

UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF NEW YORK

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IN RE: TOYS "R" US
ANTITRUST LITIGATION

MASTER FILE
No. CV-97-5750 (NG) (JLC)
M.D.L. No. 1211

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This Document Relates To: All Actions

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SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement, dated as of May 13, 1999 is made and entered by and among the following parties to the above-entitled Litigation: (i) the States (as defined below) (on behalf of themselves and as *parens patriae* on behalf of toy consumers residing in those States), by and through their Attorneys General; the Named Class Plaintiffs (on behalf of themselves and each member of the Plaintiff Settlement Class, as defined below), by and through their counsel of record; and Toys "R" Us, Inc. ("Toys "R" Us") by and through its counsel of record. This Settlement Agreement is intended by the parties to fully, finally, and forever resolve, discharge and settle the Released Claims (as defined herein), upon and subject to the terms and conditions hereof.

I. THE LITIGATION

The "Litigation" consists of the following matters:

On October 2, 1997, the State of New York filed an action in the Eastern District of New York, through its Attorney General as *parens patriae* on behalf of all natural persons residing in New York who purchased toy products from retailers during the period from 1989 to October 2, 1997. The action was titled *State of New York, et al. v. Toys "R" Us, Inc.*, No. CV-97-5714 (NG) (JLC). The complaint was amended twice, joining as plaintiffs a total of forty-four states, the District of Columbia, and the Commonwealth of Puerto Rico (collectively, the "States"). The States, on behalf of themselves and all natural persons residing in the States who purchased toy products from retailers during the period from 1989 to the present (excluding those purchasers who timely and validly request exclusion from the Settlement Group), are referred to herein as the "State Plaintiffs."

On or after October 2, 1997, numerous private class actions and direct purchaser actions were filed in federal courts around the country. These actions are listed on Exhibit C hereto. These federal court class actions and direct purchaser actions were consolidated for pretrial purposes by the Judicial Panel on Multidistrict Litigation as M.D.L. Proceeding No. 1211, *In Re Toys "R" Us Antitrust Litigation*, Master File No. CV-97-5750 (E.D.N.Y.).

On or after May 1996, several private class actions were also filed in Alabama, California, and New Jersey state courts. These actions are listed on Exhibit C hereto.

The federal and state named private class plaintiffs and the direct purchaser action plaintiffs are collectively referred to herein as the "Named Class Plaintiffs."

The complaints in the Litigation allege that Toys "R" Us entered into vertical agreements with numerous toy manufacturers and orchestrated a horizontal agreement among these same toy manufacturers to limit the supply of certain popular toys to the Warehouse Clubs. The various complaints assert claims for violations of the Sherman Antitrust Act, 15

U.S.C. § 1 and related state antitrust laws, unfair competition laws, and unfair trade practices laws.

II. CLAIMS OF THE STATE PLAINTIFFS AND PLAINTIFF SETTLEMENT CLASS

The States and the Named Class Plaintiffs believe that the claims asserted in the Litigation have merit and that the evidence developed to date in the Litigation supports the claims asserted. However, counsel for the Plaintiffs recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Toys "R" Us through trial and appeals. After conducting an extensive investigation into the facts and issues raised by the Litigation, counsel for the Plaintiffs believe that the settlement set forth in this Settlement Agreement confers substantial benefits upon, and is in the best interests of, the State Plaintiffs and the Plaintiff Settlement Class. Counsel for the Plaintiffs consider the settlement set forth in the Settlement Agreement to be fair, reasonable, and adequate, and in the best interests of the State Plaintiffs and the Settlement Group.

III. TOYS "R" US' DENIALS OF WRONGDOING AND LIABILITY

Toys "R" Us has denied and continues to deny each and all of the claims and contentions alleged by the Plaintiffs, or arising from the activities, conduct, statements, acts or omissions alleged or that could have been alleged in the Litigation. Nonetheless, Toys "R" Us has concluded that further conduct of the Litigation would be protracted and expensive. Toys "R" Us also has taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like the Litigation. Toys "R" Us therefore has determined that it

is desirable and beneficial to it that the Litigation be settled in the manner and upon the terms and conditions set forth in this Settlement Agreement.

IV. PARTICIPATION OF THE HONORABLE CHARLES B. RENFREW AS MEDIATOR

The settlement negotiations in this Litigation have been conducted before and with the aid of the Honorable Charles B. Renfrew, former United States District Court Judge. Judge Renfrew was appointed to serve as the mediator in *Wilson v. Toys "R" Us*, No. CV 96-574 (Tuscaloosa Cty., Ala.). Counsel for the States, the Named Class Plaintiffs and the Defendants agreed to participate in global mediation sessions. Following the parties' exchange of mediation briefs, the first mediation session was held on May 18 and 19, 1998; a second mediation session was held on June 10 and 11, 1998. Counsel for the States, the Named Class Plaintiffs and Defendant TRU also participated in a third mediation session on February 25, 1999. Subsequently, the parties continued to engage in extensive negotiations. In his role as mediator, Judge Renfrew has been instrumental in guiding the parties to the current settlement.

V. TERMS OF SETTLEMENT AGREEMENT

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the States and the Named Class Plaintiffs, (for themselves and the Settlement Group), by and through their counsel, and Toys "R" Us, by and through its counsel of record, that, subject to the approval of the Court, the Litigation and the Released Claims shall be finally and fully compromised, settled, and released, and the Litigation shall be dismissed on the merits

and with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of this Settlement Agreement, as follows:

1. Definitions

FOR PURPOSES OF SETTLEMENT ONLY, and as used in this Settlement Agreement, the following terms shall have the meanings specified below:

1.1 "Complaints" means all of the complaints filed in the Litigation.

1.2 "Defendants" means all of the defendants named in the Litigation.

