Inc. to the Taj Entities, issued nearly $583 million of new debt, and retired certain other debt obligations. Among other things, the Committee is investigating whether the Taj Transaction gives rise to any claims against the Taj Debtors or the Taj Noteholders on behalf of certain of the Debtors' estates or creditors, including whether the Taj Transaction occurred at a time when TRU Inc. was insolvent or undercapitalized for less than reasonably equivalent value.

The Taj Noteholders believe that they have valid defenses to the potential claims identified by the Committee to date. The Committee has had multiple discussions with the Taj Noteholders with respect to potential claims and causes of action arising out of the Taj Transaction, and as disclosed on March 15, 2018, was on the verge of a consensual resolution of such claims with the Taj Noteholders prior to the announcement of the domestic wind-down. *See* Toys "R" Us, Inc., Current Report (Form 8-K) (March 15, 2018). The Plan currently provides for a release of the Taj Noteholders, including with respect to any claims relating to the Taj Transaction. The Committee has not yet taken a position with respect to the Plan, and continues to reserve its rights on these issues in connection with confirmation.

**~~8.~~9. IP Assumption**.

Prior to the Petition Date, the Debtors negotiated and agreed to a prospective waiver of certain defaults under the certain indebtedness of the "Taj" debtors. Although no U.S. Debtor was liable in respect of such indebtedness, the waiver required the Debtors to assume certain ~~intercompany intellectual property license agreements~~"Intellectual Property Licenses" and other agreements with certain subsidiaries of the "Taj" debtors within seven days following the Petition Date, which was later extended to December 15, 2017 (the "Taj Waiver"). On October 9, 2017, the Taj Waiver was amended to expand the definition of "Intellectual Property Licenses" to include the Subsidy Agreement in addition to the Asia JV MLA and other specific license agreements.[9] As a result, the Debtors filed the IP Assumption Motion [Docket No. 1263] and other specific license agreements. Subsidy Motion [Docket No. 1264] on December 15, 2017, and the Bankruptcy Court entered final orders approving such motions on January 25, 2018 [Docket No. ~~1609; 1610], which orders include certain reservations of rights and Causes of Action as set forth in those orders.~~1609; 1610] (collectively, the "IP Assumption Orders"). The IP Assumption Orders include certain reservations of rights and Causes of Action that were negotiated and agreed by and among all relevant parties to resolve objections of the Ad Hoc Group of B-4 Lenders and others. Among other things, the orders provide that the assumptions of the Asia JV MLA and Asia JV Subsidy "shall have no bearing on, and be without prejudice to, any and all causes of action of Geoffrey or its estate, any other Debtor or its estate or any creditor relating to the Intercompany IP License Agreements, the Subsidy Agreement, the March 2017 Transaction, or the transactions consummated in connection therewith, including without limitation: (i) any cause of

9 The Debtors complied with the Taj Waiver, as amended, when they filed the *Debtors' Motion for Entry of an Order (I) Authorizing Geoffrey LLC to Assume the Intercompany IP License Agreements, and (II) Granting Related Relief* [Docket No. 1263] and the *Debtors' Motion for Entry of an Order (I) Authorizing Geoffrey LLC to Assume the Subsidy Agreement and (II) Granting Related Relief* [Docket No. 1264] on December 15, 2017.

action to avoid any obligation or transfer under any of the Intercompany IP License Agreements or the Subsidy Agreement . . . under sections 544 to 550 of the Bankruptcy Code.

While Geoffrey continues to investigate the circumstances of the March 2017 transactions, the Geoffrey Disinterested Director believes that valid and substantial causes of action against the Asia JV and/or its subsidiaries exist in respect of the Asia JV MLA and/or the Asia JV Subsidy Agreement, which were fully preserved under the IP Assumption Orders. The Geoffrey Disinterested Director believes that the March 2017 transactions were designed to transfer significant value from Geoffrey to the Asia JV to the detriment of Geoffrey and its creditors. The Geoffrey Disinterested Director further believes that these transactions occurred at a time when Geoffrey was insolvent or undercapitalized and did not have an independent fiduciary, and that Geoffrey did not receive reasonably equivalent value in connection with these transactions and, in particular, no value for its agreement to provide large "subsidy" payments to the Asia JV. The Asia JV and the Taj Noteholders Steering Group assert that the IP Assumption Orders cannot be set aside and that there are no valid causes of action against the Asia JV and its subsidiaries relating to the Asia JV MLA or the Asia JV Subsidy Agreement. They also maintain that a subsequent breach, repudiation, or rejection of those contracts will give rise to administrative expense claims in favor of the Asia JV. Geoffrey maintains that any successful challenge to the Asia JV MLA or Subsidy Agreement, including a successful action to avoid the obligations under the Subsidy Agreement, will invalidate and render unenforceable any claims brought on the basis of any avoided agreement. Subject to the IP Assumption Orders, the parties, including the Geoffrey Debtors and the Asia JV, reserve any and all rights, claims, arguments, and defenses with respect to those contracts, the matters addressed in the IP Assumption Orders, and such other matters not specifically addressed therein.

(a) The March 2017 Transaction

Prior to 2011, Fung licensed Intellectual Property from Geoffrey for its Asian toys business in exchange for a fixed royalty rate that was paid directly to Geoffrey International, LLC, TRU Inc., and Toys "R" Us-Service, (collectively, the "Licensors"), pursuant to that certain License Agreement dated August 24, 1999. In 2011, the Debtors transacted with Fung to acquire a 70% interest in Fung's Asia business to license the Intellectual Property for a certain royalty rate. Separately, TRU (UK) Asia Limited ("TRU Asia") and Fung entered into that certain Shareholders' Agreement dated October 31, 2011, by and among Pieter Schats, TRU Asia, Toys "R" Us, Inc., Fung, and Toys Labuan. Under the Shareholders' Agreement, TRU Asia was to pay a "make whole" amount to the Asia~~n~~ JV to achieve net neutrality when the Asia~~n~~ JV's royalty payments resulted in an amount payable that was higher than what would have been payable under the 1999 license agreement (including the subsidy, which is discussed below). Conversely, if the royalty payment from the Asia~~n~~ JV was lower than it would have been under the 1999 license agreement, the Asia~~n~~ JV was to pay a "make whole" amount to TRU Asia to achieve net neutrality.

The current structure of the Asia~~n~~ JV was created on March 24, 2017 (the "March 2017 Transaction"), when the Debtors contributed their Japanese business to the Asia~~n~~ JV in exchange for an increased equity ownership. On the same date, Geoffrey and Toys Labuan entered into both the Asia~~n~~ JV ~~License Agreement~~MLA and a certain subsidy letter agreement (the "Subsidy Agreement").

(b) Reservation of Rights

The IP Assumption Order and the Subsidy Order have no bearing on, and were entered without prejudice to, any and all causes of action that Geoffrey, the other Debtors, their estates, or any creditor had related to the Intercompany IP License Agreements, the March 2017 Transaction, or the transactions consummated in connection therewith. The Bankruptcy Court authorized the Intercompany IP License Agreements and the Subsidy Agreement to be assumed without making a finding as as to (i) the fairness of the economic terms of the Intercompany IP License Agreements, the Subsidy Agreement, or any other transaction, (ii) whether Geoffrey or other parties to the Intercompany IP License Agreements and the Subsidy Agreement received reasonably equivalent value or fair consideration in connection with those agreements, or (iii) whether the directors of Geoffrey or other parties to the Intercompany IP License Agreements or the Subsidy Agreement properly discharged their fiduciary duties in approving and entering into those agreements. All Debtors and other parties in interest have reserved all claims, defenses, and arguments relating to those matters and such other matters not specifically addressed therein.

**~~9.~~10. Litigation Matters**.

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims. With certain exceptions, the filing of the chapter 11 cases operates as a stay with respect to litigation being commenced or continued against the Debtors that was or could have been commenced before the Petition Date. Any litigant's ability to collect on liabilities resulting therefrom is stayed due to these chapter 11 cases generally with such claims being subject to discharge, settlement, and release upon plan confirmation, with certain exceptions.

On June 28, 2018, the Bankruptcy Court entered a second order extending the period during which the Debtors may file notices of removal with respect to civil actions that are subject to removal under 28 U.S.C. § 1452 [Docket No. 3596]. The Debtors' removal deadline is the later of (a) December 12, 2018, or (b) 30 days after entry of an order terminating the automatic stay with respect to any particular Civil Action sought to be removed.

**~~10.~~11. Rejection and Assumption of Executory Contracts and Unexpired Leases**.

Prior to the Petition Date and in the ordinary course of business, the Debtors were party to over 11,000 Executory Contracts and Unexpired Leases related to, among other things, agreements with vendors, contractors, service providers, and landlords. The Debtors and their advisors have reviewed and will continue to review the Executory Contracts and Unexpired Leases to identify contracts and leases to either assume or reject pursuant to sections 365 or 1123 of the Bankruptcy Code. The Debtors intend to include such information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases, although the Debtors may elect to also assume or reject various Executory Contracts and Unexpired Leases before such time.

On December 8, 2017, the Bankruptcy Court entered the Order approving the Debtors' Assumption and Rejection Procedures for Executory Contracts and Unexpired Leases [Docket No. 1188]. Pursuant to these procedures, the Debtors have either rejected, assumed, or assumed and assigned over a thousand Executory Contracts and Unexpired Leases as of the date hereof.

*B. The Debtors' Restructuring Efforts*

The Debtors commenced their Chapter 11 Cases to address their organizational and operational issues, shrink their store footprint, and restructure their annual debt service obligations. However, the Debtors' financial projections for the 2017 fiscal year were not met, with EBITDA falling approximately $400 million below DIP budget projection for the 2017 fiscal year. As a result, the Debtors were unable to comply with certain covenants in the North American DIP Facilities and decided to wind-down their U.S. operations and sell U.S. and international assets after conversations with their secured creditors.

**1. U.S. Wind-Down**.

On March 22, 2018, the Bankruptcy Court entered the Wind-Down Order authorizing the Debtors to begin closing U.S. stores and warehouses and selling inventory and certain real estate assets. By June 30, 2018, the Debtors successfully completed liquidation sales at all of their U.S. stores. The revenue derived therefrom will be used to fund recoveries under the Plan.

Additionally, the Debtors sought and obtained Bankruptcy Court authority to auction certain unexpired leases and real property [Docket Nos. 2351, 3056]. The Debtors conducted auctions on March 29, 2018, June 11, 2018, July 12, 2018, and July 19, 2018. As of the date hereof, the Debtors have obtained approval of the sale of the vast majority of such assets and are in the process of finalizing documentation and obtaining the Bankruptcy Court's final approval for the properties sold in July.

On August 8, 2018, the Court entered an order approving certain of the Debtors' entry into the Settlement Agreement relating to the wind-down of the domestic businesses. The TRU Inc. Debtors were a party to that

Settlement Agreement, and its terms as they pertain to the TRU Inc. Debtors are reflected in the Plan. Among other things, the Settlement Agreement preserves and transfers to the Non-Released Claims Trust all claims and causes of action held by TRU Inc. and its estate and creditors against the Debtors' current and former directors, officers, and managers (including any Sponsor-affiliated directors, officers, and managers), subject to the allocation and sharing mechanism described in section 3.2(k) of the Settlement Agreement, to be determined prior to confirmation of the TRU Inc. Plan.

**2. Canadian Sale**.

The Debtors sold 100% of Toys Delaware's equity interest in Toys Canada to Fairfax Financial Holdings Limited free and clear of liens, claims, interests, and encumbrances after conducting a robust auction process. The Court approved this transaction [Docket No. 2852], which had a CAD 300 million as the purchase price. On May 24, 2018, the Court entered an order dismissing Toys Canada from these Chapter 11 Cases.

**3. Central European Sale**.

In January 2018, the Debtors began marketing the Central European Business potential investors, as Toys "R" Us remains economically viable in Austria, Germany, and Switzerland. On May 2, 2018, the Debtors filed a motion to sell these operations to Smyths Toys EU HQ Limited for approximately EUR 79.0 million, and the Court entered an order approving the sale on May 21, 2018 [Docket No. 3138]. The Central European Sale closed on May 29, 2018.

**4. Asia~~n~~ JV Sale**.

In March 2018, the Debtors and Lazard began marketing the Debtors' approximately ~~85~~84.87% equity interest in the Asia~~n~~ JV (the "TRU Asia Equity Interest") and the exclusive rights to the Intellectual Property in the Asia~~n~~ JV jurisdictions to potential bidders in an effort to stabilize the Asian businesses that remain healthy relative to their U.S. counterparts. In connection with this process, Geoffrey is also offering the related intellectual property interest for sale and/or to modify the Asia JV MLA, subject to terms to be agreed. Over 125 potential investors were contacted ~~so far~~ and multiple prospective purchasers have submitted letters of intent and made both binding and non-binding bids. In order to facilitate a sale process designed to yield the highest and best price for these assets, the Debtors obtained the Bankruptcy Court's approval to provide bid protections for the joint venture and intellectual property assets and are seeking Bankruptcy Court approval to invalidate a right-of-first-refusal embedded in the Shareholders' Agreement among the Asia~~n~~ JV owners and allow a "drag" right that permits the majority holder also to sell the minority interest on the same terms and conditions in conjunction with the sale process.

If acceptable terms are negotiated, the Debtors anticipate that Toys Delaware will provide certain transition services to the purchaser(s) of the Asia business. The Debtors believe such services, whether provided pursuant to that certain Information Technology and Administrative Support Services Agreement dated as of February 1, 2009 (the "Asia JV ITASSA"), or a substitute transition services agreement, are necessary to minimize disruption to the Asia business are necessary to minimize disruption to and maximize the value of the Asia business, as well as the value of the intellectual property. However, Toys Delaware is under no obligation to continue providing such services, in particular on the current terms, which the Toys Delaware Disinterested Directors and the Ad Hoc Group of B-4 Lenders believe were not negotiated at arm's length and do not adequately compensate Toys Delaware. For the further avoidance of doubt, and notwithstanding anything contained in the Asia JV Objection or the Taj Noteholders Objection, the terms of the prior transition services agreements approved by the Bankruptcy Court in these Chapter 11 Cases have no precedential effect on the terms, if any, that Toys Delaware may agree to in connection with a transition services agreement for the Asia business. Without continued Asia JV ITASSA services, the Asia business may be adversely affected, which could in turn adversely affect royalty payments to Geoffrey by the Asia JV.

With respect to Geoffrey's Asia-related intellectual property and license agreement, the bids the Company received featured either (a) an offer to purchase Geoffrey Asia-related intellectual property, (b) the assumption of the existing licensing agreement (with multiple bids requiring certain modifications thereto), or (c) both a purchase/licensing option. In the most recent round of bidding, interested parties offered up to $216 million for the outright purchase of the Asia-related intellectual property and/or a license to the Asia-related intellectual property

for a net 2% royalty, with one bidder requiring a 25-year extension of the license with an automatic 25-year renewal thereafter.

**5. Iberia Sale**.

Beginning in mid-March 2018, the Debtors, with assistance from Rothschild & Co., began reaching out to potential investors to explore a sale of all or part of the Debtors' Iberia business and solicited offers from interested bidders. Following an auction, the Debtors and their non-Debtor affiliates chose the highest and overall best bid. On July 24, 2018, the Debtors filed a motion seeking approval to sell these operations on a going-concern basis, procure a bridge loan to fund the transaction, and authorize the Debtors to provide transition services [Docket No. 3906]. If consummated, the Iberia Sale will provide a baseline purchase price of EUR 35 million, approximately EUR 32.9 million of which will be used to pay TRU Taj LLC on account of intercompany loans (including accrued interest) and the remainder will be paid to the Seller in consideration for 100% of its equity interest in the Iberia Business.

In conjunction with the Iberia Sale, the Debtors will use reasonable efforts to ensure that certain intercompany loans owed by indirect, wholly-owned subsidiaries of the Iberia Business will be transferred at the closing of the Iberia Sale. To effectuate this transaction, Toys "R" Us Iberia Real Estate S.L.U. will procure a bridge financing facility of approximately EUR 65 million that will be used to fund the purchase price of the Iberia Sale, repay the intercompany loans owed by the indirect, wholly owned subsidiaries of the Iberia Business and other receivables, with the remaining proceeds to be used for working capital purposes.

**6. French Proceedings and Sale**.

On July 18, 2018, two of the Debtors' non-Debtor affiliates, Toys "R" Us SARL and Toys "R" Us France Real Estate SAS (collectively, the "French Debtors") filed bankruptcy petitions in the French Court. On July 25, 2018, the French Court: (a) opened judicial reorganization proceedings in respect of Toys "R" Us SARL and safeguard proceedings in respect of Toys "R" Us France Real Estate SAS, (b) appointed SCP Abitbol & Rousselet and Jérôme Cabooter as joint judicial administrators (the "Administrators"), Pascale Huille-Eraud, and SELARL Basse Christophe (in the name of Christophe Basse) as creditors' representatives, and (c) appointed Gilbert Vinit as supervising judge to oversee the bankruptcy cases of the French Debtors. These cases are pending before the Commercial Court of Evry under case numbers 2018P00519 and 2018G00006.

