

TOYS R US®



Almost 10 years later, Lazarus adopted the supermarket model for his store, which allowed customers to examine and pick out products on their own and pay for them at a checkout stand. With the opening of his second store, he settled on the name Toys“R”Us with a backward “R.”

Lazarus believed that success meant focusing on the everyday shopper. In the pre-mall, pre-discount days, specialty retailing and off-price positioning were revolutionary concepts that Lazarus leveraged to his advantage. Through his ingenuity, Lazarus expanded his business into a toy conglomerate and saw his brainchild become a public company in 1978 with established community roots and a loyal customer base from coast to coast. With its iconic mascot Geoffrey the Giraffe introduced in February 1960 and the catchy jingle “I Don’t Want to Grow Up, I’m a Toys“R”Us Kid,”

Toys“R”Us has become one of the most recognized and beloved brands in the world.

Toys“R”Us launched a worldwide presence in 1984 when the company opened its first two international stores in Singapore and Canada. The company now operates nearly 700 stores in 32 countries outside the United States.

In 1996, the Toys“R”Us family gave birth to a new addition with the launch of Babies“R”Us, the nation’s premier baby products retailer. Opening its first store in Westbury, New York, the chain has since grown to approximately 260 locations across the country and is the undisputed leader in the juvenile market. The stores offer new and expectant parents everything they need for their baby, including an incredible selection of products and supplies from leading manufacturers, at prices moms love.

THE MARKET

Toys“R”Us Inc. is the world’s leading dedicated toy and baby products retailer. Currently it sells merchandise through more than 1,500 freestanding destination toy and baby stores worldwide, including more than 800 stores in the United States, nearly 700 licensed and franchised international stores in 32 countries, and through its Internet sites, Toysrus.com, Babiesrus.com, eToys.com, and babyuniverse.com. The company also operates the parenting resource website, ePregnancy.com.

Positioning the global franchise for the future, the company became a private entity in July 2005 when an investment group consisting of affiliates of Bain Capital Partners LLC, Kohlberg Kravis Roberts & Co., and Vornado Realty Trust acquired Toys“R”Us Inc.

ACHIEVEMENTS

Under the leadership of chairman and CEO Jerry Storch, the company has focused on improving the customer shopping experience in its stores by offering a compelling and differentiated merchandise selection, focusing on better service, and providing a more comfortable shopping environment. With its internal credo “We’re Playing to Win,” the company has reenergized and asserted its authority position in the marketplace as the world’s greatest kids’ brand.

While the company continues to open new stores and renovate existing stores throughout the world, it has also enhanced and expanded its online portfolio to provide customers with

a seamless, unparalleled in-store and online shopping experience.

The company takes great pride in its iconic brand and has been honored with numerous awards and accolades related to corporate reputation and social responsibility. Within the last year, Toys“R”Us Inc. has appeared on the Reputation Institute’s Most Respected U.S. Companies list and was awarded the 2008 Specialty Retailer of the Year SPARC Award from *Retailing Today Magazine*.

HISTORY

In 1948, 25-year-old Charles Lazarus turned his dream of creating a child-oriented business into a reality. A visionary for his time, Lazarus started a baby furniture store, Children’s Bargain Town, in Washington, D.C., to cater to the postwar baby-boom era. Although quite successful with his baby furniture venture, his customers were constantly inquiring about toys for both infants and older children. After months of listening to customer requests, Lazarus finally began selling toys.



Recognizing the incredible potential of the Internet, Toys“R”Us Inc. launched Toysrus.com in June 1998. It soon became one of the fastest-growing sites in the toy and baby shopping categories.

In 2001, Toys“R”Us opened its international flagship store in New York City’s Times Square, which quickly established itself as The Center of the Toy Universe™. Replete with a 60-foot Ferris wheel, a 20-foot animatronic T-Rex dinosaur, a life-size Barbie dollhouse, and a New York City skyline constructed entirely of LEGOs, Toys“R”Us Times Square has become one of the top tourist attractions in the Big Apple for families from around the world. The prestigious Zagat’s *U.S. Family Travel Guide* has rated Toys“R”Us Times Square the top family destination in New York City.



THE PRODUCT

For more than 60 years, Toys“R”Us has been a favorite destination for kids and grown-ups alike with its impressive assortment of toys, games, sporting goods, electronics, software, baby products, children’s apparel, and juvenile furniture. As the world’s leading toy retailer, Toys“R”Us continually tracks toy-buying data around the world to take a lead in identifying and setting toy trends. Toys“R”Us offers an unparalleled selection of new toys, old favorites, Toys“R”Us exclusives, and many other great values under one roof. With knowledgeable and toy-trained staff members always ready to help customers, Toys“R”Us is the authority when it comes to finding *the* perfect toy.