1.3 "Distribution Plan" means the plan or method of allocation of the Settlement Fund (after payment of attorneys' fees, costs, and expenses) among the 50 states, the District of Columbia, and the Commonwealth of Puerto Rico on behalf of consumers. This plan will be submitted to the Court for its approval by the Plaintiffs along with their Motion for Final Approval of Settlement, and is not part of this Settlement Agreement.

1.4 "Effective Date" means the first date by which all of the events and conditions specified in Paragraph 7.1 of this Settlement Agreement have been met and have occurred.

1.5 "Escrow Agent" means First Union Bank, whose duties are described more fully in Paragraph 3 below.

1.6 "Final" means: (i) the date of final affirmance on an appeal of the Judgment, the expiration of the time for a petition for or a denial of a writ of certiorari to review the Judgment and, if certiorari is granted, the date of final affirmance for the Judgment

following review pursuant to that grant; or (ii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceedings on certiorari to review the Judgment; or (iii) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the Court's Judgment approving the Settlement Agreement substantially in the form of Exhibit B hereto, i.e., thirty (30) days after entry of the Judgment. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to the Distribution Plan, the distribution of the Toy Contribution and/or application for attorneys' fees, costs or expenses, shall not in any way delay or preclude the Judgment from becoming final.

1.7 "Judgment" means the judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit B.

1.8 "Lead Counsel for States" means New York State Attorney General Eliot L. Spitzer, Office of the Attorney General, 120 Broadway, New York, New York 10271-0332.

1.9 "Settlement Coordinator for the Plaintiff Settlement Class" means William Bernstein, LIEFF, CABRASER, HEIMANN & BERNSTEIN, Embarcadero Center West, 275 Battery Street, 30th Floor, San Francisco, CA 94111.

1.10 "Lead Counsel for the Plaintiff Settlement Class" means William Bernstein, LIEFF, CABRASER, HEIMANN & BERNSTEIN, Embarcadero Center, 275 Battery Street, 30th Floor, San Francisco, CA 94111; Joseph J. Tabacco, Jr., BERMAN, DeVALERIO, PEASE & TABACCO, 425 California Street, Suite 2025, San Francisco, CA

94104; Allen D. Black, FINE KAPLAN & BLACK, 1845 Walnut Street, Philadelphia, PA 19103; Joseph Oppen, MILBERG WEISS BERSHAD HYNES & LERACH, One Pennsylvania Plaza, New York, NY 10119; Joseph C. Kohn, KOHN, SWIFT & GRAF, P.C., 1101 Market Street, Suite 2400, Philadelphia, PA 19107; Fred Taylor Isquith, WOLF, HALDENSTEIN, ADLER, FREEMAN & HERZ, 270 Madison Avenue, New York, NY 10016.

1.11 "Litigation" means the *parens patriae*, federal and state private class action lawsuits, and direct purchaser actions listed on Exhibit C hereto.

1.12 "Named Class Plaintiffs" means the plaintiffs named in the federal and state private class action lawsuits listed on Exhibit C hereto.

1.13 "Non-Settling Defendants" means all of the Defendants who are not parties to this Settlement Agreement and who have not previously settled.

1.14 "Notice Period" means the forty-five (45) days, or such other time period as set by the Court, during which counsel for the Plaintiffs will disseminate notice to the potential members of the Settlement Group.

1.15 "Manufacturer Defendants" means all of the Defendants in the Litigation excluding Toys "R" Us and any individual Defendants.

1.16 "Plaintiffs" and "Settlement Group" means the State Plaintiffs and the Plaintiff Settlement Class as these terms are defined herein.

1.17 "Plaintiff Settlement Class" means all persons in the U.S., including the Named Class Plaintiffs, who purchased toy products from retailers during the period beginning January 1, 1989 and continuing through the date of this settlement agreement but excluding Defendants, their subsidiaries, affiliates, officers, directors, and employees; governmental entities; and also excluding those persons who timely and validly request exclusion from the Settlement Group in response to the notice of the Settlement by publication..

1.18 "Preliminary Order" means an order, as described in Paragraph 5.1, substantially in the form of Exhibit A.

1.19 "Released Claims" shall mean all claims (including unknown claims, as discussed below), demands, rights, liabilities, and causes of action of every nature and description whatsoever, both statutory and common law, known or unknown, arising under the federal and state antitrust laws, unfair competition laws, unfair trade practices laws, asserted or that might have been asserted, by the Plaintiffs against the Released Persons arising from the activities alleged in the Complaints, and all facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act which were or could have been alleged in the Litigation or any other forum, based upon, relating to, or arising from the facts which were or could have been alleged in the Complaints. Released Claims shall include all claims by the Settlement Group, including claims arising from their purchases from Toys "R" Us and from other retailers, except for claims relating to defective products sold by Toys "R" Us or distributed by Toys "R" Us.

1.20 "Related Parties" means each of Toys "R" Us' past or present directors, officers, employees, partners, principals, agents, insurers, co-insurers, reinsurers, controlling shareholders, attorneys, accountants, auditors, banks or investment banks, associates, personal or legal representatives, predecessors, successors, parents, subsidiaries, divisions, joint ventures, assigns, spouses, heirs, related or affiliated entities.

1.21 "Released Persons" means Toys "R" Us and all of its Related Parties.

1.22 "Represented Consumers" means (i) all persons residing in the States who purchased toy products from retailers during the period from 1989 to the date of this settlement agreement, all of whom are represented by the Attorneys General of the States, but excluding those persons who timely and validly request exclusion from the Settlement Group in response to the notice of the Settlement by publication; and (ii) all persons who are members of the Plaintiff Settlement Class, but excluding those persons who timely and validly request exclusion from the Settlement Group in response to the notice of the Settlement by publication.

1.23 "Original Retail Price" means the average retail price at which Toys "R" Us initially offered a product in its stores. / /

1.24 "Settling Defendants" means, collectively, Toys "R" Us and any other Defendants whose proposed settlements of the Litigation are consolidated in the notice respecting Toys "R" Us, as described in Paragraph 3.6.

