BODINE CHRIS W
Form 4
February 20, 2009

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BODINE CHRIS W

(Last) (First) (Middle)

ONE CVS DRIVE

(Street)

WOONSOCKET, RI 02895-

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
CVS CAREMARK CORP [CVS]

3. Date of Earliest Transaction (Month/Day/Year)
02/18/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/18/2009		A		20,549 (1)	A	$ 0	23,132.0986	D	
Common Stock								188,353.2454	I	By Trust As Beneficiary
Common Stock (restricted)								104,650	D	
Esop Preference Stock								309	I	By Esop

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BODINE CHRIS W ONE CVS DRIVE WOONSOCKET, RI 02895-			Executive Vice President	

Signatures

Chris W. Bodine	02/19/2009
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Consists of Stock Units awarded at market price pursuant to Issuer's 1997 Incentive Compensation Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Explanation of Responses:

NOTE 9 — LEASES

We lease a majority of the real estate and certain equipment used in our operations. Most real estate leases require us to pay real estate taxes and other expenses and some leases require additional payments based on percentages of sales. Minimum rental commitments under non-cancelable operating leases, capital leases and financing obligations as of February 1, 2014 are as follows:

	Operating Leases (1)			Capital Leases and Financing Obligations (2)
(In millions)	Gross Minimum Rentals	Sublease Income	Net Minimum Rentals	Lease Obligation
2014	$612	$15	$597	$33
2015	559	13	546	31
2016	477	10	467	28
2017	383	7	376	25
2018	320	7	313	25
2019 and subsequent	1,293	21	1,272	117
Total	$3,644	$73	$3,571	$259

(1) Excluded from the minimum rental commitments displayed above is $2.0 billion related to options to extend ground lease terms that are reasonably assured of being exercised, the balance of which is predominantly related to fiscals 2019 and thereafter.

(2) Included in Capital Leases and Financing Obligations displayed above is $65 million of interest.

Total rent expense, net of sublease income, was $609 million, $628 million and $588 million in fiscals 2013, 2012 and 2011, respectively. Sublease income was $19 million, $19 million and $22 million in fiscals 2013, 2012 and 2011, respectively. We remain directly and primarily liable for lease payments to third party landlords for locations where we have subleased all or a portion of the locations to third parties. To the extent that sub-lessees fail to make sublease rental payments, our total net rent expense to the third party landlords would increase in direct proportion.

We record operating leases on a straight-line basis over the lease term, which includes renewal options only if those options are specified in the lease agreement and if failure to exercise the renewal option imposes a significant economic penalty on us. For Ground Lease Locations, we include renewal options in the lease term through the estimated useful life of the owned building located on the property as failure to renew a ground lease during the estimated useful life of the building would result in forgoing an economic benefit given our significant capital investment at the inception of the lease to construct a new building. For Straight Lease Locations, we do not include renewal options in the lease term as the failure to renew a straight lease does not typically result in a significant economic penalty for us, and therefore renewal cannot be reasonably assured at the inception of the lease.

Substantially all of our leases include options that allow us to renew or extend the lease term beyond the initial lease period, subject to terms and conditions agreed upon at the inception of the lease. Such terms and conditions include rental rates agreed upon at the inception of the lease that could represent below or above market rental rates later in the life of the lease, depending upon market conditions at the time of such renewal or extension. In addition, many leases include early termination options, which can be exercised under specified conditions, including, upon damage, destruction or condemnation of a specified percentage of the value or land area of the property.

The difference between the recognized rental expense and amounts payable under the leases is recorded as deferred rent liability. Deferred rent liabilities in our Consolidated Balance Sheets totaled $374 million and $368 million at February 1, 2014 and February 2, 2013, respectively, of which $12 million was included in Accrued expenses and other current liabilities, respectively.

Lease payments that depend on factors that are not measurable at the inception of the lease, such as future sales volume, are contingent rentals and are excluded from minimum lease payments. We include contingent rentals in the determination of total rental expense when it is probable that the expense has been incurred and the amount is

reasonably estimable. Contingent rent expense was $10 million, $12 million and $12 million for fiscals 2013, 2012 and 2011, respectively. Future payments for maintenance, insurance and taxes to which we are obligated are excluded from minimum lease payments. Tenant allowances received upon entering into certain store leases are deferred and recognized on a straight-line basis as a reduction to rent expense over the lease term.

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NOTE 10 — INCOME TAXES

(Loss) earnings before income taxes are as follows:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
U.S.	$(851)	$(18)	$(3)
Foreign	(16)	110	153
(Loss) earnings before income taxes	$(867)	$92	$150

Income tax expense (benefit) is as follows:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Current:			
U.S. Federal	$(7)	$(28)	$—
Foreign	46	45	42
State	(3)	—	—
Total current income tax expense (benefit)	$36	$17	$42
Deferred:			
U.S. Federal	$42	$(9)	$5
Foreign	72	11	(48)
State	19	34	—
Total deferred income tax expense (benefit)	$133	$36	$(43)
Total Income tax expense (benefit)	$169	$53	$(1)

Included within Total Income tax expense (benefit) is benefit of less than $1 million, expense of $1 million and benefit of $4 million related to interest and penalties in fiscals 2013, 2012 and 2011, respectively. The interest and penalties relate to tax payments and refunds for prior period tax filings made or to be made, as well as amounts associated with increases and decreases to unrecognized tax benefits.

We have not provided deferred taxes on $1 million of accumulated foreign earnings as it is management's intention to reinvest those earnings indefinitely. The unrecognized deferred income tax liability on these earnings, net of associated foreign tax credits and other offsets, is zero.

The effective tax rate reconciliations are as follows:

	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
U.S. Federal statutory tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of U.S. Federal benefit	(1.2)%	23.9 %	— %
Foreign operations (1)	(12.3)%	3.7 %	(38.5)%
U.S. Federal valuation allowance	(27.9)%	0.8 %	2.0 %
Unrecognized tax benefits (2)	— %	(3.6)%	1.3 %
Goodwill impairment (3)	(13.4)%	— %	— %
Other	0.3 %	(2.2)%	(0.5)%
Effective tax rate	(19.5)%	57.6 %	(0.7)%

(1) Foreign operations include the net impact of: differences between local statutory rates and the U.S. Federal statutory rate; the impact of changes to foreign valuation allowances; the net cost of foreign unrecognized tax benefits; the cost of repatriating foreign earnings, net of foreign tax credits; changes to our assertion regarding the permanent reinvestment of foreign earnings related to certain foreign entities; permanent items related to foreign operations; as well as changes in the tax status of foreign entities.

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Explanation of Responses:

(2) Unrecognized tax benefits include benefits related to the resolution of issues in connection with concluding tax examinations, making protective elections, as well as changes to and clarifications of tax rules and regulations. See “Unrecognized Tax Benefits” in this footnote.

(3) Goodwill impairment represents the U.S. Federal tax cost associated with the amount of Goodwill that was impaired for which we did not have tax basis, and therefore for which we could not take a tax benefit.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are:

(In millions)	February 1, 2014	February 2, 2013
Deferred tax assets:		
U.S. Federal tax credit and other carryforwards	$398	$140
State tax loss and other carryforwards	75	58
Foreign tax loss and other carryforwards	197	196
Straight line rent	137	136
Inventory	75	59
Insurance loss reserve	36	34
Restructuring charges	10	12
Other	119	106
Gross deferred tax assets before valuation allowance	1,047	741
Valuation allowance	(511)	(135)
Total deferred tax assets	$536	$606
Deferred tax liabilities:		
Fixed assets	$(131)	$(188)
Undistributed earnings of foreign subsidiaries	(291)	(147)
Foreign currency translation	(26)	(25)
Other	(14)	(36)
Total deferred tax liabilities	$(462)	$(396)
Net deferred tax assets	$74	$210

The deferred tax assets and liabilities above are reflected in the Consolidated Balance Sheets as follows:

(In millions)	February 1, 2014	February 2, 2013
Current deferred tax assets	$31	$104
Current deferred tax liabilities (1)	(13)	(3)
Non-current deferred tax assets	152	244
Non-current deferred tax liabilities	(96)	(135)
	$74	$210

(1) The current deferred tax liabilities are included as components of Accrued expenses and other current liabilities in the Consolidated Balance Sheets.

Our gross deferred tax assets above include an offset of $8 million and $6 million of unrecognized tax benefits related to tax loss carryforwards as of February 1, 2014 and February 2, 2013, respectively.

Carryforwards

In addition to the unused portion of losses and credits reported on tax returns, our carryforwards also include interest deductions that are being carried forward due to thin-capitalization and other tax limitations, as well as credits that will be realized in connection with the undistributed earnings of foreign subsidiaries on which we have provided taxes.

Of our $398 million of U.S. Federal tax loss and other carryforwards, less than $1 million will expire during the next 5 years, $168 million will expire during the next 6 to 20 years and $229 million may be carried forward indefinitely. Of our $75 million of state tax loss and other carryforwards, $5 million will expire during the next 5 years, $58 million will expire during the next 6 to 20 years and $12 million may be carried forward indefinitely. Of our $197 million of foreign tax loss and other carryforwards, $2 million will expire during the next 5 years, $9 million will expire during

the next 6 to 20 years and $186 million may be carried forward indefinitely.

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On July 21, 2005, the Company was acquired by the Sponsors. U.S. Federal and certain state and foreign taxing jurisdictions impose limitations on the amount of tax losses, credits and other carryforwards that can be used to offset current income and tax within any given year when there has been an ownership change. We have evaluated the impact of these limitations and have established a valuation allowance to reduce some of these deferred tax assets to the amount expected to be realized.

Valuation Allowance

We have evaluated the available positive and negative evidence and have concluded that, for some of our deferred tax assets, it is more likely than not that these assets will not be realized in the foreseeable future. The increase to our valuation allowance for U.S. Federal and state jurisdictions, as well as in certain foreign jurisdictions, was predominately due to the fact that, as of the end of fiscal 2013, we have incurred a pre-tax cumulative loss (after adjustments required for tax purposes) over the past three fiscal years. As a result, we have established a valuation allowance to reduce these deferred tax assets for the amount we believe will not be realized. During fiscal 2013, our valuation allowance increased by $376 million. This includes a $246 million increase for U.S. Federal tax, a $47 million increase for state tax and a $83 million increase for foreign tax.

Of our total valuation allowance of $511 million, there is $6 million related to the foreign valuation allowance which, if a benefit is subsequently recognized, will result in a reduction of another asset.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits (excluding interest and penalties) is as follows:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Beginning balance	$32	$42	$57
Additions for tax positions of the current year	4	5	6
Additions for tax positions of prior years	6	3	3
Reductions for tax positions of prior years (1)	(1)	(12)	(8)
Settlements	—	(5)	(11)
Currency translation adjustment	—	—	(2)
Lapse of statute of limitations	(4)	(1)	(3)
Ending balance	$37	$32	$42

(1) Reductions for tax positions of prior years include amounts related to the resolution of issues in connection with concluding tax examinations, making protective elections, as well as changes to and clarifications of tax rules and regulations.

At February 1, 2014, $27 million of the $37 million of unrecognized tax benefits would affect our effective tax rate, if recognized, and the remaining $10 million would affect our deferred tax accounts. In addition, we had $5 million and less than $1 million of accrued interest and penalties, respectively, at February 1, 2014. We had $4 million and less than $1 million of accrued interest and penalties, respectively, at February 2, 2013, and $5 million and less than $1 million of accrued interest and penalties, respectively, at January 28, 2012.

The Company and its subsidiaries are subject to taxation in the United States and various foreign jurisdictions. Of the major jurisdictions, we are subject to examination in: the United States for U.S. Federal purposes for fiscal 2010 and forward and for state purposes for fiscal 2003 and forward; Australia for fiscal 2009 and forward; Canada for fiscal 2005 and forward; France for fiscal 2010 and forward; Germany for fiscal 2009 and forward; Japan for fiscal 2008 and forward; Spain for fiscal 2008 and forward; and the UK for fiscal 2009 and forward. While it is often difficult to predict whether we will prevail, we believe that our tax liabilities for unrecognized tax benefits reflect the more likely than not outcome of known tax contingencies.

We believe that it is reasonably possible that the total amount of unrecognized tax benefits of $43 million (inclusive of tax, interest and penalties) will decrease by $3 million during the next twelve months due to the resolution of ongoing tax examinations and lapses of applicable statutes of limitations.

NOTE 11 — SEGMENTS

We generate sales, earnings and cash flows by retailing numerous product offerings worldwide. We operate all of the "R" Us branded retail stores in the United States and Puerto Rico and 79% of the 889 "R" Us branded retail stores internationally (excluding temporary Express store locations). The balance of the "R" Us branded retail stores outside the United States are

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operated by licensees. Licensing fees did not have a material impact on our Net sales. We also own and operate websites including Toysrus.com, Babiesrus.com, eToys.com, FAO.com and toys.com, as well as other Internet sites we operate in our international markets.

Our business has two reportable segments: Toys “R” Us – Domestic (“Domestic”) and Toys “R” Us – International (“International”). The following is a brief description of our segments:

- Domestic — Our Domestic segment sells a variety of products in the core toy, entertainment, juvenile (including baby), learning and seasonal categories through 873 stores that operate in 49 states in the United States and Puerto Rico and through the Internet. Domestic Net sales in fiscal 2013 were derived from traditional toy stores (including Babies “R” Us Express (“BRU Express”) and Juvenile Expansion formats), juvenile stores, side-by-side (“SBS”) stores, permanent Express stores (cumulative lease term of at least two years) and our flagship stores in New York City. Additionally, we generated Net sales through our temporary Express store locations.
- International — Our International segment sells a variety of products in the core toy, entertainment, juvenile (including baby), learning and seasonal categories through 704 operated and 185 licensed stores in 35 countries and jurisdictions and through the Internet. In addition to fees received from licensed stores, International Net sales in fiscal 2013 were derived from traditional toy stores (including BRU Express formats), SBS stores, permanent Express stores (cumulative lease term of at least two years) and juvenile stores. Additionally, we generated Net sales through our temporary Express store locations. Our operated stores are located in Australia, Austria, Brunei, Canada, China, France, Germany, Hong Kong, Japan, Malaysia, Poland, Portugal, Singapore, Spain, Switzerland, Taiwan, Thailand and the United Kingdom.

The CEO, who is our Chief Operating Decision Maker, evaluates segment performance primarily based on Net sales and segment Operating (loss) earnings. Segment Operating (loss) earnings excludes corporate related charges and income. All intercompany transactions between the segments have been eliminated. Income tax information by segment has not been included as taxes are calculated at a company-wide level and are not allocated to each segment. Revenues from external customers are derived primarily from merchandise sales and we do not generate material sales from any single customer.

The following tables show our percentage of Net sales by product category:

	Fiscal Years Ended					
Domestic:	February 1, 2014		February 2, 2013		January 28, 2012	
Core Toy	16.3	%	16.0	%	15.9	%
Entertainment	11.2	%	11.7	%	13.0	%
Juvenile	37.6	%	37.8	%	37.5	%
Learning	22.8	%	22.4	%	21.5	%
Seasonal	11.4	%	11.4	%	11.3	%
Other (1)	0.7	%	0.7	%	0.8	%
Total	100	%	100	%	100	%

(1) Consists primarily of shipping and other non-product related revenues.

	Fiscal Years Ended					
International:	February 1, 2014		February 2, 2013		January 28, 2012	
Core Toy	22.7	%	21.9	%	22.0	%
Entertainment	10.0	%	11.4	%	11.9	%
Juvenile	20.4	%	21.6	%	21.6	%
Learning	30.8	%	29.2	%	27.8	%
Seasonal	15.3	%	15.2	%	15.9	%
Other (1)	0.8	%	0.7	%	0.8	%
Total	100	%	100	%	100	%

(1) Consists primarily of licensing fees from unaffiliated third parties and other non-product related revenues.

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From time to time, we may make revisions to our prior period Net sales by product category to conform to the current period allocation. These revisions did not have a significant impact to our prior year disclosure.

A summary of financial results by reportable segment is as follows:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Net sales			
Domestic	$7,638	$8,149	$8,393
International	4,905	5,394	5,516
Total Net sales	$12,543	$13,543	$13,909
Operating (loss) earnings			
Domestic (1)	$(197)	$571	$542
International (2)	203	309	377
Corporate and other (3)	(356)	(324)	(337)
Operating (loss) earnings	(350)	556	582
Interest expense	(524)	(480)	(442)
Interest income	7	16	10
(Loss) earnings before income taxes	$(867)	$92	$150

(1) Includes Goodwill impairment of $361 million for fiscal 2013. Also includes gift card breakage income of $22 million, $19 million and $17 million for fiscals 2013, 2012 and 2011, respectively. Includes impairment of long-lived assets of $19 million, $8 million and $5 million for fiscals 2013, 2012 and 2011, respectively. In addition, includes the impact of net gains on sales of properties of $8 million, $3 million and $3 million for fiscals 2013, 2012 and 2011, respectively. Property damage write-offs and repairs for fiscals 2012 and 2011 were $6 million and $4 million, respectively. In addition, fiscal 2013 includes a $17 million non-cash cumulative adjustment of accrued vacation, resulting from a prior period correction. Fiscal 2013 also includes $23 million in litigation settlement expenses for certain legal matters, of which $20 million relates to the judgment in the Aleo v. SLB Toys USA Inc. case. For fiscals 2012 and 2011, $1 million and $8 million were included in litigation settlement expenses, respectively. Refer to Note 1 entitled "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" and Note 14 entitled "LITIGATION AND LEGAL PROCEEDINGS" for further details.

(2) Includes impairment of long-lived assets of $24 million, $3 million and $1 million for fiscals 2013, 2012 and 2011, respectively. Also includes Goodwill impairment of $17 million for fiscal 2013. In addition, includes the impact of net gains on sales of properties of less than $1 million for both fiscals 2013 and 2012, and gift card breakage income of $2 million, $2 million and $5 million for fiscals 2013, 2012 and 2011, respectively. Property damage write-offs and repairs for fiscals 2012 and 2011 were $2 million and $7 million, respectively. Refer to Note 1 entitled "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" and Note 5 entitled "PROPERTY AND EQUIPMENT" for further details.

(3) Includes impairment of long-lived assets of $1 million for fiscal 2013. In addition, includes the impact of net gains on sales of properties of $1 million for fiscal 2012. Refer to Note 1 entitled "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" for further details.

Certain corporate and other items are reported separately in our disclosure of segment Operating (loss) earnings. In addition to the income items described above, charges include corporate office expenses and shared service center expenses, as well as certain other centrally managed expenses, which are not fully allocated to our reportable segments. The significant categories of expenses include salaries, benefits and related expenses, professional fees, corporate facility depreciation and amortization and insurance. Salaries, benefits and related expenses include salaries, bonus, payroll taxes and health insurance expenses for corporate office employees. Professional fees include costs related to internal control compliance, financial statement audits, legal, information technology and other consulting fees, which are engaged and managed through the corporate office. Depreciation and amortization includes

depreciation of leasehold improvements for properties occupied by corporate office employees. Corporate insurance expense includes the cost of fire, liability and automobile premiums.

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(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Depreciation and amortization			
Domestic	$216	$225	$232
International	123	136	127
Corporate	49	46	44
Total Depreciation and amortization	$388	$407	$403
Capital expenditures			
Domestic	$113	$148	$241
International	86	95	100
Corporate	39	43	39
Total Capital expenditures	$238	$286	$380

(In millions)	February 1, 2014	February 2, 2013
Merchandise inventories		
Domestic	$1,375	$1,421
International	796	808
Total Merchandise inventories	$2,171	$2,229
Total Assets		
Domestic	$3,812	$4,382
International	2,442	2,619
Corporate and other (1)	1,295	1,920
Total Assets	$7,549	$8,921

(1) Includes cash and cash equivalents, deferred tax assets and other corporate assets.

Our Net sales, inclusive of each country's respective Internet operations, and long-lived assets by country or region are as follows:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Net sales			
United States (1)	$7,638	$8,149	$8,393
Europe (2)	1,447	1,439	1,574
Japan	1,374	1,795	1,988
Canada	883	928	884
UK	680	735	758
China and Southeast Asia	277	233	49
Australia	228	248	245
Other (3)	16	16	18
Total Net sales	$12,543	$13,543	$13,909

(1) Includes our wholly-owned operations in Puerto Rico.

(2) Includes our wholly-owned operations in Germany, Austria, Switzerland, France, Spain, Portugal and Poland.

(3) Represents licensing fees from unaffiliated third parties.

(In millions)	February 1, 2014	February 2, 2013
Long-lived assets		
United States (1)	$2,521	$2,678
Europe (2)	417	435
Japan	383	462
UK	312	281
Canada	212	240
China and Southeast Asia	32	23
Australia	16	24
Total Long-lived assets	$3,893	$4,143

(1) Includes our wholly-owned operations in Puerto Rico.
(2) Includes our wholly-owned operations in Germany, Austria, Switzerland, France, Spain, Portugal and Poland.

NOTE 12 — DEFINED BENEFIT PENSION PLANS

We sponsor defined benefit pension plans covering certain international employees in the UK, Japan, Germany and Austria, with such benefits accounted for on an accrual basis using actuarial assumptions. For our pension plans, we use a measurement date matching the end of our fiscal years.

The following tables provide information regarding our pension plans:

Obligation and Funded Status at End of Fiscal Year:

(In millions)	February 1, 2014	February 2, 2013
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$128	$118
Service cost	5	5
Interest cost	5	5
Employee contributions	1	1
Benefits paid	(2)	(2)
Actuarial (gain) loss	(1)	6
Foreign currency impact	1	(5)
Projected benefit obligation at end of year	$137	$128

(In millions)	February 1, 2014	February 2, 2013
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	$105	$93
Actual return on plan assets	5	10
Employer contributions	7	7
Employee contributions	1	1
Benefits paid	(2)	(2)
Foreign currency impact	2	(4)
Fair value of plan assets at end of year	$118	$105

(In millions)	February 1, 2014	February 2, 2013
Reconciliation of funded status to total amount recognized:		
Funded status	$(19)	$(23)
Amounts recognized in Consolidated Balance Sheets:		
Non-current liability	$(19)	$(23)
Amounts recognized in Accumulated other comprehensive income (loss):		
Unrecognized net actuarial losses, net of tax	$9	$9

Of the $9 million of unrecognized net actuarial losses, net of tax, in Accumulated other comprehensive (loss) income as of February 1, 2014, less than $1 million is expected to be amortized into net periodic benefit cost in fiscal 2014.

Information for Pension Plans with Accumulated Benefit Obligations in Excess of Plan Assets:

(In millions)	February 1, 2014	February 2, 2013
Projected benefit obligation	$137	$128
Accumulated benefit obligation	118	106
Fair value of plan assets	118	105

Components of Net Periodic Benefit Cost During Each Fiscal Year:

	Fiscal Years Ended		
(In millions)	February 1, 2014	February 2, 2013	January 28, 2012
Service cost	$5	$5	$5
Interest cost	5	5	4
Expected return on plan assets	(5)	(4)	(4)
Net periodic benefit cost	$5	$6	$5

Contributions

For fiscal 2014, we expect to contribute $7 million to our pension plans.