The Debtors plan to consummate a sale of these assets and will follow the customary asset/business sale process for French companies under applicable French bankruptcy law, which markedly differs from the customary sale process in bankruptcy courts in the United States. As supervised by the Administrators in accordance with French bankruptcy law, after a bidding process, the French court will select the winning bid. Following a hearing approving the bid, which is expected to occur in the end of September, the French court will likely order the purchaser to immediately take possession of the assets and the parties will then negotiate and execute definitive documentation.

~~6.~~7. **Australian Proceedings**.

On May 21, 2018, the directors of Toys "R" Us (Australia) Pty Ltd (Administrators Appointed) and Babies "R" Us (Australia) Pty Ltd (Administrators Appointed) (collectively, "TRUA"), resolved to appoint voluntary administrators to TRUA resulting in effective control of TRUA passing from the Parent Company to the voluntary administrators. On June 20, 2018, the administrators announced that the TRUA business and store operations would be progressively wound down. This is currently in process and it is presently anticipated that the final TRUA store will close on or around August 6, 2018. The voluntary administrators are continuing their investigations into the TRUA affairs.

~~7.~~8. **UK Proceedings.**

On December 4, 2017, as part of the overall restructuring plan of the Company, Toys "R" Us Limited ("Toys-UK"), a subsidiary of TRU Inc. based in the United Kingdom (the "UK"), commenced a company voluntary

arrangement under applicable English law (the "CVA"). Under the CVA process, Toys-UK submitted a comprehensive proposal to its creditors which was approved at the creditors' meeting on December 21, 2017. Pursuant to the CVA, Toys-UK proposed, among other things, that it would continue to service all of its obligations to creditors in the ordinary course. The only claims that were compromised under the CVA were certain rent payments to landlords.

Notwithstanding the approval of the CVA, as a result of continuing liquidity constraints, on February 28, 2018 (the "UK Petition Date"), Toys-UK and Toys "R" Us Holdings Limited entered administration proceedings under the laws of England. Pursuant to the terms of the CVA, the CVA terminated automatically on the administration filing of Toys-UK. The administration will result in the liquidation of Toys-UK and Toys "R" Us Holdings Limited. On May 25, 2018, liquidators were appointed over 5 other UK subsidiaries (Toys "R" Us (UK) Limited, Toys "R" Us Financial Services Limited, TRU (UK) H4 Limited, Toys "R" Us Properties Limited and TRU (UK) H5 Limited). It is likely that the remaining subsidiaries domiciled in the UK will be liquidated or enter into other insolvency processes in the near future.

**~~8.~~9. Transition Services**.

The Canadian sale and the sale of certain international entities by the Debtors' affiliates both contemplate that Toys Delaware will continue to provide certain transition services to the respective purchasers, which is consistent with services that Toys Delaware provided to such operations previously. These services and related agreements were heavily negotiated between the parties, and the Bankruptcy Court has entered orders approving such agreements [Docket No. 3113, 3231]. If acceptable terms are negotiated, the Debtors anticipate that they will provide such services to the purchaser(s) of additional international operations~~.~~, including the purchaser(s) of the Asia business. Accordingly, the Plan contemplates that a new entity will be created post-emergence to manage transition services.

In connection with the sale of certain international businesses, a dispute arose between Toys Delaware and the Asia JV regarding $10,054,921.00 invoiced by Toys Delaware to two subsidiaries of the Asia JV (the "Invoiced Amounts") for services rendered under the Asia JV ITASSA. To avoid a contested hearing, the parties agreed to a 60-day reconciliation period concluding on the date of the July omnibus hearing during which time Toys Delaware and the Asia JV would endeavor to reach agreement on the Invoiced Amounts. During this 60-day period, Toys Delaware agreed to continue to provide shared services, both under the Asia JV ITASSA and otherwise, to the Taj Debtors and their subsidiaries if and only to the extent that such entities paid for such services on a current basis. By order of the Bankruptcy Court entered on May 17, 2018 [Docket No. 3113] (the "TSA Order"), all rights of the parties were reserved with respect to these issues from and after the July Omnibus Hearing. *See id.*

The parties have engaged in extensive discussions regarding the Invoiced Amounts. However, as of the date hereof, the dispute remains unresolved, as Toys Delaware believes that it is entitled to payment in full of the Invoiced Amounts, and the Asia JV and the Taj Noteholders Steering Group dispute that assertion, and the Asia JV has not paid the Invoiced Amounts. To date, Toys Delaware has continued to provide services to the Asia JV despite the Asia JV's failure to pay any of the Invoiced Amounts, but Toys Delaware believes it is entitled to cease providing such services in light of the Asia JV's material payment default under the ITASSA and the expiration of the 60-day period in the TSA Order.

**~~9.~~10. U.S. and International IP Sale Process**.

Toys Delaware and Geoffrey are in the process of marketing or exclusively licensing their rights, title, and interest in and to their Intellectual Property [Docket No. 3601]. The Debtors' investment banker for this process, Consensus, has received numerous inquiries from parties interested in the assets and engaged with more than 100 potential purchasers, including major retailers, infant and juvenile consumer products businesses, brand buying and e-commerce organizations, and short-term strategic partners. The Debtors are continuing to work with interested parties regarding a potential sale.

**~~10.~~11. Restructuring Support Agreement**.

The RSA Parties executed the Restructuring Support Agreement on August 4, 2018. The Restructuring Support Agreement was the product of arm's-length negotiations with the Debtors' stakeholders and significant efforts to evaluate available restructuring alternatives. The Debtors believe that the Restructuring Support Agreement represents the best available, value-maximizing restructuring alternative. The Restructuring Support Agreement contemplates that the Debtors will sell the equity interest in the Asia~~n~~ JV (the "Asia~~n~~ JV Equity Interest") to a stalking horse purchaser (the "Credit Bid Purchaser"), by or for the benefit of the holders of the Taj Senior Notes to effectuate the Credit Bid and the Rights Offering described in greater detail below, subject to higher or otherwise better offers solicited through a bidding process. In connection with the contemplated transaction, certain holders of Taj Senior Note Claims will be granted subscription rights in a new money rights offering, described in greater detail below. The Sale Transaction will be effectuated through the confirmation and consummation of the Plan.

## ARTICLE IV.
## SUMMARY OF THE PLAN

This section summarizes the Plan's structure, means for implementation, classification and treatment of Claims and Interests, and the documents referred to therein. Statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions in the Plan or documents referenced to therein. The Debtors refer you to the Plan and to such documents for the full and complete statement of such terms, provisions, and documents referred to therein.

In addition, the Plan controls the actual treatment of Claims against and Interests in the Debtors under the Plan and will be binding upon all Holders of Claims and Interests upon the occurrence of the Effective Date. In the event of any conflict between this Disclosure Statement and the Plan and operative documents, the Plan's terms and/or such other operative document shall control.

~~The Plan contemplates a sale or liquidation of all or substantially all of the Taj Debtors or any of their direct or indirect subsidiaries through a Sale Transaction, including the sale of the Asian JV Equity Interest to the Stocking Horse Purchaser in connection with the Credit Bid, subject to higher or otherwise better bids. Key terms under the Plan are summarized below:~~

The Plan contemplates a sale or liquidation of all or substantially all of the Taj Debtors or any of their direct or indirect subsidiaries through a Sale Transaction, including the sale of the Asia JV Equity Interest to the Credit Bid Purchaser in connection with the Credit Bid, subject to higher or otherwise better bids. If the Sale Transaction is consummated as a Credit Bid Transaction, the License Agreement will remain in place on its current terms, subject to the Causes of Action of the estates of Geoffrey LLC and its affiliates, if any, preserved in the *Order (I) Authorizing Geoffrey LLC to Assume the Subsidy Agreement and (II) Granting Related Relief* [Docket No. 1609] and/or the *Order (I) Authorizing Geoffrey LLC to Assume the Intercompany IP License Agreements and (II) Granting Related Relief* [Docket No. 1610] (together, the "Geoffrey Causes of Action"). Alternatively, Geoffrey LLC may agree with the Credit Bid Purchaser to amend and/or restate the terms of the License Agreement prior to the Effective Date on mutually agreeable terms. If, on the other hand, the Sale Transaction is to a Third-Party Purchaser, then, either, (1) the License Agreement shall remain in place subject to the Geoffrey Causes of Action or be amended and/or restated on mutually agreeable terms or (2) the Third-Party Purchaser may purchase such intellectual property assets consistent with the bid procedures governing the Sale Transaction. Nothing herein shall be construed as binding Geoffrey LLC to amend the terms of the License Agreement (including without limitation in order to resolve any Geoffrey Causes of Action), and/or to accept any bid for any intellectual property assets owned by Geoffrey LLC, with each such determination to be made solely by Geoffrey LLC (in consultation with creditors of Geoffrey LLC), subject to the applicable bid procedures.

Key terms under the Plan are summarized below:

*A. Administrative Claims, DIP Facility Claims, and Priority Tax Claims*

**1. Administrative Claims and Priority Tax Claims.**

Except for Claims of Professionals, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Debtors and the Purchaser, no later than the Administrative Claims Bar Date applicable to the Debtor against whom the Administrative Claim is asserted pursuant to the procedures specified in the Confirmation Order and the notice of the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims by the Administrative Bar Date that do not File and serve such a request by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtors and the Purchaser, or their respective property and such Administrative Claims shall be deemed compromised, settled, and released as of the Effective Date.

(a) Administrative Claims and Priority Tax Claims against the TRU Inc. Debtors.

On the Effective Date, except to the extent that a Holder of an Allowed Administrative Claim or Priority Tax Claim and the TRU Inc. Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim or Priority Tax Claim, shall receive, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim, its pro rata share of the TRU Inc. Silo Recovery, if any, after paying in full all Senior Claims. The failure to object to Confirmation by a Holder of an Allowed Administrative Claim or Priority Tax Claim shall be deemed to be such Holder's consent to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

(b) Administrative Claims and Priority Tax Claims against the Taj Debtors.

On the Effective Date, except to the extent that a Holder of an Allowed Administrative Claim or Priority Tax Claim and the Taj Debtor against which such Allowed Administrative Claim is asserted agree to less favorable treatment for such Holder, each Holder of an Allowed Administrative Claim or Priority Tax Claim shall receive, in full and final satisfaction, compromise, settlement, and release of and in exchange for its Claim, its pro rata share of: (i) the Liquidation Proceeds, if any, after paying in full all Senior Claims; and (ii) the Sale Proceeds, if any, after paying in full all Senior Claims. The failure to object to Confirmation by a Holder of an Allowed Administrative Claim or Priority Tax Claim shall be deemed to be such Holder's consent to receive treatment for such Claim that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

**2. Accrued Professional Compensation Claims.**

(a) Professional Fee Escrow Account.

In accordance with Article II.B of the Plan and the Professional Fee Allocation Mechanism, as soon as reasonably practicable after the Confirmation Date and no later than the Effective Date, the Debtors shall establish the Professional Fee Escrow Account. The Debtors shall fund the Professional Fee Escrow Account in the amount of the aggregate Professional Fee Escrow Amount for all Professionals of the Debtors, subject to the Professional Fee Allocation Mechanism. The Professional Fee Escrow Account shall be maintained in trust for the Professionals. Such funds shall not be considered property of the Debtors' Estates, except as otherwise provided in Article II.B.2 of the Plan.

(b) Final Fee Applications and Payment of Accrued Professional Compensation Claims.

All final requests for payment of Claims of a Professional shall be Filed no later than 45 days after the last effective date of all chapter 11 plans filed in the chapter 11 cases of the Debtors and their affiliates that are being jointly administered in these Chapter 11 Cases. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Accrued Professional Compensation Claims shall be determined by the Bankruptcy Court. The amount of Allowed Accrued Professional Compensation Claims owing to the Professionals shall be paid in Cash to such Professionals from

funds held in the Professional Fee Escrow Account, subject to the Professional Fee Allocation Mechanism. After all Accrued Professional Compensation Claims have been paid in full, the escrow agent shall promptly return any excess amounts to the Wind Down Entities. Notwithstanding anything to the contrary herein, the Fee Examiner Order shall remain in effect pursuant to its own terms.

(c) Professional Fee Escrow Amount.

To receive payment for unbilled fees and expenses incurred through the Confirmation Date, the Professionals of the Taj Debtors or the TRU Inc. Debtors shall estimate their Accrued Professional Compensation Claims before and as of the Confirmation Date and shall deliver such estimate to the Debtors no later than ten days after the Confirmation Date; *provided*, *however*, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional and such Professionals are not bound to any extent by the estimates. If a Professional of the Debtors does not provide an estimate, the Debtors may estimate the unbilled fees and expenses of such Professional; *provided*, *however*, that such estimate shall not be binding or considered an admission with respect to the fees and expenses of such Professional. The total amount so estimated shall comprise the Professional Fee Escrow Amount.

(d) Post-Confirmation Fees and Expenses.

Except as otherwise provided in the Plan, from and after the Confirmation Date, each Debtor shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation and Consummation of the Plan incurred by each Debtor. Upon the Confirmation Date, any requirement that Professionals and Ordinary Course Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code, the Interim Compensation Order, or the Ordinary Course Professionals Order, in seeking retention or compensation for services rendered after such date shall terminate, and the Debtors may employ and pay any Professional or Ordinary Course Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

**3. Taj DIP Claims.**

(a) Taj DIP Guaranty Claims against the TRU Inc. Debtors.

On the Effective Date, the Taj DIP Guaranty Claims shall be Allowed in the aggregate principal amount of $[•], plus interest, fees and other amounts payable under the Taj DIP Guaranty. The Holder of each Allowed Taj DIP Guaranty Claim against the TRU Inc. Debtors shall receive on the Effective Date either: (a) payment in full in Cash; or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the TRU Inc. Debtors.

(b) Taj DIP Claims against the Taj Debtors

On the Effective Date, the Taj DIP Claims shall be Allowed in the aggregate principal amount of $[•], plus interest, fees and other amounts payable under the Taj DIP Notes Indenture. The Holder of each Allowed Taj DIP Claim against the Taj Debtors shall receive on the Effective Date either: (a) payment in full in Cash; or (b) such other less favorable treatment for such Holder as may be agreed to by such Holder and the Taj Debtors. In accordance with the Transaction Steps Memorandum, the Holders, upon receipt of an amount equal to the Allowed Taj DIP Claims, shall assign or transfer the Taj DIP Notes to the Wind Down Entities or one or more subsidiaries of the Wind Down Entities, which shall remain outstanding and shall retain substantially the same security interests, liens, pledges, and encumbrances that currently secure the Taj DIP Claims, other than as against the Debtors. If at any time the Wind Down Entities no longer retain any assets or interests, then the Taj DIP Notes shall be automatically cancelled.

~~A.~~*B. Classification and Treatment of Claims and Interests Under the Plan.*

**1. Summary of Classification**.

A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied before the Effective Date.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article III of the Plan.

**2. Special Provision Governing Unimpaired Claims**.

Except as otherwise provided in the Plan, nothing under the Plan shall affect the rights of the Debtors in respect of any Unimpaired Claims, including all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

**3. Elimination of Vacant Classes**.

Any Class of Claims or Interests that, as of the commencement of the Confirmation Hearing, does not have at least one Holder of a Claim or Interest that is Allowed in an amount greater than zero for voting purposes pursuant to the Disclosure Statement Order shall be considered vacant, deemed eliminated from the Plan for purposes of voting to accept or reject the Plan, and disregarded for purposes of determining whether the Plan satisfies section 1129(a)(8) of the Bankruptcy Code with respect to that Class.

**4. Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code**.

The Debtors shall seek Confirmation for the applicable Debtors pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtors reserve the right to modify the Plan in accordance with Article X of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

**5. Subordinated Claims**.

The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, all parties reserve their right to re-classify any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

~~B.~~*C. Means for Implementation of the Plan.*

**1. Substantive Consolidation**.

The Debtors shall not be substantively consolidated.

**2. Restructuring Transactions and Sources of Consideration for Plan Distributions**.

The Confirmation Order shall be deemed to authorize the Debtors to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan. The actions to implement the Restructuring Transactions and the Sale Transaction may include: (a) the execution and delivery of appropriate agreements or other documents of merger, amalgamation, consolidation, restructuring, conversion, disposition, transfer, arrangement, continuance, dissolution, sale, purchase, or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; (d) all other actions that the applicable Entities or the Purchaser determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Plan; (e) pursuant to the Rights Offering Procedures and the Backstop Commitment Agreement, the implementation of the Rights Offering, the distribution of the Subscription Rights to the Rights Offering Participants as of the Rights Offering Record Date, and the issuance of the Purchaser Common Shares in connection therewith; and (f) all other actions that are provided for in the Restructuring Transactions Description or that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

With respect to the Plan, all amounts of Cash necessary for the Debtors or the Disbursing Agent to make payments or distributions pursuant hereto shall be obtained from the Sale Proceeds, Liquidation Proceeds, Cash on hand, and Cash raised or held by the Debtors, including, as applicable, Cash raised from the Rights Offering.

(a) Cash on Hand.

The Reorganized Debtors shall use Cash on hand to fund distributions to certain Holders of Allowed Claims in accordance with Article III of the Plan.

(b) General Authorization.

Confirmation of the Plan shall be deemed to constitute approval of the transactions contemplated thereby and all actions to be taken, undertakings to be made, and obligations to be incurred by the Debtors, Reorganized Debtors, the Asia JV, the Purchaser and their respective affiliates or subsidiaries in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and, subject to the occurrence of the Effective Date, authorization for the Reorganized Debtors, the Asia JV, the Purchaser and their respective affiliates or subsidiaries to enter into and perform their obligations under such other documents as may be reasonably required or appropriate.