Technology continues to bring innovation and excitement to the toy industry, and Toys“R”Us has been the leader in offering innovative product choices to today’s tech-savvy generation of kids. As the destination for what’s new and hot in kids electronics, Toys“R”Us now offers an extensive Apple iPod assortment, Asus Eee PC laptops, and sought-after gaming systems both in-store and online.

As the baby products authority, Babies“R”Us features a wide selection of products for newborns and infants, including cribs and furniture, car seats, strollers, bedding, formula, diapers, clothing for preemies through size 48 months, toys, and plenty of unique gift ideas.

Babies“R”Us also offers a best-in-class Baby Registry program that eliminates guesswork and geographic barriers from gift buying. Expectant parents can create their registry in-store or online at Babiesrus.com, making it convenient for friends and relatives to go to any store location or online to select, buy, and send the right gift directly to the expectant parents. To date, 10 million moms have

made the Babies“R”Us Baby Registry their registry of choice. Like Toys“R”Us, Babies“R”Us also tracks trends throughout the world to create innovative, exclusive product lines with designers, including Amy Coe, Especially for Baby, Kenneth Brown, Koala Baby, and Miniwear.

RECENT DEVELOPMENTS

Today, Toysrus.com is one of the most visited sites in the retail category, with approximately 30,000 toy and baby items, 3,500 video game titles, exciting toy exclusives, personalized versions of popular toys and baby products, and fantastic deals every day.

In late 2008, the company launched an enhanced version of the site with new features and functionality to provide customers with an exceptional online shopping experience. Today,

Toysrus.com incorporates easy-to-use navigation and all-new applications, including Gift Finder, Online Wish List, and Want It Today? to help online shoppers

browse the best and broadest assortment of toys and baby products with even more convenience and eliminate the guesswork in selecting the right gifts for their loved ones.

Toys“R”Us Inc. continuously looks for ways to grow its business. In late 2007, the company opened its first “R” Superstore in Elizabeth, New Jersey. Bringing both brands together under one

roof offers parents a convenient one-stop shopping experience

to find the hottest toys for kids and everything they need for baby.

To date, more than 20 “R” Superstores have opened across the country, with more scheduled to open in 2009.

PROMOTION

In February 2009, Toys“R”Us Inc. acquired the highly regarded e-commerce site eToys.com from the Parent Company, a transaction that also included the acquisition of e-commerce site babyuniverse.com and the parenting resource website ePregnancy.com. This acquisition provides Toys“R”Us Inc. with the opportunity to broaden its web-based

portfolio through the addition of these three well-established online destinations for parents and families. eToys.com and babyuniverse.com offer a broad assortment of unique toys and juvenile products, while ePregnancy.com is an established platform for the delivery of content and new media resources to a national audience of expectant parents.

BRAND VALUES

Toys“R”Us Inc. loves kids and demonstrates an unwavering commitment to ensure that each and every product it sells

is safe. The company knows the trust parents place in the Toys“R”Us brand and works continuously to enhance its own industry-leading quality assurance standards. In addition, the company also has a dedicated Safety microsite — Toysrus.com/Safety — to provide parents with the most up-to-date information on product safety issues, tips on accident prevention for children, and more.

Toys“R”Us Inc. and the Toys“R”Us Children’s Fund, a public charity affiliated with the company, are committed to keeping children safe and helping them in times of need. The company takes great pride in its signature partnerships with nonprofit organizations, including Autism Speaks, the Marine Toys for Tots Foundation, Save the Children, and Safe Kids Worldwide, among others, in a continued effort to benefit children who need it most. Each year, the company donates millions of dollars to worthwhile charities and organizations and encourages employees to get involved in supporting the efforts of these groups.

THINGS YOU DIDN’T KNOW ABOUT TOYS“R”US

- *You say it’s your birthday? Members of Geoffrey’s Birthday Club, designed for children up to age 10, receive gifts and greetings from Geoffrey to help make their birthdays even more memorable. Sign up today at Birthdaysrus.com.*
- *Rewards“R”Us is a loyalty program designed to thank the company’s best and most frequent customers for their patronage. Customers can sign up for the complimentary program at any Toys“R”Us or Babies“R”Us store nationwide or at Toysrus.com, and once enrolled, can immediately begin to take advantage of exclusive offers, ongoing benefits, deals, and promotions. The program launched in late 2008.*
- *Toys“R”Us is an advocate for children with special needs. Toys“R”Us is the only major retailer to offer a toy selection guide for parents and friends of children with disabilities. Released annually since 1994, the Toys“R”Us Toy Guide for Differently-Abled Kids features specially selected toys that promote the development of children with physical and cognitive disabilities.*