Estimated Future Payments

Pension benefit payments, including amounts to be paid from our assets, and reflecting expected future service, as appropriate, are expected to be paid as follows:

(In millions)	Pension Benefits
2014	$2
2015	2
2016	2
2017	2
2018	2
2019 through 2023	8

Weighted-average Assumptions Used to Determine Net Periodic Benefit Costs at Fiscal Year End:

	February 1, 2014	February 2, 2013	January 28, 2012
Discount rate	4.1 %	4.0 %	4.4 %
Expected rate of return on plan assets	4.9 %	4.6 %	5.1 %
Rate of compensation increase	2.7 %	2.8 %	2.8 %

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Weighted-average Assumptions Used to Determine Benefit Obligations at Fiscal Year End:

	Fiscal Years Ended			
	February 1, 2014		February 2, 2013	
Discount rate	3.9	%	4.0	%
Rate of compensation increase	2.6	%	2.8	%

Determination of Discount Rate

The discount rate used to determine benefit obligations for our pension plans has been developed based on the AA corporate bond yield curve.

Determination of Expected Return on Assets

The expected return on assets is the rate of return expected to be achieved on pension fund assets in the long term, net of investment expenses. More than 90% of the plan assets relate to the UK and Japan pension plans. The UK and Japan pension plans expected return on assets assumption for fiscal 2014 has been determined by considering the return on the actual asset classes held as of the measurement date and our expectations of future rates of return on each asset class. For the UK and Japan pension plans, we determine the expected rate of return by utilizing the current return available on stocks, and government and corporate bonds and applying suitable risk premiums that consider historical market returns and current market expectations. The estimate of the expected rate of return is based on a long term view and considers the impact of economic conditions in the evaluation of historical market returns.

Plan Assets

Investment policies and strategies

Our overall investment policy and strategic management of the plan assets are the responsibility of the trustees (acting based on advice as they deem appropriate) and are driven by investment objectives as set out below. The remaining elements of our investment policy are part of the day-to-day management of the assets, which is delegated to a professional investment manager. The trustees of our defined benefit pension plans are guided by an overall objective of achieving, over the long-term, a return on the investments, which is consistent with the long-term assumptions made by the actuaries in determining funding of the plans.

The investment returns that the trustees expect to achieve are those that are broadly in line with or above the returns of the respective market indices and performance targets against which the investment manager is benchmarked. Over the longer term, the trustees expect to achieve an investment return in excess of the consumer price index.

Weighted-average asset allocation by asset category

The primary investment goal for our plans' assets is to maximize total asset returns while ensuring the plans' assets are available to fund the plans' liabilities as they become due. A change in the overall investment strategy could significantly impact the expected rate of return on plan assets.

The following represents our pension plan target asset allocations for fiscal 2014, as well as the actual asset allocations as of February 1, 2014 and February 2, 2013:

	2014 Target Allocation		February 1, 2014		February 2, 2013	
Equity securities	27.7	%	27.7	%	36.7	%
Debt securities	56.6	%	56.6	%	42.7	%
Insurance contracts	8.3	%	8.3	%	11.7	%
Cash and cash equivalents	7.4	%	7.4	%	8.9	%
Total	100	%	100	%	100	%

Risk management

In managing the Company's plan assets, our investment managers evaluate and manage risk associated with funded status risk, interest rate risk, market risk, counterparty risk, liquidity risk and operational risk. Cash flow management and asset class diversification are central to our risk management strategy and are critical to the overall investment strategy of our pension plan assets.

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Fair value of plan assets

The following tables present our plan assets by fair value hierarchy in accordance with ASC Topic 820, "Fair Value Measurements and Disclosures" as of February 1, 2014 and February 2, 2013. The fair value hierarchy is comprised of three levels based on the reliability of inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs, while Level 3 includes the fair values estimated using significant non-observable inputs. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement of the instrument.

There have been no changes in valuation technique or related inputs for the fiscal years ended February 1, 2014 and February 2, 2013.

(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Equity Securities: (1)			
Domestic	$—	$12	$12
International	—	21	21
Fixed Income: (2)			
Domestic	—	2	2
International	—	64	64
Insurance Contracts (3)	—	10	10
Cash and cash equivalents (4)	9	—	9
Balance at February 1, 2014	$9	$109	$118

(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Equity Securities: (1)			
Domestic	$—	$12	$12
International	—	26	26
Fixed Income: (2)			
Domestic	—	1	1
International	—	45	45
Insurance Contracts (3)	—	12	12
Cash and cash equivalents (4)	9	—	9
Balance at February 2, 2013	$9	$96	$105

(1) Domestic and international equity securities categorized as Level 2 are valued using the Net Asset Value ("NAV") per fund share, which is derived from quoted prices in active markets of the underlying securities.

(2) Domestic and international fixed-income securities categorized as Level 2 are valued using the NAV per fund share, which is derived using a market approach with inputs that include broker quotes, benchmark yields, base spreads and reported trades.

(3) Insurance contracts contain a minimum guaranteed return and are categorized as Level 2 as the fair value of the assets is equal to the total amount of all individual technical reserves plus the non allocated employer's financing fund reserves at the valuation date. The individual technical and financing fund reserves are equal to the accumulated paid contributions taking into account the insurance ratification and any allocated profit sharing return.

(4)

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less at acquisition. Due to the nature and short maturity of these investments, their carrying amount approximates fair value. Therefore, we have determined that our cash and cash equivalents in their entirety are classified as Level 1 within the fair value hierarchy.

NOTE 13 — OTHER EMPLOYEE RETIREMENT AND COMPENSATION BENEFITS

We offer other employee retirement and compensation benefits for eligible employees. The Supplemental Executive Retirement Plan (“SERP”) provides supplemental retirement benefits to certain executive officers in excess of the limitations that are imposed by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, on contributions to our TRU Partnership Employees’ Savings and Profit Sharing Plan (the “Savings Plan”). Participants are generally 100% vested in their SERP accounts after completing 5 years of employment with the Company. During fiscal 2013 we recorded SERP expenses of $1 million. During fiscals 2012 and 2011, we recorded SERP expenses of less than $1 million, respectively. As of February 1, 2014 and February 2, 2013, the SERP liability was $3 million, respectively.

Included in our Savings Plan, we have a 401(k) salary deferral feature, company-matching contributions and a profit sharing component for eligible U.S.-based employees. Under the terms of the Savings Plan, annual employer profit sharing contributions are made at the discretion of the Board of Directors, subject to certain limitations. The Savings Plan may be terminated at our discretion. Employee eligibility for participation in the 401(k) savings account portion of the Savings Plan requires 12 months of service and completion of 1,000 hours. In addition, the Company makes a matching contribution in an amount equal to 100% of the first 4%, of the participant’s contribution. We also have various defined contribution and other foreign government sponsored retirement plans for foreign employees, which are managed by each respective foreign location. Expenses related to the Savings Plan, other foreign defined contribution plans and other foreign government sponsored retirement plans were $24 million, $25 million and $26 million in fiscals 2013, 2012 and 2011, respectively. The Board of Directors did not elect to contribute to the profit sharing portion of the Savings Plan in fiscals 2013, 2012 and 2011.

NOTE 14 — LITIGATION AND LEGAL PROCEEDINGS

On July 15, 2009, the United States District Court for the Eastern District of Pennsylvania (the “District Court”) granted the class plaintiffs’ motion for class certification in a consumer class action commenced in January 2006, which was consolidated with an action brought by two Internet retailers that was commenced in December 2005. Both actions allege that Babies “R” Us agreed with certain baby product manufacturers (collectively, with the Company, the “Defendants”) to impose, maintain and/or enforce minimum price agreements in violation of antitrust laws. In addition, in December 2009, a third Internet retailer filed a similar action and another consumer class action was commenced making similar allegations involving most of the same Defendants. In January 2011, the parties in the consumer class actions referenced above entered into a settlement agreement, which was approved by the District Court in a final approval order in December 2011. In January 2012, certain parties who objected to the District Court’s final approval of the settlement filed Notices of Appeal with the Third Circuit Court of Appeals. As part of the settlement, in March 2011, the Company made a payment of $17 million towards the overall settlement. In February 2013, the Third Circuit Court of Appeals vacated the District Court’s final approval order and remanded the case to the District Court. The Company does not reasonably believe that it will need to make any further payments in connection with any future settlement. In addition, in January 2011, the plaintiffs, the Company and certain other Defendants in the Internet retailer actions referenced above entered into a settlement agreement pursuant to which the Company made a payment of $5 million towards the overall settlement. In addition, on or about November 23, 2010, the Company entered into a Stipulation with the Federal Trade Commission (“FTC”) ending the FTC’s investigation related to the Company’s compliance with a 1998 FTC Final Order and settling all claims in full. Pursuant to the settlement, in May 2011, the Company paid $1 million as a civil penalty.

In December 2011, the Japan Fair Trade Commission (the “JFTC”) issued a cease and desist order in connection with an investigation of Toys-Japan’s potential violation of anti-monopoly laws and assessed a surcharge against Toys-Japan in the amount of $5 million, which was recorded in SG&A. We have appealed this decision to the JFTC.

In October 2012, the Massachusetts Supreme Judicial Court granted the Company’s request for direct appellate review of a judgment in the amount of $20 million, including $18 million in punitive damages, that was entered against the Company in a wrongful death products liability case entitled Aleo v. SLB Toys USA, Inc., et al. (Superior Court of Massachusetts, Essex County, No. 2008-02149-A) (the “Judgment”). Oral argument concerning this appeal was held on May 6, 2013. On September 13, 2013, the Massachusetts Supreme Judicial Court issued its decision affirming the

Judgment. During fiscal 2013, we accrued an additional $20 million related to this matter which was recorded in SG&A. In October 2013, the Company paid $25 million to satisfy the Judgment.

In addition to the litigation discussed above, we are, and in the future, may be involved in various other lawsuits, claims and proceedings incident to the ordinary course of business. The results of litigation are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. We are not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable, primarily for the following reasons: (i) many of the relevant legal proceedings are in preliminary stages, and until such proceedings develop further, there is often uncertainty regarding the relevant facts and circumstances at issue and potential liability; and (ii) many of these

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proceedings involve matters of which the outcomes are inherently difficult to predict. However, based upon our historical experience with similar matters, we do not expect that any such additional losses would be material to our consolidated financial position, results of operations or cash flows.

NOTE 15 — COMMITMENTS AND CONTINGENCIES

We are subject to various claims and contingencies related to lawsuits as well as commitments under contractual and other commercial obligations. We recognize liabilities for contingencies and commitments when a loss is probable and estimable. For claims and contingencies related to income taxes, see Note 10 entitled “INCOME TAXES.” Refer to Note 9 entitled “LEASES” for minimum rental commitments under non-cancelable operating leases having a term of more than one year as of February 1, 2014.

As of February 1, 2014, we remain contingently liable for amounts due or amounts that may become due under certain real estate lease agreements that have been assigned to third parties. In the event of default by the assignees, we could be liable for payment obligations associated with these leases which have future lease related payments (not discounted to present value) of $82 million through September 2032. The impact of these obligations is not material to our Consolidated Financial Statements.

NOTE 16 — RELATED PARTY TRANSACTIONS

The Sponsors provide management and advisory services to us pursuant to an advisory agreement executed at the closing of the merger transaction effective as of July 21, 2005 and amended June 10, 2008 and February 1, 2009 (“Advisory Agreement”). The initial term of the Advisory Agreement is ten years. After ten years, it extends annually for one year unless we or the Sponsors provide notice of termination to the other. The management and advisory fees paid to the Sponsors (the “Advisory Fees”) increase 5% per year during the ten-year term of the agreement with the exception of fiscal 2009. We recorded Advisory Fees of $22 million, $21 million and $20 million for fiscals 2013, 2012 and 2011, respectively. During fiscals 2013, 2012 and 2011, we also paid the Sponsors fees of less than $1 million, respectively, for out-of-pocket expenses.

Additionally, the Advisory Agreement provides that affiliates of the Sponsors will be entitled to receive a fee equal to 1% of the aggregate transaction value in connection with certain financing, acquisition, disposition and change of control transactions (“Transaction Fees”). The Advisory Agreement includes customary exculpation and indemnification provisions in favor of the Sponsors and their affiliates. In the event that the Advisory Agreement is terminated by the Sponsors or us, the Sponsors will receive all unpaid Advisory Fees, all unpaid Transaction Fees and expenses due under the Advisory Agreement with respect to periods prior to the termination date plus the net present value of the Advisory Fees that would have been payable for the remainder of the applicable term of the Advisory Agreement.

In connection with the Propco I Term Loan Facility entered into on August 21, 2013, we incurred Transactions Fees of $10 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $17 million of the Propco I Term Loan Facility as of February 1, 2014.

In connection with the New UK Propco Facility Agreement entered into on March 25, 2013, we incurred Transactions Fees of $4 million pursuant to the terms of the Advisory Agreement.

In connection with the France Propco Facility Agreement entered into on February 27, 2013, we incurred Transactions Fees of $1 million pursuant to the terms of the Advisory Agreement.

In connection with the Spain Propco Facility Agreement entered into on January 29, 2013, we incurred Transaction Fees of $1 million pursuant to the terms of the Advisory Agreement.

In connection with the offering of the 2017 Notes on August 1, 2012, we incurred Transaction Fees of $4 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $9 million and $14 million of the 2017 Notes as of February 1, 2014 and February 2, 2013, respectively.

In connection with the Second Joinder Agreement entered into on April 10, 2012, we incurred Transaction Fees of $2 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $9 million and $8 million of the Second Incremental Secured Term Loan as of February 1, 2014 and February 2, 2013, respectively.

In connection with the issuance of the Incremental Secured Term Loan on May 25, 2011, we incurred Transaction Fees of $4 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $50 million and $63 million of the Incremental Secured Term Loan as of February 1, 2014 and February 2, 2013, respectively.

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Investment funds or accounts advised by KKR owned an aggregate of $9 million and $5 million of the Toys-Delaware Secured Notes as of February 1, 2014 and February 2, 2013, respectively. In addition, investment funds or accounts advised by KKR owned an aggregate of $70 million and $67 million of the Secured Term Loan Facility as of February 1, 2014 and February 2, 2013, respectively. Additionally, investment funds or accounts advised by KKR owned an aggregate of $5 million of the Propco II Notes as of February 1, 2014 and February 2, 2013, respectively. For further details, see Note 2 entitled “SHORT-TERM BORROWINGS AND LONG-TERM DEBT.”
From time to time, we and our subsidiaries, as well as the Sponsors or their affiliates, may acquire debt or debt securities issued by us or our subsidiaries in open market transactions, tender offers, exchange offers, privately negotiated transactions or otherwise. During fiscals 2013, 2012 and 2011, affiliates of Vornado and investment funds or accounts advised by KKR held debt and debt securities issued by the Company and its subsidiaries. The interest amounts paid on such debt and debt securities held by related parties were $10 million, $8 million and $14 million in fiscals 2013, 2012 and 2011, respectively.
Additionally, under lease agreements with affiliates of Vornado, we paid an aggregate amount of $8 million, $10 million and $9 million in fiscals 2013, 2012 and 2011, respectively, with respect to 0.8%, 0.9% and 0.9%, respectively, of our operated stores, which include Express stores. Of the aggregate amount paid in fiscals 2013, 2012 and 2011, $2 million, respectively, was allocable to joint-venture parties not otherwise affiliated with Vornado.
Each of the Sponsors, either directly or through affiliates, has ownership interests in a broad range of companies (“Portfolio Companies”) with whom we may from time to time enter into commercial transactions in the ordinary course of business, primarily for the purchase of goods and services. We believe that none of our transactions or arrangements with Portfolio Companies are significant enough to be considered material to the Sponsors or to our business.
Subsequent Event
In connection with the amendment and restatement of the ABL Facility on March 21, 2014, we incurred Transaction Fees of $19 million pursuant to the terms of the Advisory Agreement.

NOTE 17 — ACQUISITIONS
On October 31, 2011, the Company acquired a 70% ownership interest in Labuan from Li & Fung for a purchase price of $79 million (including a $10 million hold back) plus $8 million of contingent consideration. The terms of the agreement provide us with the future option to acquire Li & Fung’s 30% interest in the business and also provide Li & Fung the option to require us to buy their 30% interest in the business at the end of three years from the acquisition date.
During fiscal 2012, the Company paid $5 million of contingent consideration related to the Labuan acquisition. The Company did not make any payments during fiscal 2013. In accordance with the purchase agreement, the remaining $3 million of contingent consideration will be paid out in subsequent periods based on the future financial performance of Labuan and is included within Other long term liabilities in our Consolidated Balance Sheets as of February 1, 2014 and February 2, 2013.
In addition, during fiscal 2012, in accordance with the purchase agreement, the Company paid $10 million of the purchase price related to the Labuan acquisition to Li & Fung as it was determined that the business had been appropriately delivered in the agreed upon financial condition.

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The acquisition of Labuan was accounted for under the acquisition method of accounting. As such, the cost to acquire Labuan was allocated to the respective assets acquired and liabilities assumed based on their fair values as of the acquisition date. The following table summarizes our final purchase price allocation of the cost to acquire Labuan:

(In millions)	Final Fair Value as of October 31, 2011
Cash and cash equivalents	$ 12
Accounts and other receivables	5
Merchandise inventories	33
Property and equipment, net	13
Goodwill	64
Intangible assets	48
Deferred tax assets	2
Other assets	6
Total assets acquired	183
Current liabilities	62
Non-current liabilities	10
Total liabilities assumed	72
Noncontrolling interest	24
	96
Net assets acquired	$ 87

Of the $64 million allocated to goodwill, none will be deductible for tax purposes. All of the goodwill acquired in connection with the Labuan acquisition has been allocated to the Company's International segment.

Goodwill represents the excess of fair value of the acquiree over the recognized bases of net identifiable assets acquired and includes the future economic benefits from other assets that could not be individually identified and separately recognized. Specifically, the goodwill recorded as part of the Labuan acquisition includes: the expected synergies resulting from combining the resources of the acquired business with those of the Company; and the value associated with an established retail presence with the potential to further penetrate into emerging international markets.

In connection with the acquisition, the Company recorded $48 million of intangible assets related to a reacquired license right associated with a pre-existing license agreement between the Company and Li & Fung. The reacquired license right has a finite life and will be amortized over the remaining contractual term without consideration to any contractual renewals through 2019.

As a result of the acquisition, the Company recognized Noncontrolling interest in the amount of $24 million which was measured at fair value at the acquisition date. In accordance with the terms of the agreement, the Noncontrolling interest is redeemable for cash or common stock of the Company at the option of the holder. As such, the Noncontrolling interest has been recorded in temporary equity. See Note 1 entitled "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES" for a reconciliation of the change in Noncontrolling interest to redemption value as of February 1, 2014 and February 2, 2013.

NOTE 18 — RECENT ACCOUNTING PRONOUNCEMENTS

In July 2013, the FASB issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). ASU 2013-11 addresses the diversity in practice regarding financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The guidance requires an unrecognized tax benefit, or a portion of, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward.

To the extent the deferred tax asset is not available at the reporting date to settle any additional income taxes that would result from the disallowance of a tax position; the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with the deferred tax asset. The amendments in this standard are effective for reporting periods beginning after December 15, 2013, with early adoption permitted. The adoption of ASU 2013-11 is not expected to have a material impact on our Consolidated Financial Statements.

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In April 2013, the FASB issued ASU No. 2013-07, “Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting” (“ASU 2013-07”). ASU 2013-07 clarifies when an entity should apply the liquidation basis of accounting and provides principles for the measurement of associated assets and liabilities, as well as required disclosures. The amendments in this standard are effective prospectively for entities that determine liquidation is imminent for reporting periods beginning after December 15, 2013, with early adoption permitted. The adoption of ASU 2013-07 is not expected to have a material impact on our Consolidated Financial Statements.

In March 2013, the FASB issued ASU No. 2013-05, “Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (“ASU 2013-05”). ASU 2013-05 provides clarification regarding whether Subtopic 810-10, Consolidation - Overall, or Subtopic 830-30, Foreign Currency Matters - Translation of Financial Statements, applies to the release of cumulative translation adjustments into net income when a reporting entity either sells a part or all of its investment in a foreign entity or ceases to have a controlling financial interest in a subsidiary or group of assets that constitute a business within a foreign entity. The amendments in this ASU are effective prospectively for reporting periods beginning after December 15, 2013, with early adoption permitted. The adoption of ASU 2013-05 is not expected to have a material impact on our Consolidated Financial Statements.

In February 2013, the FASB issued ASU No. 2013-04, “Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date” (“ASU 2013-04”). ASU 2013-04 provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this ASU is fixed at the reporting date. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors as well as any additional amount the reporting entity expects to pay on behalf of its co-obligors. ASU 2013-04 also requires an entity to disclose the nature and amount of those obligations. The amendments in this ASU are effective for reporting periods beginning after December 15, 2013, with early adoption permitted. Retrospective application is required. The adoption of ASU 2013-04 is not expected to have a material impact on our Consolidated Financial Statements.

QUARTERLY RESULTS OF OPERATIONS

The following tables set forth certain unaudited quarterly financial information:

(In millions)	For the 13 Weeks Ended May 4, 2013	August 3, 2013	November 2, 2013	February 1, 2014 (1)
Fiscal 2013				
Net sales	$2,408	$2,377	$2,491	$5,267
Gross margin	900	920	896	1,673
Selling, general and administrative expenses	886	890	959	1,275
Depreciation and amortization	100	95	92	101
Goodwill impairment	—	—	—	378
Other income, net	(13)	(19)	(15)	10
Operating loss	(73)	(46)	(140)	(91)
Net loss (2)	(111)	(113)	(605)	(207)
Net loss attributable to Toys “R” Us, Inc.	$(111)	$(113)	$(605)	$(210)

(In millions)	For the 13 or 14 Weeks Ended (3) April 28, 2012	July 28, 2012	October 27, 2012	February 2, 2013 (1)
Fiscal 2012				
Net sales	$2,612	$2,552	$2,609	$5,770
Gross margin	997	1,018	967	1,969
Selling, general and administrative expenses	898	887	962	1,294
Depreciation and amortization	100	100	97	110
Other income, net	(11)	(12)	(17)	(13)
Operating earnings (loss)	10	43	(75)	578
Net (loss) earnings (4)	(60)	(36)	(105)	240
Net (loss) earnings attributable to Toys “R” Us, Inc.	$(60)	$(36)	$(105)	$239

(1) Our Domestic and International businesses are highly seasonal with sales highest in the fourth quarter. During fiscals 2013, 2012 and 2011, 42%, 43% and 43%, respectively, of our total Net sales were generated in the fourth quarter. Our results of operations depend significantly upon the fourth quarter holiday selling season.

(2) For the fourth quarter of fiscal 2013, our Net loss was impacted by Goodwill impairment of $378 million associated with our Toys-Domestic and Toys-Japan reporting units, the write-down of excess and obsolete inventory of $51 million, long-lived asset impairment of $37 million and a prior period vacation accrual correction of $17 million.