(c) Rights Offering.

In connection with a Credit Bid Transaction, on account of the Taj Senior Notes, the Debtors shall distribute the Subscription Rights to the Rights Offering Participants as set forth in the Plan, the Backstop Commitment Agreement and the Rights Offering Procedures; *provided*, *however*, that, if specified by the Restructuring Transactions Description and/or the Transaction Steps Memorandum, such distribution may be on behalf of the Credit Bid Purchaser or another entity specified in the Restructuring Transactions Description and/or the Transaction Steps Memorandum. Pursuant to the Backstop Commitment Agreement and the Rights Offering Procedures, the Rights Offering shall be open to all Rights Offering Participants, and all Commitment Parties shall be required to exercise the Subscription Rights allocated to them. Rights Offering Participants shall be entitled to participate in the Rights Offering up to a maximum amount of each Holder's Pro Rata share of the Adjusted Rights Offering Amount. Rights Offering Participants shall have the right to purchase their allocated Rights Offering Interests at the per unit purchase price set forth in the Rights Offering Procedures.

Upon exercise of the Subscription Rights by the Rights Offering Participants pursuant to the terms of the Backstop Commitment Agreement and the Rights Offering Procedures, the Purchaser shall be authorized to issue the Rights Offering Interests in accordance with the Plan, the Backstop Commitment Agreement, and the Rights Offering Procedures. Proceeds of any Rights Offering shall be used to fund, among other things, distributions to Holders of Allowed Taj DIP Claims as provided herein and in accordance with the Transaction Steps Memorandum.

Pursuant to the Backstop Commitment Agreement, (a) the Commitment Parties shall purchase any Rights Offering Shares not subscribed to for purchase by Rights Offering Participants who are not parties to the Backstop Commitment Agreement at the per share purchase price set forth in the Backstop Commitment Agreement. On the Effective Date, the rights and obligations of the Debtors under the Backstop Commitment Agreement shall vest in the Reorganized Debtors, the Purchaser, or such other entity as provided by the Backstop Commitment Agreement or the Restructuring Transactions Description, as applicable.

In addition, on the Effective Date (or earlier in the case of termination of the Backstop Commitment Agreement), the Backstop Commitment Premium (which shall be an administrative expense) shall be distributed or paid, as applicable, to the Commitment Parties under and as set forth in the Backstop Commitment Agreement and the Backstop Approval Order.

Further, upon the Effective Date, Cyrus Capital Partners, L.P. shall be reimbursed for fees and expenses incurred by it in connection with the Chapter 11 Cases in an amount not to exceed $950,000, so long as it participates pro rata in the Rights Offering and Credit Bid Transaction on account of its Taj Senior Notes and Taj DIP Notes.

**3. Sale Transaction**.

On the Effective Date, the Debtors shall consummate the Sale Transaction, and, among other things, the TRU Asia Equity Interests shall be transferred to and vest in the Purchaser free and clear of, other than contractual Claims subject to the TRU Inc. Silo Recovery, all Liens, Claims, charges, or other encumbrances pursuant to the terms of the Share Purchase Agreement and the Confirmation Order. On and after the Effective Date, except as otherwise provided in the Plan, the Purchaser may operate their businesses and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules. Neither the Purchaser nor any of its Affiliates shall be deemed to be a successor of the Debtors.

(a) Payment of Sale Proceeds by the Purchaser.

No later than the Effective Date, the Purchaser shall pay to the Debtors the Sale Proceeds or shall consummate the Credit Bid Transaction, as applicable, as and to the extent provided for in the Share Purchase Agreement or other definitive documents. In connection with a Credit Bid Transaction, each holder of a Taj Senior Notes Claim shall receive its pro rata share of the Initial Purchaser Common Shares on account thereof, subject to dilution by the Backstop Commitment Premium and the Rights Offering Shares. Also in connection with a Credit Bid Transaction and subject to the Transaction Steps Memorandum, upon receipt of proceeds from the Rights Offering in the amount of the Allowed Taj DIP Note Claims, the Holders of the Taj DIP Notes shall assign or transfer the Taj DIP Notes to the Wind Down Entities or one or more subsidiaries of the Wind Down Entities, which shall remain outstanding and shall retain substantially the same security interests, liens, pledges, and encumbrances that currently secure the Taj DIP Claims, other than as against the Debtors.

(b) Wind Down Entities.

As specified in the Restructuring Transactions Description and/or the Transaction Steps Memorandum, on the Effective Date, one or more Wind Down Entities will be formed to implement the Wind Down. The Wind Down Entities will be established for the primary purpose of liquidating the Wind Down Entities' assets and Winding Down the Debtors' Estates, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Wind Down Entities.

Upon the transfer of the Debtors' assets and equity as more fully set forth in the Administrator Agreement, the Debtors will have no reversionary or further interest in or with respect to the assets of the Wind Down Entities.

The Restructuring Transactions Description and/or the Transaction Steps Memorandum may provide that the Wind Down Entities will be classified as "liquidating trusts," "disputed ownership funds" (each as described below) or other type of entity. The U.S. tax treatment of liquidating trusts and disputed ownership funds are described below.

(i) Liquidating Trust Treatment

A Wind Down Entity may be classified as a "liquidating trust" under section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" under section 671 of the Tax Code. In such case, any beneficiaries of such Wind Down Entities would be treated as grantors and deemed owners thereof and, for all United States federal income tax purposes, any beneficiaries would be treated as if they had received a distribution of an undivided interest in the assets of the Wind Down Entities and then contributed such undivided interest to the vehicle. If this treatment applies, the person or persons responsible for administering the Wind Down Entities shall, in an expeditious but orderly manner, make timely distributions to beneficiaries of the Wind Down Entities pursuant to the Plan and not unduly prolong its duration. The Wind Down Entities would not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth herein or in the governing documents of the Wind Down Entities.

No entity-level tax should be imposed on the Wind Down Entities with respect to earnings generated by the assets held by the Wind Down Entities. Each beneficiary must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit, if any, recognized or incurred by the Wind Down Entities, even if no distributions are made. Allocations of taxable income with respect to the Wind Down Entities shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately before such deemed distribution, the Wind Down Entities had distributed all of their other assets (valued for this purpose at their tax book value) to the beneficiaries, taking into account all prior and concurrent distributions from the Wind Down Entities. Similarly, taxable losses of the Wind Down Entities will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining assets. The tax book value of the assets for this purpose shall equal their respective fair market values on the Effective Date or, if later, the date such assets were acquired, adjusted in either case in accordance with the tax accounting principles prescribed by the applicable provisions of the Tax Code, Treasury Regulations and other applicable administrative and judicial authorities and pronouncements.

The character of items of income, gain, loss, deduction and credit to any Holder of a beneficial interest in the Wind Down Entities, and the ability of such Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder. Taxable income or loss allocated to a beneficiary should be treated as income or loss with respect to the interest of such beneficiary in the Wind Down Entities and not as income or loss with respect to such beneficiary's applicable Claim or Interest. In the event any tax is imposed on the Wind Down Entities, the person or persons responsible for administering the Wind Down Entities shall be responsible for payment, solely out of the assets of the Wind Down Entities of any taxes imposed on the Wind Down Entities.

The person or persons responsible for administering the Wind Down Entities shall be liable to prepare and provide to, or file with, the appropriate taxing authorities and other required parties such notices, tax returns and other filings, including all federal, state and local tax returns as may be required under the Bankruptcy Code, the Plan or by other applicable law, including, if required under applicable law, notices required to report interest or dividend income. The person or persons responsible for administering the Wind Down Entities will file tax returns pursuant to section 1.671-4(a) of the Treasury Regulations on the basis that the Wind Down Entities are a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations and related Treasury Regulations. As soon as reasonably practicable after the close of each calendar year, the person or persons responsible for administering the Wind Down Entities will send each affected beneficiary a statement setting forth such beneficiary's respective share of income, gain, deduction, loss and credit for the year, and will instruct the Holder to report all such items on its tax return for such year and to pay any tax due with respect thereto.

(ii) Disputed Ownership Fund Treatment

With respect to any of the assets of the Wind Down Entities that are subject to potential disputed claims of ownership or uncertain distributions, the Debtors may provide that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims or Interests on the Effective Date but, instead, is transferred to any such account, although not free from doubt, U.S. Holders should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

(c) Administrator.

Before or on the Effective Date, the Administrator may be designated by the Debtors and the Taj Holders Steering Group pursuant to the terms of the Administrator Agreement for the purposes of conducting the Wind Down and shall succeed to such powers as would have been applicable to the Debtors' officers, directors, and shareholders, and the Debtors shall be authorized to be (and, upon the conclusion of the Wind Down, shall be) dissolved by the Administrator. All property of the Estates not distributed to the Holders of Claims or Interests on the Effective Date, or transferred pursuant to the Share Purchase Agreement, shall be transferred to the Administrator and managed and distributed by the Administrator pursuant to the terms of the Administrator Agreement and shall be held in the name of the Debtors free and clear of all Claims and Interests except for rights to such distributions provided to Holders of Allowed Claims and Allowed Interests as provided in the Plan. Any and all reasonable and documented costs and expenses incurred by the Administrator in connection with the Wind Down shall be paid from the funds of the Wind Down Entities, subject to the terms and conditions of the Administrator Agreement. The Administrator shall only file tax returns for Debtors in jurisdictions where such Debtor previously filed tax returns, unless the Administrator determines that a tax return is required to be filed due to a change in law, fact, or circumstance on or after the Effective Date. Following the Effective Date and in the event of the resignation or removal, liquidation, dissolution, death, or incapacity of the Administrator, the Purchaser shall designate another Entity to become Administrator and such Entity will become the successor Administrator and, without any further act, shall become fully vested with all of the rights, powers, duties, and obligations of the predecessor Administrator.

The Entity chosen to be the successor Administrator shall have such qualifications and experience to enable the Administrator to perform its obligations under the Plan and under the Administrator Agreement. The Administrator shall be compensated and reimbursed for reasonable costs and expenses as set forth in, and in accordance with, the Administrator Agreement.

(d) Wind Down and Dissolution of the Debtors.

On and after the Effective Date, the Administrator will implement any other provision of the Plan and any applicable orders of the Bankruptcy Court, and the Administrator shall have the power and authority to take any action necessary to wind down and dissolve the Debtors. After the Effective Date, the Debtors shall remain in existence for the sole purpose of dissolving. As soon as practicable after the Effective Date, the Administrator shall: (1) cause the Debtors to comply with, and abide by, the terms of the Share Purchase Agreement and the Plan; (2) file for each of the Debtors, a certificate of dissolution, together with all other necessary corporate and company documents, to effect the dissolution of the Debtors under the applicable laws of their state of incorporation or formation (as applicable); (3) complete and file all final or otherwise required federal, state, and local tax returns for each of the Debtors, and if the Administrator so elects, pursuant to section 505(b) of the Bankruptcy Code, request an expedited determination of any unpaid tax liability of such Debtor or its Estate for any tax incurred during the administration of such Debtor's Chapter 11 Case, as determined under applicable tax laws; and (4) take such other actions as the Administrator may determine to be necessary or desirable to carry out the purposes of the Plan and the other Restructuring Documents. The filing by the Administrator of any Debtor's certificate of dissolution shall be authorized and approved in all respects without further action under applicable law, regulation, order, or rule,

including any action by the stockholders, members, board of directors, or board of managers of each such Debtor. Solely to the extent and subject to the limitations provided in the Share Purchase Agreement (or other definitive documents), the Administrator Agreement, the Plan, and the Confirmation Order, the Purchaser shall fund the Wind Down Entities with funds to pay costs, expenses, or claims arising from or related to any Wind Down of the Taj Debtors, including the costs and expenses associated with any Claims resolution or similar process following the Effective Date. Notwithstanding anything in the Plan to the contrary, the Administrator or the Disbursing Agent will make, or cause to be made, all distributions under the Plan other than those distributions made by the Debtors on the Effective Date.

**4. General Settlement of Claims**.

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims, Interests, and controversies resolved pursuant to the Plan.

**5. Cancellation of Securities and Agreements**.

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, instruments, Certificates, and other documents evidencing, or in any way related to, Claims or Interests shall be canceled and the obligations of the Debtors or the Purchaser thereunder or in any way related thereto shall be released, settled, and compromised; *provided*, *however*, that notwithstanding Confirmation or the occurrence of the Effective Date, any credit document or agreement that governs the rights of the holder of a Claim or Interest shall continue in effect solely for purposes of (a) allowing holders of Allowed Claims to receive distributions under the Plan; (b) allowing each of the TRU Inc. Unsecured Notes Trustees to make distributions to holders of the respective TRU Inc. Unsecured Notes Claims, pursuant to the respective indenture or bond agreement under which such TRU Inc. Unsecured Notes Trustee serves; (c) preserving each of the TRU Inc. Unsecured Notes Trustees' rights to compensation and indemnification under each of the applicable indentures or bond agreements as against any money or property distributable or allocable to holders of TRU Inc. Unsecured Notes Claims, including, without limitation, the TRU Inc. Unsecured Notes Trustees' rights to maintain, enforce, and exercise their respective charging liens against such money or property; (d) permitting each of the TRU Inc. Unsecured Notes Trustees to enforce any right or obligation owed to them under the Plan; and (e) permitting each of the TRU Inc. Unsecured Notes Trustees to appear in the Chapter 11 Cases or in any proceeding in the Bankruptcy Court or any other court. Each of the TRU Inc. Unsecured Notes Trustees shall be discharged and shall have no further obligation or liability except as expressly provided in the Plan or Confirmation Order.

**6. Corporate Action**.

Subject to the Sale Transaction permitted under Article IV.C of the Plan and the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporation, limited liability company, partnership, or other form of entity, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form of entity, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other similar formation and governance documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation or bylaws (or other similar formation and governance documents) are amended by or in connection with the Plan or otherwise, and, to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval (other than any requisite filings required under applicable state, provincial, or federal law). The New TRU Europe Board shall be put into place in a manner acceptable to the Taj Holders Steering Group or the Purchaser, as applicable.

**7. New Organizational Documents**.

To the extent necessary, on or immediately prior to the Effective Date, the organizational documents of each of the Debtors shall be amended and restated, as may be necessary to effectuate the transactions contemplated by the Plan, in a manner consistent with section 1123(a)(6) of the Bankruptcy Code and shall otherwise be satisfactory to Taj Holders Steering Group or the Purchaser, as applicable. Each of the Reorganized Debtors will

file its New Organizational Documents with the applicable Secretaries of State and/or other applicable authorities in its respective state, province, or country of incorporation in accordance with the corporate laws of the respective state, province, or country of incorporation. The New Organizational Documents will prohibit the issuance of non-voting equity securities to the extent required under section 1123(a)(6) of the Bankruptcy Code.

**8. Effectuating Documents; Further Transactions**.

On and after the Effective Date, the Debtors and their directors, members, trustees, officers, and managers are authorized to and may issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan, the Sale Transaction, and other Restructuring Documents and the Securities issued pursuant to the Plan in the name of and on behalf of the Debtors, without the need for any approvals, authorizations, or consents, except for those expressly required pursuant to the Plan, or any further notice to or action, order, or approval of the Bankruptcy Court.

**9. Exemption from Certain Taxes and Fees**.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property or any Interests pursuant to the Plan, including the recording of any amendments to such transfers, or any new mortgages or liens placed on the property in connection with such transfers, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

**10. Preservation of Rights of Action**.

Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Taj Debtors reserve, and assign to the Purchaser pursuant to the Share Purchase Agreement or other definitive documents, any and all Causes of Action, including any actions specifically enumerated in and in accordance with the terms of the Plan Supplement, whether arising before or after the Petition Date, and preserve and assign to the Purchaser pursuant to the Share Purchase Agreement or other definitive documents, the right to commence, prosecute, or settle such Causes of Action, notwithstanding the occurrence of the Effective Date~~.~~; provided, however, notwithstanding the foregoing, the Non-Released Claims (as defined in the Settlement Agreement) shall include all claims or Causes of Action, if any, held by TRU Inc. and its respective estates or creditors against any D&O Party (the "D&O Claims") and shall be transferred and/or assigned to the Non-Released Claims Trust (as defined in the Toys Delaware Plan) and the Non-Released Claims Trust Manager (as defined in the Toys Delaware Plan) shall have the right to commence, prosecute, or settle such Non-Released Claims in its discretion, in consultation with the Non-Released Claims Trust Oversight Committee (as defined in the Toys Delaware Plan). The Purchaser may pursue such Causes of Action in its sole discretion. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that either the Taj Debtors or Reorganized Taj Debtors, or the Wind Down Entities or Purchaser, as applicable, will not pursue any and all available Causes of Action against them. No preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

The Taj Debtors reserve and assign to the Purchaser pursuant to the Share Purchase Agreement, the Causes of Action notwithstanding the rejection of any Executory Contract or Unexpired Lease during the ~~c~~Chapter 11 ~~c~~Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Taj Debtor may hold against any Entity shall vest in the Taj Debtors and be assigned to the Purchaser pursuant to the Share Purchase Agreement. The Purchaser, through their authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action and shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw,

or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

**11. Vesting of Assets in the Reorganized Debtors**.

Except as otherwise provided in the Plan, the Share Purchase Agreement, the Settlement Agreement, or in any agreement, instrument, or other document incorporated in the Plan, and subject to the terms and the consummation of the Sale Transaction on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor or the Purchaser, as applicable, free and clear of all liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

**12. Avoidance Actions**.

The Debtors waive all rights to commence or otherwise pursue any and all Avoidance Actions, including, without limitation, to assert or use any such Avoidance Actions for defensive purposes, and such Avoidance Actions shall be released on the Effective Date; *provided* that any release of Avoidance Actions by the TRU Inc. Debtors is subject to the terms and conditions of the Settlement Agreement.