1.25 "Settling Parties" means, collectively, the State Plaintiffs and the Plaintiff Settlement Class, and Toys "R" Us.

1.26 "States" means the States of New York, Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, the District of Columbia and the Commonwealth of Puerto Rico.

1.27 "State Plaintiffs" means the States on behalf of themselves and as *parens patriae* on behalf of Represented Consumers as defined in Paragraph 1.22(i) herein.

1.28 "Settlement Fund" means all monies paid by Toys "R" Us to Plaintiffs, in exchange for the settlement and release of all claims identified in this Settlement Agreement and Release.

1.29 "Toys "R" Us" means Toys "R" Us, Inc. and all of its predecessors, successors, parents, subsidiaries, divisions, officers, directors, employees or agents, and related or affiliated entities.

1.30 "Unknown Claims" shall mean any Released Claims which Plaintiffs do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her, or it, might have affected his, her or its settlement with

and release of the Released Persons, or might have affected his, her or its decision not to object to the settlement.

1.31 "Warehouse Clubs" means low cost, low frills retail operations which charge a membership fee and sell a broad variety of products at retail. Examples of Warehouse Clubs include Price Club, Costco (later merged with Price Club), BJ's, Pace and Sam's Club.

2. The Settlement Terms

2.1 The principal amount of Thirteen Million Five Hundred Thousand Dollars (\$13,500,000) in cash shall be paid by Toys"R" Us to the Plaintiffs, c/o the Escrow Agent appointed pursuant to Section 3.1 herein. The payment shall consist of an initial deposit of \$500,000 (the "initial deposit") to be paid within 7 business days following receipt by Toys"R" Us of notice of entry of the Preliminary Order by the Court, to pay for Toys "R" Us' share of the cost of Notice, and the balance of \$13,000,000, to be paid not later than 15 business days after the grant of Final Approval of the Settlement by the Court. The Escrow Agent shall establish an account, the TRU Litigation Settlement Fund, with monies received from all Defendants who enter into settlement of the Litigation, including the Settlement Fund received from Toys"R" Us. The monies deposited into the Settlement Fund by Toys"R" Us, plus any accrued interest, shall be used to fund the consumer distribution as described in Paragraph 4.13 herein and to pay for notice, administration, and other costs of this settlement. Toys"R" Us shall not be obligated to make any further monetary payments whatsoever in

connection with the Settlement Agreement in addition to its payment to the Escrow Agent as described in this paragraph.

2.2 In addition to the monetary payment set forth in section 2.1, Toys "R" Us shall also provide a toy contribution valued at \$27 million at Toys "R" Us' Original Retail Prices. The toy contribution will consist of two (2) or three (3) toy distributions which shall take place between the years 1999-2001.

Provided the Effective Date is no later than October 15, 1999, the first distribution shall take place on or before November 15, 1999 and the second and third distributions will occur on or before November 15, of the next two years. Toys "R" Us shall provide at least 30% of its total toy contribution in each of the first two distributions.

If the Effective Date of this settlement is after October 15, 1999, but before September 1, 2000, Toys "R" Us shall have the option of making the first distribution on or before November 15, 1999, and the second and third distributions on or before November 15 of the next two years. If the first distribution is made and thereafter this settlement agreement is terminated for any reason, then the Original Retail Prices of the toys contributed by Toys "R" Us in the first distribution shall be an offset against any future amount Toys "R" Us must pay to the State Plaintiffs and the Plaintiff Settlement Class to satisfy any settlement or judgment. In the event that Toys "R" Us ultimately prevails in the Litigation or the Plaintiffs win a judgment less than the value of the Toy Contribution included in the first distribution, counsel for Plaintiffs shall have no duty or obligation to reimburse Toys "R" Us for the value

of the Toy Contribution. If the Effective Date of this settlement is after October 15, 1999 but before September 1, 2000, Toys "R" Us shall also have the option of making two toy contributions, the first during holiday season 2000 and the second during holiday season 2001, each comprising at least 45% of the total toy contribution.

The toys selected by Toys "R" Us for inclusion in its toy contribution must meet the following criteria:

1. The toys must be varied so as to accomplish age and gender diversity (i.e. for boys and girls between the ages of three months and 12 years old) in each toy distribution throughout the United States.

2. The toys must be from and among those currently offered for sale by Toys "R" Us; however, such contribution shall not include any toy guns, toys depicting violence, other violent toys, or any toys that have been recalled or at any time prior to the distribution become subject to recall; and

3. The Original Retail Price of at least 90% of the toys shall not exceed \$30 per toy.

No later than September 15 of each year of the toy distribution, Toys "R" Us shall provide Lead Counsel for the States and the private Plaintiffs with a list of the toys which shall be available for pick-up at each then-operating Toys "R" Us distribution center (the "Toy Listing"), which shall identify the quantity, mixture, diversity and the Original Retail Price of each toy to be included in each such round of the distribution.

Within 15 days of receipt of the Toy Listing, the States' attorneys through their Lead Counsel and Lead Counsel for the Plaintiff Settlement Class may veto any toys selected by Toys "R" Us which do not meet criteria numbered 1 through 3 above, in which case Toys "R" Us shall within 21 days select alternate toys for distribution which shall meet such criteria. In addition, within 15 days of receipt of the Toy Listing, the States' attorneys through their Lead Counsel and Lead Counsel for the Plaintiff Settlement Class, have a right to veto up to 10% of the toys in any distribution in which case Toys "R" Us shall within 15 days select alternate toys which shall meet the three criteria set forth above and satisfy the objection(s) which were the subject of the veto.

The Plaintiffs have selected The Marine Toys for Tots Foundation ("Marine Toys for Tots") to handle the distribution of the Toys "R" Us Toy Contribution into the States and to deliver the toys to recipients designated by the Plaintiffs. Plaintiffs shall allocate the toys among the 50 states, the District of Columbia and the Commonwealth of Puerto Rico based upon each entity's percentage share of the total population of the United States. The toys shall be distributed to the children in each state by the Marine Toys for Tots organization pursuant to a toy distribution plan agreed upon between the Marine Toys for Tots and the States and Lead Counsel for the Plaintiff Settlement Class.