(3) With the exception of the fourth quarter of fiscal 2012, which included 14 weeks, all other quarters presented include 13 weeks.

(4) For the fourth quarter of fiscal 2012, our effective tax rate was unfavorably impacted by an increase to our valuation allowance of $22 million for certain state jurisdictions. The increase in our valuation allowance was predominately due to the fact that, as of the end of fiscal 2012, in certain state tax jurisdictions we have incurred a pre-tax cumulative loss (after adjustments required for tax purposes) over the past three fiscal years.

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PARENT COMPANY INFORMATION

Toys “R” Us, Inc.
Schedule I — Condensed Statements of Operations and Comprehensive (Loss) Income

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Revenues	$—	$—	$—
General and administrative expenses	21	18	24
Depreciation and amortization	3	3	5
Other expense, net	1	—	—
Total operating expenses	25	21	29
Other (expense) income:			
Interest expense, net	(76)	(83)	(77)
Intercompany interest expense, net	(63)	(47)	(6)
(Deficit) equity in pre-tax (loss) earnings of consolidated subsidiaries	(706)	242	260
(Loss) earnings before income taxes	(870)	91	148
Income tax expense (benefit)	169	53	(1)
Net (loss) earnings	$(1,039)	$38	$149
Comprehensive (loss) income	$(1,120)	$(9)	$153

See accompanying notes to Condensed Financial Statements.

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Toys “R” Us, Inc.
Schedule I — Condensed Balance Sheets

(In millions)	February 1, 2014	February 2, 2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$79	$530
Due from subsidiary	316	—
Current deferred tax assets	—	5
Prepaid expenses and other current assets	4	5
Total current assets	399	540
Property and equipment, net	3	5
Investments in and advances from subsidiaries, net	—	869
Deferred tax assets	2	35
Other assets	27	73
	$431	$1,522
LIABILITIES AND STOCKHOLDERS’ (DEFICIT) EQUITY		
Current Liabilities:		
Accrued expenses and other current liabilities	$88	$72
Income taxes payable	—	23
Total current liabilities	88	95
Long-term debt	872	872
Deferred tax liabilities	—	1
Investments in and advances to subsidiaries, net	46	—
Other non-current liabilities	73	69
Temporary equity	8	—
Stockholders’ (deficit) equity	(656)	485
	$431	$1,522

See accompanying notes to Condensed Financial Statements.

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Toys “R” Us, Inc.
Schedule I — Condensed Statements of Cash Flows

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Cash Flows from Operating Activities	$(21)	$114	$554
Cash Flows from Investing Activities:			
Purchases of debt securities	—	—	(26)
Proceeds from redemption of debt securities	52	—	—
Investments in subsidiaries	(180)	(33)	(77)
Intercompany loan repayments by subsidiaries	1,956	2,107	1,141
Loans to subsidiaries	(2,251)	(2,005)	(1,266)
Net cash (used in) provided by investing activities	(423)	69	(228)
Cash Flows from Financing Activities:			
Long-term debt borrowings	—	446	—
Long-term debt repayment	—	(400)	(500)
Borrowings from subsidiaries	—	265	—
Other	(7)	(17)	1
Net cash (used in) provided by financing activities	(7)	294	(499)
Cash and cash equivalents:			
Net (decrease) increase during period	(451)	477	(173)
Cash and cash equivalents at beginning of period	530	53	226
Cash and cash equivalents at end of period	$79	$530	$53
Supplemental Disclosures of Cash Flow Information:			
Interest paid	$78	$75	$99

See accompanying notes to Condensed Financial Statements.

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Toys “R” Us, Inc.
Schedule I — Notes to Condensed Financial Statements
NOTE A — BASIS OF PRESENTATION
The Parent Company is a holding company that conducts substantially all of its business operations through its subsidiaries. As specified in certain of its subsidiaries’ debt agreements, there are restrictions on the Parent Company’s ability to obtain funds from certain of its subsidiaries through dividends, loans or advances (refer to Note 2 to our Consolidated Financial Statements entitled “SHORT-TERM BORROWINGS AND LONG-TERM DEBT”).
Accordingly, these condensed financial statements have been presented on a “parent-only” basis. Under a parent-only presentation, the Parent Company’s investments in its consolidated subsidiaries are presented under the equity method of accounting. These parent-only financial statements should be read in conjunction with Toys “R” Us, Inc.’s audited Consolidated Financial Statements included elsewhere herein.
In connection with the July 21, 2005 Merger and subsequent reorganization, the Parent Company borrowed $770 million and received a promissory note of $887 million (£509 million) as a dividend from its indirect wholly-owned subsidiary, Toys “R” Us (UK) Limited (“Toys Limited”). On January 25, 2012 the $770 million intercompany note payable to Toys Limited was amended to translate the outstanding principal and accrued interest on that date to pounds sterling.
As of February 1, 2014, Investments in and advances to subsidiaries, net included the outstanding net intercompany receivable balance from Toys Limited of $179 million. Additionally included within Investments in and advances to subsidiaries, net, is an intercompany payable of $381 million to Toys-Delaware, which includes $45 million of accrued interest in fiscal 2013 related to Parent Company’s net intercompany payable balance. As of February 1, 2014, an outstanding short term loan of $316 million to Delaware was recorded in Due from subsidiary.
In addition, the Investments in and advances to subsidiaries, net, included investments in subsidiaries, net, which declined in fiscal 2013 given our subsidiaries’ results of operations.
As of February 2, 2013, Investments in and advances from subsidiaries, net included the outstanding net intercompany receivable balance from Toys Limited of $189 million. Additionally included within Investments in and advances from subsidiaries, net, is an intercompany payable of $631 million to Toys-Delaware, which includes $35 million of accrued interest in fiscal 2012 related to Parent Company’s net intercompany payable balance. As of February 2, 2013, the intercompany payable balance also reflects an outstanding loan of $22 million due from Toys-Delaware. During fiscal 2012, Toys-Delaware advanced us an aggregate of $265 million, which are recorded as long-term loans.
During fiscal 2011, we received a $63 million non-cash dividend from our subsidiary Toys “R” Us - Value, Inc. (“TRU-Value”) of its intercompany receivable due from Toys-Delaware.
For fiscals 2013 and 2012, the income tax expense of $169 million and $53 million, respectively, and income tax benefit for fiscal 2011 of $1 million, represents the Parent Company’s consolidated income tax expense (benefit). Such amounts include income tax expense of $127 million, $105 million and $33 million, respectively, related to our subsidiaries, which have not been consolidated for this presentation. The Parent Company is responsible for cash income tax payments on the separate company income of such subsidiaries for United States Federal and certain state filings.
During fiscal 2011, we acquired from unaffiliated parties $36 million face value debt securities of Vanwall for $26 million which are included in Other assets within the Condensed Balance Sheet of the Parent Company, classified as held-to-maturity debt and reported at amortized cost. These debt securities were repaid during fiscal 2013 in conjunction with the refinancing of the UK senior and junior credit facilities. Refer to Note 2 to our Consolidated Financial Statements entitled “SHORT-TERM BORROWINGS AND LONG-TERM DEBT” for further details.

NOTE B — DEBT
A summary of the Parent Company’s Long-term debt as of February 1, 2014 and February 2, 2013 is outlined in the table below:

(In millions)	February 1, 2014	February 2, 2013
10.375% senior notes, due fiscal 2017	447	446

7.375% senior notes, due fiscal 2018	403	404
8.750% debentures, due fiscal 2021 (1)	22	22
Total Long-term debt	$872	$872

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(1) Represents obligations of Toys “R” Us, Inc. and Toys–Delaware.

The total fair values of the Parent Company’s Long-term debt, with carrying values of $872 million at February 1, 2014 and February 2, 2013, respectively, were $687 million and $829 million, respectively. The fair values of the Parent Company’s Long-term debt are estimated using the quoted market prices for the same or similar issues and other pertinent information available to management as of the end of the respective periods.

The annual maturities of the Parent Company’s Long-term debt at February 1, 2014 are as follows:

(In millions)	Annual Maturities
2014	$—
2015	—
2016	—
2017	450
2018	400
2019 and subsequent	22
Total	$872

The Parent Company is a co-obligor of the outstanding debentures due fiscal 2021, and these debt securities are included in Long-term debt within the Parent Company Condensed Balance Sheets for stand-alone reporting purposes. However, it is expected all future principal and interest payments will be funded through the operating cash flows of Toys-Delaware. During fiscals 2013, 2012 and 2011, Toys-Delaware recorded interest expense related to the outstanding debentures due fiscal 2021 of $2 million, respectively, which is reflected as part of (Deficit) Equity in pre-tax (loss) earnings of consolidated subsidiaries in the Parent Company Condensed Statements of Operations and Comprehensive (Loss) Income.

The Parent Company currently guarantees 80% of one of Toys–Japan’s installment loans, totaling ¥120 million ($1 million at February 1, 2014). This loan has an annual interest rate of 2.6%. In addition, the Parent Company has an agreement with McDonald’s Japan, in which the Parent Company promises to reimburse McDonald’s Japan for any amounts it may be required to pay in connection with its guarantees of the remaining 20% of the loan. Additionally, the Parent Company provides guarantees related to the uncommitted credit lines of Labuan in an aggregate amount up to HK$288 million ($37 million at February 1, 2014) for future borrowings. During fiscal 2012, the Parent Company provided the lenders of the Spain Propco Facility Agreement entered into on January 29, 2013 with a deficiency guarantee with respect to certain losses the lenders may suffer in certain circumstances.

For a discussion of the debt obligations of the Parent Company and its subsidiaries, see Note 2 to the Consolidated Financial Statements entitled “SHORT-TERM BORROWINGS AND LONG-TERM DEBT.”

NOTE C — DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to market risk from potential changes in interest rates and foreign currency exchange rates. We regularly evaluate our exposure and enter into derivative financial instruments to economically manage these risks. We record all derivatives as either assets or liabilities on the Parent Company Condensed Balance Sheets measured at estimated fair value and we do not offset assets and liabilities with the same counterparty. We recognize the changes in fair value as unrealized gains and losses. The recognition of these gains and losses depends on our intended use of the derivatives and the resulting designation. In certain defined conditions, a derivative may be specifically designated as a hedge for a particular exposure.

Interest Rate Contracts

We and our subsidiaries have a variety of fixed and variable rate debt instruments and are exposed to market risks resulting from interest rate fluctuations. We enter into interest rate swaps and/or caps to reduce our exposure to variability in expected future cash outflows attributable to the changes in LIBOR rates. Some of our interest rate contracts may contain credit-risk related contingent features and are subject to master netting arrangements. As of February 1, 2014, our interest rate contracts have maturity dates through April 2015.

At February 1, 2014 and February 2, 2013, we had no derivative liabilities related to agreements that contain credit-risk related contingent features. As of February 1, 2014 and February 2, 2013, we were not required to post collateral with any derivative counterparties.

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The following table presents our outstanding interest rate contracts as of February 1, 2014 and February 2, 2013:

(In millions)	Effective Date	Maturity Date	February 1, 2014 Notional Amount	February 2, 2013 Notional Amount
Interest Rate Caps				
1 Month USD LIBOR Interest Rate Cap (1)	January 2011	April 2015	$500	$500
1 Month USD LIBOR Interest Rate Cap (1)	January 2012	April 2015	500	500
1 Month USD LIBOR Interest Rate Cap (1)	January 2014	April 2015	311	311

(1) These interest rate caps are not designated as cash flow hedges in accordance with ASC 815.

Foreign Exchange Contracts

We occasionally enter into foreign currency forward contracts to economically hedge our short-term, cross-currency intercompany loans with our foreign subsidiaries. We enter into these contracts in order to reduce our exposure to the variability in expected cash outflows attributable to changes in foreign currency rates. These derivative contracts are not designated as hedges and are recorded on the Parent Company Condensed Balance Sheets at fair value with a gain or loss recorded on the Parent Company Condensed Statements of Operations and Comprehensive (Loss) Income in Interest expense, net. At February 1, 2014 and February 2, 2013, we had no outstanding foreign exchange contracts.

Our foreign exchange contracts typically mature within 12 months. Some of these contracts may contain credit-risk related contingent features and are subject to master netting arrangements. Some of these agreements contain provisions where we could be declared in default on our derivative obligations if we default on certain specified indebtedness. At February 1, 2014 and February 2, 2013, derivative liabilities related to agreements that contain credit-risk related contingent features had a fair value of less than $1 million, respectively. We are not required to post collateral for these contracts.

The following table sets forth the net impact of the effective portion of Parent Company's derivatives on Accumulated other comprehensive (loss) income for the fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Derivatives designated as cash flow hedges:			
Beginning balance	$1	$1	$1
Reclassifications from Accumulated other Comprehensive (Loss) Income - Interest Rate Contracts	—	—	—
	—	—	—
Ending balance	$1	$1	$1

The following table sets forth the impact of derivatives on Interest expense, net on the Parent Company Condensed Statements of Operations and Comprehensive (Loss) Income for the fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012:

(In millions)	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Derivatives not designated for hedge accounting:			
Loss on the change in fair value - Interest Rate Contracts	$—	$—	$(3)
(Loss) gain on the change in fair value - Intercompany Loan Foreign Exchange Contracts (1)	(1)	—	2
Total Interest expense, net	$(1)	$—	$(1)

(1)

Gains and losses related to our short-term, intercompany loan foreign exchange contracts are recorded in Interest expense, net, in addition to the corresponding foreign exchange gains and losses related to our short-term, cross-currency intercompany loans. For further details related to gains and losses resulting from foreign currency transactions, refer to Note 1 to our Consolidated Financial Statements entitled “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.”

The following table contains the notional amounts and fair values of Parent Company's outstanding derivative contracts as of February 1, 2014 and February 2, 2013:

(In millions)	February 1, 2014 Notional Amount	February 1, 2014 Fair Value Assets/ (Liabilities)	February 2, 2013 Notional Amount	February 2, 2013 Fair Value Assets/ (Liabilities)
Interest Rate Contracts not designated for hedge accounting:				
Other assets	$1,311	$—	$1,311	$—

Refer to Note 3 to our Consolidated Financial Statements entitled "DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES" for further details on derivative instruments.

Offsetting of Derivatives

We present our derivatives at gross fair values in the Parent Company Condensed Balance Sheets. However, some of our interest rate and foreign exchange contracts are subject to master netting arrangements which allow net settlements under certain conditions. As of February 1, 2014 and February 2, 2013, the aggregate gross fair value of derivative liabilities which could be net settled against our derivative assets were nominal, respectively, and the aggregate gross fair value of derivative assets which could be net settled against our derivative liabilities were nominal, respectively. As of February 1, 2014 and February 2, 2013, none of the master netting arrangements involved collateral.

NOTE D — COMMITMENTS AND CONTINGENCIES

Although the Parent Company does not currently have material legal proceedings pending against us, we may be subject to various claims and contingencies related to lawsuits, as well as commitments under contractual and other obligations. Refer to Note 14 to our Consolidated Financial Statements entitled "LITIGATION AND LEGAL PROCEEDINGS" for further information. Additionally, the Parent Company is a guarantor on certain leases entered into by its subsidiaries. For a discussion of the lease obligations of the Parent Company and its subsidiaries, see Note 9 to our Consolidated Financial Statements entitled "LEASES."

NOTE E — DISTRIBUTIONS AND CAPITAL CONTRIBUTIONS

Distributions

The Parent Company received cash distributions (inclusive of returns of capital) from certain of its subsidiaries of $202 million, $203 million and $680 million during fiscals 2013, 2012 and 2011, respectively. The cash distributions received included $79 million, $129 million and $616 million, in fiscals 2013, 2012 and 2011, respectively, from our subsidiary Toys-Delaware. During fiscal 2011, the cash distributions received from Toys-Delaware included $519 million for the repayment of the 7.625% notes due in fiscal 2011. Additionally, during fiscal 2011, TRU-Value issued a $63 million non-cash distribution of a portion of its intercompany receivable due from Toys-Delaware to Parent Company.

The cash distributions received also included $123 million, $72 million and $64 million, in fiscals 2013, 2012 and 2011, respectively, from certain of our property subsidiaries, which included returns of capital of $109 million, $10 million and $4 million, respectively. The cash distributions received during fiscals 2013, 2012 and 2011 from our property subsidiary TRU Propco I were $115 million, $64 million and $58 million, respectively.

Capital Contributions

During fiscal 2013, Parent Company made a capital contribution of $274 million to Toys Europe, which it used in connection with the refinancing of the UK real estate credit facility. Additionally, during fiscal 2013, Parent Company made a capital contribution of $10 million to Toys Europe to assist in the funding of the new Spain Propco Facility Agreement debt repayment for the fourth quarter of fiscal 2013. During fiscal 2012, Parent Company made a capital contribution of $30 million to Toys Europe, which it used in connection with the refinancing of the Spain Propco Facility. Refer to Note 2 to our Consolidated Financial Statements entitled "SHORT-TERM BORROWINGS AND LONG-TERM DEBT" for further details.

Additionally, during fiscal 2012, Parent Company made a capital contribution of $5 million to TRU Asia, Ltd., which it used to pay contingent consideration related to the Labuan acquisition. During fiscal 2011, Parent Company made a

capital contribution of $79 million to TRU Asia, Ltd., which it used to acquire a 70% interest in Labuan. Refer to Note 17 to our Consolidated Financial Statements entitled “ACQUISITIONS” for further details.

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including the principal executive and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

We have evaluated, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act as of the end of the fiscal year covered by this annual report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of the end of the fiscal year covered by this Annual Report on Form 10-K to accomplish their objectives at the reasonable assurance level.

(b) Management’s Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 15d-15(f). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with United States Generally Accepted Accounting Principles.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the design and effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by this report based on the framework issued by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission in Internal Control—Integrated Framework (1992). Based on this assessment, management concluded that, as of February 1, 2014, the Company’s internal control over financial reporting was effective.

Deloitte & Touche LLP, an independent registered public accounting firm which has audited and reported on the financial statements contained in this Annual Report on Form 10-K, has issued its written attestation report on the Company’s internal control over financial reporting which is included in this Annual Report on Form 10-K.

(c) Change in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during our fourth quarter of fiscal 2013 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Toys “R” Us, Inc.:

We have audited the internal control over financial reporting of Toys “R” Us, Inc. and subsidiaries (the “Company”) as of February 1, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 1, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended February 1, 2014 of the Company and our report dated March 31, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP
New York, New York
March 31, 2014

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ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The following persons were members of our Board of Directors (the “Board”) as of March 1, 2014. Each elected director will hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal from office by our stockholders.

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Name	Age	Principal Occupation and Business Experience During Past Five Years and Other Directorships
Joshua Bekenstein	55	Mr. Bekenstein has been our director since September 2005. Mr. Bekenstein is a Managing Director of Bain Capital LLC (“Bain”). He has been with Bain since its founding in 1984. Mr. Bekenstein currently serves as a member of the Boards of Directors of Bombardier Recreational Products Inc., Waters Corporation, Dollarama Capital Corporation, Burlington Coat Factory, Michaels Stores, Inc., Bright Horizons Family Solutions, Inc. and The Gymboree Corporation.
Michael M. Calbert	51	Mr. Calbert has been our director since July 2005. Mr. Calbert served as an executive of Kohlberg Kravis Roberts & Co. (together with its affiliates, “KKR”) from 2000 to February 2014. Mr. Calbert currently serves as a member of the Board of Directors of Dollar General Corporation.
Richard Goodman	65	Mr. Goodman has been our director since October 2011. Mr. Goodman served as an Executive Vice President of Global Operations at PepsiCo, Inc. from March 2010 until his retirement at the end of 2011. From October 2006 to March 2010, Mr. Goodman served as Chief Financial Officer of PepsiCo Inc. Prior to that, from 2003 to October 2006, Mr. Goodman served as Chief Financial Officer of PepsiCo International. He has been a Director of Johnson Controls Inc. since 2008 and of Western Union since January 2011.
Daniel Guglielmone	47	Mr. Guglielmone has been our director since May 2013. Mr. Guglielmone has served as Senior Vice President of Vornado Realty Trust (“Vornado”) since September 2003.
Matthew S. Levin	47	Mr. Levin has been our director since July 2005. Mr. Levin has been a Managing Director at Bain since 2000. Mr. Levin also currently serves as a director of Bombardier Recreational Products Inc., Dollarama Capital Corporation, Michaels Stores, Inc., Unisource Worldwide, Inc., Edcon Holdings Pty Ltd., Lilliput Kidswear Ltd. and Guitar Centers, Inc.
Joseph Macnow	68	Mr. Macnow has been our director since May 2013. Mr. Macnow has served as Executive Vice President - Finance and Chief Administrative Officer of Vornado since June 2013. He served as Executive Vice President - Finance and Administration of Vornado from January 1998 to June 2013. He was Vice President and Chief Financial Officer of Vornado from 1985 to January 1998. He has been the Vice President and Chief Financial Officer of Alexander’s, Inc. since August 1995.
Richard L. Markee	60	Mr. Markee has been our director since November 2013. Mr. Markee has served as the Executive Chairman of Vitamin Shoppe, Inc. (“Vitamin Shoppe”) since April 2011. From September 2009 to April 2011, he served as Chief Executive Officer and as Chairman of the Board of Directors of Vitamin Shoppe. Mr. Markee was an Operating Partner of Irving Place Capital Management, L.P., a private equity firm focused on making equity investments in middle-market companies, from November 2008 to September 2009. From 2006 to 2008, he was an Operating Partner of Bear Stearns Merchant Banking, the predecessor to Irving Place Capital Management, L.P.. In addition, Mr. Markee previously served in a number of capacities at the Company, including serving as Vice Chairman from 2004 to 2006 and Interim Chief Executive Officer from 2005 to 2006. Mr. Markee serves on the Board of Directors of Vitamin Shoppe.
Wendy Silverstein	53	Ms. Silverstein has been our director since September 2005. Ms. Silverstein has been Executive Vice President and Co-Head of Acquisitions and Capital Markets of Vornado since November 2010. She served as Executive Vice President — Capital Markets of Vornado from 1998 to October 2010.
Nathaniel H. Taylor	37	Mr. Taylor has been our director since January 2011. Mr. Taylor is a member of the general partner of KKR & Co. L.P., and he has been an investment professional at KKR

		since November 2005.
Antonio Urcelay	61	Mr. Urcelay has served as the Chairman of the Board since November 2013. He has served as the Chief Executive Officer of the Company since October 2013. From May 2013 to October 2013, Mr. Urcelay served as Interim Chief Executive Officer of the Company. From July 2010 to October 2013, he also served as the Company's President of Europe. Prior to that, Mr. Urcelay served as President of Continental Europe (Germany, Switzerland, Austria, France, Spain and Portugal) from August 2004 to July 2010.
Adam Waglay	31	Mr. Waglay has been our director since May 2013. Mr. Waglay has served as a Principal at KKR since July 2010. From July 2007 to July 2010, Mr. Waglay served as an Associate at KKR.
Gregory R. Why	47	Mr. Why has been our director since May 2013. Mr. Why has served as an Operating Partner at Bain since December 2009. From October 2006 until December 2009, Mr. Why served as an Executive Vice President at Bain.