**13. Compensation and Benefits Programs**.

Unless otherwise provided herein or in the Plan Supplement, the Confirmation Order, or any applicable agreements binding on the Debtors, all employee wages, compensation, and benefit programs in place as of the Effective Date with the Debtors shall be rejected by the Reorganized Debtors. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, from and after the Effective Date, all retiree benefits (as such term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

~~C.~~*D. Treatment of Executory Contracts and Unexpired Leases*

**1. Assumption and Rejection of Executory Contracts and Unexpired Leases**.

On the Effective Date, except as otherwise provided herein, all Executory Contracts or Unexpired Leases will be deemed rejected ~~by the Debtors,~~ in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, other than: (1) those that previously were assumed or rejected by the Debtors; (2) those that are identified on the Assumed Executory Contract and Unexpired Lease List; (3) those that are the subject of a motion to assume Executory Contracts or Unexpired Leases that is pending on the Confirmation Date; or (4) those ~~that are subject to a motion to assume an Executory Contract or Unexpired Lease pursuant to which the requested effective date of such assumption is after the Effective Date.~~ that are part of transition services approved by the Bankruptcy Court, which will be deemed rejected at the termination of such services. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions, assignments, and rejections, including the assumptions of the Executory Contracts or Unexpired Leases listed on the Assumed Executory Contract and Unexpired Lease List and the rejection of the Executory Contracts or Unexpired Leases listed on the Rejected Executory Contract and Unexpired Lease List pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Any motions to assume or reject Executory Contracts or Unexpired Leases pending on the Effective Date shall be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order. Each Executory Contract and Unexpired Lease assumed pursuant to this Article V.A or by any order of the Bankruptcy Court, which has not been assigned to a third party before or on the Confirmation Date, shall revest in and be fully enforceable by the Debtors ~~or the Purchaser, as applicable,~~ in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law. Notwithstanding anything to the contrary in the Plan, the Debtors~~, with the consent of Taj Holders Steering Group or the Purchaser, as applicable~~, may alter, amend, modify, or supplement

the schedules of Executory Contracts and Unexpired Leases identified in Article V, and in the Plan Supplement at any time through and including ~~60~~90 days after the Effective Date (or such later date as ~~may be~~ provided in the event of any objection by a counterparty to an Executory Contract or Unexpired Lease to the amount of any Cure Obligation or other matter relating to the proposed assumption and assignment).

**2. Cure of Defaults for Assumed and Assigned Executory Contracts and Unexpired Leases**.

Any Cure Obligations under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Obligation in Cash on or after the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of the Cure Obligation, (2) the ability of the Debtors, the Purchaser, or any other assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (3) any other matter pertaining to assumption, the Cure Obligations required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least ten days before the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed Cure Obligations to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or Cure Obligation must be filed, served, and actually received by the Debtors at least three days before the Confirmation Hearing. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such assumption or Cure Obligation.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan, or otherwise, shall result in the full release and satisfaction of any Claims or defaults, subject to satisfaction of the Cure Obligations, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time before the effective date of assumption or assignment. **Anything in the Schedules and any Proofs of Claim Filed with respect to an Executory Contract or Unexpired Lease that has been assumed and assigned shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.**

**3. D&O Liability Insurance Policies**.

~~To the extent that the D&O Liability Insurance Policies need to be assumed, the~~The Debtors shall be deemed to have assumed all of the Debtors' D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code effective as of the Effective Date, and coverage for defense and indemnity under any of the D&O Liability Insurance Policies shall remain available to all individuals within the definition of "Insured" in any of the D&O Liability Insurance Policies. ~~-~~Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the unexpired D&O Liability Insurance Policies. ~~-~~Notwithstanding anything to the contrary contained in the Plan, and except as otherwise may be provided in an Order from the Bankruptcy Court, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be filed. ~~-~~Provided, however, that the holder(s) of a Claim for an indemnity obligation will look only to the D&O Liability Insurance Policies for recovery and not the Estates.

**4. Claims Based on Rejection of Executory Contracts and Unexpired Leases**.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed with the Bankruptcy Court within 30 days after the later of (1) the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, (2) the effective date of such rejection, or (3) the Effective Date.

**Any Holders of Claims arising from the rejection of an Executory Contract or Unexpired Lease for which Proofs of Claims were not timely Filed as set forth in the above paragraph shall not (a) be treated as a creditor with respect to such Claim, (b) be permitted to vote to accept or reject the Plan, or (c) participate in any distribution in the ~~c~~Chapter 11 ~~c~~Cases on account of such Claim, and any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against the Debtors, the Estates, and if Sale Transaction is consummated, the Purchaser, or their property without the need for any objection by the Debtors or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied~~,~~ and released, ~~and discharged,~~ notwithstanding anything in the Schedules or a Proof of Claim to the contrary.** All Allowed Claims arising from the rejection of the Debtors' Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims against the appropriate Debtor, except as otherwise provided by order of the Bankruptcy Court.

**5. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases**.

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Debtors or the Wind Down Entities or the Purchaser, as applicable, expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased, or services previously received, by the contracting Debtors or the Purchaser, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

**6. Modifications, Amendments, Supplements, Restatements, or Other Agreements**.

Unless otherwise provided in the Plan, each assumed and assigned Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the chapter 11 cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease was assumed by the Debtors and approved by the Bankruptcy Court.

**7. Reservations of Rights**.

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtors, or if Sale Transaction is consummated, the Wind Down Entities or the Purchaser, as applicable, have any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption and assignment or rejection, the Debtors or the Purchaser, as applicable, shall have 90 days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided in the Plan.

**8. Nonoccurrence of Effective Date**.

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code, unless such deadline(s) have expired.

**9. Contracts and Leases Entered Into After the Petition Date**.

Unless otherwise provided in the Plan, contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor or assumed and assigned to the Purchaser under the Share Purchase Agreement, including the License Agreement and Transition Services Agreement, as applicable, will be performed by the Reorganized Debtors or the Purchaser, as applicable, in the ordinary course of their business after the Effective Date. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive entry of the Confirmation Order.

~~D.~~*E. Provisions Governing Distributions.*

**1. Timing and Calculation of Amounts to Be Distributed**.

Except as otherwise provided in the Plan, on the Effective Date (or if a Claim or Interest is not an Allowed Claim or Allowed Interest on the Effective Date, on the date that such a Claim or Interest becomes an Allowed Claim or Allowed Interest, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim or Allowed Interest against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class from the Disbursing Agent, as applicable. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims or Disputed Interests, distributions on account of any such Disputed Claims or Disputed Interests shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims or Interests shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date. Notwithstanding anything to the contrary herein, no Holder of an Allowed Claim or Allowed Interest shall, on account of such Allowed Claim or Allowed Interest, receive a distribution in excess of the Allowed amount of such Claim or Interest plus any postpetition interest on such Claim or Interest payable in accordance with the Plan.

**2. Disbursing Agent**.

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. Additionally, in the event that the Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond or surety shall be borne by the Debtors.

**3. Rights and Powers of Disbursing Agent**.

(a) Powers of the Disbursing Agent.

The Disbursing Agent shall be empowered to, as applicable: (a) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan; (b) make all distributions contemplated under the Plan; (c) employ professionals to represent it with respect to its responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

(b) Expenses Incurred On or After the Effective Date.

Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Disbursing Agent after the Effective Date (including taxes) and any reasonable compensation and expense reimbursement Claims (including reasonable attorney fees and expenses) made by the Disbursing Agent shall be paid in Cash as provided herein without any further notice to or action, order, or approval of the Bankruptcy Court.

**4. Delivery of Distributions and Undeliverable or Unclaimed Distributions**.

(a) Record Date for Distribution.

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those record Holders listed on the Claims Register as of the close of business on the Distribution Record Date.

(b) Delivery of Distributions in General.

Except as otherwise provided herein, the Disbursing Agent shall make distributions to Holders of Allowed Claims and Allowed Interests as of the Distribution Record Date at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided*, *however*, that the manner of such distributions shall be determined at the discretion of the Disbursing Agent; *provided further*, *however*, that the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder. If a Holder holds more than one Claim in any one Class, all Claims of the Holder will be aggregated into one Claim and one distribution will be made with respect to the aggregated Claim.

(c) Minimum; *De Minimis* Distributions.

No Cash payment of less than $50.00, in the reasonable discretion of the Disbursing Agent, as applicable, shall be made to a Holder of an Allowed Claim or Allowed Interest on account of such Allowed Claim or Allowed Interest.

(d) Undeliverable Distributions and Unclaimed Property.

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Disbursing Agent has determined the then current address of such Holder, at which time such distribution shall be made to such Holder without interest; *provided*, *however*, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of six months from the date the distribution is made. After such date, all unclaimed property or interests in property shall revert (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary) to the applicable Debtor automatically and without need for a further order by the Bankruptcy Court, as applicable, and the Claim of any Holder to such property or interest in property shall be released, settled, compromised, and forever barred. Upon the termination of the Wind Down Entities, any remaining funds, including such distributions, shall be returned to the Purchaser.

(e) Manner of Payment Pursuant to the Plan.

Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Disbursing Agent by check or by wire transfer.

**5. Compliance with Tax Requirements/Allocations**.

In connection with the Plan, to the extent applicable, the Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms it believes is reasonable and appropriate. The Debtors, in consultation with the Taj Holders Steering Group or the Purchaser, as applicable, reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, and other spousal awards, liens, and encumbrances.

Distributions in respect of Allowed Claims shall be allocated first to the principal amount of such Claims (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest.

**6. Claims Paid or Payable by Third Parties**.

(a) Claims Paid by Third Parties.

The Debtors shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor on account of such Claim, such Holder shall, within 14 days of receipt thereof, repay or return the distribution to the applicable Debtor to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Debtor annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the 14-day grace period specified above until the amount is repaid.

(b) Claims Payable by Third Parties.

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

(c) Applicability of Insurance Policies.

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any Entity may hold against any other Entity, including insurers under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

**7. Indefeasible Distributions**.

Any and all distributions made under the Plan shall be indefeasible and not subject to clawback.

~~E.~~ *F. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims.*

**1. Allowance of Claims**.

After the Effective Date, each of the Debtors shall have and retain any and all rights and defenses such Debtor had with respect to any Claim or Interest immediately before the Effective Date. Except as expressly provided in the Plan or in any order entered in the chapter 11 cases before the Effective Date (including the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including the Confirmation Order (when it becomes a Final Order), in the chapter 11 cases allowing such Claim.

**2. Claims Administration Responsibilities**.

Except as otherwise specifically provided in the Plan, a Final Order by the Bankruptcy Court, or the Share Purchase Agreement, as applicable, after the Effective Date, the Debtors, with the consent of Taj Holders Steering Group or the Purchaser, as applicable, or by order of the Bankruptcy Court, shall have the sole authority, subject to a party in interest's right to object to a Claim or Interest under section 502(a) of the Bankruptcy Code: (1) to File, withdraw, or litigate to judgment objections to Claims or Interests; (2) to settle or compromise any Disputed Claim or Disputed Interest without any further notice to or action, order, or approval by the Bankruptcy Court; and (3) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

**3. Estimation of Claims and Interests**.

Before or after the Effective Date, the Debtors may (but are not required to), by order of the Bankruptcy Court, at any time request that the Bankruptcy Court estimate any Disputed Claim or Disputed Interest that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or Interest or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim or Interest, including during the litigation of any objection to any Claim or Interest or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim or Interest that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim or Interest, that estimated amount shall constitute a maximum limitation on such Claim or Interest for all purposes under the Plan (including for purposes of distributions), and the relevant Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim or Interest.

**4. Adjustment to Claims or Interests without Objection**.

Any Claim or Interest that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

**5. Time to File Objections to Claims**.

Any objections to Claims shall be Filed on or before the Claims Objection Bar Date.

**6. Disallowance of Claims**.

Except as otherwise expressly provided herein or in a Final Order by the Bankruptcy Court, any Claims or Interests held by Entities from which property is recoverable under section 542, 543, 550, or 553 of the Bankruptcy Code or that is a transferee of a transfer avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims or Interests may not receive any distributions on account of such Claims until such time as such Causes of Action against that Entity have been settled or a Bankruptcy Court order with respect thereto has been entered and all sums due, if any, to the Debtors by that Entity have been turned over or paid to the applicable Debtor or the Purchaser, as applicable.

**Except as provided herein or otherwise agreed, any and all Proofs of Claim filed after the Claims Bar Date shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order, or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely filed by a Final Order.**

**7. Amendments to Claims**.

On or after the Effective Date, except as provided in the Plan or the Confirmation Order, a Claim or Interest may not be Filed or amended without the prior authorization of the Bankruptcy Court and the Debtors or the Purchaser, as applicable, and any such new or amended Claim or Interest Filed shall be deemed disallowed in full and expunged without any further action.

**8. No Distributions Pending Allowance**.

If an objection to a Claim or Interest or portion thereof is Filed as set forth in Article VII of the Plan, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or portion thereof unless and until such Disputed Claim or Interest becomes an Allowed Claim or Interest.

**9. Distributions After Allowance**.

To the extent that a Disputed Claim or Disputed Interest ultimately becomes an Allowed Claim or Allowed Interest, distributions (if any) shall be made to the Holder of such Allowed Claim or Allowed Interest in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim or Disputed Interest becomes a Final Order, the Disbursing Agent shall provide to the Holder of such Claim or Interest the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, less any previous distribution (if any) that was made on account of the undisputed portion of such Claim or Interest, without any interest, dividends, or accruals to be paid on account of such Claim or Interest unless required under applicable bankruptcy law or as otherwise provided in Article III.B of the Plan.

~~*F.*~~*G. Settlement, Release, Injunction, and Related Provisions.*

The Plan provides that (i) all holders of Claims and Interests that are deemed to accept the Plan; (ii) all holders of Claims and Interests who vote to accept the Plan; and (iii) all holders in voting classes who abstain from voting on the Plan and who do not opt-out of the releases provided by the Plan will be deemed to have released all claims and Causes of Action against each Debtor, Reorganized Debtor, and other Released Party.

The release, exculpation, and injunction provisions that are contained in the Article VIII of the Plan are copied in pertinent part below.

**1. Settlement, Compromise, and Release of Claims and Interests**.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to or in connection with the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete settlement, compromise, and release, effective as of the Effective Date, of Claims (including any Intercompany Claims resolved or compromised after the Effective Date by the Debtors), Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtors before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim or Proof of Interest based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtors or their Affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the chapter 11 cases shall be deemed cured on the Effective Date. The Confirmation Order shall be a

judicial determination of the settlement, compromise, and release of all Claims and Interests subject to the Effective Date occurring.

~~2. Discharge of Claims and Termination of Equity Interests.~~

~~Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to or in connection with the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the effective date, of Claims (including any Intercompany Claims resolved or compromised after the effective date by the Debtors), interests, and causes of action of any nature whatsoever, including any interest accrued on claims or interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and interests in, the Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and causes of action that arose before the effective date, any liability (including withdrawal liability) to the extent such claims or interests relate to services performed by employees of the Debtors before the effective date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the effective date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a proof of claim based upon such debt or right is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (2) a claim or interest based upon such debt, right, or interest is allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a claim or interest has accepted the Plan. Any default or "event of default" by the Debtors or their Affiliates with respect to any claim or interest that existed immediately before or on account of the filing of the chapter 11 cases shall be deemed cured (and no longer continuing) as of the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.~~

~~3.~~2. **Release of Liens**.

**Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, and compromised and all rights, titles, and interests of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Debtors' Estates shall revert to the Debtors or assigned to the Purchaser pursuant to the Share Purchase Agreement, as applicable.**

~~4.~~3. **Releases by the Debtors**.

**Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, ~~except to the extent expressly reserved in the Settlement Agreement which shall control over this provision with respect only to the parties to the Settlement Agreement to the extent such Claims and Causes of Action set forth in Article VIII.D of the Plan relate to TRU Inc.,~~ except as otherwise expressly set forth herein, each Released Party shall be deemed released and discharged by the Debtors and the Reorganized Debtors, and their Estates from any and all claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors, that the Debtors or the Reorganized Debtors, or their Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Interest, or that any Holder of any Claim or Interest could have asserted on behalf of the Debtors, based on or relating to, or in any manner arising from, in whole or in part:**

1. **the Debtors or the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the formulation, preparation, dissemination, negotiation, or filing of any documents related to the Restructuring;**
2. **any contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other**

**agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring, the Disclosure Statement, or the Plan;**

3. **the chapter 11 cases, the Disclosure Statement, the Plan, the filing of the chapter 11 cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement;**

4. **the negotiation, implementation, terms, or amendments to the DIP Facility or DIP Orders prior to or during the chapter 11 cases;**

5. **(a) the transactions undertaken by the Sponsors in relation to the acquisition of the interests in TRU Inc., or (b) any and all refinancing transactions or sale transactions related to the equity or assets of the Debtors undertaken, approved, planned, or implemented by the Sponsors and/or the Debtor's managers, officers, directors, and employees, as applicable; or**

6. **any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the effective date relating to any of the foregoing.**

Notwithstanding the foregoing, nothing in Article V of the Plan or the Plan shall release any Non-Released Claims, any D&O Claims, or any claims of TRU Inc. against the D&O Parties. **Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not~~e~~ release (i) any post-Effective Date obligations of any party or entity under the Plan or any document, instrument, or agreement (including those set forth in the ~~Plan Supplement~~plan supplement) executed to implement the Plan, the Sale Transaction~~,~~ and the Restructuring Transactions ~~or~~, (ii) any Intercompany Claims ~~held by a~~, or (iii) any claims or causes of action relating to or arising out of the chapter 11 cases of the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, Propco II Plan Entities, or any Former Debtor.**

~~—~~ **Releases by Holders of Claims and Interests**.

**Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, on and after the Effective Date, except ~~to the extent expressly reserved in the Settlement Agreement which shall control over this provision with respect only to the parties to the Settlement Agreement to the extent such Claims and Causes of Action set forth in Article VIII.E of the Plan relate to TRU Inc., except~~ as otherwise expressly set forth herein, each Releasing Party is deemed to have released and discharged each Debtor, Reorganized Debtor, and other Released Party from any and all claims and Causes of Action, including any derivative claims asserted on behalf of the Debtors that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part:**

1. **the Debtors or the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the formulation, preparation, dissemination, negotiation, or filing of any documents related to the Restructuring;**

2. **any contract, instrument, release, or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Restructuring, the Disclosure Statement, or the Plan~~,~~;**

3. **the Chapter 11 Cases, the Disclosure Statement, the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement;**

4. **the negotiation, implementation, terms, or amendments to the DIP Facility or DIP Orders prior to or during the Chapter 11 Cases;**

5. **(a) the transactions undertaken by the Sponsors in relation to the acquisition of the interests in TRU**

**Inc., or (b) any and all refinancing transactions or sale transactions related to the equity or assets of the Debtors undertaken, approved, planned, or implemented by the Sponsors and/or the Debtor's managers, officers, directors, and employees, as applicable; or**

**6. any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the effective date relating to any of the foregoing.**

**Notwithstanding the foregoing, nothing in Article V of the Plan or the Plan shall release any Non-Released Claims, any D&O Claims, or any claims of TRU Inc. against the D&O Parties. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release (i) any post-Effective Date obligations of any party or entity under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan, the Sale Transaction and the Restructuring Transactions, (ii) any Intercompany Claim ~~held by a Debtor~~, or (iii) any claims or causes of action relating to or arising out of the chapter 11 cases of the Toys Delaware Debtors, Geoffrey Debtors, Propco I Debtors, Propco II Plan Entities, or any Former Debtor.**

**~~6.~~5. Exculpation.**

**Except as otherwise specifically provided in the Plan or any other Restructuring Documents, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any cause of action for any claim related to any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or termination of the any documents related to the Restructuring and related prepetition transactions, the Disclosure Statement, the Plan, or any Restructuring transaction, contract, instrument, release or other agreement or document (including providing any legal opinion requested by any entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) created or entered into in connection with the Disclosure Statement, the Plan, the DIP Facility, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan, or the distribution of property under the Plan, or any other related agreement, except for claims related to any act or omission that is determined in a Final Order to have constituted actual fraud, willful misconduct, or gross negligence, but in all respects such entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of, and distribution of, consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Notwithstanding the foregoing, the Toys Delaware Debtors shall not be released or exculpated pursuant to Article VIII.E-F of the Plan.**

**~~7.~~6. Injunction.**

**Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities that have held, hold, or may hold Claims or Interests that have been ~~released pursuant to the Plan, shall be discharged pursuant to the Plan~~compromised, settled, or released, or are subject to exculpation pursuant to the Plan, are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Reorganized Debtors, the Purchaser, or any of the other Released Parties: (i) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests; (ii) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such entities on account of or in connection with or with respect to any such claims or interests; (iii) creating, perfecting, or enforcing any lien or encumbrance of any kind against such entities or the property or the estates of such entities on account of or in connection with or with respect to any such claims or interests; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such entities on account of or in**

**connection with or with respect to any such claims or interests unless such entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a claim or interest or otherwise that such entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (v) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such claims or interests released or settled pursuant to the Plan.**

~~**8. Reservation of Rights for the United States.**~~

**7. Certain Claims of Governmental Units.**

~~Plan or Confirmation Order shall limit or expand the scope of any release or injunction to which the Debtors are entitled to under the Bankruptcy Code, if any. The release and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar the United States from, subsequent to the Confirmation Order, pursuing any police or regulatory action.~~

Nothing in this Plan discharges, releases, precludes, or enjoins: (i) any liability to any Governmental Unit that is not a Claim; (ii) any Claim of a Governmental Unit arising on or after the Effective Date; (iii) any police or regulatory

~~Accordingly, notwithstanding anything contained in the Plan or Confirmation Order to the contrary, nothing in the Plan or Confirmation Order shall discharge, release, impair, or otherwise preclude: (1) any liability to the United States that is not a "claim" within the meaning~~liability to a Governmental Unit on the part of ~~section 101(5) of the Bankruptcy Code; (2)~~ any ~~Claim of the United States arising on or after the Confirmation Date; (3) any valid right of setoff or recoupment of the United States against any of the Debtors; or (4) any liability of the Debtors under environmental law to any Governmental Unit~~ Entity as the owner or operator of property ~~that such entity owns or operates~~ after the ~~Confirmation~~Effective Date~~.~~; or (iv) any liability to a Governmental Unit on the part of any Person other than the Debtors. Nor shall anything in th~~is~~e Confirmation Order or the Plan~~: (i)~~ enjoin or otherwise bar ~~the United States or any~~a Governmental Unit from asserting or enforcing, outside ~~the Bankruptcy~~this Court, any liability described in the preceding sentence~~; or (ii)~~. Nothing in this Confirmation Order or the Plan divest any ~~court, commission, or~~ tribunal of any jurisdiction it may have law to ~~determine whether any liabilities asserted by the United States or~~adjudicate any ~~Governmental Unit are discharged or otherwise barred by the Confirmation Order, the Plan, or the Bankruptcy Code.~~

~~Moreover, nothing in the Confirmation Order or the Plan shall release or exculpate any non-debtor, including any Released Parties, from any liability to the United States, including but not limited to any liabilities arising under the Internal Revenue Code, the environmental laws, or the criminal laws against the Released Parties, nor shall anything in this Confirmation Order or the Plan enjoin the United States from bringing any claim, suit, action, or other proceeding against the Released Parties for any liability whatsoever.~~

defense based on this paragraph of this Confirmation Order

~~Nothing contained in the Plan or Confirmation Order shall be deemed to determine the tax liability of any person or entity, including but not limited to the Debtors, nor shall the Plan or Confirmation Order be deemed to have determined the federal tax treatment of any item, distribution, or entity, including the federal tax consequences of this Plan, nor shall anything in this Plan or Confirmation Order be deemed to have conferred jurisdiction upon the Bankruptcy Court to make determinations as to federal tax liability and federal tax treatment except as provided under 11 U.S.C. § 505.~~

~~Subject to any appeal rights, nothing in Article VIII.H of the Plan will give the United States the right to challenge the factual findings made by the Bankruptcy Court in the Confirmation Order.~~

~~**9. Protections Against Discriminatory Treatment.**~~

~~Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Debtors or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Debtors, or another Entity with whom the Debtors have been associated, solely because each Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the chapter 11 cases (or during the chapter 11 cases but before the Debtors are granted or denied a discharge), or has not paid a debt that is dischargeable in the chapter 11 cases~~.

~~10.~~8. **Setoffs**.

Except as otherwise expressly provided for in the Plan or a Final Order by of the Bankruptcy Court, each Debtor or the Purchaser, as applicable, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of a Claim, may set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any claims, rights, and Causes of Action of any nature that such Debtor or the Purchaser, as applicable, may hold against the Holder of such Allowed Claim, to the extent such claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or before the Effective Date (whether pursuant to the Plan or otherwise); *provided*, *however*, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such Debtor or the Purchaser, as applicable, of any such claims, rights, and Causes of Action that such Debtor or the Purchaser, as applicable, may possess against such Holder. In no event shall any Holder of Claims be entitled to set off any Claim against any Claim, right, or Cause of Action of a Debtor or the Purchaser, as applicable, unless such Holder has timely Filed a Proof of Claim with the Bankruptcy Court preserving such setoff~~.~~; *provided*, that the foregoing shall not prevent any Holder of Claims or Interests from asserting setoff as an affirmative defense to the extent provided by applicable law.

For the avoidance of doubt, all Claims for setoff with regard to Intercompany Claims are preserved.

~~11.~~9. **Recoupment**.

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim against any claim, right, or Cause of Action of the Debtors or the Purchaser, as applicable, unless such Holder actually has timely Filed a Proof of Claim with the Bankruptcy Court preserving such recoupment; *provided*, that the foregoing shall not prevent any Holder of Claims or Interests from asserting recoupment as an affirmative defense to the extent provided by applicable law.

~~12.~~10. **Subordination Rights**.

Subject to Article III.G. of the Plan, the classification and treatment of all Claims and Interests under the Plan shall conform to and with the respective contractual, legal, and equitable subordination rights of such Claims and Interests.

~~13.~~11. **Document Retention**.

On and after the Effective Date, the Debtors may maintain documents in accordance with their standard document retention policy, as may be altered, amended, modified, or supplemented by the Debtors; *provided, however*, that the Debtors shall retain and preserve any documents, information (including electronically stored information), and other evidence potentially relevant to Claims or Causes of Action against the D&O Parties.

~~14.~~12. **Reimbursement or Contribution**.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of

allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless before the Confirmation Date: (1) such Claim has been adjudicated as non-contingent; or (2) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered before the Confirmation Date determining such Claim as no longer contingent.

~~G.~~*H. Conditions Precedent to Confirmation and the Effective Date.*

**1. Conditions Precedent to Confirmation**.

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(A) The Bankruptcy Court shall have entered the Confirmation Order in form and substance satisfactory to the Debtors, the Taj Holders Steering Group and the Purchaser;

(B) The Confirmation Order shall:

(i) authorize the Debtors to take all actions necessary to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(ii) decree that the provisions of the Confirmation Order and the Plan are nonseverable and mutually dependent;

(iii) authorize the Debtors to enter into any agreements, transactions, and sales of property as set forth in the Plan;

(iv) authorize the implementation of the Plan in accordance with its terms and the Share Purchase Agreement, and the other Restructuring Documents; and

(v) provide that, pursuant to section 1146 of the Bankruptcy Code, the assignment or surrender of any lease or sublease, and the delivery of any deed or other instrument or transfer order, in furtherance of, or in connection with the Plan, including any deeds, bills of sale, or assignments executed in connection with any disposition or transfer of assets contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax (including, any mortgages or security interest filing to be recorded or filed in connection with the Sale Transaction); and

(C) The Share Purchase Agreement shall not have been terminated in accordance with its terms.

**2. Conditions Precedent to the Effective Date**.

It shall be a condition to Consummation that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

(a) the Bankruptcy Court shall have entered the Confirmation Order and it shall have become a Final Order; *provided*, *however*, that in accordance with Bankruptcy Rules 3020(e), 6004(h), and 6006(d) (and notwithstanding any other provision of the Bankruptcy Code or the Bankruptcy Rules), the Confirmation Order shall not be stayed and shall be effective immediately upon its entry;

(b) all documents and agreements necessary to implement the Plan, including any documents related to the Sale Transaction shall have (a) all conditions precedent to the effectiveness

of such documents and agreements satisfied or waived pursuant to the terms of such documents or agreements, (b) been tendered for delivery, and (c) been effected or executed;

(c) all governmental and material third party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan shall have been obtained, not be subject to unfulfilled conditions and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent, or otherwise impose materially adverse conditions on such transactions;

(d) the Professional Fee Escrow Account shall have been funded with Cash in the amount of the aggregate Professional Fee Escrow Amount for all Professionals;

(e) the closing of the Rights Offering, if any, and the other Restructuring Transactions shall have occurred in the manner set forth in the Transaction Steps Memorandum;

(f) the Effective Date shall have occurred; and

(g) the closing of the Sale Transaction contemplated by the Share Purchase Agreement or other definitive documents shall have occurred.

**3. Waiver of Conditions**.

The conditions to Confirmation and Consummation set forth in Article IX of the Plan may be waived only by consent of the Debtors, the Taj Holders Steering Group, and the Purchaser, as applicable, and without notice, leave, or order of the Bankruptcy Court or any formal action other than proceedings to confirm or consummate the Plan.

~~*H.*~~*I. Modification, Revocation, or Withdrawal of the Plan.*

**1. Modification and Amendments**.

Except as otherwise specifically provided in the Plan, the Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, and in consultation with the Creditors' Committee, reserve the right to modify the Plan, whether materially or immaterially, and seek Confirmation, in each instance, to the extent permitted under the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, the Debtors, with the consent of the Taj Holders Steering Group and the Purchaser, as applicable, expressly reserve their rights to alter, amend, or modify materially the Plan with respect to the Debtors, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article X ~~of the Plan~~.

**2. Effect of Confirmation on Modifications**.

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof and before the Confirmation Date are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

**3. Revocation or Withdrawal of the Plan**.

The Debtors, with the consent of, either the Taj Holders Steering Group or the Purchaser, as applicable, reserve the right to revoke or withdraw the Plan with respect to one or more of the Debtors before the Confirmation Date or the Effective Date and to file subsequent plans of reorganization. If the Debtors, with the consent of, either the Taj Holders Steering Group or the Purchaser, as applicable, revoke or withdraw the Plan with respect to any Debtor, or if Confirmation or Consummation does not occur with respect to any Debtor, then: (1) the Plan with respect to such Debtor shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan with respect to such Debtor (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption and assignment or rejection of Executory Contracts or Unexpired Leases effected by the Plan with respect to such Debtor, and any document or agreement executed pursuant to the Plan with respect to such Debtor, shall be deemed null and void; and (3) nothing contained in the Plan with respect to such Debtor shall: (a) constitute a waiver or release of any Claims or Interests; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors or any other Entity.

~~I.~~ *J. Retention of Jurisdiction.*

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the chapter 11 cases and all matters, arising out of, or related to, the chapter 11 cases and the Plan, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Interests;

2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;

3. Resolve any matters related to: (a) the assumption, assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable in any manner and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Claims related to the rejection of an Executory Contract or Unexpired Lease, Cure Obligations pursuant to section 365 of the Bankruptcy Code, or any other matter related to such Executory Contract or Unexpired Lease; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed and/or assigned; (c) the Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, any Executory Contracts or Unexpired Leases to the Assumed Executory Contract and Unexpired Lease List, the Rejected Executory Contract and Unexpired Lease List, or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;

4. Ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished pursuant to the provisions of the Plan;

5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. Adjudicate, decide, or resolve any and all matters related to Causes of Action;

7. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;

8. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

9. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

10. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

11. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the settlements, compromises, releases, injunctions, exculpations, and other provisions contained in Article VIII of the Plan, and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;

12. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Interest for amounts not timely repaid pursuant to Article VI.F of the Plan;

13. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;

14. Adjudicate, decide, or resolve any and all matters related to the Settlement Agreement;

~~14.~~15. Determine any other matters that may arise in connection with or relate to the Plan, the Sale Transaction, the Restructuring Documents, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;

~~15.~~16. Adjudicate any and all disputes arising from or relating to distributions under the Plan or any transactions contemplated therein;

~~16.~~17. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

~~17.~~18. Determine requests for the payment of Claims and Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;

19. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with any Non-Released Claims, including the D&O Claims;

~~18.~~20. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;

~~19.~~21. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

~~20.~~22. Hear and determine matters concerning section 1145 of the Bankruptcy Code;

~~21.~~23. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' release, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred before or after the Effective Date;

~~22.~~24. Enforce all orders previously entered by the Bankruptcy Court;

~~23.~~25. To resolve any disputes arising under the Share Purchase Agreement or other documents related to the Sale Transaction;

~~24.~~26. Hear any other matter not inconsistent with the Bankruptcy Code;

~~25.~~27. Enter an order concluding or closing the chapter 11 cases; and

~~26.~~28. Enforce the injunction, release, and exculpation provisions set forth in Article VIII of the Plan.

~~J.~~*K. Miscellaneous Provisions.*

**1. Immediate Binding Effect**.

Subject to Article IX of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or otherwise, upon the occurrence of the Effective Date, the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Purchaser, and any and all Holders of Claims or Interests (irrespective of whether the Holders of such Claims or Interests accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunction described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

**2. Additional Documents**.

On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or the Purchaser, as applicable, and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

**3. Payment of Statutory Fees**.

All fees payable pursuant to section 1930(a) of the Judicial Code shall be paid by the Debtors for each quarter (including any fraction thereof) until the ~~chapter~~Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first. For the avoidance of doubt, the Debtors shall pay any outstanding U.S. Trustee fees in full on the Effective Date and the Debtors or the applicable Wind Down Entities shall continue to pay such fees until the Chapter 11 cases are converted, dismissed, or closed, whichever occurs first.