In order to facilitate the nationwide toy distribution Toys "R" Us shall make the toys available to Marine Toys for Tots for pick-up at each then-operating Toys "R" Us distribution centers. In order to help Toys for Tots and the States achieve age and gender

diversity on a state by state basis, the toys made available at each distribution center shall be varied and appropriate for girls and boys between the ages of three months and twelve years. The toys shall be delivered to Toys for Tots on pallets. For each year's distribution, two weeks prior to the scheduled date for pickup of the toys from each Toys "R" Us distribution center, Toys "R" Us shall provide Toys for Tots with a list of the specific toys as well as the dollar value of the toys to be loaded on each numbered pallet at each distribution center.

Toys "R" Us shall have the right to mark all of the toys so that they cannot be returned to Toys "R" Us for refund, credit, or exchange. Plaintiffs agree that Marine Toys for Tots will give Toys "R" Us at least four weeks' notice of the date of pick-up at each distribution center, and that the pick-up at each center will be completed within 72 hours.

2.3 The monetary payment described in Paragraph 2.1 and toy contribution set forth in Paragraph 2.2 are Toys "R" Us' only financial responsibilities pursuant to this agreement.

2.4 Toys "R" Us warrants that, as of the date of this Settlement Agreement, it is not insolvent, nor will its payment to the Settlement Fund render Toys "R" Us insolvent within the meaning of and/or for the purposes of the United States Bankruptcy Code. If a case is commenced with respect to Toys "R" Us under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court of competent jurisdiction determining the payment of the principal amount of the Settlement Fund and any accrued interest; or any

portion thereof, by or on behalf of Toys "R" Us, to be a preference, voidable transfer, fraudulent transfer or similar transaction, and if pursuant to an order of a court of competent jurisdiction monies paid or product delivered by Toys "R" Us pursuant to this agreement are either not delivered or are returned to Toys "R" Us or the trustee, receiver, or conservator appointed by a court in any bankruptcy proceeding with respect to Toys "R" Us, the releases given and judgment entered in favor of Toys "R" Us pursuant to this Settlement Agreement shall be null and void.

2.5 No part of the Settlement Fund or Toy Contribution paid by Toys "R" Us shall constitute, nor shall it be construed or treated as constituting, a payment in lieu of treble damages, fines, penalties, forfeitures or punitive recoveries, nor have the Plaintiffs sought the imposition of any of the foregoing as part of this Settlement Agreement.

2.6 Upon the occurrence of all of the events referenced in Paragraph 7.1 below, any and all remaining interest of Toys "R" Us in or to the Settlement Fund shall be absolutely and forever extinguished. Upon provision by Toys "R" Us of the Toy Contribution to Lead Counsel for the States and Lead Counsel for the Plaintiff Settlement Class c/o the Marine Toys for Tots as provided in Paragraph 2.2 above, any and all remaining interest or right of Toys "R" Us in or to the Toy Contribution shall be absolutely and forever extinguished.

2.7 Toys "R" Us consents to, and the Plaintiffs agree to request, inclusion in the Judgment of the following injunctive provisions:

1. Without any admission of any liability, Toys "R" Us consents to an order restraining and enjoining Toys "R" Us for a period of three (3) years from the date of entry of the Final Judgment from:

- (A) entering into any agreement, contract or conspiracy with any supplier to restrict the United States sales of products to the Warehouse Clubs, in violation of state or federal antitrust law and
- (B) facilitating any agreement, contract or conspiracy among suppliers to restrict the United States sales of products to the Warehouse Clubs, in violation of state or federal antitrust laws.

In addition, without any admission of any liability, Toys "R" Us for a period of three (3) years from the date of entry of the Final Judgment consents to an Injunction which is the same as that then in effect, if any, in the proceeding instituted by the Federal Trade Commission against Toys "R" Us, Docket No. 9278 (the "FTC proceeding").

2. As of the date of this Settlement Agreement, the injunctive provision in effect in the FTC proceeding enjoins Toys "R" Us from:

- A. Continuing, maintaining, entering into, and attempting to enter into any agreement or understanding with any supplier to limit supply or to refuse to sell toys and related products to any toy discounter.

- B. Urging, inducing, coercing, or pressuring, or attempting to urge, induce, coerce, or pressure, any supplier to limit supply or to refuse to sell toys and related products to any toy discounter.
- C. Facilitating or attempting to facilitate agreements or understandings between or among suppliers relating to limiting the sale of toys and related products to any retailer(s) by, among other things, transmitting or conveying complaints, intentions, plans, actions, or other similar information from one supplier to another supplier relating to sales to such retailer(s).

PROVIDED, however, that nothing in this Order shall prevent respondent from seeking or entering into exclusive arrangements with suppliers with respect to particular toys.

2.7.2 The injunction against Toys "R" Us shall terminate automatically three years from the date of entry of the Final Judgment in this matter.

2.8 Toys "R" Us agrees to the certification of the Plaintiff Settlement Class for purposes of this Settlement Agreement and the settlement herein.

3. Settlement Administration

3.1 Lead Counsel for the States and Lead Counsel for the Plaintiff Settlement Class have designated First Union Bank as the Escrow Agent, which shall administer the Settlement Fund.

3.2 The Escrow Agent shall invest the Settlement Fund deposited pursuant to Paragraph 2.1 above in instruments backed by the full faith and credit of the United States Government or fully insured by the United States Government or an agency thereof and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then current market rates. The Escrow Agent shall bear all risks related to the investment of the Settlement Fund.

3.3 The Escrow Agent shall not disburse the Settlement Fund except as provided in this Settlement Agreement, by an order of the Court, or with the written agreement of counsel for Toys"R" Us and counsel for the Plaintiffs.