In appointing Mr. Urcelay to the Board, the Board considered the intimate knowledge of the Company's global business and operations that Mr. Urcelay brings to the Board from his experience as the Chief Executive Officer of the Company. In addition, the Board considered his significant experience and expertise in the retail industry gained over his more than 30 years of retail and consumer goods experience, including in his various roles at Toys "R" Us over a 17 year career. In his most recent role as President of Europe, he was responsible for the successful operation of more than 250 Toys "R" Us and Babies "R" Us

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stores in eight European countries: the United Kingdom, Austria, France, Germany, Poland, Portugal, Spain and Switzerland. This included providing leadership in asserting the company's global status as the toy and juvenile products authority through marketing, merchandising, e-commerce, store support and customer service excellence. In 2011, Mr. Urcelay directed the company's market entry into Poland, providing the gateway for potential further expansion in Europe.

In electing Mr. Markee to the Board, the Board considered his significant experience and expertise in the retail industry including his prior service as Chief Executive Officer of the Vitamin Shoppe and his prior service with the Company in which he served in a number of capacities, including serving as Vice Chairman from 2004 to 2006 and interim Chief Executive Officer from 2005 to 2006.

Other than Messrs. Urcelay, Goodman and Markee, each of the Directors was elected to the Board pursuant to a stockholders agreement dated July 21, 2005 by and among the Company, Bain, KKR and Vornado (collectively, the "Sponsors") and a private investor (the "Stockholders' Agreement"). Pursuant to such agreement, Messrs. Bekenstein, Levin and Why were appointed to the Board as a consequence of their respective relationships with Bain; Messrs. Calbert, Waglay and Taylor were appointed to the Board as a consequence of their respective relationships with KKR; and Ms. Silverstein and Messrs. Macnow and Guglielmone were appointed to the Board as a consequence of their respective relationships with Vornado. Mr. Goodman was appointed to the Board based upon his significant business experience including his extensive knowledge of financial statements and reporting.

Executive Officers

The following persons were our Executive Officers as of March 1, 2014, having been elected to their respective offices by the Board:

Name	Age	Position with the Registrant
Antonio Urcelay (1)	61	Chairman of the Board; Chief Executive Officer
F. Clay Creasey, Jr.	65	Executive Vice President — Chief Financial Officer
Richard Barry	47	Executive Vice President — Chief Merchandising Officer
Deborah Derby	50	Vice Chairman and Executive Vice President
Dr. Wolfgang Link	46	President — Toys "R" Us, Europe
Monika M. Merz	64	President — Toys "R" Us, Asia Pacific
Harry J. Mullany III	55	President — Toys "R" Us, U.S.
David J. Schwartz	46	Executive Vice President — General Counsel & Corporate Secretary

(1) See "Directors" above for Mr. Urcelay's biography.

The following is a brief description of the business experience of each of our Executive Officers:

Mr. Creasey has served as our Executive Vice President — Chief Financial Officer since May 2006. From July 2005 to April 2006, Mr. Creasey served as Chief Financial Officer of Zoom Systems, an automated retailer. Prior to that, Mr. Creasey served in various roles at Mervyn's, a subsidiary of Target, from 1992 to 2005, most recently as Senior Vice President, Finance and Chief Financial Officer from 2000 to 2005.

Mr. Barry has served as our Executive Vice President — Chief Merchandising Officer since October 2012. From January 2012 to October 2012, Mr. Barry served as Senior Vice President — Chief Merchandising Officer. From March 2010 to January 2012, Mr. Barry served as Vice President — General Merchandising Manager and from September 2006 to March 2010, he served as Vice President — Divisional Merchandising Manager.

Ms. Derby has served as our Vice Chairman and Executive Vice President since March 2013. From September 2012 to March 2013, Ms. Derby served as a consultant at Kenneth Cole Productions, Inc. From February 2009 to February 2012, Ms. Derby served as our Chief Administrative Officer. Prior to that she served as the President of Babies "R" Us from May 2006 to February 2009. Ms. Derby currently serves as a member of the Board of Directors of the Vitamin Shoppe, Inc.

Dr. Link has served as President, Toys "R" Us, Europe since October 2013. From August 2007 to October 2013, Dr. Link served as Managing Director, Toys "R" Us, Central Europe.

Ms. Merz has served as President — Toys "R" Us, Asia Pacific since November 2011. She served as the President and Chief Executive Officer of Toys "R" Us – Japan Ltd. ("Toys Japan") from November 2007 to November 2011. From January 2000

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until November 2007, Ms. Merz served as the President of Toys "R" Us Canada, Ltd. ("Toys Canada"). Prior to that, from October 1996 until January 2000, Ms. Merz served as Vice President and General Merchandise Manager for Toys Canada.

Mr. Mullany has served as President — Toys "R" Us, U.S. since November 2013. From February 2011 to March 2013, he served as Chief Executive Officer of Servicemaster Company, a provider of various services to residences and firms including home cleaning and maintenance, pest control and lawn fertilization. From January 2010 to November 2010, Mr. Mullany served as Executive Vice President and President, Wal-Mart North. From January 2006 to December 2009, he served as Senior Vice President and President, Northeast Division of Wal-Mart Stores Inc.

Mr. Schwartz has served as our Executive Vice President – General Counsel since October 2009 and has served as Corporate Secretary since April 2006. From September 2003 until October 2009, Mr. Schwartz served as Senior Vice President — General Counsel. From January 2002 until September 2003, Mr. Schwartz served as our Vice President — Deputy General Counsel, and served as Assistant Corporate Secretary from that time until April 2006. From February 2001 to January 2002, Mr. Schwartz served as our Vice President — Corporate Counsel and Assistant Corporate Secretary.

Section 16(a) Beneficial Ownership Reporting Compliance

As our equity securities are not registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), none of our directors, officers or ten percent holders were subject to Section 16(a) of the Exchange Act for the past fiscal year or the filing requirements thereof.

Code of Ethics

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer and principal accounting officer or any person performing similar functions (the "Code of Ethics"). The Code of Ethics is available on the Corporate Governance page of our website at www.Toysrusinc.com. If we ever were to amend or waive any provision of our Code of Ethics, we intend to satisfy our disclosure obligations with respect to any such waiver or amendment by posting such information on our Internet website set forth above rather than by filing a Form 8-K. The Code of Ethics is also available in print, free of charge, to any investor who requests it by writing to: Toys "R" Us, Inc., One Geoffrey Way, Wayne, New Jersey 07470, Attention: Investor Relations.

Audit Committee

Our Board of Directors has a separately designated audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee consists of Joseph Macnow, Nathaniel H. Taylor and Richard Goodman, who serves as Chairman of the Audit Committee. Our Board of Directors has determined that each member of the Audit Committee is financially literate and that Mr. Goodman is an "audit committee financial expert" within the meaning of the regulations adopted by the Securities and Exchange Commission. The Board has not made a determination as to whether any Audit Committee members are independent.

ITEM 11. EXECUTIVE COMPENSATION

We refer to the persons included in the Summary Compensation Table below as our "named executive officers." References to "2013," "2012," and "2011" mean, respectively, our fiscal years ended February 1, 2014, February 2, 2013 and January 28, 2012, respectively.

COMPENSATION DISCUSSION AND ANALYSIS

The following Executive Compensation discussion and analysis discusses our compensation policies and decisions regarding our named executive officers and describes the material elements of compensation for our named executive officers. Our named executive officers are:

- Antonio Urcelay, Chairman of the Board and Chief Executive Officer;
- F. Clay Creasey, Jr., Executive Vice President — Chief Financial Officer;
- Deborah Derby, Vice Chairman and Executive Vice President;
- Monika M. Merz, President — Toys "R" Us, Asia Pacific;
- Harry J. Mullany III, President — Toys "R" Us, U.S.; and
- Gerald L. Storch, Former Chairman of the Board and Chief Executive Officer[1]

[1] Mr. Storch transitioned from his role as Chief Executive Officer in February 2013 and continued to serve as Chairman of the Board until November 2013.

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Role of Our Board of Directors in Compensation Decisions

Our Board of Directors acting through the Executive Committee pursuant to delegated authority has historically been ultimately responsible for approving both our compensation program and the specific compensation paid to each of our named executive officers. The Executive Committee, which is currently comprised of one designee from each of the three Sponsors, has discharged this responsibility pursuant to a charter approved by the Board.

Objective of Our Executive Compensation Program

The overall objective of our executive compensation program is to provide compensation opportunities that will allow us to attract and retain executive officers of a caliber and level of experience necessary to effectively manage our global business and motivate such executive officers to increase the value of our Company. We believe that, in order to achieve that objective, our program must:

- provide each executive officer with compensation opportunities that are competitive with the compensation opportunities available to executives in comparable positions at companies with whom we compete for talent;
- tie a significant portion of each executive officer's compensation to our financial performance and his or her individual performance; and
- align the interests of our executive officers with those of our equity holders.

Summary of Significant 2013 Compensation Decisions

Personnel Changes

Mr. Urcelay was promoted to Interim Chief Executive Officer in May 2013 and pursuant to a Letter Agreement between the Company and Mr. Urcelay, his salary was increased by €31,039 per month ($41,307 per month based on the Company's average annual conversion rate in fiscal 2013) for so long as Mr. Urcelay continued to serve as head of the Company's operating committee. In October 2013, Mr. Urcelay was appointed the Chief Executive Officer of the Company and in connection with this appointment, his annual base salary was increased to €1,000,000. In addition, Mr. Urcelay was awarded a one-time signing bonus of €250,000, was granted a one-time award of restricted stock units having a grant date fair value of $8,001,400, 50% of which will vest on the earlier of October 16, 2014 or the termination of his employment other than for cause and the remainder of which will vest in equal installments at the end of each fiscal quarter commencing January 31, 2015, with the last portion vesting on October 31, 2015, subject to continued employment through the applicable vesting dates. Mr. Urcelay will become eligible for an additional award of restricted stock units with a value of $4,000,000 in the event the Company extends his employment term from October 31, 2015 to October 31, 2016. Mr. Urcelay's employment agreement also provides that Mr. Urcelay is eligible to earn an annual bonus award in a target amount of up to 150% of his base salary. Mr. Urcelay also became entitled to additional severance benefits and perquisites in connection with his promotion.

In November 2013, Mr. Mullany joined the Company as President — Toys "R" Us, U.S. Pursuant to his employment agreement, Mr. Mullany will be paid an annual base salary of $1,000,000 and he will be eligible to earn an annual bonus award in a target amount of up to 125% of his base salary. Mr. Mullany was also awarded a one-time signing bonus of $300,000 subject to repayment as further described in "POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL—EMPLOYMENT AGREEMENTS" below. Pursuant to the terms of his employment agreement, he received a one-time award of stock options and restricted stock units under the 2010 Incentive Plan with grant date fair values of $4,687,500 and $2,000,020, respectively, as further described in "ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM—LONG TERM INCENTIVES—2010 INCENTIVE PLAN" below. The restricted stock units and stock options will vest in four equal annual installments beginning on the first anniversary of the grant date, with one half of the options subject to additional performance criteria. Additionally, Mr. Mullany purchased 22,728 shares of stock under the 2010 Incentive Plan.

In March 2013, Ms. Derby rejoined the Company as Vice Chairman and Executive Vice President. She previously served as the Company's Chief Administrative Officer from February 2009 to February 2012. Pursuant to her employment agreement, Ms. Derby's annual salary is $700,000 and she was awarded a one-time signing bonus of $115,000. Ms. Derby's employment agreement also provides that Ms. Derby is eligible to earn an annual bonus award in a target amount of up to 110% of her base salary. In addition, Ms. Derby was granted certain option awards as further described in "ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM—LONG TERM INCENTIVES—2010 INCENTIVE PLAN" below.

Mr. Storch transitioned from his role as Chief Executive Officer in February 2013 and continued to serve as Chairman of the Board until November 2013.

Transition Bonuses

In connection with the transition of Mr. Storch from his role as Chief Executive Officer of the Company, on March 11, 2013 the Company granted special transition bonuses (the “Transition Bonuses”) to senior management of the Company, including Mr.

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Creasey ($1,200,000), Ms. Merz (CAD $1,298,000 ($1,300,856 based on the Company's average annual conversion rate in fiscal 2012)) and Mr. Urcelay (€1,164,000 ($1,500,047 based on the Company's average annual conversion rate in fiscal 2012)), payable by the Company in lump sum payments on March 11, 2015. The Executive Committee determined these awards to be advisable in promoting retention and incentivizing senior management during the transition period. A pro rata portion of the bonus will be paid to an executive officer whose employment is terminated by the Company for any reason other than "cause" (as defined in the bonus agreement) between September 11, 2014 and March 11, 2015, based on the number of full months that have elapsed since the date of grant. No special Transition Bonus will be paid to an executive officer if such executive officer's employment is terminated by the Company for any reason prior to September 11, 2014, by the Company for "cause" (as defined in the bonus agreement) at any time, or by the executive officer prior to the payment date.

Option Exchange and Option Extensions

Commencing in November 2013, certain participants under the 2010 Incentive Plan, including the named executive officers, were offered an opportunity to exchange certain of their outstanding stock options ("Old Options") and all outstanding performance shares or units for a grant of one new stock option ("New Options") for every two Old Options canceled, which New Options have an exercise price of $22.00. The Executive Committee determined these awards to be advisable in promoting retention and incentivizing senior management. On December 23, 2013, the Company closed its offer and a total of 919,599 and 104,240 Old Options and performance shares or units were canceled, respectively, and a total of 459,805 New Options were issued under the 2010 Incentive Plan. See "ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM—2013 OPTION EXCHANGE AND OPTION EXTENSION" below for further details.

Additionally, we extended the expiration dates of certain outstanding option awards, which were originally scheduled to expire in fiscals 2015 and 2016, to August 6, 2017.

Elements of Our Executive Compensation Program

Our executive compensation program consists of the following components:

- base salary;
- annual incentive awards;
- long-term incentives;
- perquisites;
- other benefits; and
- benefits upon termination or change of control.

Mix of Total Compensation

Cash compensation includes base salary and annual incentive awards which, for top executive officers, are targeted to approach or exceed base salaries to emphasize performance-based compensation. Stock compensation includes long-term incentives, which provide a long-term capital appreciation opportunity to our executive compensation program. Perquisites and other types of non-cash benefits are used on a limited basis and represent a small portion of total compensation for our executive officers.

Base Salary

Base salary provides fixed compensation and is designed to reward core competence in the executive officer's role relative to his or her skills, experience and contributions to the Company.

The Executive Committee reviews the base salary of each of our executive officers annually as part of the Company's performance review process described below, as well as upon a promotion or other change in job responsibility. On an annual basis, the Executive Committee determines the range, if any, for merit-based increases for eligible employees of the Company (including our executive officers) based upon the recommendation of the Company's human resources department, after taking into account a variety of factors, including the Company's internal financial projections, the general economy and the Sponsors' practices at companies in their investment portfolios. In formulating a proposed range of merit-based increases, the Company's human resources department considers a number of different factors, including the Company's budget for the year, internal financial projections and historical practice, and also reviews a number of broad-based third party surveys to gain a general background understanding of the current compensation practices and trends and a sense of the reasonableness of the proposed range.

Merit-based increases to the base salary of an executive officer are based on the Executive Committee’s assessment that the executive officer performed at or above his or her established goals. Increases in base salary due to a promotion or change in

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job responsibilities are based on the Executive Committee's assessment of the responsibilities and importance of the executive officer's new position compared to the executive officer's prior position.

At the beginning of each fiscal year, each of our executive officers is required to establish his or her personal business goals for the year. For fiscal 2013, the key priority was to drive relentless focus on prioritization and execution, and to put the consumer at the core of all we do. This focus is at the core of our strategic priorities for 2013, which are as follows:

- Drive Product Differentiation;
- Optimize eCommerce;
- Focus on Service and Operational Excellence;
- Design Store of the Future;
- Change Value Perception;
- Foundational Improvements; and
- Reinvigorate Juvenile.

We believe that the above criteria, when considered together, provide an appropriate method of measuring our executive officers' personal performance.

At the beginning of each fiscal year, our Chairman and Chief Executive Officer, reviews and approves the goals developed by each of our executive officers, other than himself, and the Executive Committee reviews and approves our Chairman and Chief Executive Officer's goals. In connection with the departure of Mr. Storch, Mr. Urcelay, as head of the Company's operating committee, coordinated the review and approval of the goals with the Executive Committee of the Board. At the end of each fiscal year, our Chairman and Chief Executive Officer reviews the individual performance of each executive officer against his or her personal goals. Mr. Urcelay will also prepare a self-evaluation of his own performance. He then presents his conclusions and recommendations with respect to base salary adjustments to the Executive Committee. The Executive Committee considers these conclusions and recommendations when determining any adjustments to our executive officers' base salaries.

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The following table sets forth the personal business goals of our named executive officers for fiscal 2013:

Name	Personal Business Goals
Mr. Urcelay	President of Europe (February 2013 — October 2013) • Identify and leverage potential synergies within Europe (and globally) to reduce costs and/or improve results. • Lead the successful execution of the European strategic initiatives including; expansion into new product categories, Loyalty Card price differentiation, optimize eCommerce and Customer Relationship Management (“CRM”). Interim Chief Executive Officer and Chief Executive Officer • Provide day to day support and strategic direction to the Company’s senior leadership team and overall organization, including; fostering a more “guest centric” culture, stabilizing the team and optimizing the alignment of existing talent, support the successful execution of the U.S. and Asian strategic priorities. • Explore and present to the Board of Directors, as appropriate, future potential growth/expansion opportunities.
Mr. Creasey	• Manage the optimization of inventory purchases. • Help drive the achievement of the Company’s 2013 key initiatives focusing on reducing expenses through critical IT improvements, refinancing savings opportunities and achieving expense control totals. • Drive real estate reviews globally to identify opportunities for profitable restructuring where appropriate.
Ms. Derby	• Manage executive transition issues working directly with our Chief Executive Officer and our Sponsors in providing support to the U.S. based Executive team. • Partner with Sponsors on critical senior leadership changes and development opportunities. • Partner with U.S. team to deliver the 2013 strategic initiatives and priorities. • Stabilize organization and foster a better, more “guest centric” culture.
Ms. Merz	• Drive loyalty and CRM for all countries in Asia Pacific to implement competitive loyalty programs, improved communications through targeted marketing and expand digital marketing efforts to drive repeat purchases. • Focus on service and operational excellence by creating interactive stores, implementing in shop special events and partnerships with third parties. • Focus on improving real estate portfolio by opening in high traffic locations and maximize internet sales. • Promote synergies for all countries in Asia Pacific by sharing cross functional best practices and implementing cooperation in merchandising to drive product differentiation through private label and exclusive products and lines.

As Mr. Mullany started in November 2013, there were no formal goals set for Mr. Mullany other than to oversee the U.S. operations for the holiday season and to begin developing the 2014 business strategy plan for the U.S. operations. In fiscal 2013 and based upon performance during fiscal 2012, effective as of March 24, 2013, Mr. Creasey received an increase in salary of $20,000 from $580,000 to $600,000, and effective April 1, 2013, Ms. Merz received an increase in salary of CAD $22,000 from CAD $627,000 to CAD $649,000. In addition, Mr. Urcelay’s compensation was increased to €1,000,000 in connection with his appointment to Chief Executive Officer of the Company. Pursuant to their employment agreements, Mr. Mullany and Ms. Derby’s annual base salaries are $1,000,000 and $700,000, respectively. Due to the transitional nature of his services, Mr. Storch did not receive an increase in base salary for

fiscal 2013.
In March 2014, and based upon fiscal 2013 performance, the Executive Committee determined that there would be no increase in the annual base salaries of our named executive officers.
Annual Incentive Awards
Annual incentive awards are an important part of the overall compensation we pay our executive officers. Unlike base salary, which is fixed, the annual incentive awards are paid only if specified performance levels are achieved during the year. We believe that annual incentive awards encourage our executive officers to focus on specific short-term business and financial goals of the Company. Our executive officers receive annual cash incentive awards under the Toys “R” Us, Inc. Management Incentive Plan (the “Management Incentive Plan”).

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Under the Management Incentive Plan, each executive officer has an annual incentive target payout expressed as a percentage of his or her base salary. The target bonus payouts as a percentage of base salary for our named executive officers were established in their employment agreements and may be subsequently adjusted based upon performance and/or a promotion in responsibility. Our named executive officers' 2013 annual incentive award target payouts, expressed as a percentage of base salary, are as follows: for Mr. Urcelay 110% (February 2013 - October 2013) and 150% (November 2013 - January 2014), for Ms. Derby and Ms. Merz, 110%; and for Mr. Creasey, 100%. Mr. Mullany was hired in November 2013 and is not eligible for an annual incentive award in fiscal 2013. Due to the transitional nature of his services, Mr. Storch was not eligible for an annual incentive award in fiscal 2013.
The 2013 annual incentive target payout was weighted 80% on the Company's financial performance ("Financial Component") and 20% on the executive officer's personal performance ("Personal Component"). We believe that weighting the executive officers' annual incentive awards in this way aligns the interests of our executive officers with the interests of our equity holders by motivating the executive officers to increase the shareholder value of the Company as a whole, while also rewarding each of the executive officers for his or her individual performance.
The Financial Component is based on a combination of both: (i) the Adjusted Compensation EBITDA results for the Company as a whole and for one or more segments or business units of the Company and (ii) cash flow for the Company as a whole and for one or more segments or business units of the Company (for purposes of France, the financial component utilizes the metric return on invested capital ("ROIC") instead of cash flow). We calculate Adjusted Compensation EBITDA for this purpose, as earnings before interest, income taxes, depreciation and amortization, further adjusted for the effects of specified period charges and gains or losses, including, among others, changes in foreign currency, noncontrolling interest, gains or losses on liquidations of subsidiaries or sales of properties, asset impairments and accounting changes. More detail about the calculation of Adjusted Compensation EBITDA is set forth below. Cash Flow is defined as EBITDA less Capital Expenditure and the change in Working Capital. We calculate ROIC by dividing Adjusted Compensation EBITDA (minus annual depreciation and amortization) by our average invested capital (which includes the aggregate of Net Property, Plant and Equipment, Inventory, Accounts Receivable, Prepaid Expenses and Goodwill minus the aggregate of Accounts Payable and Accrued Expenses).
We believe that focusing the Financial Component on Adjusted Compensation EBITDA and Cash Flow closely aligns the executive officers' interests with those of our equity holders. The Adjusted Compensation EBITDA and Cash Flow targets for the Company as a whole and each segment or business unit are established by the Executive Committee when it establishes our business plan as part of our annual financial planning process, during which we assess the future operating environment and build projections of anticipated results.
The specific combination of Adjusted Compensation EBITDA measures that make up the Financial Component for a particular named executive officer relates to his or her primary job responsibilities as indicated in the chart below:

Name	Consolidated Adjusted Compensation EBITDA	Adjusted Compensation EBITDA of Domestic / International segment [4]	Consolidated Cash Flow	Domestic / International Cash Flow [4]
Mr. Urcelay (November 2013 - January 2014)	37.50 %	37.50 %	25.00 %	— %
Mr. Urcelay[1] (February 2013 - October 2013)	18.75 %	56.25 %	6.25 %	18.75 %
Mr. Creasey	37.50 %	37.50 %	25.00 %	— %
Ms. Derby	37.50 %	37.50 %	25.00 %	— %
Mr. Mullany[2]	— %	— %	— %	— %
Ms. Merz[3]	18.75 %	56.25 %	6.25 %	18.75 %
Mr. Storch	— %	— %	— %	— %

[1]During this time, Mr. Urcelay served as President of Europe. His adjusted compensation EBITDA included United Kingdom, Iberia, France, Central Europe and Canada; all weighted equally at 11.25%. International Cash Flow also included United Kingdom, Iberia, Central Europe and Canada; all weighted equally at 3.75%. In the case of France, ROIC was weighted at 3.75%.