**4. Dissolution of Committees**.

On the Effective Date, any statutory committee appointed in the chapter 11 cases ~~shall dissolve~~of the Taj Debtors and the TRU Inc. Debtors shall dissolve solely with respect to the Taj Debtors and TRU Inc. Debtors, and members thereof shall be released and discharged from all rights and duties from or related to the chapter 11 cases~~, unless such statutory committee has rights and duties related to any of the Debtors' Debtor affiliates which are not part of this Plan. The Debtors and the Reorganized Debtors or the Wind Down Entities and the Purchaser, as applicable,~~ of the Taj Debtors and the TRU Inc. Debtors. The Taj Debtors and TRU Inc. Debtors shall no longer be responsible for paying any fees or expenses incurred by the members of or advisors to ~~any statutory committees after the Effective Date~~the Committee after the Effective Date. Upon the dissolution of the Committee, the current and former members of the Committee, and their officers, employees, counsel, advisors, and agents, shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the chapter 11 cases of the Taj Debtors and the TRU Inc. Debtors, and the retention or employment of the Committee's respective attorneys, accountants, and other agents shall terminate,

except that the Committee and its professionals shall have the right to pursue, review, and object to any applications for compensation and reimbursement of expenses filed in accordance with Article II.B of the Plan.

**5. Monthly Operating Reports and Post-Effective Date Reports.**

The Debtors and/or the applicable Wind Down Entities will continue to include information regarding their deposits, expenditures, and other relevant financial information in monthly operating reports (prior to the Effective Date) and quarterly post-confirmation reports (after the Effective Date) Filed with the Court until the applicable Chapter 11 cases are converted, dismissed, or closed, whichever occurs first.

~~5.~~6. **Reservation of Rights**.

The Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Neither the Plan, any statement or provision contained in the Plan, nor any action taken or not taken by any Debtor with respect to the Plan, the Disclosure Statement, the Confirmation Order, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Interests before the Effective Date.

~~6.~~7. **Successors and Assigns**.

The rights, benefits, and obligations of any Entity named or referred to in the Plan or the Confirmation Order shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign, Affiliate, officer, director, manager, trustee, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

~~7.~~8. **Service of Documents**.

Any pleading, notice, or other document required by the Plan to be served on or delivered to the Debtors shall be served on:

**the Debtors**:

Toys "R" Us, Inc.
One Geoffrey Way,
Wayne, New Jersey 07470
Attention: James Young

with copies to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022-4611
Facsimile: (212) 446-4900
Attention: Edward O. Sassower, Joshua A. Sussberg
E-mail addresses: edward.sassower@kirkland.com
joshua.sussberg@kirkland.com

and

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654-3406
Facsimile: (312) 862-2200
Attention: Chad J. Husnick, Emily E. Geier
E-mail: chad.husnick@kirkland.com

emily.geier@kirkland.com

**Counsel for the Disinterested Directors of Toys "R" Us, Inc.**

Munger Tolles & Olson, LLP
350 South Grand Avenue, 50th Floor
Los Angeles, California 90071-1560
Telephone: (213) 683-9100
Facsimile: (213) 687-3702
Attention: Thomas B. Walper, Seth Goldman
Email: thomas.walper@mto.com
seth.goldman@mto.com

**Counsel for the Disinterested Directors of Tru Taj, LLC and TRU Taj Finance, Inc.**

Proskauer Rose, LLP
70 West Madison, Suite 3800
Chicago, Illinois 60602-4342
Facsimile: (312) 962-3551
Attention: Mark K. Thomas
Email: mthomas@proskauer.com

2049 Century Park East, Suite 3200
Los Angeles, California 90067-3206
Facsimile: (310) 557-2193
Attention: Peter J. Young
Email: pyoung@proskauer.com

**Counsel for the Taj Holders Steering Group**

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1095 Avenue of the Americas
New York, New York, 10036
Facsimile: (212) 492-0644
Attention: Brian S. Hermann, Samuel E. Lovett
Emails: bhermann@paulweiss.com;
slovett@paulweiss.com

**the Committee**

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, New York 10036
Facsimile: (212) 715-8000
Attention: Kenneth Eckstein, Adam Rogoff, Rachael Ringer
Emails: keckstein@kramerlevin.com;
arogoff@ kramerlevin.com;
rringer@kramerlevin.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

**~~8.~~9. Term of Injunctions or Stays**.

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the chapter 11 cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order (including the Injunction) shall remain in full force and effect in accordance with their terms.

**~~9.~~10. Entire Agreement**.

Except as otherwise indicated, the Plan, the Confirmation Order, and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

**~~10.~~11. Exhibits**.

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the Debtors' restructuring website at https://cases.primeclerk.com/toysrus/ or the Bankruptcy Court's website at https://www.vaeb.uscourts.gov.

**~~11.~~12. Nonseverability of Plan Provisions**.

If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the consent of the Debtors, the Taj Holders Steering Group or the Purchaser, as applicable; and (3) nonseverable and mutually dependent.

**~~12.~~13. Waiver or Estoppel**.

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, Secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court before the Confirmation Date.

## ARTICLE V.
## STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The confirmation process is summarized briefly below. Holders of Claims and Interests are encouraged to review the relevant Bankruptcy Code provisions and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

*A. Confirmation Hearing.*

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to

consider confirmation of a chapter 11 plan. Any party in interest may object to confirmation of the Plan in accordance with Section 1128(b) of the Bankruptcy Code. **The Bankruptcy Court has scheduled a Confirmation Hearing for ~~[~~October 10~~]~~, 2018, at ~~[~~1:00 p.m.~~]~~ prevailing Eastern Time.** The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at a Confirmation Hearing or the filing of a notice for such adjournment served in accordance with the order approving the Disclosure Statement and Solicitation Procedures, the Bankruptcy Code, and the Local Bankruptcy Rules, as applicable. An objection to the Plan must (1) be in writing, (2) conform to the Bankruptcy Rules and the Local Bankruptcy Rules, (3) state the objecting party's name, address, phone number, and e-mail address and the amount and nature of the Claim or Interest, if any, (4) state with particularity the basis and nature of any objection to the Plan and, if practicable, a proposed modification to the Plan that would resolve such objection, and (5) be filed contemporaneously with a proof of service with the Bankruptcy Court and served so that parties entitled to notice actually received no later than the Plan Objection Deadline, which is scheduled for **~~[~~October ~~3~~], 5, 2018, at ~~[~~5:00 p.m.~~]~~ prevailing Eastern Time**. Objections that are not served and filed timely may not be considered.

*B. Confirmation Standards.*

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are that (1) all Impaired Classes of Claims or Interests accept the Plan or, if an Impaired Class rejects the Plan, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class, (2) the Plan is feasible, and (3) the Plan is in the "best interests" of Holders of Claims and Interests.

**1. Best Interests of Creditors—Liquidation Analysis**.

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find that a chapter 11 plan provides that each holder of a claim or an interest in each class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the plan's effective date, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. Notwithstanding acceptance of the Plan by a voting Impaired Class, to confirm the Plan, the Bankruptcy Court must still independently determine that the Plan is in the best interests of each holder of a Claim or Interest in any such Impaired Class that has not voted to accept the Plan, meaning that the Plan provides each such holder with a recovery that has a value at least equal to the value of the recovery that each such holder would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code beginning on what would have been the Effective Date. Accordingly, if an Impaired Class does not unanimously vote to accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the recovery that each such Class member would receive if the Debtors were liquidated under chapter 7 beginning on the Effective Date.

The Debtors believe that the Plan will satisfy the best interests test because, among other things, the recoveries expected to be available to holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation, as discussed more fully below.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor's assets and to make distributions to creditors in accordance with the priorities established in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors' claims from their collateral, administrative expenses are next to be paid. After accounting for administrative expenses, unsecured creditors (including any secured creditor deficiency claims) are paid from the sale proceeds of any unencumbered assets and any remaining sale proceeds of encumbered assets in excess of any secured claims, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, interest holders receive the balance that remains, if any, after all creditors are paid.

All or substantially all of the assets of the Debtors' business will be liquidated through the Sale Transaction and the Plan effects a liquidation of the Debtors' remaining assets. Although a chapter 7 liquidation would achieve the same goal, the Debtors believe that the Plan provides a greater recovery to Holders of Claims and Interests than would a chapter 7 liquidation. Liquidating the Debtors' Estate under the Plan likely provides Holders of Claims and Interests with a larger, more timely recovery primarily due to expected materially lower realized sale proceeds in chapter 7.

A chapter 7 liquidation beginning on what would have been the Effective Date would provide less recovery for creditors than the Plan. The delay of the chapter 7 trustee becoming familiar with the assets could easily cause bids already obtained to be lost, and the chapter 7 trustee will not have the technical expertise and knowledge of the Debtors' business that the Debtors had when they proposed to sell their assets pursuant to the Plan. Moreover, the distributable proceeds under a chapter 7 liquidation will be lower because of the chapter 7 trustee's fees and expenses.

Sale proceeds in chapter 7 would likely be significantly lower particularly in light of the highly complex nature of the Debtor's assets, the time delay associated with the chapter 7 trustee's learning curve for these assets, and the wind-down of the Debtors' United States operations. In addition to the expected material reduction in sale proceeds, recoveries would be further reduced (in comparison with the Plan) due to the expenses that would be incurred in a chapter 7 liquidation, including added expenses for wind down costs and costs incurred by the chapter 7 trustee and any retained professionals in familiarizing themselves with the Debtors' complex corporate structure and assets, and these specific chapter 11 cases, in order to complete the administration of the Estate. *See, e.g.*, 11 U.S.C. § 326(a) (providing for compensation of a chapter 7 trustee up to three percent of the value of the assets); 11 U.S.C. 503(b)(2) (providing administrative expense status for compensation and expenses of a chapter 7 trustee and such trustee's professionals).

The Estate would continue to be obligated to pay all unpaid expenses incurred by the Debtors during the chapter 11 cases (such as compensation for Professionals), which may constitute Allowed Claims in any chapter 11 case. Moreover, the conversion to chapter 7 would also require entry of a new bar date for filing claims that would be more than 90 days following conversion of the case to chapter 7. See Fed. R. Bankr. P. 1019(2); 3002(c). Thus, the amount of Claims ultimately filed and Allowed against the Debtors could materially increase, thereby further reducing creditor recoveries versus those available under the Plan.

In light of the foregoing, the Debtors submit that a chapter 7 liquidation would result in materially reduced sale proceeds, increased expenses, delayed distributions, and the prospect of additional claims that were not asserted in the chapter 11 cases. Accordingly, the Debtors believe that the Plan provides an opportunity to bring the highest return for creditors.

**2. Financial Feasibility**.

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of the reorganized debtors or the need for further financial reorganization, unless the plan contemplates such liquidation or reorganization. The Debtors believe that the Plan meets the financial feasibility requirement because the Debtors' will be liquidating their assets through the Plan. Moreover, the Debtors believe that sufficient funds will exist to make all distributions required by the Plan. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

*C. Acceptance by Impaired Classes.*

The Bankruptcy Code requires, as a condition to confirmation, that, except as described therein, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the interest entitles the Holder of such claim or interest; (2) cures any default, reinstates the original terms of such obligation, and compensates; or (3) provides that, on the Consummation date, the Holder of such claim or interest receives cash equal to the allowed amount of that

claim or, with respect to any interest, any fixed liquidation preference to which the Holder of such interest is entitled or to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of creditor Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their ballots in favor of acceptance, subject to Article III of the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in dollar amount of those interests who actually vote to accept or to reject a plan. Votes that have been "designated" under section 1126(e) of the Bankruptcy Code are not included in the calculation of acceptance by a class of interests. Thus, a class of interests will have voted to accept the Plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance, not counting designated votes, subject to Article III of the Plan.

*D. Confirmation without Acceptance by All Impaired Classes.*

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if impaired classes entitled to vote on the plan have not accepted it or if an impaired class is deemed to reject the plan; provided, however, the plan is accepted by at least one impaired class (without regard to the votes of insiders). Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

**1. No Unfair Discrimination**.

The test for unfair discrimination applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent but that such treatment be "fair." In general, courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). The Debtors do not believe the Plan discriminates unfairly against any Impaired Class of Claims or Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests satisfy the foregoing requirements for non-consensual Confirmation.

**2. Fair and Equitable Test**.

The fair and equitable test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in such class. As to each non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtors believe that the Plan satisfies the "fair and equitable" requirement, notwithstanding the fact that certain Classes are deemed to reject the Plan. There is no Class receiving more than a 100 percent recovery and no junior Class is receiving a distribution under the Plan until all senior Classes have received a 100 percent recovery.

(a) Secured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (ii) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

(b) Unsecured Claims

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property.

(c) Interests

The condition that a plan be "fair and equitable" to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of: (1) the allowed amount of any fixed liquidation preference to which such holder is entitled; (2) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under (i) no class of interests junior to the non-accepting class may receive a distribution under the plan.

## ARTICLE VI.
## CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

Holders of Claims and Interests entitled to vote should read and consider carefully the risk factors set forth below as well as the other information contained in this Disclosure Statement and the documents delivered therewith, referred to, or incorporated by reference prior to voting to accept or reject the Plan. These factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

The Debtors are subject to a number of risks that can be categorized generally as either (1) bankruptcy-related risks; (2) risks related to recoveries under the Plan; and (3) operational and administrative costs. Each factor that is related thereto and enumerated below may have a materially adverse effect on the Debtors' businesses, financial condition, or operational results, as applicable.

### *A. Bankruptcy Law Considerations.*

The occurrence or non-occurrence of any or all of the following contingencies and any others may affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

#### 1. **Objections to the Classification of Claims and Interests Under the Plan**.

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that how Claims and Interests are classified under the Plan complies with the requirements set forth in the Bankruptcy Code because they created various Classes of Claims and Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

#### 2. **Conditions Precedent Under the Plan May Not Occur**.

As more fully set forth in Article IX of the Plan, Confirmation and the Effective Date are subject to a number of conditions precedent that need to be met or otherwise waived or else either Confirmation or the Effective Date, as applicable, will not take place.

**3. Failure to Satisfy Vote Requirements**.

The Bankruptcy Code requires Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in Classes entitled to vote to accept the Plan. In the event that the required number and amount of votes received is sufficient to confirm the Plan, the Debtors intend to seek Confirmation of the Plan as promptly as practicable thereafter. However, if sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests as those proposed in the Plan. As it stands, the Debtors do not believe that there is any such transaction that would be more beneficial to the Estates than the Plan.

**4. Inability to Confirm the Plan**.

Section 1129 of the Bankruptcy Code sets forth the requirements for a chapter 11 plan to be confirmed. A Bankruptcy Court must find pursuant to section 1129 of the Bankruptcy Code that (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes, (b) liquidation or the need for further financial reorganization likely will not the plan's confirmation unless such liquidation or reorganization is contemplated under the plan, and (c) the value of distributions to non-accepting holders of Claims and Interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

**Confirmation of the Plan will require that the Holders of Administrative Claims and Priority Tax Claims consent to the treatment of such claims under the Plan to meet the requirements of section 1129(a)(9) of the Bankruptcy Code. To the extent such Holders object to the Plan, the Debtors may be unable to obtain Confirmation of the Plan. In such a situation, the Debtors will either be required to seek Confirmation of an alternate chapter 11 plan or to liquidate under chapter 7 of the Bankruptcy Code. There can be no assurance that the terms of any such alternative chapter 11 plan or recoveries in a chapter 7 liquidation would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests, including Administrative Claims and Priority Tax Claims, as the Plan.**

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either this Disclosure Statement's adequacy or whether the balloting procedures and voting results satisfy the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the Solicitation Procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any statutory requirement for Confirmation has not been met, including the requirement that the Plan does not "unfairly discriminate" and are "fair and equitable" to non-accepting Classes. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Allowed Interests will receive with respect to their Allowed Claims and Allowed Interests.

The Debtors reserve the right to modify the terms and conditions under the Plan as necessary for Confirmation, subject to the terms and conditions contained therein. Any such modifications may result in less favorable treatment for any Class than the treatment currently provided in the Plan. Less favorable treatment may include distribution of property that is lesser in value than the property to be distributed currently under the Plan or no distribution of property whatsoever.

**5. Nonconsensual Confirmation**.

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such nonconsensual Confirmation in accordance with section 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will

reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

**6. The Debtors May Object to the Amount or Classification of a Claim**.

Except as specifically provided in the Plan, the Debtors reserve the right, under the Plan, to object to the amount or classification of any Claim. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection, thus, may not receive its expected share of the estimated distributions described in this Disclosure Statement.

**7. Risk of Non-Occurrence of the Effective Date**.

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether such an Effective Date will, in fact, occur.

**8. Contingencies May Affect Votes of Impaired Classes to Accept or Reject the Plan**.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims and Allowed Interests to be subordinated to other Allowed Claims and Allowed Interests. The occurrence of any and all such contingencies, which may affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

**9. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code**.

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities set forth in the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses with a chapter 7 trustee being appointed to administer the cases, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from Unexpired Leases and other Executory Contracts being rejected in connection with cessation of operations.

**10. Releases, Injunctions, and Exculpation Provisions May Not Be Approved**.

Article VIII of the Plan provides for certain mutual releases, injunctions, and exculpations, including releases of liens and third-party releases that may otherwise be asserted against the Debtors or Released Parties, as applicable. Parties in Interest may object to the releases, injunctions, and exculpations provided in the Plan, which might result in them not being approved. If the releases, injunctions, and exculpations are not approved, certain Released Parties may withdraw their support for the Plan and the Debtors may not be able to obtain Confirmation of the Plan.