3.4 Subject to further order and/or directions as may be made by the Court, the Escrow Agent is authorized to execute such transactions on behalf of the Settlement Group as are consistent with the terms of this Settlement Agreement.

3.5 All funds held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the court, until such time as such funds shall be distributed pursuant to the Settlement Agreement and/or further order(s) of the Court.

3.6 In the event that the settlement is not approved, or is terminated, canceled or fails to become effective for any reason, including Toys"R" Us' exercise of its rights pursuant to paragraph 7.2 herein, Toys"R" Us shall be responsible for one-half of all

notice and escrow fees, capped at \$500,000, but shall receive back all other monies Toys "R" Us has paid to the Settlement Fund.

3.7 All other costs of administering the Settlement Fund, including but not limited to notice, administering and distributing the Settlement Fund are the sole responsibility of the Plaintiffs to be paid from the Settlement Fund.

3.8 Tax Treatment of Settlement Fund

3.8.1 Settling Parties and the Escrow Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent and, as required, Settling Parties shall jointly and timely make such elections as necessary or advisable to carry out the provisions of this Paragraph 3.8, including the "relation-back election" (as defined in Treas. Reg. §1.468B-1) back to the earliest permitted date. Such elections shall be made in compliance with the procedures and requirements contained in such regulations. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

3.8.2 For the purpose of § 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the "administrator" shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Fund (including without limitation the returns described in Treas. Reg. §1.468B-2(k and l)). Such returns (as well as

the election described in Paragraph 3.8.1) shall be consistent with Paragraph 3.8 and in all events shall reflect that all taxes (including any estimated taxes, interest or penalties) on the income earned by the Settlement Fund shall be paid out of the Settlement Fund as provided in Paragraph 3.8.3 hereof.

3.8.3 All (i) taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by the Settlement Fund, including any taxes or tax detriments that may be imposed upon Toys"R" Us with respect to any income earned by the Settlement Fund for any period during which the Settlement Fund does not qualify as a "qualified settlement fund" for federal or state income tax purposes ("Taxes"), and (ii) expenses and costs incurred in connection with the operation and implementation of this Paragraph 3.8 (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this Paragraph 3.8) ("Tax Expenses"), shall be paid out of the Settlement Fund; in all events Toys"R" Us and its insurers shall have no liability or responsibility for the Taxes or the Tax Expenses or the filing of any tax returns or other documents with the Internal Revenue Service or any other state or local taxing authority. The Escrow Agent shall indemnify and hold Toys"R" Us and its insurers harmless for Taxes and Tax Expenses (including, without limitation, taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid by the Escrow Agent out of the Settlement Fund without prior order

from the Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Plaintiffs any funds necessary to pay such amounts including the establishment for adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-2(1) (2)); Toys "R" Us and its insurers are not responsible and shall have no liability therefor or for any reporting requirements that may relate thereto. The parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Paragraph 3.8.

3.9 For the purpose of Paragraph 3.8, references to the Settlement Fund shall include the Settlement Fund and any earnings thereon.

4. Settlement Disbursements and Consumer Distribution Plan.

Portions of the Settlement Fund shall be used by the Plaintiffs to pay the costs and administrative expenses, including attorneys' fees, incurred in conducting the Litigation against Toys "R" Us to date, including the notice costs and administrative expenses of this settlement. In particular, such portions of the Settlement Fund shall be disbursed, or as indicated below, Plaintiffs shall request court approval for disbursement of such portions of the Settlement Fund, as follows:

4.1 A portion of the Settlement Fund shall be used to pay all costs and expenses in providing proper notice of this Settlement to the Settlement Group, the fees and expenses of the Escrow Agent appointed pursuant to Paragraph 3.1, and the expenses, if any,

of the administration and distribution of the Toy Contribution. The cost of notice by publication, related notice costs and the fees of the Escrow Agent shall be paid by the Escrow Agent out of the Settlement Fund, as these costs accrue, upon submission to the Escrow Agent of invoices for these costs.

4.2 Plaintiffs shall deposit an additional portion of the Settlement Fund, in the amount of \$250,000, into the previously established National Association of Attorney Generals' Milk Fund Account("NAAG Milk Fund") to enhance state antitrust enforcement by the Attorneys General. Such portions shall be paid by the Escrow Agent out of the Settlement Fund. In the event the Court approves an amount of less than \$250,000 to be deposited in the NAAG Milk Fund, the States may seek the difference to be paid to the States Attorneys General in accordance with Paragraph 4.3.

4.3 Plaintiffs shall pay a portion of the Settlement Fund in the amount of \$950,000 to the Attorneys General representing the State Plaintiffs as payment for other costs and administrative expenses. Such payment shall be apportioned among the States in their sole discretion and such apportionments shall then be used by the States' Attorneys General for one or more of the following purposes, as determined by the Attorney General of each such state at his or her exclusive option and as otherwise consistent with the laws of his or her respective state.

- a. Reimbursement of attorneys' fees incurred by such state;

- b. Antitrust or consumer protection enforcement by the attorney general of such state;
- c. Deposit into a state antitrust or consumer protection account, (e.g. revolving account, trust account), for use in accordance with the state laws governing that account;
- d. Deposit into a fund exclusively dedicated to assisting the state Attorney General to defray the cost of experts, economists, and consultants in multistate antitrust investigations and litigations.

4.4 The payments pursuant to Paragraphs 4.2, shall be paid to NAAG by the Escrow Agent from the Settlement Fund within five (5) business days after the Effective Date. The payment pursuant to Paragraph 4.3 shall be paid to the Attorneys General by the Escrow Agent from the Settlement Fund within five (5) business days after the Effective Date.