(2)Mr. Mullany was hired in November 2013 and was not eligible for an annual incentive payout for fiscal 2013.
(3)Ms. Merz's Adjusted Compensation EBITDA includes Japan, Toys (Labuan) Holding Limited ("Labuan") and Australia weighted at 42.19%, 8.44% and 5.63%, respectively. International Cash Flow also includes Japan, Labuan and Australia, weighted at 14.06%, 2.81% and 1.88%, respectively. For purposes of fiscal 2013, the Company did not

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utilize the Cash Flow of Labuan in determining the Cash Flow metric but rather utilized the Adjusted Compensation EBITDA.
(4)Other than Mr. Urcelay (for the period of February 2013 to October 2013) and Ms. Merz, all other named executive officers were subject to the Domestic metrics for EBITDA and Cash Flow.
We believe that these Financial Component weightings motivate our executive officers to work to improve the Company with appropriate emphasis on business unit results as the executive's job responsibilities merit.
The Executive Committee sets the threshold, target and maximum payout levels for the Financial Component of the Management Incentive Plan. Achievement at the respective levels would result in a payout at, above or below the target level (that is, 80% (the portion based on the Financial Component) of the executive officer's annual incentive target payout in fiscal 2013). If the actual Adjusted Compensation EBITDA and Cash Flow (or in the case of France, ROIC) performance is less than the minimum threshold, no amount will be earned with respect to that portion of the Financial Component of the Management Incentive Plan. If the actual Adjusted Compensation EBITDA and Cash Flow (or in the case of France, ROIC) performance is greater than 100% of the target, the executive officer's total payout with respect to that portion of the Financial Component of the Management Incentive Plan will be greater than target (that is, 80% for all officers) and is capped at 300% of target of that portion of the Financial Component target. Straight interpolation determines the bonus payout for performance which falls between the threshold and target or between the target and maximum.
The Personal Component of the annual incentive under the Management Incentive Plan is based on each executive officer's individual performance measured against his or her personal business goals (as further described in the "—BASE SALARY" section above), as assessed as part of the Company's performance review process described under "—BASE SALARY" above. The Executive Committee sets the threshold and maximum payout levels for the Personal Component of the Management Incentive Plan. The Executive Committee typically first determines an average payout percentage of the Personal Component of the annual incentive target for all eligible employees at the Company (including our executive officers) and then determines the actual payout of the Personal Component portion of each executive officer's annual incentive target, after considering the conclusions and recommendations provided by Mr. Urcelay with respect to executive officers other than himself. An executive officer's payout with respect to the Personal Component of the Management Incentive Plan (that is, 20% of his or her annual incentive target payout) is capped at 200% of target. The Executive Committee also considers how the payouts to the executive officers will affect the payouts for all eligible employees because percentage payouts to employees (including our executive officers) must equal the average payout percentage determined by the Executive Committee. If 80% of the Financial Component target is not met, the Board has the discretion to fund the Personal Component at a level they determine appropriate. For fiscal 2013, the Board used its discretion in funding the Personal Component at 90% for markets that met or exceeded the targets for their financial metrics of Country EBITDA and Country Cash Flow. In the United States, we did not fund the Personal or Financial Components.
Notwithstanding the formulas described above for the Management Incentive Plan, the Executive Committee has the discretion to adjust the Personal Component and/or Financial Component payouts for all participants (which includes our executive officers) of the Management Incentive Plan. For fiscal 2013, the Executive Committee set the Personal Component payout ranges based upon the respective performance rating that each executive officer received.
The Adjusted Compensation EBITDA targets for fiscal 2013 were: $953,000,000 for the Company as a whole; $751,700,000 for our Domestic segment; $451,700,000 for our International segment; $54,300,000 for the United Kingdom, $64,000,000 for Central Europe; $53,900,000 for France; $40,200,000 for Iberia; $(5,400,000) for Australia, $110,000,000 for Canada; $32,736,000 for Labuan and $95,800,000 for Japan (in each case using the budgeted conversion rate of 1 GBP = $1.5693, 1 EURO = $1.3640, 1 AUD = $1.0407, 1 CAD = $1.0035, 1 CNY = $0.1605 and 1 JPY = $0.01078).
In fiscal 2013, the actual consolidated Adjusted Compensation EBITDA for the Company as a whole was higher than our Adjusted EBITDA due to adjustments of $20 million primarily related to the difference between the previous year's period-end foreign currency translation rates and the actual foreign currency translation impact on our results of operations and fixed assets write-offs. In fiscal 2013, the actual consolidated Adjusted Compensation EBITDA results were $464,600,000 for our Domestic segment; and $380,600,000 for our International segment. The following

businesses of our International segment had the following Adjusted Compensation EBITDA results: $42,200,000 for the United Kingdom, $60,200,000 for Central Europe, $41,700,000 for France, $38,100,000 for Iberia, $(2,700,000) for Australia, $100,400,000 for Canada, $34,388,000 for Labuan and $57,800,000 for Japan. For more information on calculation of our Adjusted EBITDA, see Note 5 of Item 6 entitled “SELECTED FINANCIAL DATA” of this Annual Report on Form 10-K.

The Cash Flow targets for fiscal 2013 were: $720,100,000 for the Company as a whole; $638,300,000 for our Domestic segment; $248,200,000 for our International segment; $58,600,000 for the United Kingdom, $31,400,000 for Central Europe; $41,100,000 for Iberia; $(11,700,000) for Australia, $75,400,000 for Canada and $75,600,000 for Japan (in each case using the

budgeted conversion rate of 1 GBP = $1.5693, 1 EURO = $1.3640, 1 AUD=$1.0407, 1 CAD=$1.0035 and 1 JPY = $0.01078). The ROIC target for France in fiscal 2013 was 17.9%.
In fiscal 2013, the actual consolidated Cash Flow results were $431,000,000 for our Domestic segment and $272,700,000 for our International segment. The following businesses of our International segment had the following Cash Flow results: $50,800,000 for the United Kingdom, $48,500,000 for Central Europe, $41,500,000 for Iberia, $(1,400,000) for Australia, $72,900,000 for Canada and $72,200,000 for Japan. The actual ROIC result for France in fiscal 2013 was 13.7%.
In addition, the Executive Committee approved the following percentage payouts for fiscal 2013 with respect to the Personal Component for each of the named executive officers: 120.5% for Mr. Urcelay for his time spent as President of Europe and 0% for his time as CEO and 0% for Mr. Creasey, Ms. Derby and Ms. Merz.
The following table illustrates the calculation of each named executive officer’s annual incentive payouts for fiscal 2013, if any, in light of the performance results and decisions discussed above:

Name	Total Target Payout	Financial Component of Target Payout	Actual Payout under the Financial Component	Personal Component of Target Payout	Actual Payout under the Personal Component	Total Actual Payout under the Management Incentive Plan for Fiscal 2013
Mr. Urcelay[(1)]	$1,140,385	$912,308	$174,959	$228,077	$268,307	$443,266
Mr. Creasey	600,000	480,000	—	120,000	—	—
Ms. Derby	770,000	616,000	—	154,000	—	—
Mr. Mullany[(2)]	—	—	—	—	—	—
Ms. Merz	687,700	550,160	230,672	137,540	—	230,672
Mr. Storch[(2)]	—	—	—	—	—	—

[(1)]Mr. Urcelay’s bonus target payout is weighted to reflect the period from February 2013 to October 2013 at a bonus target of 110% and the period from November 2013 to January 2014 at a bonus target of 150%.
[(2)]Mr. Mullany was hired in November 2013 and was not eligible for an annual incentive payout for fiscal 2013. Due to the transitional nature of his services, Mr. Storch was not eligible for an annual incentive award in fiscal 2013.
The “Grants of Plan-Based Awards in Fiscal 2013” table shows the threshold, target and maximum Management Incentive Plan awards that each of our named executive officers was eligible to receive in fiscal 2013. The actual payouts under the Management Incentive Plan awards actually earned by our named executive officers in fiscal 2013 are shown above and in the “Non-Equity Incentive Plan Compensation” column of the “SUMMARY COMPENSATION TABLE” below.
For fiscal 2014, the Executive Committee of the Board has modified the methodology for determining the amount of the pay-out for both the Financial Component and the Personal Component, which will continue to be weighted at 80% and 20%, respectively. The funding for the Financial Component (based on the actual financial performance achievement) will now be combined with any individual performance funding for all officers to create a bonus pool that will be discretionarily awarded to officers based on their individual performance.
Long-Term Incentives
We believe that providing long-term incentives as a component of compensation helps us to attract and retain our executive officers. These incentives also align the financial rewards paid to our executive officers with the Company’s long-term performance, thereby encouraging our executive officers to focus on the Company’s long-term goals. Since the Merger, the Executive Committee has offered long-term incentives under the Toys “R” Us, Inc. Management Equity Plan (the “Management Equity Plan”) and the Toys “R” Us, Inc. 2010 Incentive Plan (the “2010 Incentive Plan”), as further described below. For a description of awards made in fiscal 2013 under the 2010 Incentive Plan, see “—THE 2010 INCENTIVE PLAN” section and “GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013” table below.
Management Equity Plan

During fiscal 2013, no named executive officer was granted an equity award pursuant to the Management Equity Plan. In fiscal 2012, we amended the Management Equity Plan to (i) provide for, among other things, a longer exercise period, expiring no later than the original term of the option, and the right to a cashless exercise of options held by a participant who is terminated without cause after four or more years of continuous service and (ii) allow any plan participant, as long as he or she remains employed by the Company or its affiliates, the right to put up to 25%, calculated as provided in the amendment, of his or her

Original Investment Shares, the number of shares that would be equal to the value of their original investment to us, during permitted transaction windows, until the occurrence of an initial public offering of the Company. In early fiscal 2013, we further amended the Management Equity Plan to allow certain plan participants the right to put to the Company (i) in 2013, up to 50%, calculated as provided in the amendment, of his or her Original Investment Shares held at March 1, 2013 and (ii) in 2014, any or all of the participant's then remaining Original Investment Shares, in each case, during permitted transaction windows, until the occurrence of an initial public offering of the Company. For more information about the Management Equity Plan, see "NARRATIVE SUPPLEMENT TO THE SUMMARY COMPENSATION TABLE AND THE GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013 TABLE" below.

The 2010 Incentive Plan

In fiscal 2010, our Board adopted the 2010 Incentive Plan. The purpose of the 2010 Incentive Plan is to promote our success, and enhance our value, by providing us with the flexibility to motivate, attract, and retain the services of our employees, officers, directors, and consultants and linking the interests of such persons to those of our stockholders through the granting of incentive awards from time to time to such persons and by providing them with an incentive for outstanding performance.

The 2010 Incentive Plan is an omnibus plan that provides for the granting of stock options, stock appreciation rights, restricted stock, restricted and deferred stock units, performance awards, dividend equivalents and other stock or stock based awards. The 2010 Incentive Plan provides that the total number of shares of our common stock that may be issued is 3,750,000 and the maximum number of such shares of our common stock for which incentive stock options may be granted is 500,000. Shares of common stock covered by awards that are terminated, canceled, forfeited or settled in cash, lapse without the payment of consideration, or are otherwise withheld, repurchased or not issued, may be granted again under the 2010 Incentive Plan. Generally, an unexercised or restricted award will not be transferable or assignable by a participant other than to the Company or an affiliate or by will or by the laws of descent and distribution.

Fiscal 2013

In December 2012, our management retained the services of the Hay Group to provide us insight regarding market practice including base salary competitiveness, bonus target and actual awards eligibility and long term incentive award targets and eligibility. Management reviewed the prevalent practice based upon a peer group consisting of the following 20 retailers: Amazon.com, Best Buy Co., Inc., Dick's Sporting Goods, Inc., Dollar General Corporation, The Gap, Inc., The Home Depot, Inc., J.C. Penney Company, Inc., Kohl's Corporation, Limited Brands, Inc., Lowe's Companies, Inc., Macy's, Inc., Michaels Stores, Inc., Nordstrom, Inc., Office Depot, Inc., OfficeMax Incorporated, PetSmart, Inc., Ross Stores, Inc., Staples, Inc., Target and The TJX Companies, Inc. Based upon the recommendations of our Human Resources Department, which included information contained in the Hay Group analysis, management presented its recommendation to the Executive Committee of the Board, which resulted in changes to our Long Term Incentive Program for fiscal 2013 including the types of long-term incentive awards and the vesting schedule of awards. For certain participants, including our named executive officers, we ceased granting performance shares and began granting time vesting restricted stock units ("RSUs") for retention purposes. For further information see "NARRATIVE SUPPLEMENT TO THE SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013 TABLE—2010 INCENTIVE PLAN".

In May 2013, we made certain equity grants of common stock options ("Stock Options") and RSUs under the 2010 Incentive Plan to our executive officers, including our named executive officers, as set forth in the "Grants of Plan-Based Awards in Fiscal 2013" table. The named executive officers received approximately fifty percent (50%) of their grant date fair value in Stock Options and fifty percent (50%) of their grant date fair value in RSUs. This allocation was based on the aggregate grant date estimated fair value of the awards based on a formula that valued each option to purchase a share of common stock at one-half of the value of a share of common stock.

The RSUs and Stock Options will generally vest based on continuous service over a four year period at 50% on the second anniversary of the award and 25% on each of the third and fourth anniversary of the award. We believe that a four year vesting period provides us with the necessary retention incentive while at the same time providing our named executive officers with the ability to vest in a portion of the RSUs and Stock Options during the four year vesting period, which we believe will properly motivate our named executive officers.

Mr. Urcelay
In October 2013 and in connection with his appointment to Chief Executive Officer, we made to Mr. Urcelay a one-time award of restricted stock units under the 2010 Incentive Plan, having a grant date value of $8,001,400, 50% of which will vest on October 31, 2014 and the remainder of which will vest in equal installments at the end of each fiscal quarter between October 31, 2014 and October 31, 2015, subject to continued employment through the applicable vesting dates. Pursuant to the terms of his employment agreement, Mr. Urcelay is eligible for an additional award of restricted stock units having a grant date value of

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$4,000,000 if the Company chooses to extend the employment term for the one-year period through October 31, 2016, which award would vest in four equal quarterly installments at the end of each fiscal quarter from October 31, 2015 through October 31, 2016, subject to Mr. Urcelay's continued employment through the applicable vesting dates. Exercisable commencing 6 months after the earlier of the expiration of the employment term or the effective date of his retirement and prior to the occurrence of an IPO, Mr. Urcelay has the right to sell back to the Company at fair market value his shares of the Company's common stock received upon vesting or exercise of any current or future awards under the Company's long-term incentive plans, subject to certain other terms and conditions.

Mr. Mullany

In connection with his employment agreement, Mr. Mullany received a one-time award of stock options and restricted stock units under the 2010 Incentive Plan with grant date fair values of $4,687,500 and $2,000,020, respectively. 250,000 of the options will vest in four equal annual installments beginning on the first anniversary of the grant date. The remaining 250,000 option awards will be subject to performance and time vesting. For the performance component, (i) 125,000 options will satisfy the performance vesting contingency upon the occurrence, on or before the tenth anniversary of the grant date, of certain liquidity events for the Sponsors as described in Mr. Mullany's employment agreement in which the consideration received by Sponsors reflects a price of the Company's common stock of at least $33.50 per share and (ii) the remaining 125,000 options will satisfy the performance vesting contingency based upon the same criteria except that the price of the Company's common stock shall be at a per share price of at least $40.00. For the options that satisfy the performance contingency criteria, such options will vest in equal annual installments over a four year period commencing with the first anniversary of the grant date. The shares underlying stock options are subject to certain call rights, by the Company and the Sponsors upon termination of his employment. The restricted stock units will vest in four equal annual installments beginning on the first anniversary of the grant date.

Ms. Derby

In connection with her employment agreement, Ms. Derby received the following option awards: (x) an option to purchase 26,667 shares of the Company's common stock, with an exercise price equal to $60.00 per share, and (y) an option to purchase 21,014 shares of the Company's common stock, with an exercise price equal to $44.00 per share. These Options were granted pursuant to the 2010 Incentive Plan, and were scheduled to vest over a three-year period, subject to Ms. Derby's continued employment with the Company through the applicable vesting date. The intent of these awards was to replace the option awards that Ms. Derby forfeited at the time she had previously left the Company in February 2012. These options were subsequently canceled in exchange for the receipt of New Options as described below in "—2013 OPTION EXCHANGE AND OPTION EXTENSION".

Perquisites

We provide our executive officers with perquisites that we believe are reasonable and consistent with the perquisites that would be available to them at other potential employers. We provide each of our executive officers with a car allowance or company-leased car; financial planning, accounting and tax preparation services; legal services; an annual executive physical; and reimbursement of relocation expenses. In addition, in connection with Mr. Urcelay's appointment to Chief Executive Officer, he has been granted additional perquisites as described in footnote 4 of the "SUMMARY COMPENSATION TABLE." Also, in connection with Ms. Merz's assignment in Japan, she has been granted additional perquisites as described in footnote 10 of the "SUMMARY COMPENSATION TABLE." We believe that providing Mr. Urcelay and Ms. Merz with these additional perquisites was necessary in order to facilitate a smooth transition and allow them to focus on their respective new business assignment. Perquisites are valued at the aggregate incremental cost to the Company.

For more information regarding perquisites for our executive officers, see the "SUMMARY COMPENSATION TABLE."

Other Benefits

Other benefits for our executive officers include retirement benefits and health and insurance benefits. Based upon annual surveys sponsored by the Retail Benefits Group in which we have participated, we believe that our retirement program, including the amount of benefits, is comparable to those offered by other companies in the retail industry and, as a result, is needed to ensure that our executive compensation program remains competitive. The Retail

Benefits Group consists of 34 member companies in which organizations must have $2 billion in annual retail revenue and employ at least 20,000 retail employees. The Retail Benefits Group provides a forum for the exchange of ideas and information so that member companies are better able to improve the efficiency and competitiveness of their benefit plans.

We maintain the "TRU" Partnership Employees' Savings and Profit Sharing Plan (the "Savings Plan") in which our U.S. named executive officers who have at least one year of employment with the Company are eligible to participate, along with a substantial majority of our employees. The Savings Plan is a 401(k) plan, which is qualified under tax rules applicable to

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retirement plans, under which the Company matches 100% up to the first 4% of each plan participant's (including our executive officers) earnings up to the Internal Revenue Code limit for each respective year in which the executive officer participates in the Savings Plan. The Company match is 100% vested on the funding date.

We also maintain the Supplemental Executive Retirement Plan (the "SERP") for U.S. officers of the Company, including executive officers, who have one year of employment with the Company. Participants are generally 100% vested in their SERP accounts after completing five years of employment with the Company. The SERP provides supplemental retirement benefits that restore benefits to individuals whose retirement benefits are affected by the Internal Revenue Code limit on the maximum amount of compensation that may be taken into account under the Savings Plan. We intend the SERP to constitute an unfunded deferred compensation plan that is a "top-hat" plan under the Employee Retirement Income Security Act of 1974. We believe the SERP gives our executive officers parity in terms of retirement benefits with our other employees whose benefits are not subject to these limitations. In addition, the SERP supports the financial security component of compensation by providing a level of retirement benefits that is based on the actual level of compensation earned by our named executive officers during their employment rather than only a portion of such compensation.

Ms. Merz participates in the Toys Canada Deferred Profit Sharing Plan ("Deferred Profit Sharing Plan"). The Company contributes 8% of her earnings each year, and she is fully vested since participants are fully vested after 2 years.

Ms. Merz is eligible to, but does not currently, participate in the Toys Canada Registered Retirement Savings Plan ("RRSP"), a defined contribution plan available to all employees, in which she can contribute between two percent and ten percent of her earnings annually and the Company will match 50% of such contribution up to two percent of her earnings.

Pursuant to his employment agreement, Mr. Urcelay is entitled to receive annual contributions equal to 15% of his base salary (the "Contribution Amount"). The Contribution Amount is utilized to purchase certain additional annuity products from MAPFRE Vida (the "MAPFRE Policies"), which provide certain payments to Mr. Urcelay upon maturity of each policy and prior to maturity, in the event of Mr. Urcelay's disability or death.

Benefits Upon Termination or Change of Control

Pursuant to their employment agreements, our executive officers are entitled to benefits upon termination or change of control. We believe these benefits play an important role in attracting and retaining high caliber executive officers and permit our executive officers to focus on their responsibilities for the Company without distractions caused by uncertainties in the context of an actual or threatened change of control. We also believe these benefits play an important role in protecting the Company's highly competitive business by restricting our executive officers from working for a competitor during the severance period. These benefits and restrictions are described in more detail below under the section "POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL."

2013 Option Exchange and Option Extension

Commencing in November 2013, certain participants, including the named executive officers, under the 2010 Incentive Plan were offered an opportunity to exchange certain of their outstanding stock options ("Old Options") and all outstanding performance shares or units for a grant of one new stock option ("New Options") for every two Old Options canceled, which New Options have an exercise price of $22.00. On December 23, 2013, the Company closed its offer and a total of 919,599 and 104,240 Old Options and performance shares or units were canceled, respectively, and a total of 459,805 New Options were issued under the 2010 Incentive Plan. In connection with the option exchange, the Executive Committee removed the stockholder approval requirement for certain option modifications under the 2010 Incentive Plan.

The New Options have an exercise price of $22.00 per share and will vest 50% on the second anniversary of the grant date and 25% on each of the third and fourth anniversaries of the grant date (subject to earlier expiration in accordance with the new option award agreement). Consistent with the Old Options, the New Options will vest automatically upon a change in control of the Company or upon the employee's earlier termination due to death, disability or retirement (as each such term is defined in the 2010 Incentive Plan).

The following named executive officers elected to participate in the award exchange and the table below sets forth the number of canceled securities and New Options received in the award exchange:

Name	Old Options Canceled	Performance Shares/Units Canceled	New Options Granted
Antonio Urcelay	118,071	16,414	59,036
F. Clay Creasey, Jr.	83,950	10,883	41,975
Deborah Derby	73,046	—	36,523
Monika M. Merz	97,791	13,132	48,896
Harry J. Mullany III [(1)]	—	—	—

[(1)]Mr. Mullany did not own any Old Options or performance shares and therefore was not eligible to participate in the award exchange.