*B. Risk Related to Recoveries Under the Plan.*

**1. Actual Amounts of Allowed Claims May Differ from Estimated Amounts of Allowed Claims, Thereby Adversely Affecting the Recovery of Some Holders of Allowed Claims and Allowed Interests**.

The estimate of Allowed Claims and Allowed Interests and recoveries for Holders of Allowed Claims and Allowed Interests set forth in this Disclosure Statement are based on various assumptions. The actual Allowed amounts of Claims and Interests may vary significantly from the estimated Claims and Interests amounts contained in this Disclosure Statement in the event that one or more of the underlying assumptions ultimately prove to be incorrect. Moreover, the Debtors cannot determine with any certainty at this time the number or amount of Claims and Interests that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the recoveries to Holders of Allowed Claims and Allowed Interests under the Plan and the Reorganized Debtors' abilities to meet the Financial Projections.

**2. The Tax Implications of the Plan and the Bankruptcy of the Debtors and Certain of the Debtors' Affiliates are Complex**.

Holders of Allowed Claims should carefully review Article VIII of this Disclosure Statement, "Certain United States Federal Tax Income Consequences" to determine how the tax implications of the Plan and the chapter 11 cases may adversely affect the Debtors and/or Holders of Claims.

*C. Operational and Administrative Costs*

A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' financial condition. In addition, the longer the proceedings related the chapter 11 cases continue, the more likely various creditor constituents and potential purchasers of the Debtors assets will lose confidence in the Debtors' ability to sell certain parts of their operations and may seek to establish alternative commercial relationships, attempt to convert these cases to a chapter 7 under the Bankruptcy Code, or require the Debtors to seek additional concessions from certain lenders to continue administering these cases.

*D. Disclosure Statement Disclaimer.*

**1. The Financial Information Contained in this Disclosure Statement Has Not Been Audited.**

In preparing this Disclosure Statement, the Debtors and their advisors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information, and any conclusions or estimates drawn from such financial information, provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant that the financial information contained herein, or any such conclusions or estimates drawn therefrom, is without inaccuracies.

**2. Information Contained in this Disclosure Statement Is for Soliciting Votes**.

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

**3. This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission**.

This Disclosure Statement was not filed with the United States Securities and Exchange Commission under the Securities Act or applicable state securities laws. Neither the United States Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained in this Disclosure Statement.

**4. This Disclosure Statement May Contain Forward Looking Statements**.

This Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "will," "might," "expect," "believe," "anticipate," "could," "would," "estimate," "continue," "pursue," or the negative thereof or comparable terminology. All forward looking statements are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The information contained herein is an estimate only, based upon information currently available to the Debtors.

**5. No Legal or Tax Advice Is Provided to You by this Disclosure Statement**.

**This Disclosure Statement is not legal advice to you.** The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Interest should consult his or her own legal counsel, accountant, or other applicable advisor with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

**6. No Admissions Made**.

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any entity (including, without limitation, the Debtors or the Reorganized Debtors, as applicable) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Allowed Interests, or any other parties in interest.

**7. Failure to Identify Litigation Claims or Projected Objections**.

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors, as applicable, may seek to investigate, File, and prosecute Claims and Interests and may object to Claims or Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to such Claims or Interests.

**8. No Waiver of Right to Object or Right to Recover Transfers and Assets**.

The vote by a Holder of an Claim or Interest for or against the Plan does not constitute a waiver or release of any claims, causes of action, or rights of the Debtors or the Reorganized Debtors (or any entity, as the case may be) to object to that Holder's Claim or Interest, or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any claims or causes of action of the Debtors or their respective estates are specifically or generally identified in this Disclosure Statement.

**9. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors**.

The Debtors' advisors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although the Debtors' advisors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained in this Disclosure Statement.

**10. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update**.

The statements contained in this Disclosure Statement are made by the Debtors as of the date of this Disclosure Statement, unless otherwise specified in this Disclosure Statement, and the delivery of this Disclosure Statement after the date of this Disclosure Statement does not imply that there has not been a change in the information set forth in this Disclosure Statement since that date. While the Debtors have used their reasonable

business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

**11. No Representations Outside this Disclosure Statement Are Authorized**.

No representations concerning or relating to the Debtors, the chapter 11 cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors, the United States Trustee for the Eastern District of Virginia, and counsel to the Creditors' Committee.

*E. Liquidation Under Chapter 7.*

If no plan can be confirmed, the Debtors' chapter 11 cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' liquidation analysis is set forth in Article V of this Disclosure Statement, "Statutory Requirements for Confirmation of the Plan."

## ARTICLE VII.
## IMPORTANT SECURITIES LAW DISCLOSURE

Under the Plan, the Rights Offering Interests will be distributed to Holders of Claims in Class A3 and Class B3, if applicable. On or before the Effective Date, the Reorganized Debtors or the Initial Purchaser, as applicable, or their Affiliates will reserve for issuance the Rights Offering Interests that are required to be issued pursuant to the Plan. The Debtors believe that the Rights Offering Interests may constitute "securities" as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws.

*A. Issuance and Resale.*

**1. The Bankruptcy Code Exemptions**.

The Reorganized Debtors and the Initial Purchaser (as a successor to the Taj Debtors) will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements under the Securities Act the offer, issuance, and distribution of the Initial Purchaser Common Shares, Subscription Rights, and, to the extent they constitute "securities" (as as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and applicable state securities laws), the Rights Offering Interests to the Holders of Taj Senior Notes Claims (Class B3).

Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (a) with a view to distributing those securities and (b) under an agreement made in connection with the plan, the plan's completion, or with the offer or sale of securities under the plan; or

- is an issuer with respect to the securities, as the term "issuer" is defined in Section 2(a)(11) of the Securities Act.

To the extent that Holders of Taj Senior Notes Claims (Class B3) who receive the Initial Purchaser Common Shares, Subscription Rights or Rights Offering Interests are deemed to be "underwriters," such Holders' resale would not be exempted from registration under the Securities Act or other applicable law in accordance with section 1145 of the Bankruptcy Code. However, those Holders would be permitted to sell the Initial Purchaser Common Shares, Subscription Rights or Rights Offering Interests without registration if they are able to comply with the provisions under Rule 144 of the Securities Act, as described further below.

**2. Securities Act Exemptions**.

The Rights Offering Interests that are securities and are issued to the Commitment Parties pursuant to the Backstop Commitment Agreement will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on the exemption set forth in section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder.

Section 4(a)(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non exclusive safe harbor promulgated by the United States Securities and Exchange Commission under the Securities Act related to, among others, section 4(a)(2) of the Securities Act.

The term "issuer," as used in section 4(a)(2) of the Securities Act, means, among other things, a person who issues or proposes to issue any security.

Securities issued pursuant to the exemption provided by section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder are considered "restricted securities." As a result, resales of such securities may not be exempt from the registration requirements of the Securities Act or other applicable law. Holders of such restricted securities may, however, be able, at a future time and under certain conditions described below, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

Under certain circumstances, holders of securities who are affiliates of the issuer may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 provides that if certain conditions are met (e.g., that the availability of current public information with respect to the issuer, volume limitations, and notice and manner of sale requirements), specified persons who resell restricted securities or who resell securities which are not restricted but who are "affiliates" of the issuer of the securities sought to be resold, will not be deemed to be "underwriters" as defined in section 2(11) of the Securities Act. Rule 144 provides that: (i) a non-affiliate who has not been an affiliate during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is current public information regarding the issuer and after a one year holding period if there is not current public information regarding the issuer at the time of the sale; (ii) an affiliate may sell restricted securities after a six month holding period if at the time of the sale there is current public information regarding the issuer and after a one-year holding period if there is not current public information regarding the issuer at the time of the sale, provided that in each case the affiliate otherwise complies with the volume, manner of sale and notice requirements of Rule 144; and (iii) an affiliate may sell securities other than restricted securities if at the time of the sale there is current public information regarding the issuer, provided that in each case the affiliate otherwise complies with the volume, manner of sale, and notice requirements of Rule 144.

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales to certain "qualified institutional buyers" of securities that are "restricted securities" within the meaning of the Securities Act, irrespective of whether the seller of such securities purchased its securities with a view towards reselling such securities, if certain other conditions are met (e.g., the availability of information required by paragraph 4(d) of Rule 144A and certain notice provisions). Under Rule 144A, a "qualified institutional buyer" is defined to include, among other persons, certain "dealers" registered as such pursuant to section 15 of the Exchange Act, and entities that purchase securities for their own account or for the account of another qualified

institutional buyer and that, in the aggregate, own and invest on a discretionary basis at least $100 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not exempt the offer or sale of securities that, at the time of their issuance, were securities of the same class of securities then listed on a national securities exchange (registered as such pursuant to section 6 of the Exchange Act) or quoted in a United States automated inter-dealer quotation system).

**In view of the complex, subjective nature of the question whether a recipient of the Initial Purchaser Common Shares, Subscription Rights and/or Rights Offering Interests, may be an underwriter or an affiliate of the Reorganized Debtors, the Reorganized Debtors make no representations concerning the right of any person to trade the Initial Purchaser Common Shares, Subscription Rights and/or Rights Offering Interests to be distributed under the Plan. Accordingly, the Reorganized Debtors recommend that potential recipients of Initial Purchaser Common Shares, Subscription Rights and/or Rights Offering Interests under the Plan consult their own counsel concerning whether they may freely trade such securities.**

*B. No Registration or Listing.*

The Initial Purchaser will not be required to file periodic reports under the Securities Exchange Act or seek to list the Initial Purchaser Common Shares for trading on a national securities exchange. Consequently, there will not be "current public information" (as such term is defined in Rule 144) regarding the Initial Purchaser.

## ARTICLE VIII.
## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtors and to certain Holders of Claims entitled to vote on the Plan. The following discussion does not address the U.S. federal income tax consequences to Holders of Claims that are not entitled to vote on the Plan. This summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authorities, published administrative positions of the Internal Revenue Service (the "IRS"), and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained, and the Debtors do not intend to seek a ruling from the IRS as to any of the tax consequences of the Plan discussed below. The discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert or that a court would not sustain a different position than any position discussed in this Disclosure Statement.

This discussion does not purport to address non-U.S., state, local, estate, gift, or non-income tax consequences of the Plan (including such consequences with respect to the Debtors), nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to certain Holders in light of their individual circumstances nor does it address tax issues with respect to Holders that are not "United States persons" as such term is defined in the IRC or that are otherwise subject to special treatment under the U.S. federal income tax laws (including, for example, persons who are related to the Debtors within the meaning of the IRC, persons liable for alternative minimum tax, U.S. Holders (as defined below) whose functional currency is no the U.S. dollar, U.S. expatriates, mutual funds banks, governmental authorities or agencies, brokers-dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, partnerships (or other entities treated as partnerships or other pass-through entities), beneficial owners of partnership (or other entities treated as partnerships or other pass-through entities), subchapter S corporations, small business investment companies, and regulated investment companies, persons using mark-to-market method of accounting, and those holding, or who will hold, Claims, or deeds in lieu of foreclosure, as part of a hedge, straddle, conversion, constructive sale transaction, or other integrated investment, and Holders of Claims who are themselves in bankruptcy). Lastly, the following discussion assumes (i) each Holder of a Claim holds its Claim in a single Class and holds a Claim only as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the IRC and (ii) the debt obligations(s) underlying each Allowed Claim is properly treated as debt (rather than equity) of the Debtor(s) the Holder has the Allowed Claim against. The U.S. federal

income tax consequences of the implementation of the Plan to the Debtors and Holders of Claims described below also may vary depending on the nature of any Restructuring Transactions that the Debtors engage in.

For purposes of this discussion, a "U.S. Holder" is a Holder of a Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons (within the meaning of Section 7701(a)(30) of the IRC) have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "Non-U.S. Holder" is any Holder of a Claim that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder of a Claim, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other entities treated as partnerships or other pass-through entities) that are Holders of Claims should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

The U.S. federal income tax consequences of the implementation of the Plan to the Debtors and Holders of Claims described below depends, among other things, on whether the consideration received is treated as stock or security of the entity which the Claim is against.

**THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, NON-U.S., NON-INCOME, AND OTHER TAX CONSEQUENCES OF THE PLAN.**

*A. Certain U.S. Federal Income Tax Consequences to the Debtors and the Reorganized Debtors.*

**1. Classification of Debtors for U.S. Federal Income Tax Purposes**.

The Debtors are either (a) members of the U.S. federal consolidated tax group, of which TRU Inc. is the common parent (the "TRU Inc. Consolidated Group"); or (b) disregarded subsidiaries of such members. The Debtors also directly and indirectly own numerous "controlled foreign corporations" ("CFCs"), foreign entities that are disregarded from Debtor entities, and certain foreign partnerships. Members of a consolidated group have joint and several liability for the U.S. federal income taxes of the consolidated group. According to certain nonbinding IRS guidance, disregarded entities of members in a consolidated group do not have liability for the taxes of such group. CFCs do not have liability for the tax liability of their parent companies that are members of a U.S. consolidated tax group. Each of TRU Inc., Toys "R" Us - Value, Inc., TRU Mobility, LLC, Toys "R" Us, Europe, LLC, TRU Taj (Europe) Holdings, LLC, and Tru Taj Finance is a member of the TRU Inc. Consolidated Group. The other TRU Inc. Debtors and Taj Debtors are disregarded entities for U.S. federal income tax purposes.

The Debtors currently anticipate that the consummation of the Plan, taken together with transactions that are expected to occur with respect to the Debtors' non-Debtor subsidiaries and other disregarded entities in the TRU Inc. Consolidated Group (e.g., Toys Delaware and its direct and indirect subsidiaries, including the PropCo II Debtors, and the PropCo I Debtors), will give rise to administrative tax liabilities for which the members of the TRU Inc. Consolidated Group will be jointly and severally liable. As they relate to the Debtors, such liabilities will be subject to the treatment generally outlined above with respect to Administrative Claims. These administrative tax liabilities may be reduced or, potentially eliminated, in certain transaction structures in which TRU Inc. continues to own the stock of Toys Delaware and Toys Delaware continues to directly or indirectly own sufficient assets so that the stock of Toys Delaware is not treated as "worthless" for applicable tax purposes (such structure, the "Delaware Retention Structure"). At this time, the Debtors have not determined whether the Delaware Retention Structure can

or will be pursued or the extent to which administrative tax liabilities would arise if the Delaware Retention Structure were to be utilized.

The Plan generally provides that certain of the Debtors' assets or equity (or a direct or indirect subsidiary) may be sold in whole or in part to one or more newly formed entities and that, among other things, the TRU Asia Equity Interests may be transferred to and vest in the Purchaser. Any such transaction would be anticipated to be a taxable transaction, that tax consequences of which would generally be factored into the overall determination of whether any administrative tax liabilities are owed by the TRU Inc. Consolidated Group.

**2. Tax Attributes**.

The Debtors expect that all of the Taj Debtors' assets or equity (in a direct or indirect subsidiary) will be disposed of in taxable transactions and that, among other things, the TRU Asia Equity Interests may be transferred to and vest in the Purchaser. In such an asset sale, all of the U.S. tax attributes of the Taj Debtors will be eliminated. The Toys Delaware Plan generally provides that, in certain circumstances, TRU Inc. may continue to own the stock of Toys Delaware, which may continue to own certain assets. In the event that structure is utilized, certain tax attributes may continue to exist within that structure. However, the Toys Delaware Plan does not currently provide that Holders of Claims against the Debtors addressed by this Plan would receive the stock of Reorganized TRU Inc., even if such structure is utilized pursuant to the Toys Delaware Plan. As such, Holders of Claims that are addressed by this Plan are not expected to receive equity interests in any entity that has any U.S. tax attributes that survive the Effective Date.

*B. Certain U.S. Federal Income Tax Consequences to the Holders of Allowed Claims Entitled to Vote*.

**1. Receipt of Consideration for All U.S. Holders of Claims Expected to be Taxable**.

In general for U.S. federal income tax purposes, the Claims are treated as Claims against the relevant "regarded" entity for U.S. tax purposes.[10] The U.S. federal income tax treatment of Holders of Claims will depend, in part, on whether the receipt of consideration under the Plan qualifies as an exchange of stock or "securities" pursuant to a tax-free "reorganization" or if, instead, the consideration under the Plan is treated as having been received in a fully taxable disposition. Whether the receipt of consideration under the Plan qualifies for "reorganization" treatment will depend on, among other things, (a) whether the Claim being exchanged constitutes a "security" and (b) whether the Debtor against which a Claim is asserted is the same entity that is issuing the consideration under the Plan.

In general, the Debtors do not expect that clause (b) in the preceding paragraph will be satisfied by the receipt of any consideration under the Plan. In general, the Debtors currently anticipate that a structure will be utilized that will constitute a taxable transaction with respect to any stock received under the Plan, and, as a result, any stock received under the Plan will not constitute stock or "security" of the relevant obligor (or a "party to a reorganization" with respect to such relevant obligor). As a result, the Debtors expect that all Holders of Claims will be treated as receiving their distribution under the Plan in taxable exchange under Section 1001 of the IRC. Accordingly, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount ("OID")), a U.S. Holder of such a claim would recognize gain or loss equal to the difference between (a) the sum of the cash and the fair market value (or issue price, in the case of debt instruments) of the consideration received and (b) such U.S. Holder's adjusted basis in such Claim.