4.5 The provisions of this Settlement Agreement, with respect to the payments to the States set forth in Paragraphs 4.2 and 4.3, shall be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement terms set forth herein and shall be severable from the Settlement Agreement in the event that the Court approves the settlement terms but for any reason disapproves the payments to the States. The Plaintiffs hereby explicitly agree that in the event the Court severs Paragraphs 4.2 to 4.3 from this Settlement Agreement, the Plaintiffs will not object to or oppose approval of the remainder of the Settlement Agreement by the Court, or otherwise

delay or affect approval of the settlement, entry of the Judgment, or settlement of the Litigation with respect to Toys"R" Us.

4.6 A portion of the Settlement Fund shall be used to reimburse counsel for the Plaintiff Settlement Class for payment of attorneys' fees. Lead Counsel for the Plaintiff Settlement Class may submit an application (the "Fee and Expense Application") to the Court for distributions to them from the Settlement Fund for: an award of attorneys' fees not to exceed \$2,150,000 or 15.92% of the cash portion of the Settlement Fund. Allocation of attorneys' fees among counsel for the Plaintiff Settlement Class shall be decided upon by Lead Counsel for the Plaintiff Settlement Class based upon a formula to be agreed upon exclusively among themselves.

4.7 Attorneys' fees as awarded by the Court ("Fee Award"), for counsel for the Plaintiff Settlement Class shall be paid to Lead Counsel for the Plaintiff Settlement Class from the Settlement Fund, as ordered, within five (5) business days after the Court executes an order awarding such fees, costs and expenses.

4.8 In the event that the Effective Date does not occur, or the Judgment or the order making the Fee and Expense Award is reversed or modified, or the Settlement Agreement is canceled or terminated for any other reason, and in any event that the Fee and Expense Award has been paid to any extent, then counsel for the Plaintiff Settlement Class shall within five (5) business days from receiving notice from Toys"R" Us's counsel or from a court of appropriate jurisdiction, refund to the Settlement Fund any attorneys' fees previously

paid to them from the Settlement Fund plus interest thereon at the same rate as earned on the Settlement Fund. The law firm of each such counsel for the Plaintiff Settlement Class, as a condition of receiving such attorneys' fees, on behalf of itself and each partner and/or shareholder of it, agrees that the law firm and its partners and/or shareholders are subject to the jurisdiction of the Court for the purpose of enforcing the provisions of this Paragraph.

4.9 The procedure for and the allowance or disallowance by the Court of any applications by any of the counsel for Plaintiff Settlement Class for attorneys' fees, are not part of the settlement set forth in the Settlement Agreement, and are to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Settlement Agreement, and any order or proceedings relating to any Fee and/or Expense Application, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to terminate or cancel the Settlement Agreement, or affect or delay the finality of the Judgment approving the Settlement Agreement and the settlement of the Litigation set forth herein.

4.10 Toys "R" Us and its Related Parties shall have no responsibility for, and no liability whatsoever with respect to, any payment to counsel for the Plaintiffs from the Settlement Fund that may occur before the Effective Date.

4.11 Toys "R" Us and its Related Parties shall have no responsibility for, and no liability whatsoever with respect to, the allocation among counsel for the Plaintiffs, and any other Person who may assert some claim thereto, or any Fee and/or Expense Award that the

Court may make in the Litigation, and Toys"R" Us and its Related Parties take no position with respect to such matters.

4.12 Once delivery of the toy contributions to Marine Toys for Tots has occurred, Toys"R" Us and its Related Parties shall not be responsible and shall have no liability whatsoever for damages to toys or loss of the toys resulting from the transport or delivery of such toys or for damages or personal injury resulting from the transport or delivery of such toys. Nothing in this Settlement Agreement absolves Toys"R" Us from liability for any damages or injuries resulting from a toy which is defective at the time it is picked up by Marine Toys for Tots.

4.13 Distribution to Consumers

All funds remaining in the Settlement Fund after payment of costs and fees set forth above shall be distributed for the benefit of the Settlement Group. To ensure nationwide compensation to the Settlement Group, who cannot be individually identified, all remaining monies in the Settlement Fund shall be disbursed in the following manner.

a) Plaintiff shall allocate to every state, the District of Columbia and the Commonwealth of Puerto Rico that state's share of the Settlement Fund based upon its percentage share of the total population of the United States.

b) Each state Attorney General shall direct that its pro rata share of the Settlement Fund be distributed to the state, a political subdivision thereof, a not-for profit corporation and/or a charitable organization, with the express provision that the funds be

utilized to benefit children by providing them with toys, books, or other educational materials. In the event settlement funds are provided to a state or political subdivision thereof, such funding should be utilized for the purposes specified herein, to fund purchases which have not previously been funded by the state or political subdivision and, which but for receipt of monies from the distribution of the Settlement Fund, would not be made available to children.

4.14 Within sixty (60) days of entry of the Preliminary Order, the Plaintiffs shall submit their proposed Distribution Plan to the Court, for its approval.

4.15 Toys"R" Us and its insurers shall have no responsibility for, interest in, or liability whatsoever with respect to the investment or distribution of the Settlement Fund, the distribution of the Toy Contribution, the payment or withholding of taxes, or any losses incurred in connection therewith.

4.16 It is understood and agreed by the Settling Parties that any proposed Distribution Plan of the Settlement Fund or distribution of the Toy Contribution is not a part of the Settlement Agreement and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Settlement Agreement, and any order or proceedings relating to the Distribution Plan or the distribution of the Toy Contribution shall not operate to terminate or cancel the Settlement Agreement or affect the finality of the Court's Judgment approving the Settlement Agreement and the settlement set forth herein, or any other orders entered pursuant to the Settlement Agreement.