Additionally, we extended the expiration dates of certain outstanding option awards, which were originally scheduled to expire in fiscal 2015, to August 6, 2017. For Mr. Urcelay, expiration dates for 122,841 option awards were extended to August 6, 2017.

Tax and Accounting Considerations

In making decisions about executive compensation, we take into account certain tax and accounting considerations. For example, we consider Section 409A of the Internal Revenue Code regarding non-qualified deferred compensation and Section 280G of the Internal Revenue Code with regard to change-in-control provisions. In making decisions about executive compensation, we also consider how various elements of compensation will affect our financial reporting. For example, we consider the impact of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718, “Compensation—Stock Compensation” (“ASC 718”), which requires us to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards.

Equity Ownership Guidelines

We do not have formal equity ownership guidelines, although we have historically strongly encouraged our executive officers to invest in the Company through the Management Equity Plan and the 2010 Incentive Plan. We believe equity ownership aligns our executive officers’ interests with our equity holders’ interests. The equity ownership of our named executive officers is set forth in the beneficial ownership table in Item 12 entitled “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.”

COMPENSATION COMMITTEE REPORT

The Executive Committee of the Company, which serves as the Company’s Compensation Committee, has reviewed and discussed the Compensation Discussion and Analysis section required by Item 402(b) of Regulation S-K with management. Based on such review and discussion, the Executive Committee recommended to the Board that the Compensation Discussion and Analysis section be included in this Annual Report on Form 10-K.

THE EXECUTIVE COMMITTEE

Michael M. Calbert

Matthew S. Levin

Wendy Silverstein

SUMMARY COMPENSATION TABLE

The following table summarizes the compensation awarded to, earned by or paid to the named executive officers for fiscals 2013, 2012 and 2011:

Name and Principal Position	Fiscal Year	Salary	Bonus	Stock Awards (1)(2)	Option Awards (2)	Non-Equity Incentive Plan Compen-sation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation		Total
Antonio Urcelay[3], Chairman of the Board and Chief Executive Officer	2013	$1,238,637	$332,700	$8,533,000	$791,356	$ 443,266	$—	$963,015	(4)	$12,301,974
	2012	705,563	—	416,680	1,198,963	398,543	—	285,579		3,005,328
	2011	740,487	—	416,640	1,150,634	587,026	—	276,609		3,171,396
F. Clay Creasey, Jr., EVP - Chief Financial Officer	2013	596,923	—	435,000	426,075	—	—	51,147	(5)	1,509,145
	2012	577,692	—	283,316	522,050	217,595	—	70,195		1,670,848
	2011	561,923	—	266,640	736,409	221,465	—	62,779		1,849,216
Deborah Derby, Vice Chairman & EVP	2013	627,308	115,000	350,100	735,311	—	—	1,553,518	(6)	3,381,237
Harry J. Mullany III[7], President - Toys “R” Us, US	2013	226,923	300,000	2,000,020	4,687,500	—	—	72,502	(8)	7,286,945
Monika M. Merz[9], President - Toys “R” Us, Asia Pacific	2013	621,921	—	471,300	471,767	230,672	—	1,196,182	(10)	2,991,842
	2012	651,160	—	333,344	542,166	284,201	—	1,418,899		3,229,770
	2011	586,461	—	333,360	1,199,491	736,535	—	1,103,599		3,959,446
Gerald L. Storch,	2013	354,808	—	—	—	—	—	2,565,300	(11)	2,920,108
	2012	1,225,385	—	1,200,012	2,211,002	500,000	—	111,456		5,247,855

Former Chairman of the Board and Chief Executive Officer	2011	1,192,308	—	1,500,000	4,142,250	940,736	—	125,355	7,900,649

(1) For 2012, assuming the maximum award is achieved, the value of the performance awards, using a $44.00 stock price (the fair value of our common stock on the date of grant), would be $833,360 for Mr. Urcelay, $566,632 for Mr. Creasey, $666,688 for Ms. Merz and $2,400,024 for Mr. Storch. For 2011, assuming the maximum award is achieved, the value of the performance awards, using a $60.00 stock price (the fair value of our common stock on the date of the grant), would be $833,280 for Mr. Urcelay, $533,280 for Mr. Creasey, $666,720 for Ms. Merz and $3,000,000 for Mr. Storch.

(2) These amounts represent the aggregate grant date fair value of equity awards granted in the specified fiscal year as calculated pursuant to ASC 718 (excluding estimates of forfeitures related to service-based and performance-based vesting conditions). For additional information about the valuation assumptions with respect to equity awards, refer to Note 7 of the financial statements included in this Annual Report on Form 10-K entitled “STOCK-BASED COMPENSATION.” See the “OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END” table below for the vesting terms and conditions of these awards which are outstanding at the end of fiscal 2013. Amounts reported reflect the incremental expense recognized in fiscal 2013 (computed in accordance with ASC 718) related to the option exchange and option extension which was $270,883 for Mr. Urcelay, $172 for Mr. Creasey, $172 for Ms. Derby and $10,333 for Ms. Merz. Amounts reported also reflect the incremental expense recorded during fiscals 2012 and 2011 (computed in accordance with ASC 718) related to certain awards that were required to be liability-classified as a result of Amendment No. 3 and Amendment No. 5 to the Management Equity Plan. The incremental expense recognized in fiscal 2012 was $431,250 for Mr. Urcelay. For Ms. Merz, an incremental expense of $279,000 was recorded in fiscal 2011.

Mr. Urcelay served as interim CEO from May 2013 to October 2013 and was named CEO in October 2013.

(3) Mr. Urcelay is compensated in Euros which are converted to USD each fiscal year based on the average monthly rate. The exchange rates are as follows:

- Fiscal 2013 - 1.0000 EURO = 1.3308 USD
- Fiscal 2012 - 1.0000 EURO = 1.2887 USD
- Fiscal 2011 - 1.0000 EURO = 1.3895 USD

(4) Includes $513,363 for United States taxes paid by the Company, $260,371 for the purchase of annuity products under the MAPFRE Policies, $101,707 for commuting expenses, $37,038 for executive life insurance premiums, $36,330 for a leased car, $13,400 for executive medical premiums and $806 for financial planning services.

(5) Includes $22,319 of Company contribution to the SERP, $13,676 for a leased car, $10,261 of Company matching contribution to the Savings Plan, $2,467 for financial planning services, $1,250 financial incentive for flying economy class under the Toys “R” Us, Inc. Corporate Travel and Expense Reimbursement Policy, $723 for life insurance premiums and $451 for long-term disability premiums.

(6) Includes $1,449,000 for severance earned in fiscal 2013 related to Ms. Derby’s prior employment at the Company, $51,419 for a car allowance and for a leased car, $29,404 for financial planning services, $12,738 of Company contribution to the SERP, $7,538 of Company matching contribution to the Savings Plan, $2,637 for COBRA health insurance subsidy, $482 for life insurance premiums and $300 for long-term disability premiums.

(7) Mr. Mullany was hired in November 2013.

(8) Includes $52,601 for relocation expenses, $15,000 for financial planning services and $4,901 for a car allowance.

(9) Ms. Merz is compensated in Canadian Dollars which are converted to USD each fiscal year based on the average monthly rate. The exchange rates are as follows:

- Fiscal 2013 - 1.0000 CAD = 0.9633 USD
- Fiscal 2012 - 1.0000 CAD = 1.0022 USD
- Fiscal 2011 - 1.0000 CAD = 1.0098 USD

While she is on an ex-patriate assignment in Japan, certain benefits are paid for in Japanese Yen which are converted to USD each fiscal year based on the average monthly rate. The exchange rates are as follows:

- Fiscal 2013 - 1.0000 JPY = 0.01012 USD
- Fiscal 2012 - 1.0000 JPY = 0.01241 USD
- Fiscal 2011 - 1.0000 JPY = 0.01262 USD

(10) Includes $442,034 for host country income tax payments for local benefits, $246,465 for Japanese estimated national income tax for fiscal 2013, $166,980 for housing, $115,700 for a Cost of Living Allowance (COLA), $98,469 Company contributions to the Deferred Profit Sharing Plan, $39,954 for tax equalization, $34,909 for home leave for Ms. Merz and her spouse, $19,266 for a car allowance, $7,406 for premiums for ex-patriate health care coverage for Ms. Merz and her spouse, $7,018 for furniture rental, $6,463 for utilities, $5,197 for Executive Wellness (benefit expenses not covered by the health plan), $3,835 for club fees for the American Club, $1,445 for tax preparations and $1,041 for language lessons.

(11) Includes $2,557,615 for severance earned in fiscal 2013, $6,511 for a leased car, $723 for life insurance premiums, and $451 for long-term disability premiums.

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GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013

The following table provides information on grants of plan-based awards to our named executive officers in fiscal 2013:

Name	Approval Date	Grant Date	Estimated Potential Payouts Under Non-Equity Incentive Plan Awards [1]			Estimated Future Payouts Under Equity Incentive Plan Awards [4]			All Other Stock Awards: Number of Shares of Stock or Units(#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (#/sh)	Grant Date Fair Value of Stock and Option Awards[5]
			Threshold (#)	Target[2] (#)	Maximum[3] (#)	Threshold (#)	Target (#)	Maximum (#)				
Urcelay			—	$1,140,385	$2,561,265	—	—	—	—	—	$—	$—
	5/21/2013	5/24/2013	—	—	—	—	—	—	17,720	—	—	531,600
	5/21/2013	5/24/2013	—	—	—	—	—	—	—	38,525	30.00	520,473 [6]
	10/15/2013	11/5/2013	—	—	—	—	—	—	363,700	—	—	8,001,400
	11/14/2013	12/23/2013	—	—	—	—	—	—	—	59,036	22.00	12,917 [7]
	11/14/2013	12/23/2013	—	—	—	—	—	—	—	122,841	26.75	257,966 [8]
Creasey			—	600,000	1,680,000	—	—	—	—	—	—	—
	5/21/2013	5/24/2013	—	—	—	—	—	—	14,500	—	—	435,000
	5/21/2013	5/24/2013	—	—	—	—	—	—	—	31,525	30.00	425,903 [6]
	11/14/2013	12/23/2013	—	—	—	—	—	—	—	41,975	22.00	172 [7]
Derby			—	770,000	1,960,000	—	—	—	—	—	—	—
	5/21/2013	5/24/2013	—	—	—	—	—	—	11,670	—	—	350,100
	5/21/2013	5/24/2013	—	—	—	—	—	—	—	25,365	30.00	342,681 [6]
	3/6/2013	5/24/2013	—	—	—	—	—	—	—	26,667	60.00 [6]	204,803 [6]
	3/6/2013	5/24/2013	—	—	—	—	—	—	—	21,014	44.00 [6]	187,655 [6]
	11/14/2013	12/23/2013		—	—	—	—	—	—	36,523	22.00	172 [7]
Mullany			—	—	—	—	—	—	—	—	—	—
	10/15/2013	11/5/2013	—	—	—	—	—	—	90,910	—	—	2,000,020
	10/15/2013	11/5/2013	—	—	—	—	—	—	—	250,000	22.00	2,157,500
	10/15/2013	11/5/2013	—	—	—	—	250,000	—	—	—	22.00	2,530,000
Merz			—	687,700	1,750,509	—	—	—	—	—	—	—
	5/21/2013	5/24/2013	—	—	—	—	—	—	15,710	—	—	471,300
	5/21/2013	5/24/2013	—	—	—	—	—	—	—	34,155	30.00	461,434 [6]
	11/14/2013	12/23/2013	—	—	—	—	—	—	—	48,896	22.00	10,353 [7]
Storch			—	—	—	—	—	—	—	—	—	—

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(1) These amounts reflect estimated possible payouts under our annual incentive awards granted for fiscal 2013. Our Executive Committee approved the threshold, target and maximum payment amounts for fiscal 2013 in June 2013. Each named executive officer's target payout was the following percentage of his or her base salary: 125% for Mr. Urcelay, 110% for Ms. Merz and Ms. Derby, and 100% for Mr. Creasey. Mr. Urcelay's bonus target payout is weighted to reflect the period from February 2013 to October 2013 at a bonus target of 110% and the period from November 2013 to January 2014 at a bonus target of 150%. Mr. Mullany was hired in November 2013 and is not eligible for an annual incentive payout for fiscal 2013. Due to the transitional nature of his services, Mr. Storch was not eligible for an annual incentive award in fiscal 2013. The target payout is weighted 80% on the Financial Component and 20% on the Personal Component. For more information, see "ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM—ANNUAL INCENTIVE AWARDS" section set forth above.

(2) The Threshold amount shown is 0% of the Target amount, which is comprised of the Financial Component and the Personal Component. The Financial Component pays out beginning at just above 0% of the Target amount if the threshold payout level is met. If the Threshold payout level is not met, no Financial Component will be paid. If 80% of the Financial Component target is not met, the Personal Component will not be paid.

(3) The maximum, which refers to the maximum payout possible under the Management Incentive Plan, for fiscal 2013 was 300% of the Financial Component target and 200% of the Personal Component target. For a further description of these awards, see "ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM—ANNUAL INCENTIVE AWARDS" set forth above.

(4) These options were granted under the 2010 Incentive Plan and 50% of the performance options will satisfy the performance vesting contingency upon the occurrence, on or before the 10th anniversary of the grant date, of certain liquidity events for the Sponsors as described in Mr. Mullany's employment agreement in which the consideration received by the Sponsors reflects a price of the Company's common stock of at least $33.50 per share and the remaining 50% will satisfy the performance vesting contingency based on the same criteria except that the price of the Company's common stock shall be at a per share price of at least $40.00. For options which satisfy the performance criteria, such options will vest in equal annual installments over a four year period commencing with the first anniversary of the grant date.

(5) These awards were granted under the 2010 Incentive Plan, except for Mr. Urcelay's December 23, 2013 option expiration date extension, which was granted under the Management Equity Plan as discussed in footnote (8) below. These amounts represent the aggregate grant date fair value as calculated pursuant to ASC 718 (excluding estimates of forfeitures related to service-based and performance-based vesting conditions). For additional information about the valuation assumptions with respect to equity awards, refer to Note 7 of the financial statements included in this Annual Report on Form 10-K entitled "STOCK-BASED COMPENSATION" for further information.

(6) These awards were canceled as part of the 2013 Option Exchange and New Options were issued December 23, 2013 under the 2010 Incentive Plan. The amounts reported reflect the grant date fair value for the May 2013 grants at the time of grant. The awards reported for Ms. Derby also reflect grants with exercise prices of $60.00 and $44.00 per share as provided in her employment agreement. The intent of these awards was to replace the option awards that she forfeited at the time she previously left the Company in February 2012.

(7) These New Options were granted as part of the 2013 Option Exchange. The amounts reported reflect the incremental expense (computed in accordance with ASC 718) associated with the Option Exchange and issuance of New Options.

(8) The expiration dates of these awards (granted under the Management Equity Plan) were extended as part of the 2013 Option Extension. The amounts reported reflect the incremental expense (computed in accordance with ASC 718) incurred related to the extension. For a further description of this extension, see "SUMMARY OF SIGNIFICANT 2013 COMPENSATION DECISIONS" set forth above.

NARRATIVE SUPPLEMENT TO THE SUMMARY COMPENSATION TABLE AND THE GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013 TABLE:

Management Equity Plan

Until fiscal 2011, we utilized awards under the Management Equity Plan as a long term incentive to attract and retain our officers. Commencing in fiscal 2011, our compensation strategy for our named executive officers included grants under the 2010 Incentive Plan and we no longer plan on making grants to our officers under the Management Equity Plan.

Under the Management Equity Plan, fully vested restricted shares of common stock could be purchased at a price equal to the fair market value of the common stock. These shares are "restricted" in that the common stock is subject to certain transfer restrictions, as well as, in some cases, a put right exercisable in certain circumstances by the holder and a call right exercisable by us (and, if not exercised by us, by the Sponsors). Each participant has the right to require us to repurchase all of his or her restricted shares or shares issued or issuable pursuant to stock options in the event of a termination of employment due to death or disability and under specific circumstances upon retirement. In addition, we have the right to repurchase all restricted shares

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or shares issued or issuable upon exercise of stock options from any participant who is no longer employed by us or any of our subsidiaries for any reason, at the fair market value thereof or, in certain cases, the lower of the fair market value and the original value. These put and call rights will expire upon the completion of an initial public offering of our equity securities or a change in control of the Company.

Generally, all stock options issued under the Management Equity Plan are personal to the participant and are not transferable, other than by will or pursuant to applicable laws of descent and distribution. Participants under the Management Equity Plan are generally subject to certain restrictive covenants, including confidentiality, non-competition and non-solicitation covenants, during their employment and for a specified period of time after termination of employment.

Commencing in February 2011, participants in the Management Equity Plan have the right to elect to be bound by the terms and conditions of Amendment No. 3 to the Management Equity Plan. This amendment, among other things, reduces the retirement criteria from age 62 with 10 years of service to age 60 with 10 years of service, accelerates vesting of all options upon death, disability or retirement and makes the non-competition period apply in the case of resignation for any reason and applies the non-competition period for the greater of one year and any severance period for termination without Cause. All of the named executive officers have agreed to be bound by Amendment No. 3, although only Ms. Merz and Mr. Urcelay are currently eligible for retirement under this criteria. Effective as of March 2, 2012, the Management Equity Plan was amended to: (i) allow a longer exercise period and cashless exercise of stock options held by a participant who is terminated without cause after four or more years of service and (ii) to allow rollover options to be exercised in a cashless exercise in all cases. Effective as of May 2012, the Management Equity Plan was further amended to allow officers the right to sell back to the Company up to twenty-five percent (25%) of such officer's Original Investment Shares, during permitted transaction windows, until the occurrence of an initial public offering. Effective as of March 12, 2013, the Management Equity Plan was further revised to provide that any participant in the Management Equity Plan, including the named executive officers, who is a former employee of the Company or its affiliates as of March 1, 2013 or who continues to be employed by the Company or its affiliates, has the right to put to the Company (i) in 2013, up to fifty percent (50%) of his or her Original Investment Shares held at March 1, 2013 and (ii) in 2014, any or all of the participant's then remaining Original Investment Shares, in each case, during permitted transaction windows, until the occurrence of an initial public offering of the Company. In each case, the purchase price per share payable by the Company in connection with any such put rights will be the fair market value determined as of a date determined by the Board that is the anticipated closing date of the repurchase.

In the event of a corporate transaction, such as a stock split, reorganization, merger, consolidation or other change in common stock, the Board, in its discretion, will make such changes in the number and type of shares covered by outstanding awards to prevent dilution or enlargement of the rights of participants under the Management Equity Plan. The Board at any time may suspend or terminate the Management Equity Plan and make such additions or amendments as it deems advisable under the Management Equity Plan, provided that the Board may not change any terms of an award agreement in a manner adverse to a participant without the prior written approval of such participant. More detail about stock options held by our named executive officers (including the vesting provisions related to these grants) are shown in the tables that follow this discussion, including the "OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END" table.

Our executive officers who were employed at the time of the Merger (including Mr. Urcelay and Ms. Merz) were offered the opportunity at that time to invest in the Company along with the Sponsors, by either making a cash investment to purchase restricted shares of common stock under the Management Equity Plan or rolling over previously existing options into the Management Equity Plan. Our executive officers who were hired after the Merger were provided the option of making a cash investment to purchase restricted shares of common stock. The equity ownership of our named executive officers is set forth in the beneficial ownership table in Item 12 entitled "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS."

2010 Incentive Plan

The 2010 Incentive Plan is an omnibus plan that provides for the granting of stock options, stock appreciation rights, restricted stock, restricted and deferred stock units, performance awards, dividend equivalents and other stock or stock

based awards.

In 2013, the Executive Committee of the Board approved enhancements to our Long Term Incentive Program including the types of long-term incentive awards used and the vesting schedule of new awards. For certain participants, including our named executive officers, we ceased granting performance shares and began granting time vesting restricted stock units (“RSUs”) for retention purposes. The named executive officers received approximately fifty percent (50%) of their grant date fair value in Stock Options and fifty percent (50%) of their grant date fair value in RSUs. This allocation was based on the aggregate grant date estimated fair value of the awards based on a formula that valued each option to purchase a share of common stock at approximately one-half of the value of a share of common stock.

The RSUs generally follow a graded vesting schedule of 50% on the second anniversary of the grant date with the remaining portion vesting in equal annual installments over the subsequent two years, with the RSUs for certain officers cliff vesting 100% on the second anniversary of the award. The Stock Options generally follow a graded vesting schedule of 50% on the second anniversary of the awards with the remaining portion vesting in equal annual installments over the subsequent two years. We believe that a four year vesting period provides us with the necessary retention incentive while at the same time providing our executive officers with the ability to vest in a portion of the Stock Options during the four year vesting period, which we believe will properly motivate our executive officers. In the case of Mr. Mullany, we granted stock options with an additional performance component based upon the value to be received by the Sponsors in connection with certain liquidity events, described under "COMPENSATION DISCUSSION AND ANALYSIS—ELEMENTS OF OUR EXECUTIVE COMPENSATION PROGRAM—LONG TERM INCENTIVES—THE 2010 INCENTIVE PLAN". For further information on the vesting of the equity grants on a change in control of the Company or other termination scenarios, see "Potential Payments Upon Termination or Change in Control — 2010 Incentive Plan." Pursuant to the terms of the stock option award agreements, a participant may exercise vested stock options pursuant to a cashless exercise in cases of termination without cause or resignation for good reason after four or more years of continuous service with the Company and in certain cases of retirement.

Under the 2010 Incentive Plan, shares of common stock covered by awards that are terminated, canceled, forfeited or settled in cash, lapse without the payment of consideration, or are otherwise withheld, repurchased or not issued, may be granted again under the 2010 Incentive Plan. Generally, an unexercised or restricted award will not be transferable or assignable by a participant other than to the Company or an affiliate or by will, estate planning or by the laws of descent and distribution. Recipients of specified awards under the 2010 Incentive Plan are also subject to the same restrictive covenants as those contained in the Management Equity Plan, as amended.

In the event of a corporate transaction, such as a stock dividend, stock split, spin-off, rights offering, reorganization, recapitalization, merger, or large nonrecurring cash dividend, the Board, in its discretion, will make changes to the 2010 Incentive Plan and awards, which may include adjusting the number and kind of shares subject to outstanding awards or adjusting the exercise price of outstanding awards, to prevent dilution or enlargement of the rights of participants immediately resulting from such corporate transaction.

The Board at any time may terminate the 2010 Incentive Plan and make such amendments as it deems advisable under the 2010 Incentive Plan, provided that certain amendments are subject to stockholder approval and the Board may not change any terms of an award agreement in a manner adverse to a participant without the prior written approval of such participant. More detail about stock options and other awards held by our named executive officers (including the vesting provisions related to these grants) are shown in the tables that follow this discussion, including the "OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END" table.