Such U.S. Holder should obtain a tax basis in the non-cash consideration received, other than with respect to any amounts received that are attributable to accrued but untaxed interest (or OID), equal to the fair market value of the non-cash consideration as of the receipt of such property. The tax basis of any non-cash consideration treated as received in satisfaction of accrued but untaxed interest (or OID) should equal the amount of such accrued but

[10] Claims against the Taj Debtors are generally treated as claims against TRU Europe or TRU Taj (Europe) Holdings, LLC. Claims against the TRU Inc. Debtors are generally treated as claims against TRU Inc., Toys "R" Us - Value, Inc., or TRU Mobility, LLC.

untaxed interest (or OID). The holding period of the non-cash consideration should begin on the day following the receipt of such property. See discussion below regarding the extent to which any consideration should be treated as attributable to accrued interest (or OID).

To the extent that a U.S. Holder receives distributions with respect to a Claim subsequent to the Effective Date, such U.S. Holder may recognize additional gain (if such U.S. Holder is in a gain position), and a portion of such distribution may be treated as imputed interest income. In addition, it is possible that the recognition of any loss realized by a U.S. Holder may be deferred until all payments have been made out of any such account. U.S. Holders are urged to consult their tax advisors regarding the possible application (and the ability to elect out) of the "installment method" of reporting any gain that may be recognized by such U.S. Holders in respect of their Claims due to the receipt of property in a taxable year subsequent to the taxable year in which the Effective Date occurs. The discussion herein assumes that the installment method does not apply.

**2. Transfer of Assets to Liquidating Trusts or Similar Structures.**

The Plan provides that, among other things and under certain circumstances, assets may be transferred by the Debtors to one or more entities that may be subject to taxation as "liquidating trusts" or "disputed ownership funds" to implement the Wind Down, where such entity will be established for the primary purpose of liquidating the applicable assets and Winding Down the Debtor's Estates, with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the liquidating trust. The potential tax treatment of such entities is described below.

(a) Liquidating Trust Treatment

Other than with respect to any assets that are subject to potential disputed claims of ownership or uncertain distributions, any such trust or similar structure may be classified as a "liquidating trust" under Section 301.7701-4(d) of the Treasury Regulations and qualify as a "grantor trust" under Section 671 of the IRC. In such case, any beneficiaries of such trust or similar structure would be treated as grantors and deemed owners thereof and, for all U.S. federal income tax purposes, any beneficiaries would be treated as if they had received a distribution of an undivided interest in the assets of such vehicle and then contributed such undivided interest to the vehicle. If this treatment applies, the person or persons responsible for administering the vehicle shall, in an expeditious but orderly manner, make timely distributions to beneficiaries of such vehicle pursuant to the Plan and not unduly prolong its duration. Such vehicle would not be deemed a successor in interest of the Debtors for any purpose other than as specifically set forth herein or in the governing documents for such vehicle.

Other than with respect to any assets of such vehicle that are subject to potential disputed claims of ownership or uncertain distributions, the treatment of the deemed transfer of assets to applicable Claims prior to the contribution of such assets to such vehicle should generally be consistent with the treatment described above with respect to the receipt of the applicable assets directly.

Other than with respect to any assets of such vehicle that are subject to potential disputed claims of ownership or uncertain distributions, no entity-level tax should be imposed on such vehicle with respect to earnings generated by the assets held by them. Each beneficiary must report on its U.S. federal income tax return its allocable share of income, gain, loss, deduction, and credit, if any, recognized or incurred by such entity, even if no distributions are made. Allocations of taxable income with respect to such vehicle shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately before such deemed distribution, such vehicle had distributed all of its other assets (valued for this purpose at their tax book value) to the beneficiaries, taking into account all prior and concurrent distributions from such vehicle. Similarly, taxable losses of such vehicle will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining assets. The tax book value of the assets for this purpose shall equal their respective fair market values on the Effective Date or, if later, the date such assets were acquired, adjusted in either case in accordance with the tax accounting principles prescribed by the applicable provisions of the IRC, Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

The character of items of income, gain, loss, deduction, and credit to any Holder of a beneficial interest in such vehicle, and the ability of such Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder. Taxable income or loss allocated to a beneficiary should be treated as income or loss with respect to the interest of such beneficiary in such vehicle and not as income or loss with respect to such beneficiary's applicable Claim. In the event any tax is imposed on such vehicle, the person or persons responsible for administering such vehicle shall be responsible for payment, solely out of the assets of such vehicle of any taxes imposed on such vehicle.

The person or persons responsible for administering such vehicle shall be liable to prepare and provide to, or file with, the appropriate taxing authorities and other required parties such notices, tax returns and other filings, including all U.S. federal, state and local tax returns as may be required under the Bankruptcy Code, the Plan or by other applicable law, including, if required under applicable law, notices required to report interest or dividend income. The person or persons responsible for administering such vehicle will file tax returns pursuant to Section 1.671-4(a) of the Treasury Regulations on the basis that such vehicle is a "liquidating trust" within the meaning of Section 301.7701-4(d) of the Treasury Regulations and related Treasury Regulations. As soon as reasonably practicable after the close of each calendar year, the person or persons responsible for administering such vehicle will send each affected beneficiary a statement setting forth such beneficiary's respective share of income, gain, deduction, loss and credit for the year, and will instruct the Holder to report all such items on its tax return for such year and to pay any tax due with respect thereto.

(b) Disputed Ownership Fund Treatment

With respect to any of the assets of such vehicle that are subject to potential disputed claims of ownership or uncertain distributions, the Debtors may provide that such assets will be subject to disputed ownership fund treatment under Section 1.468B-9 of the Treasury Regulations, that any appropriate elections with respect thereto shall be made, and that such treatment will also be applied to the extent possible for state and local tax purposes. Under such treatment, a separate U.S. federal income tax return shall be filed with the IRS for any such account. Any taxes (including with respect to interest, if any, earned in the account) imposed on such account shall be paid out of the assets of the respective account (and reductions shall be made to amounts disbursed from the account to account for the need to pay such taxes). To the extent property is not distributed to U.S. Holders of applicable Claims on the Effective Date but, instead, is transferred to any such account, although not free from doubt, U.S. Holders should not recognize any gain or loss on the date that the property is so transferred. Instead, gain or loss should be recognized when and to the extent property is actually distributed to such U.S. Holders.

**3. Accrued Interest and OID**.

A portion of the consideration received by Holders of Allowed Claims may be attributable to accrued interest or OID on such Claims. Such amounts should be taxable to that U.S. Holder as interest income if such accrued interest or OID has not been previously included in the Holder's gross income for U.S. federal income tax purposes. Conversely, U.S. Holders of Claims may be able to recognize a deductible loss to the extent any accrued interest or OID on the Claims was previously included in the U.S. Holder's gross income but was not paid in full by the Debtors.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest or OID on Allowed Claims, the extent to which such consideration will be attributable to accrued interest or OID is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest or OID that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan is binding for U.S. federal income tax purposes, while certain Treasury Regulations generally treat payments as allocated first to any accrued but unpaid interest or OID and then as a payment of principal. The IRS could take the position that the consideration received by the U.S. Holder should be allocated in some way other than as provided in the Plan.

**4. Market Discount**.

Under the "market discount" provisions of Sections 1276 through 1278 of the IRC, some or all of any gain realized by a U.S. Holder of a Claim who exchanges the Claim for an amount may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if its U.S. Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with OID, its adjusted issue price, in each case, by at least a *de minimis* amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a U.S. Holder on the taxable disposition of Allowed Claims (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Allowed Claims were considered to be held by the U.S. Holder (unless the U.S. Holder elected to include market discount in income as it accrued). To the extent that any Allowed Claims that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued thereon but was not recognized by the U.S. Holder may be required to be carried over to the property received therefore and any gain recognized on the subsequent sale, exchange, redemption, or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument.

**5. Medicare Tax on Net Investment Income**.

Certain U.S. Holders that are individuals, estates, or trusts are required to pay an additional 3.8 percent tax on, among other things, interest, dividends and gains from the sale or other disposition of capital assets. U.S. Holders that are individuals, estates, or trusts should consult their tax advisors regarding the effect, if any, of this tax provision on their ownership and disposition of consideration received pursuant to the Plan.

*C. Certain U.S. Federal Income Tax Consequences to U.S. Holders of Owning and Disposing of Consideration Received Under the Plan.*

Because the form of consideration to be received under the Plan is uncertain, the U.S. federal income tax consequences of owning and disposing of the consideration received under the Plan is also uncertain. In general, if cash is received under the Plan, no further U.S. federal income tax consequences would be anticipated.

If equity of any entity taxed as a U.S. corporation (whether or not newly formed) is received pursuant to the Plan (potentially including equity of an entity that is formed as a non-U.S. corporation but is treated as a U.S. corporation pursuant to the so-called "inversion" rules), then the following treatment would apply: If any such entity makes distributions with respect to its stock, the distributions will generally be includable as ordinary dividend income on the day on which the dividends are actually or constructively received by a U.S. Holder to the extent paid out of current earnings and profits or earnings and profits accumulated as of the end of the prior year of such entity. A distribution in excess of such current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent, and in reduction, of the U.S. Holder's adjusted tax basis in such entity's stock, and as a capital gain to the extent it exceeds the U.S. Holder's adjusted tax basis in such stock. Non-corporate U.S. Holders may be eligible for reduced rates of taxation on dividends. Dividends paid to corporate U.S. Holders will generally be eligible for the dividends-received deduction, subject to applicable restrictions. A U.S. Holder will generally recognize gain or loss for U.S. federal income tax purposes, upon the sale, exchange or other taxable disposition of such entity's stock, equal to the difference, if any, between (i) the amount realized from such sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in the stock of such entity. Subject to the treatment of any accrued market discount on the surrendered Claim that, as discussed above, carried over to the stock of such entity, such gain or loss will be capital gain or loss and will generally be long-term capital gain or loss if the U.S. Holder's holding period for the stock of such entity exceeds one year. Under current U.S. federal income tax law, certain non-corporate U.S. Holders (including individuals) are eligible for preferential rates of U.S. federal income tax on long-term capital gains. The deductibility of capital losses is subject to limitations.

Holders of Claims could potentially receive the equity of an entity that is taxed as a corporation that is not a U.S. corporation. A Holder receiving such interests would be subject to highly complex rules regarding, among other things, (a) whether such entity was treated as a "controlled foreign corporation" or a "passive foreign investment corporation" (and the relevant rules applicable in the event the applicable entity was so-treated); and (b) depending upon the entity's country of domicile, favorable rates sometimes favorable to dividends (as discussed above) may or may not be applicable. In addition, there is a significant risk that any such non-U.S. corporation would be subject to the so-called "inversion" rules which, if applicable, would cause such corporation to be taxable as a U.S. corporation for U.S. federal income tax purposes.

There is a possibility that the Plan could be structured in such a way that Holders of Claims may receive interests in an entity taxed as a partnership for U.S. federal income tax purposes. Subject to the "publicly traded partnership" rules discussed below, in such a case, such partnership's items of income, gain, deduction, and loss would flow through such partnership to such Holder of a Claim (unless such Holder chooses to contribute the interest in such partnership to a "blocker" corporation, which is a possibility that is not addressed further and should be discussed with Holders' own tax advisors). In such case, a Holder of such equity interest would be currently taxed on items of income and gain that flow through such partnership. There may be various limitations on a Holder's ability to utilize losses that would flow through such partnership. In general, the taxation of flow-through entities is complex and, if a flow-through entity is utilized under the Plan, Holders should consult their own tax advisors.

If the Holders of Claims hold any stock received through a partnership, under the "publicly traded partnership" provisions of the IRC, an entity that would otherwise be treated as a partnership for U.S. federal income tax purposes whose interests are considered to be publicly traded and does not meet a qualifying income test will, instead, be taxable as a corporation for U.S. federal income tax purposes. If the Holders of Claims utilize a partnership and such partnership is treated as a "publicly traded partnership," such entity will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which it was a "publicly traded partnership," in return for stock in that corporation, and then distributed that stock to the unitholders in liquidation of their interests in such partnership. This deemed contribution and liquidation, in certain circumstances, could be taxable to an equity holder of such partnership. The Debtors are not certain whether the Holders of Claims will utilize a partnership or, if so, if such partnership would be a "publicly traded partnership" under the above-described rules.

*D. Certain U.S. Federal Income Tax Consequences of the Plan, and Owning or Disposing of Consideration Received Under the Plan, to Non-U.S. Holders of Claims Entitled to Vote.*

The following discussion includes only certain U.S. federal income tax consequences of the implementation of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the U.S. federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the Plan to such Non-U.S. Holder and the ownership and disposition of non-Cash consideration.

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders.

**1. Gain Recognition**.

Any gain realized by a Non-U.S. Holder on the exchange of its Claim generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the restructuring transactions occur and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States).

If the first exception applies, to the extent that any gain is taxable, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S.

sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange if such gain is effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States in the same manner as a U.S. Holder. In order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30 percent (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

**2. Interest Payments; Accrued but Untaxed Interest**.

Payments to a Non-U.S. Holder that are attributable to either (a) interest on (or OID accruals with respect to) debt received under the Plan, or (b) accrued but untaxed interest (or OID) on their Allowed Claim generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E) establishing that the Non-U.S. Holder is not a U.S. person, unless:

1. the Non-U.S. Holder actually or constructively owns 10 percent or more of the total combined voting power of the Debtors (in the case of consideration received in respect of accrued but unpaid interest or OID);

2. the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to the Debtors (each, within the meaning of the IRC);

3. the Non-U.S. Holder is a "bank" receiving interest described in Section 881(c)(3)(A) of the IRC; or

4. such interest (or OID) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (i) generally will not be subject to withholding tax, but (ii) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the accrued but untaxed interest (or OID) at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30 percent rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on (a) interest on debt received under the Plan and (b) payments that are attributable to accrued but untaxed interest (or OID) on such Non-U.S. Holder's Allowed Claim. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

**3. Sale, Redemption, or Repurchase of Non-Cash Consideration**.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of its pro rata share of the consideration received under the Plan unless:

1. such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States;

2. such gain is effectively connected with such Non-U.S. Holder's conduct of a U.S. trade or business (and if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States);

3. in the case of the sale of equity in an entity, such entity is or has been, during a specified testing period, a "U.S. real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes, and certain other circumstances exist; or

4. such Non-U.S. Holder receives a "flow-through" interest (including pursuant to assets held in a "liquidating trust") or direct ownership of an interest in assets that constitute a "U.S. real property interest" (a "USRPI").

If the first exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains at a rate of 30 percent (or at a reduced rate or exemption from tax under an applicable income tax treaty).

If the third exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax on any gain recognized on the disposition of all or a portion of applicable equity under the Foreign Investment in Real Property Tax Act ("FIRPTA"), unless (a) the equity is regularly traded on an established securities market and (b) such Non-U.S. Holder did not own 5 percent or more of the equity the relevant entity was a USRPHCs.

If the fourth exception applies, FIRPTA will generally be applicable to any such USRPI. If FIRPTA applies, taxable gain from the disposition of an interest in a USRPHC or USRPI (generally equal to the difference between the amount realized and such Non-U.S. Holder's adjusted tax basis in such interest) will constitute effectively connected income. Further, the buyer of such item may be required to withhold on any sale of such interest unless, in the case of equity in a USRPHC, such equity is regularly traded on an established securities market. The amount of any such withholding would be allowed as a credit against the Non-U.S. Holder's federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the Non-U.S. Holder properly and timely files a tax return with the IRS. It is unknown whether the FIRPTA rules will apply to any consideration received under the Plan.

*E. Information Reporting and Backup Withholding*.

The Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. The Debtors will also comply with all applicable reporting requirements of the IRC. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim under the Plan, as well as future payments made with respect to consideration received under the Plan. The Debtors do not expect distributions or payments to Holders of Claims under the Plan to be subject to material withholding under the IRC.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a U.S. federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations

and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

*F. FATCA.*

Under legislation commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding at a rate of 30 percent on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S.-source payments of fixed or determinable, annual or periodical income (including dividends, if any, on any equity received pursuant to the Plan), and also include gross proceeds from the sale of any property of a type which can produce U.S.-source interest or dividends. FATCA withholding will apply even if the applicable payment would not otherwise be subject to U.S. federal nonresident withholding.

As currently proposed, FATCA withholding rules would apply to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S.-source interest or dividends that occur after December 31, 2018. Each Non-U.S. Holder should consult its own tax advisor regarding the possible impact of these rules on such Non-U.S. Holder.

**THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM OR INTEREST IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM UNDER THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, NON-US, OR OTHER TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**

## ARTICLE IX.
## RECOMMENDATION OF THE DEBTORS

In the opinion of the Debtors, the Plan is the best available alternative because it provides for a larger distribution to the Holders of Allowed Claims and Allowed Interests than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims and Allowed Interests than proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims and Interests entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Dated: August 431, 2018

Toys "R" Us, Inc. (for itself and all Debtors)

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**Exhibit A**

**First Amended Joint Chapter 11 Plan of the Taj Debtors and the TRU Inc. Debtors**