5. Notice Order and Settlement Hearing

5.1 Within 30 days after execution of this Settlement Agreement by counsel for the Plaintiffs, counsel for the Plaintiffs shall file a motion with the Court, which includes the Settlement Agreement and its Exhibits, as well as a "Notice Plan" listing all publications in which Plaintiffs shall publish Notice of this Settlement Agreement to the Settlement Group. The motion shall request entry of an Order substantially in the form of Exhibit A hereto (the "Preliminary Order"). Such Preliminary Order shall include, among other things: (i) the preliminary approval of the settlement set forth in this Settlement Agreement as fair, reasonable and adequate and in the best interests of the Settlement Group, (ii) approval of the Notice Plan which will specify the publications in which the settlement notice shall be published, (iii) approval for the mailing and publication of a settlement long form notice (the "Notice"), in the form of Exhibit A-1, hereto, pursuant to a Notice of Pendency and Proposed Settlement of Class ("Notice Order"), in the form of Exhibit A-2 hereto, (iv) a provision that Lead Counsel for the States and Lead Counsel for the Plaintiff Settlement Class shall disseminate the Notice within sixty (60) days after entry of the Preliminary Order, and (v) a schedule for a hearing by the Court after notice is given (the "Settlement Hearing") to approve the settlement of the Litigation as set forth herein. At least five (5) days prior to filing their motion requesting entry of the Preliminary Order, the Plaintiffs shall provide a copy of such motion (including all exhibits and attachments of such motion) to Toys"R" Us for review and comment.

5.2 Within sixty (60) days after entry by the Court of the Preliminary Order approving settlement of the Litigation with respect to Toys"R" Us, counsel for the Plaintiffs shall disseminate Notice of the settlement to all potential members of the Settlement Group.

5.3 The Parties contemplate a Notice Period of forty-five (45) days, or such other time period as set by the Court. Within thirty (30) days following the conclusion of the Notice Period, counsel for the Plaintiffs shall file a motion seeking final approval of the settlement of this Litigation with respect to Toys"R" Us by the Court, including a determination by the Court: (i) whether the settlement set forth in this Settlement Agreement shall be approved finally as fair, reasonable and adequate, (ii) whether Judgment approving the settlement substantially in the form of Exhibit B should be entered, and (iii) whether an award of attorneys' fees and expenses should be made to counsel for the Plaintiffs.

6. Releases

6.1 Upon the Effective Date, as defined in Paragraph 1.4, the States and the Named Class Plaintiffs shall, and all members of the Settlement Group shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims against the Released Persons, including, but not limited to any claim arising out of, relating to or in connection with the prosecution, settlement or resolution of the Litigation or the Released Claims.

6.2 With respect to any and all Released Claims, the Plaintiffs stipulate and agree that, upon the Effective Date, the States and the Named Class Plaintiffs shall expressly,

and all members of the Settlement Group shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights, and benefits of §1542 of the California Civil Code, which provides:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

6.3 Upon the Effective Date, the States and the Named Class Plaintiffs shall expressly, and all members of the Settlement Group shall be deemed to have, and by operation of the Final Judgment shall have waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or principle of common law, which is similar, comparable, or equivalent to §1542 of the California Civil Code.

6.4 Upon the Effective Date, as defined in Paragraph 1.4, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all of the members of the Settlement Group and their counsel from all claims (including "Unknown Claims"), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Litigation or the Released Claims.

7. Conditions of Settlement. Effect of Disapproval. Cancellation. or Termination

7.1 The Effective Date of the Settlement Agreement shall be conditioned upon the occurrence of all of the following events:

7.1.1 The Settling Parties have executed this Settlement Agreement;

7.1.2 Toys"R" Us has timely made its initial deposit as required by Paragraph 2.1 above;

7.1.3 The Court has entered the Preliminary Order, as required by Paragraph 5.1 above, substantially in the form of Exhibit A hereto;

7.1.4 The Notice substantially in the form of Exhibit A-1 has been disseminated to all potential members of the Settlement Group in a manner approved by the Court;

7.1.5 The Court has entered the Judgment, or a judgment substantially in the form of Exhibit B (A judgment will not be considered to be "substantially in the form of Exhibit B" if the Court declines or refuses to enter the injunctive provisions set forth in Paragraphs 2.6 above or a similar injunction which is acceptable to Toys"R" Us.);

7.1.6 The Judgment has become Final, as defined in Paragraph 1.6 above.

7.2 If prior to the Settlement Hearing, persons who otherwise would be members of the Settlement Group have filed with the Court valid and timely requests for exclusion ("Requests for Exclusion") from the Settlement Group in accordance with the provisions of the Notice Order and the Notice given pursuant thereto, counsel for the Plaintiffs

shall promptly (but in no event later than thirty (30) days before the Settlement Hearing) provide Toys "R" Us with all Requests for Exclusion. If the number of exclusions exceeds Twenty-Five Thousand persons, Toys "R" Us shall have thirty (30) days to terminate the Settlement Agreement by providing written notice to Lead Counsel for the States and Lead Counsel for the Plaintiff Settlement Class.

7.3 In the event the Settlement Agreement shall terminate, or be canceled, or shall not become effective for any reason, within five (5) business days after written notification of such event is sent by counsel for Toys "R" Us or Lead Counsel for the States or the Plaintiff Settlement Class to the Escrow Agent, the Settlement Fund (including accrued interest) less the Non-Refundable Portion set forth in Paragraph 3.6 shall be refunded by the Escrow Agent to counsel for Toys "R" Us. In such event, Toys "R" Us shall be entitled to any tax refund owing to the Settlement Fund. At the request of counsel for Toys "R" Us, the Escrow Agent or its designee shall apply for any tax refund owed to the Settlement Fund and pay the proceeds, after deduction of any fees or expenses incurred in connection with such application(s) for refund, to Toys "R" Us.

7.4 If all of the conditions specified in Paragraph 7.1 are not met, then this Settlement Agreement shall be canceled and terminated subject to Paragraph 7.4 unless Lead Counsel for the State Plaintiffs, Lead Counsel for the Plaintiff Settlement Class and counsel for Toys "R" Us mutually agree in writing to proceed with the Settlement Agreement.