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OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END

The following table provides information with respect to the option awards and stock awards held by the named executive officers at fiscal year-end:

		Option Awards					Stock Awards			
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercis-able (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested[7]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
Urcelay[8]	7/21/2005[1]	122,841	—	—	$26.75	8/6/2017[6]	—	$—	—	—
	5/24/2013[2]	—	—	—	—	—	17,720	389,840	—	—
	11/5/2013[3]	—	—	—	—	—	363,700	8,001,400	—	—
	12/23/2013[2]	—	59,036	—	22.00	12/23/2023	—	—	—	—
Creasey	8/6/2007 [1]	122,841	—	—	32.00	8/6/2017	—	—	—	—
	5/24/2013[2]	—	—	—	—	—	14,500	319,000	—	—
	12/23/2013[2]	—	41,975	—	22.00	12/23/2023	—	—	—	—
Derby	5/24/2013[2]	—	—	—	—	—	11,670	256,740	—	—
	12/23/2013[2]	—	36,523	—	22.00	12/23/2023	—	—	—	—
Mullany	11/5/2013[4]	—	250,000	—	22.00	11/5/2023	—	—	—	—
	11/5/2013[5]	—	—	250,000	22.00	11/5/2023	—	—	—	—
	11/5/2013[4]	—	—	—	—	—	90,910	2,000,020	—	—
Merz[8]	5/24/2013[2]	—	—	—	—	—	15,710	345,620	—	—
	12/23/2013[2]	—	48,896	—	22.00	12/23/2023	—	—	—	—
Storch	—	—	—	—	—	—	—	—	—	—

(1) These options time vest 40% on the second anniversary of the grant date, 20% on the third anniversary of the grant date, 20% on the fourth anniversary of the grant date and 20% on the fifth anniversary of the grant date.

(2) These awards vest 50% on the second anniversary of the grant date, 25% on the third anniversary of the grant date and 25% on the fourth anniversary of the grant date. The vesting of these awards may accelerate under certain circumstances as further described below in “POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL.”

(3) These restricted stock units vest 50% on October 16, 2014 and 12.5% at the end of each of the first four quarters following the first anniversary of the grant date. The vesting of these awards may accelerate under certain circumstances as further described below in “POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL.”

(4) These options and restricted stock unit awards vest in four equal annual installments beginning on the first anniversary of the grant date. The vesting of these awards may accelerate under certain circumstances as further described below in “POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL.”

(5) These stock options are subject to a performance component, where 50% of the stock options will satisfy the performance vesting contingency upon the occurrence, on or before the tenth anniversary of the grant date, of certain liquidity events for the Sponsors as described in Mr. Mullany’s employment agreement in which the consideration received by Sponsors reflects a price of the Company’s common stock of at least $33.50 per share and the remaining 50% of the stock options will satisfy the performance vesting contingency based upon the same criteria except that the price of the Company’s common stock shall be at a per share price of at least $40.00. For the options that satisfy the performance contingency criteria, such options will vest in equal annual installments over a four year period commencing with the first anniversary of the grant date. The vesting of these awards may accelerate under certain

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circumstances as further described below in "POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL."

(6) The option expiration date was extended to August 6, 2017 as part of the 2013 Option Extension. For a further description of this extension, see "COMPENSATION DISCUSSION AND ANALYSIS—SUMMARY OF SIGNIFICANT 2013 COMPENSATION DECISIONS" set forth above.

(7) In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed.

(8) The awards granted to Mr. Urcelay and Ms. Merz on December 23, 2013 will become fully vested and exercisable upon retirement as they meet the age and service criteria for retirement (i.e. voluntary termination of employment after attaining age 60 with at least ten years of continuous service to the Company), except the vesting of Mr. Urcelay's November 5, 2013 grant of restricted stock units which will not accelerate upon retirement.

OPTION EXERCISES AND STOCK VESTED FOR FISCAL 2013

The following table provides information regarding the values realized by our named executive officers upon the exercise of stock options and vesting of stock awards in fiscal 2013:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercises	Value Realized on Exercises [1]	Number of Shares Acquired on Vesting	Value Realized on Vesting
Urcelay	17,371	$412,561	—	$—
Creasey	—	—	—	—
Derby	—	—	—	—
Mullany	—	—	—	—
Merz	50,466	264,947	—	—
Storch	747,664	2,429,908	—	—

(1) The value realized on exercise is based on the valuation price during the transaction window when the named executive officer exercised the stock options. At the time Mr. Urcelay and Ms. Merz exercised these stock options, the valuation price was $32.00 per share. At the time Mr. Storch exercised these stock options, the valuation price was $30.00 per share.

NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL 2013

The following table provides information regarding contributions, earnings and balances for our named executive officers under nonqualified deferred compensation plans:

Name	Executive Contributions in Last FY	Registrant Contributions in Last FY [1][2]	Aggregate Earnings in Last FY [3]	Aggregate Withdrawals / Distributions	Aggregate Balance at Last FYE [4]
Urcelay[5]	$—	$260,371	$81,146	$—	$1,161,469
Creasey	—	22,319	17,064	—	273,549
Derby	—	12,738	—	—	12,738
Mullany	—	—	—	—	—
Merz[6]	—	98,469	—	98,469	—
Storch	—	—	—	910,371	—

(1) We make an annual contribution to the SERP for each U.S. executive officer who is employed on the last day of the SERP plan year. The amount of the contribution is equal to 4% of that portion of the eligible executive officer's "total compensation" in excess of the dollar limits under Internal Revenue Code Section 401(a)(17). Due to the fact that Mr. Mullany's employment commenced in November 2013, he was not eligible to participate in the Savings Plan and the SERP plan as he did not yet satisfy length of employment criteria set forth under the plans. Generally, total compensation means compensation as reported on Form W-2 with the Internal Revenue Service or such other definition as is utilized under the Savings Plan. However, total compensation includes amounts paid pursuant to

our Management Incentive Plan but does not include sign-on bonuses, retention bonuses, project completion bonuses or other types of success bonuses. The Executive Committee may at its discretion also credit additional notional contributions if the Company had an exceptional year.

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(2) All contributions that we made for each executive officer during fiscal 2013 were included in the "All Other Compensation" column of the "SUMMARY COMPENSATION TABLE" above.

(3) Earnings on nonqualified deferred compensation were not required to be reported in the "SUMMARY COMPENSATION TABLE". Each U.S. executive's SERP account is credited or debited with "Declared Interest," which is based upon hypothetical investments selected by the executive officer pursuant to procedures established by the administrative committee that administers the SERP. The Administrator of the SERP determines the number of investment options available under the SERP and such investment options are comprised of a subset of the investment options available under the Savings Plan. Participants in the SERP have the right to change their hypothetical investment selections on a daily basis. The contributions made by the Company vest five years after the executive officer's first day of employment with the Company. All SERP distributions are paid in lump sums upon termination of the participant's employment with the Company.

(4) Of the aggregate balance amount set forth in this column, $207,858 was previously reported in the Summary Compensation table for Mr. Creasey for prior fiscal years. $937,900 was previously reported in the Summary Compensation Table for contributions to the Spain Savings Plan and the MAPFRE policies for Mr. Urcelay for prior fiscal years.

(5) These amounts reflect the annuity products purchased for the benefit of Mr. Urcelay under the MAPFRE Polices.

(6) Pursuant to the terms of her employment, Ms. Merz is entitled to receive from the Company a contribution amount equal to 8% of her pay, which was equal to $98,469 for fiscal 2013. Under Canadian law, the Company can only contribute $11,690 to the Deferred Profit Sharing Plan. The balance of the Company contribution, $65,458, is paid to Ms. Merz in a lump sum cash payment.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Employment Agreements

We maintain employment agreements with each of our named executive officers. These agreements provide certain benefits upon termination of employment or change of control and certain restrictive covenants, as described below.

For Mr. Urcelay

Termination Without Cause or Due to Relocation. If Mr. Urcelay's employment is terminated for reasons other than cause or if he resigns for Good reason (as defined in his employment agreement) prior to October 31, 2015, which shall not include retirement, he will receive:

- a payment of €2,444,400 payable in twenty four (24) monthly installments, except such amount will be payable in a lump sum, subject to statutory limitations, if the executive's termination of employment occurs within two years after a change in control (as defined in the 2010 Incentive Plan);
- continuation of car benefit for eighteen months, excluding gas, maintenance and other usage-related expenses;
- continuation of health benefits for eighteen months;
- continuation of the use of his Company provided laptop computer and cell phone for eighteen months, except that he will be responsible for the costs of all telephone calls; and
- continuation of Company contributions to his defined contribution plan and provision of tax advice for eighteen months.

Mr. Urcelay will not receive any of the above severance benefits:

- upon termination of his employment for Cause or upon resignation (other than resignation for a Good Reason) or upon retirement;
- if he is removed from the position of Chief Executive Officer within twenty four (24) months following a Change in Control and if he is offered another professional position in the Company with equivalent target compensation in the Madrid, Spain area; or
- upon termination of his employment at any time on or after October 31, 2015 for any reason, whether with or without Cause, or for his resignation for Good Reason.

If Mr. Urcelay is terminated for Cause or resigns (other than resignation for a Good Reason) prior to October 2014, Mr. Urcelay must reimburse the Company for his €250,000 acceptance bonus. If there is such an event between October 2014 and October 2015, Mr. Urcelay must reimburse the Company for 50% of such bonus. Commencing 6 months after the earlier of the expiration of the employment term or the effective date of his retirement and prior to the

occurrence of an IPO, Mr. Urcelay has the right to sell back to the Company at fair market value his shares of the Company's common stock received upon vesting or exercise of any current or future awards under the Company's long-term incentive plans, subject to certain other terms and conditions.

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Restrictive Covenants. Mr. Urcelay's benefits described above are subject to his promise that for a period of eighteen months following the termination of his employment, he will not:

- engage in any business that directly or indirectly is a Competitive Business (as defined in his employment agreements);
- enter the employ of, or render any services to, any person who or which engages in a Competitive Business;
- acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly;
- interfere with, or attempt to interfere with, business relationships between the Company or any of its affiliates and customers, clients, suppliers, partners, members or investors of the Company or its affiliates;
- solicit to leave the employment of, or encourage any employee of the Company or its affiliates to leave the employment of, the Company or its affiliates;
- hire any such employee who was employed by the Company or its affiliates as of the date of executive's termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to, the termination of executive's employment with the Company; and
- solicit to leave the employment of, or encourage to cease to work with, as applicable, the Company or its affiliates or any consultant, supplier or service provider under contract with the Company or its affiliates.

In addition, during the term of their employment and anytime thereafter, he has agreed not to use for their benefit or disclose any of the Company's confidential information.

For Messrs. Creasey and Mullany and Ms. Derby

Termination for Cause, Resignation Without Good Reason. If one of the above named executives' employment is terminated for cause or he or she resigns without good reason (as such terms are defined in each of their employment agreements), the executive will receive:

- any base salary earned, but unpaid as of the date of his or her termination;
- any employee benefits that he or she may be entitled to under the Company's employee benefit plans; and
- any annual incentive award for the immediately preceding fiscal year that is earned, but unpaid as of the date of the executive's termination.

In addition, Ms. Derby shall also be entitled to the following (the "Continued Benefit Coverage"):

- continued medical, dental and life insurance benefit coverage, a portion paid by Ms. Derby, until the earlier to occur of (x) twelve (12) months from date of termination and (y) the date on which Ms. Derby is eligible for coverage under substantially comparable benefit plans (the "Benefit Continuation Period") and upon expiration of the Benefit Continuation Period, Ms. Derby shall pay the premium charged to former employees of the Company pursuant to Section 4980B of the Code until Ms. Derby turns 65.

Termination Due to Death or Disability. If one of the above named executives dies, or if we terminate the executive's employment due to disability, the executive (or the executive's estate) will receive:

- any base salary earned, but unpaid as of the date of the executive's termination;
- any employee benefits that he may be entitled to under the Company's employee benefit plans;
- any annual incentive award for the immediately preceding fiscal year that is earned, but unpaid as of the date of the executive's termination; and
- a pro rata portion of the executive's annual incentive award for the current fiscal year earned through the date of termination, based on the Company's actual results as opposed to the executive's target annual incentive award.

In addition, Ms. Derby shall also be entitled to the Continued Benefit Coverage in the event we terminate her employment due to disability.

Termination Without Cause or Resignation for Good Reason. If one of the above named executives' employment is terminated without cause or the executive resigns for good reason, the executive will receive:

- any base salary earned, but unpaid as of the date of the executive's termination;
- any employee benefits that the executive may be entitled to under the Company's employee benefit plans;
- any annual incentive award for the immediately preceding fiscal year that is earned, but unpaid as of the date of the executive's termination;

- a pro rata portion of the executive’s annual incentive award earned through the date of termination, based on the Company’s actual results as opposed to the executive’s target annual incentive award.

Messrs. Creasey and Mullany shall also be entitled to the following;

- an amount equal to two times the sum of (x) his then-current base salary and (y) his target annual bonus amount payable in twenty four (24) monthly installments, except such amount will be payable in a lump sum, subject to statutory limitations, if the executive's termination of employment occurs two years after a change in control (as defined in the 2010 Incentive Plan); provided however, if Mr. Mullany's employment is terminated prior to the second anniversary of his commencement date, then he will be entitled to receive only an amount equal to two times his then current base salary; and
- continuation of medical, dental and life insurance benefits, with the executive paying a portion of such costs as if his employment had not terminated, until the earlier to occur of (i) the end of the twenty four (24) month period commencing on the date of termination of employment (the "Severance Period") or (ii) the date on which the executive commences to be eligible for coverage under substantially comparable medical, dental and life insurance benefit plans from any subsequent employer.

In addition, Ms. Derby shall also be entitled to the following:

- an amount equal to $750,000 in a lump sum payment within sixty (60) days following Ms. Derby's termination of employment; and
- to the Continued Benefit Coverage.

Restrictive Covenants. During the term of their employment and during the Severance Period (for Ms. Derby the period is eighteen months), each of Messrs. Creasey and Mullany and Ms. Derby have agreed not to:

- engage in any business that directly or indirectly is a Competitive Business (as defined in each of their employment agreements);
- enter the employ of, or render any services to, any person who or which engages in a Competitive Business;
- acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly;
- interfere with, or attempt to interfere with, business relationships between the Company or any of its affiliates and customers, clients, suppliers, partners, members or investors of the Company or its affiliates;
- solicit to leave the employment of, or encourage any employee of the Company or its affiliates to leave the employment of, the Company or its affiliates;
- hire any such employee who was employed by the Company or its affiliates as of the date of executive's termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to, the termination of his or her employment with the Company; and
- solicit to leave the employment of, or encourage to cease to work with, as applicable, the Company or its affiliates or any consultant, supplier or service provider under contract with the Company or its affiliates.

In addition, during the term of their employment and anytime thereafter, each of the above named executive officers has agreed not to use for their benefit or disclose any of the Company's confidential information.

For Ms. Merz

Termination for Cause, Resignation Without Good Reason (including Retirement). If Ms. Merz's employment is terminated for cause or she resigns without good reason (as such terms are defined in each of their employment agreements), she will receive:

- any base salary earned, but unpaid as of the date of her termination; and
- any employee benefits that she may be entitled to under Toys "R" Us Canada Ltd.'s employee benefit plans.

Termination Due to Disability. If we terminate her employment due to disability, she will receive such amounts, if any, then required to be paid pursuant to the common laws of Canada.

Termination Due to Death. If Ms. Merz's employment is terminated due to her death, her estate will receive:

- any base salary earned, but unpaid as of the date of her termination;
- any employee benefits that she may be entitled to under the Toys "R" Us Canada Ltd.'s employee benefit plans; and
- any annual incentive award for the immediately preceding fiscal year that is earned, but unpaid as of the date of her termination.

Termination Without Cause, Resignation for Good Reason or Termination due to Reassignment of Position. If Ms. Merz’s employment is terminated without cause or she resigns for good reason (which shall include notice by the Company that it is not extending Ms. Merz’s employment term or the attempted reassignment of Ms. Merz to a new position and for which she rejects or refuses such reassignment), she will receive:

- any base salary earned, but unpaid as of the date of her termination;

- any employee benefits that she may be entitled to under the Company's employee benefit plans;
- any annual incentive award for the immediately preceding fiscal year that is earned, but unpaid as of the date of her termination;
- a pro rata portion of her annual incentive award earned through the date of termination, based on the Company's actual results as opposed to her target annual incentive award;
- an amount equal to two (2) times the sum of: (x) her current base salary for the fiscal year in which her employment was terminated and (y) her target annual incentive award, payable in equal installments for 24 months in accordance with normal payroll periods; provided if Ms. Merz is terminated without cause or resigns for good reason within six months prior to, or two years following, a change in control, such payment will be in a lump sum; and
- continuation of dental and life insurance benefits, with the executive paying a portion of such costs as if her employment had not terminated, until the earlier to occur of (i) the end of the twenty four (24) month period commencing on the date of termination of employment or (ii) such time as she accepts other employment and becomes eligible for dental and life insurance coverage.

Upon the expiration or the termination of her employment agreement (except by the Company for Cause or by Ms. Merz without Good Reason), the Company will pay the reasonably necessary shipping and travel costs to relocate Ms. Merz and her spouse from Japan to her residence in Canada.

Restrictive Covenants. During the term of her employment and during the two (2) years thereafter, Ms. Merz has agreed not to:

- engage either directly or indirectly in a Competitive Business (as defined in her employment agreement);
- enter the employ of, or render any services to, any person who or which engages in a Competitive Business;
- acquire a financial interest in, or otherwise become actively involved with, any Competitive Business, directly or indirectly;
- interfere with, or attempt to interfere with, business relationships between the Company or any of its affiliates and customers, clients, suppliers, partners, members or investors of the Company or its affiliates;
- solicit to leave the employment of, or encourage any employee of the Company or its affiliates to leave the employment of, the Company or its affiliates;
- hire any such employee who was employed by the Company or its affiliates as of the date of her termination of employment with the Company or who left the employment of the Company or its affiliates coincident with, or within one year prior to, the termination of her employment with the Company; and
- solicit to leave the employment of, or encourage to cease to work with, as applicable, the Company or its affiliates or any consultant, supplier or service provider under contract with the Company or its affiliates.

For Mr. Storch

Prior to Mr. Storch's termination on February 13, 2013, we maintained an employment agreement with him with similar terms and restrictive covenants to the agreement described above for Mr. Creasey. The termination of his employment with us was treated as a termination without cause pursuant to his employment agreement. Pursuant to his employment agreement, Mr. Storch was entitled to receive the following severance payments: (i) an amount equal to two times the sum of (x) his then-current base salary and (y) his target annual bonus amount equal in the aggregate to $7,380,000; payable in twenty four (24) monthly installments and (ii) health insurance during the twenty four (24) month period. In addition, pursuant to the terms of the employment agreement, Mr. Storch is subject to a non-compete covenant during the above period. On March 7, 2013, the Company repurchased 74,766 shares of common stock from Mr. Storch at the current fair market value of the Company's stock, for a total of approximately $2,392,512. On June 21, 2013, Mr. Storch conducted a cashless exercise of 747,664 vested stock options at the then current fair market value of the Company's stock and received 39,094 shares which he continues to own.

Management Equity Plan

The Management Equity Plan governs the vesting and exercise of stock options and restricted stock (issued under the Management Equity Plan) upon termination of employment.

Under the Management Equity Plan, as amended, including an amendment to which each of the named executive officers has elected to be bound, the unvested portion of options will accelerate and become vested if an executive

officer ceases to be employed by the Company or any of its subsidiaries upon retirement (defined as reaching the age of 60 with ten or more years of service to the Company), death or disability. In addition, the unvested portion of options will accelerate and become vested upon a change in control as defined in the Management Equity Plan. If an executive officer ceases to be employed for any other reason, then the portion of such executive officer's stock options that have not fully vested as of such executive officer's date of termination of employment (the "Termination Date") shall expire at such time.

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The portion of an executive officer's stock options that have fully vested as of such executive officer's Termination Date shall expire (i) 30 days after such executive officer's Termination Date if the executive officer is terminated without Cause (as defined in the Management Equity Plan) when the executive officer is not retirement eligible, or if the executive officer resigns for any reason other than retirement; provided that if the executive officer is terminated without Cause and has been employed by the Company for a period of four or more consecutive years, such expiration date will be 30 days following the next date at which the Board determines fair market value of the Company's shares of common stock, (ii) one year after the termination date if an executive officer is terminated due to death, disability or retirement or is terminated without Cause after becoming eligible for retirement and (iii) immediately upon termination if such executive officer is terminated with Cause.

If the Company terminates an executive's employment for Cause (as defined in the Management Equity Plan) or the executive retires or resigns and violates his non-competition covenant, the Company and the Sponsors may purchase, solely at their option, the executive's shares of common stock at the lesser of (i) the value on the date of issuance and (ii) the fair value. If executive dies or becomes disabled or resigns with or without Good Reason (as defined in his or her employment agreement) or if the Company terminates executive's employment without Cause (as defined in the Management Equity Plan), the Company and the Sponsors may purchase, solely at their option, executive's shares of common stock at fair value. In cases of death, disability or in certain circumstances upon retirement, executive will have the right to sell to the Company all of his or her shares received pursuant to the Management Equity Plan. These repurchase rights also apply to the shares of common stock underlying each vested stock option. In addition, each executive officer will be permitted to exercise vested stock options on a cashless basis in certain cases of retirement and in cases of termination without cause if continuously employed by the Company for a period of four or more years. Please see "NARRATIVE SUPPLEMENT TO THE SUMMARY COMPENSATION TABLE AND THE GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013 TABLE" above and the "SUMMARY OF PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE IN CONTROL" tables below for more information.

The 2010 Incentive Plan

The 2010 Incentive Plan and the award agreements thereunder govern the vesting and exercise of stock options, restricted stock and restricted stock units (issued under the 2010 Incentive Plan) upon termination of employment. Under the 2010 Incentive Plan and the award agreements thereunder, if an executive officer ceases to be employed by the Company or any of its subsidiaries for any reason (other than death, disability, retirement or change in control (as such terms are defined in the 2010 Incentive Plan)), then the portion of such executive officer's stock options, restricted stock and restricted stock units that have not fully vested as of such executive officer's date of termination of employment (the "Termination Date") shall expire at such time. In the event an executive officer ceases to be employed by the Company or any of its subsidiaries by reason of death, disability or retirement, then (i) all outstanding stock options will become fully vested; (ii) all time-based vesting restrictions will lapse and be deemed fully satisfied as on the Termination Date; and (iii) all the payout opportunities attainable under outstanding performance-based awards will be deemed to have been earned by the executive officer as of the Termination Date, and the amount to be paid to the executive officer, if any, will be based on the actual level of achievement of all relevant performance goals against target and will be measured as of the end of the performance period in which such termination occurred and such amount will be a pro rata payout based upon the length of time within the performance period that had elapsed prior to the Termination Date over the performance period. The November 2013 one-time award of RSUs granted to Mr. Urcelay, having a grant date value of $8,001,400 is not subject to vesting acceleration upon retirement. As of March 2014, both Mr. Urcelay and Ms. Merz are currently retirement eligible.