7.5 In the event that the Settlement Agreement is not approved by the Court or the settlement set forth in the Settlement Agreement is terminated or fails to become effective in accordance with its terms, the Settling Parties shall be restored to their respective positions in the Litigation as of January 1, 1999. No order of the Court or modification or reversal on appeal of any order of the Court concerning the amount of any attorneys' fees, costs, expenses and interest awarded by the Court to the States, the Plaintiff Settlement Class or any of their counsel shall constitute grounds for cancellation or termination of the Settlement Agreement.

7.6 If the Effective Date does not occur, or if the Settlement Agreement is terminated pursuant to its terms, neither the Settlement Group nor any of their counsel shall have any obligation to refund to Toys "R" Us the initial deposit, as set forth in Paragraph 2.1 or to refund the value of the initial Toy Contribution to Toys "R" Us except as set forth in Paragraph 2.2 above.

7.7 Following the Effective Date, counsel in each of the federal and state private class actions, identified on Exhibit C, shall file in those actions a copy of the Judgment and any other documents necessary to effect a dismissal with prejudice of those actions against the Settling Defendants.

8. Miscellaneous Provisions

8.1 The Settling Parties (a) acknowledge that it is their intent to consummate this agreement, and (b) agree to cooperate to the extent reasonably necessary to effectuate and

implement all terms and conditions of the Settlement Agreement and to exercise their best efforts to accomplish the foregoing terms and conditions of the Settlement Agreement. The Settling Parties will exercise their best efforts to obtain entry of the Judgment (attached hereto as Exhibit B) by the Court. The Settling Parties will not seek to appeal such entry or approval, modify the Judgment (or the terms set forth therein), or take any action, directly or indirectly, which might prevent or delay entry of the Judgment.

8.2 The Settling Parties intend this Settlement Agreement to be a final and complete resolution of all disputes between them with respect to the Litigation. The settlement compromises claims which are contested and shall not be deemed an admission by Toys "R" Us as to the merits of any claim or defense. The Settling Parties agree that the amount paid to the Settlement Fund, and the other terms of the Settlement were negotiated in good faith by the Settling Parties under the supervision of Judge Renfrew, and reflect a settlement that was reached voluntarily after investigation into the facts and issues raised by the Litigation and after consultation with experienced legal counsel. The Settling Parties reserve their right to rebut, in a manner that such party determines to be appropriate, any contention made in any public forum that the Litigation was brought or defended in bad faith or without reasonable basis.

8.3 Neither the Settlement Agreement nor the settlement, nor any act performed or document executed pursuant to or in furtherance of the Settlement Agreement:

(i) is or may be deemed to be or may be used as an admission of, or evidence of, the validity

of any Released Claim, or of any wrongdoing or liability of Toys"R" Us or its Related Parties, or (ii) is or may be deemed to be or may be used as an admission of, or evidence of, any fault or omission of Toys"R" Us or its Related Parties in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Toys"R" Us and/or its Related Parties may file the Settlement Agreement and/or the Judgment in any action that may be brought against it in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

8.4 The Settling Parties will exercise their best efforts to obtain entry of the Judgment attached hereto as Exhibit B by the Court. The Parties will not seek to appeal such entry or approval, modify the proposed Judgment, or take any action, directly or indirectly, which might prevent or delay entry of Judgment.

8.5 All of the Exhibits to the Settlement Agreement are material and integral parts hereof and are fully incorporated herein by this reference.

8.6 The Settlement Agreement may be amended or modified only by a written instrument signed by or on behalf of all Settling Parties or their respective successors-in-interest.

8.7 The Settlement Agreement and the Exhibits attached hereto constitute the entire agreement among the parties hereto and no representations, warranties or inducements have been made to any party concerning the Settlement Agreement or its Exhibits other than

the representations, warranties and covenants contained and memorialized in such documents. Except as otherwise provided herein, each party shall bear its own costs. This Settlement Agreement may be modified only by written instruments signed by counsel for all of the signatories hereto or their successors in interest.

8.8 Lead Counsel for the States and Lead Counsel for the Plaintiff Settlement Class, on behalf of the Settlement Group, are expressly authorized by the Settlement Group to take all appropriate action required or permitted to be taken by the Settlement Group pursuant to the Settlement Agreement to effectuate its terms.

8.9 Each counsel or other person executing the Settlement Agreement or any of its Exhibits on behalf of any party hereto hereby warrants that such person has the full authority to do so.

8.10 The Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

8.11 The Settlement Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto.

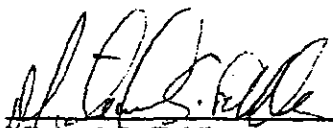
8.12 The Court shall retain jurisdiction with respect to implementation and enforcement of the terms for the Settlement Agreement, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the settlement embodied in the Settlement Agreement.

8.13 All agreements made and orders entered during the course of the
Litigation related to the confidentiality of information shall survive this Settlement Agreement.

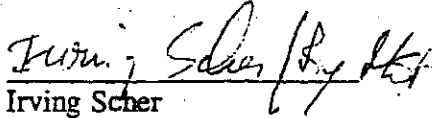
8.14 The Settlement Agreement and any related documents shall be subject to,
governed by and construed, interpreted and enforced pursuant to the laws of the State of New
York, without giving effect to any conflict of law principles.

8.15 Nothing herein shall be construed as setting any precedent with respect
to the States Attorneys General and counsel for the Plaintiff Settlement Class.

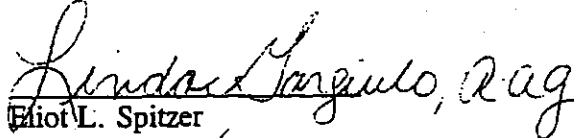
Dated: May 12, 1999


Michael S. Feldberg
Schulte Roth & Zabel LLP
COUNSEL FOR TOYS"R" US, INC.

Dated: May 13, 1999


Irving Scher
Weil, Gotshal & Manges LLP
COUNSEL FOR TOYS"R" US, INC.

Dated: May 10, 1999


for Eliot L. Spitzer
Attorney General
State of New York

Dated: _____, 1999

Bill Pryor
Attorney General