Under the 2010 Incentive Plan and the award agreements thereunder, the portion of an executive officer's stock options that have fully vested as of such executive officer's Termination Date shall expire (i) one year after such executive officer's Termination Date if the executive officer is terminated due to death, disability or retirement or is terminated without cause when retirement eligible; (ii) 90 days after such executive officer's Termination Date if the executive officer is terminated by the Company without cause or by the executive officer for good reason (as defined in the 2010 Incentive Plan); (iii) 30 days after such executive officer's Termination Date if the executive officer is terminated by the executive officer without good reason; and (iv) immediately upon termination if such executive officer is terminated with cause. In addition, each executive officer will be permitted to exercise vested stock options on a

cashless basis for (i) in certain cases of retirement and (ii) in cases of termination without cause or resignation for good reason if continuously employed by the Company for a period of four or more years.
Upon the occurrence of a change in control (as defined in the 2010 Incentive Plan), (i) awards for outstanding stock options will become fully exercisable, (ii) all other outstanding awards will no longer be subject to time-based vesting restrictions, and (iii) awards subject to performance-vesting conditions will be deemed to have fully earned a pro rata payout of the target payout based upon the length of time within the performance period that had elapsed prior to the change in control over the performance period. Please see “NARRATIVE SUPPLEMENT TO THE SUMMARY COMPENSATION TABLE AND THE

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GRANTS OF PLAN-BASED AWARDS IN FISCAL 2013 TABLE" above and the "SUMMARY OF PAYMENTS AND BENEFITS UPON TERMINATION OR CHANGE IN CONTROL" tables below for more information.

Transition Bonuses

A pro rata portion of the Transition Bonus granted in connection with the transition of Mr. Storch from his role as Chief Executive Officer of the Company, on March 11, 2013 will be paid to an executive officer whose employment is terminated by the Company for any reason other than "cause" (as defined in the bonus agreement) between September 11, 2014 and March 11, 2015, based on the number of full months that have elapsed since the date of grant. No special Transition Bonus will be paid to an executive officer if such executive officer's employment is terminated by the Company for any reason prior to September 11, 2014, by the Company for "cause" (as defined in the bonus agreement) at any time, or by the executive officer prior to the payment date.

Summary of Payments and Benefits Upon Termination or Change in Control

The following tables summarize the estimated value of the termination payments and benefits that each of our named executive officers, other than Mr. Storch, would receive if there was a change in control and/or his or her employment was terminated on February 1, 2014 under the various circumstances described in the tables. Unless otherwise indicated in the tables below, the awards granted under the Management Equity Plan and the 2010 Incentive Plan are subject to the repurchase rights and obligations described above:

ANTONIO URCELAY[1]

Type of Payment	Termination for Cause or Resignation Without Good Reason[2]	Termination Without Cause or Resignation due to Relocation	Retirement	Death	Long-Term Disability	Change in Control	Termination or Specified Resignation Due to a Change of Control
Severance [3]	$—	$3,253,008	$—	$—	$—	$—	$3,253,008
Fiscal 2013 Annual Bonus	—	443,266	—	—	—	—	443,266
Fiscal 2005 Stock Option Grant [4]	—	—	—	—	—	—	—
Fiscal 2013 Restricted Stock Unit Grant [5]	—	4,000,700	389,840	8,391,240	8,391,240	8,391,240	8,391,240
Fiscal 2013 Stock Option Grant [6]	—	—	—	—	—	—	—
Executive Retirement Plan - MAPFRE VIDA [7]	—	—	1,161,469	1,161,469	1,161,469	—	—
Executive Life Insurance [8]	—	—	—	6,654,000	6,654,000	—	—
Benefit Continuation & Other Perquisites [9]	—	466,511	—	—	—	—	—
TOTAL	$—	$8,163,485	$1,551,309	$16,206,709	$16,206,709	$8,391,240	$12,087,514

(1) All amounts calculated in Euros have been converted to USD using the rate of 1.0000 EURO = 1.3308 USD.

(2) In the event Mr. Urcelay is terminated by the Company for Cause or resigns without Good Reason on or before October 2014, Mr. Urcelay will have to reimburse the Company for the full amount of his €250,000 acceptance bonus. If Mr. Urcelay is terminated by the Company for Cause or resigns without Good Reason after October 2014 but before October 2015, he must reimburse the Company for 50% of the acceptance bonus.

(3) Represents the maximum amount of severance that Mr. Urcelay may receive. All severance amounts are payable over a 24 month period, except such amount will be payable in a lump sum, subject to statutory limitations, if Mr.

Urcelay's termination of employment occurs within two years of a change in control.

(4) Pursuant to the Management Equity Plan, the unvested portion of options will accelerate and become vested upon retirement, death, disability or a change in control. These options are 100% vested, so Mr. Urcelay would not recognize any additional value.

(5) Pursuant to the 2010 Incentive Plan, the unvested portion of restricted stock units, will accelerate and become vested upon retirement (except in the case of retirement for Mr. Urcelay's one-time $8,001,400 grant), death, disability or change in control. Mr. Urcelay's one-time $8,001,400 restricted stock unit grant will not accelerate upon retirement and 50% of such award would accelerate upon termination without cause. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of our shares of common stock is only available when a valuation is performed.

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(6) Pursuant to the 2010 Incentive Plan, the unvested portion of options will accelerate and become vested upon retirement, death, disability or a change in control. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of our shares of common stock is only available when a valuation is performed. Because the per share value of $22.00 is equal to the option exercise price of $22.00, no value is reflected in the table.

(7) This amount represents Mr. Urcelay's benefit entitlement under the MAPFRE Policies. For more information on Mr. Urcelay's balance, see the Nonqualified Deferred Compensation for Fiscal 2013 table above.

(8) All benefit eligible employees in Spain receive, at no cost to the individual, a life insurance benefit. Mr. Urcelay's benefit amount is equal to five times his base salary.

(9) Represents estimated Company costs of the following benefits and perquisites based on fiscal 2013 actual amounts for the duration of eighteen months, as set forth in Mr. Urcelay's employment agreement: $390,557 for Company contributions to his Defined Contribution Plan, $54,495 for a Company car, $20,100 for health benefit continuation and $1,209 for tax advice and $150 for continued use of Company provided laptop and cell phone.

F. CLAY CREASEY JR.

	Termination for Cause or Resignation Without Good Reason	Termination Without Cause or Resignation For Good Reason	Retirement	Death	Long-Term Disability	Change in Control	Termination Without Cause or Resignation for Good Reason in Connection with a Change of Control
Severance [1]	$—	$2,400,000	$—	$—	$—	$—	$ 2,400,000
Fiscal 2013 Annual Bonus	—	—	—	—	—	—	—
Fiscal 2007 Stock Option Grant [2]	—	—	—	—	—	—	—
Fiscal 2013 Restricted Stock Unit Grant[3]	—	—	319,000	319,000	319,000	319,000	319,000
Fiscal 2013 Stock Option Grant[4]	—	—	—	—	—	—	—
Benefit Continuation [5]	—	10,568	—	—	—	—	10,568
TOTAL	$—	$2,410,568	$319,000	$319,000	$319,000	$319,000	$ 2,729,568

(1) Severance amounts payable due to a Termination Without Cause or Resignation For Good Reason are payable over a two year period. Upon a Change in Control, such payments will be paid in a lump-sum amount, subject to statutory limitations.

(2) Pursuant to the Management Equity Plan, the unvested portion of options will accelerate and become vested upon retirement, death, disability or a change in control. These options are 100% vested, so Mr. Creasey would not recognize any additional value.

(3) Pursuant to the 2010 Incentive Plan, the unvested portion of restricted stock units will accelerate and become vested upon retirement, death, disability or a change in control. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of our common stock is only available when a valuation is performed.

(4)

Pursuant to the 2010 Incentive Plan, the unvested portion of options will accelerate and become vested upon retirement, death or disability. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed. Because the per share value of $22.00 is equal to the option exercise price of $22.00, no value is reflected in the table.

(5) Represents estimated Company costs based on fiscal 2014 projections for medical, dental and life insurance coverage for the duration of the two year severance period.

Upon any termination, Mr. Creasey has the right to withdraw his Savings Plan balance, which, as of February 1, 2014, was $218,708. In addition, upon any termination other than for cause, as defined in the SERP, the Company will pay Mr. Creasey the outstanding balance in his SERP account, which, as of February 1, 2014, was $273,549.

All U.S. benefit eligible employees receive, at no cost to the individual, the following life insurance benefit and long-term disability coverage: (i) a life insurance benefit in an amount equal to the individual's base salary plus annual incentive award target, up to a maximum of $1,000,000 and (ii) long-term disability coverage in an amount per month equal to 60% of the individual's monthly base salary, up to a maximum of $10,000 per month. The long-term disability benefit is payable beginning 26 weeks after the onset of the disability and is payable for the duration of the disability up to age 65.

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DEBORAH DERBY

Type of Payment	Termination for Cause or Resignation Without Good Reason	Termination Without Cause or Resignation For Good Reason	Retirement	Death	Long-Term Disability	Change in Control	Termination Without Cause or Resignation for Good Reason in Connection with a Change of Control
Severance [(1)]	$—	$750,000	$—	$—	$—	$—	$ —
Fiscal 2013 Annual Bonus	—	—	—	—	—	—	—
Fiscal 2013 Restricted Stock Unit Grant[(2)]	—	—	256,740	256,740	256,740	256,740	256,740
Fiscal 2013 Stock Option Grant[(3)]	—	—	—	—	—	—	—
Benefit Continuation [(4)]	253,144	253,144	—	—	253,144	—	253,144
TOTAL	$253,144	$1,003,144	$256,740	$256,740	$509,884	$256,740	$ 509,884

(1) Severance amounts payable due to a Termination Without Cause or Resignation For Good Reason are payable in a lump sum within 60 days following termination of employment

(2) Pursuant to the 2010 Incentive Plan, the unvested portion of restricted stock units will accelerate and become vested upon retirement, death, disability or a change in control. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed.

(3) Pursuant to the 2010 Incentive plan, the unvested portion of options will accelerate and become vested upon retirement, death, disability or a change in control. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of our shares of common stock is only available when a valuation is performed. Because the per share value of $22.00 is equal to the option exercise price of $22.00, no value is reflected in the table.

(4) Represents Company costs based on an average annual rate of $17,260 for medical, dental and life insurance coverage until Ms. Derby reaches the age of 65.

Upon any termination, Ms. Derby has the right to withdraw her Savings Plan balance, which, as of February 1, 2014, was $36,321. In addition, upon any termination other than for cause, as defined in the SERP, the Company will pay Ms. Derby the outstanding balance in her SERP account, which, as of February 1, 2014, was $12,738.

All U.S. benefit eligible employees receive, at no cost to the individual, the following life insurance benefit and long-term disability coverage: (i) a life insurance benefit in an amount equal to the individual’s base salary plus annual incentive award target, up to a maximum of $1,000,000 and (ii) long-term disability coverage in an amount per month equal to 60% of the individual’s monthly base salary, up to a maximum of $10,000 per month. The long-term disability benefit is payable beginning 26 weeks after the onset of the disability and is payable for the duration of the disability up to age 65.

HARRY J. MULLANY III

Type of Payment	Termination for Cause or Resignation Without Good Reason[1]	Termination Without Cause or Resignation For Good Reason	Retirement	Death	Long-Term Disability	Change in Control	Termination Without Cause or Resignation for Good Reason in Connection with a Change of Control
Severance [2]	$ —	$2,000,000	$—	$—	$—	$—	$ 2,000,000
Fiscal 2013 Annual Bonus[3]	—	—	—	—	—	—	—
Fiscal 2013 Restricted Stock Unit Grant[4]	—	—	2,000,020	2,000,020	2,000,020	2,000,020	2,000,020
Fiscal 2013 Stock Option Grant[5]	—	—	—	—	—	—	—
Benefit Continuation[6]	—	15,193	—	—	—	—	15,193
TOTAL	$ —	$2,015,193	$2,000,020	$2,000,020	$2,000,020	$2,000,020	$ 4,015,213

(1) In the event Mr. Mullany is terminated by the Company for Cause or resigns without Good Reason on or before November 2014, Mr. Mullany will have to reimburse the Company for the full amount of his $300,000 sign-on bonus. If Mr. Mullany is terminated by the Company for Cause or resigns without Good Reason after November 2014 but before November 2015, he shall reimburse the Company for 50% of the sign-on bonus.

(2) Severance amounts payable due to a Termination Without Cause or Resignation For Good Reason are payable over a two year period. Upon a Change in Control, such payments will be paid in a lump-sum amount, subject to statutory limitations.

(3) Upon death or disability, Mr. Mullany is entitled to a pro rata portion of his annual incentive award. However, Mr. Mullany was hired in November 2013 and was not eligible for an annual incentive payout for fiscal 2013.

(4) Pursuant to the 2010 Incentive Plan, the unvested portion of shares will accelerate and become vested upon retirement, death, disability or a change in control. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed.

(5) Pursuant to the 2010 Incentive Plan, the unvested portion of time-based options will accelerate and vest upon retirement, death, disability and a pro rata portion of performance-based options will vest based on actual results. In calculating the amounts set forth in the table, for the time-based options, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed. Because the per share value of $22.00 is equal to the option exercise price of $22.00, no value is reflected in the table. In addition, no value is reflected in the table for the performance-based options, as the performance criteria has not been met as of fiscal year-end 2013.

(6) Represents estimated Company costs based on fiscal 2014 projections for medical, dental and life insurance coverage for the duration of the two year severance period.

Explanation of Responses:

MONIKA M. MERZ[(1)]

Type of Payment	Termination for Cause or Resignation Without Good Reason	Termination Without Cause or Resignation For Good Reason	Termination due to Reassignment of Position	Expiration of Employment Term	Retirement	Death	Long-Term Disability	Change in Control	Termination Without Cause or Resignation for Good Reason in Connection with a Change of Control
Severance [(2)]	$—	$2,625,763	$2,625,763	$2,625,763	$—	$—	$—	$—	$ 2,625,763
Fiscal 2013 Annual Bonus	—	230,672	230,672	230,672	—	230,672	—	—	230,672
Fiscal 2005 Stock Option Grant [(3)]	—	—	—	—	—	—	—	—	—
Fiscal 2013 Restricted Stock Unit Grant[(4)]	—	—	—	—	345,620	345,620	345,620	345,620	345,620
Fiscal 2013 Stock Option Grant[(5)]	—	—	—	—	—	—	—	—	—
Benefit Continuation [(6)]	—	14,812	14,812	14,812	—	—	—	—	14,812
TOTAL	$—	$2,871,247	$2,871,247	$2,871,247	$345,620	$576,292	$345,620	$345,620	$ 3,216,867

(1) All amounts calculated in Canadian dollars have been converted to USD using the rate of 1.0000 CAD = 0.9633 USD.

(2) All severance amounts are payable over a two year period. Upon a Change in Control, such payments will be paid in a lump sum amount.

(3) Pursuant to the Management Equity Plan, the unvested portion of options will accelerate and become vested upon retirement, death, disability or a change in control. These options are 100% vested, so Ms. Merz would not recognize any additional value.

(4) Pursuant to the 2010 Incentive Plan, the unvested portion of restricted stock units will accelerate and become vested upon retirement, death, disability or a change in control. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed.

(5) Pursuant to the 2010 Incentive Plan, the unvested portion of options will accelerate and become vested upon retirement, death or disability based on actual results. In calculating the amounts set forth in the table, we utilized a per share value of $22.00, which was the fair value of our shares of common stock as of October 28, 2013. As we are a privately held company, the value of shares of common stock is only available when a valuation is performed. Because the per share value of $22.00 is equal to the option exercise price of $22.00, no value is reflected in the table.

(6) Represents estimated Company costs of dental and life insurance coverage based on fiscal 2013 actual amounts for the duration of the two year severance period. The amount excludes estimates for certain relocation costs from Japan to Ms. Merz’s residence in Canada upon termination.

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DIRECTOR COMPENSATION IN FISCAL 2013

Other than Messrs. Goodman and Markee, we currently do not pay our directors any compensation for serving on our Board of Directors. We plan on paying all non-employee directors that are not affiliated with the Sponsors an annual cash retainer, which ranges from $75,000 to $150,000 along with an annual award of restricted stock units, which ranges from $100,000 to $150,000. Commencing April 2014, Mr. Goodman's annual cash retainer will be increased from $75,000 to $100,000. The restricted stock units vest in full one-year from the grant date. In addition, any director not affiliated with the Sponsors that chairs a committee will also receive an additional annual payment of $15,000 ($20,000 for the chair of our Audit Committee, which amount is being increased to $50,000 commencing April 2014). The table below sets forth payments made to our non-management directors in fiscal 2013:

Name	Fees Earned or Paid in Cash ($)	Stock Awards (3)(4) ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Joshua Bekenstein	—	—	—	—	—	—	—
Michael M. Calbert	—	—	—	—	—	—	—
Michael D. Fascitelli	—	—	—	—	—	—	—
Richard Goodman	95,000 (1)	100,000 (1)	—	—	—	—	195,000
Daniel Guglielmone	—	—	—	—	—	—	—
Matthew S. Levin	—	—	—	—	—	—	—
Joseph Macnow	—	—	—	—	—	—	—
Richard L. Markee(5)	37,500 (2)	75,000 (2)	—	—	—	—	112,500
Wendy Silverstein	—	—	—	—	—	—	—
Nathaniel H. Taylor	—	—	—	—	—	—	—
Gerald Storch	—	—	—	—	—	—	—
Antonio Urcelay	—	—	—	—	—	—	—
Michael Ward	—	—	—	—	—	—	—
Adam Waglay	—	—	—	—	—	—	—
Gregory R. Why	—	—	—	—	—	—	—

(1) During fiscal 2013, Mr. Goodman was paid $95,000, which amount represents his annual cash retainer and his Audit Committee Chairman retainer. In addition, Mr. Goodman was granted an award of $100,000 of restricted stock units, which amount represents his annual grant for fiscal 2013.

(2) During fiscal 2013, Mr. Markee was paid $37,500, which amount represents a pro rata annual cash retainer. In addition, Mr. Markee was granted $75,000 of restricted stock units, which amount represents his pro rata portion of his annual grant for fiscal 2013.

(3) At the end of fiscal 2013, Mr. Goodman held 3,335 unvested restricted stock units. In addition, Mr. Goodman has deferred receipt of shares deliverable upon settlement of 3,409 restricted stock units, which were awarded for his services in Fiscal 2011 and 2012, until his resignation from the Company's Board of Directors.

(4) These amounts represent the aggregate grant date fair value of equity awards granted in fiscal 2013 as calculated pursuant to ASC 718 (excluding estimates of forfeitures related to service-based and performance-based vesting conditions). For additional information about the valuation assumptions with respect to equity awards, refer to

Note 7 of the financial statements included in this Annual Report on Form 10-K entitled “STOCK-BASED COMPENSATION.”

(5) At the end of fiscal 2013, Mr. Markee held 3,410 unvested restricted stock units.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table presents information regarding beneficial ownership of our Common Stock, as of March 1, 2014, by the named executive officers, each of our directors, all of our directors and executive officers as a group and each person who is known by us to beneficially own more than 5% of our Common Stock:

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership *			
	Shares	Total Beneficial Ownership (1)	Percent of Outstanding Shares (2)	
Affiliates of Bain Capital Investors, LLC (3)	16,012,464	16,012,464	32.64	%
Toybox Holdings, LLC (4)	16,012,464	16,012,464	32.64	%
Vornado Truck LLC (5)	16,012,464	16,012,464	32.64	%
Joshua Bekenstein (3)	—	—	—	%
Michael M. Calbert (4)	—	—	—	%
F. Clay Creasey, Jr.	4,688	127,529	0.26	%
Deborah Derby	35,182	35,182	0.07	%
Richard Goodman	3,409	3,409	0.01	%
Daniel Guglielmone (5)	—	—	.	
Matthew S. Levin (3)	—	—	—	%
Joseph Macnow (5)	—	—	—	%
Richard L. Markee	—	—	—	%
Monika M. Merz	10,524	10,524	0.02	%
Harry J. Mullany III	22,728	22,728	0.05	%
Wendy Silverstein (5)	—	—	—	%
Gerald L. Storch	39,094	39,094	0.08	%
Nathaniel H. Taylor (4)	—	—	—	%
Antonio Urcelay	6,425	129,266	0.26	%
Adam Waglay (4)	—	—	—	%
Gregory R. Why (3)	—	—	—	%
Directors and executive officers as a group (19 persons)	131,871	532,974	1.09	%

* For purposes of this table, “beneficial ownership” is determined in accordance with Rule 13d-3 under the Exchange Act pursuant to which a person or group of persons is deemed to have “beneficial ownership” of any shares of Common Stock with respect to which such person has (or has the right to acquire within 60 days, i.e., by April 30, 2014 in this case) sole or shared voting power or investment power.

(1) Total Beneficial Ownership includes shares and options exercisable within 60 days, of which Mr. Urcelay and Mr. Creasey have 122,841.

(2) Unless otherwise indicated, the beneficial ownership of any named person does not exceed, in the aggregate, one percent of our outstanding equity securities on March 1, 2014, as adjusted as required by applicable rules.

(3) Includes shares held by Bain Capital (TRU) VIII, L.P., Bain Capital (TRU) VIII-E, L.P., Bain Capital (TRU) VIII Coinvestment, L.P., Bain Capital Integral Investors, LLC and BCIP TCV, LLC (collectively, the “Bain Capital Entities”). Bain Capital Investors, LLC (“BCI”) is the general partner of Bain Capital Partners VIII, L.P. which is the general partner of Bain Capital (TRU) VIII, L.P. and Bain Capital (TRU) VIII Coinvestment, L.P. BCI is also the general partner of Bain Capital Partners VIII E, L.P. which is the general partner of Bain Capital (TRU) VIII-E, L.P. BCI is also the Administrative Member of Bain Capital Integral Investors, LLC and BCIP TCV, LLC. By virtue of the relationships described above, each of the foregoing entities may be deemed to beneficially own the shares held by the Bain Capital Entities. Each such entity disclaims beneficial ownership of the shares held by the

Bain Capital Entities except to the extent of its pecuniary interest therein. The address of each of the Bain entities is c/o BCI at 111 Huntington Avenue, Boston, MA 02199. Each of Joshua Bekenstein, Matthew S. Levin and Gregory R. Why is a managing director of BCI and a director of our Company. As a result, and by virtue of the relationships described in this footnote (3), each of Messrs. Bekenstein, Levin and Why may be deemed to be the beneficial owner of the shares held by the Bain Capital Entities. Each of Messrs. Bekenstein, Levin and Why disclaims beneficial ownership of the shares held by the Bain Capital Entities.

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(4) Shares owned of record by Toybox Holdings, LLC are also beneficially owned by its majority member, KKR Millennium Fund L.P. As the sole general partner of KKR Millennium Fund L.P., KKR Associates Millennium L.P. may be deemed to be the beneficial owner of such securities beneficially owned by KKR Millennium Fund L.P. As the sole general partner of KKR Associates Millennium L.P., KKR Millennium GP LLC also may be deemed to be the beneficial owner of such securities beneficially owned by KKR Millennium Fund L.P. Each of KKR Fund Holdings L.P. (as the designated member of KKR Millennium GP LLC); KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.); KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited); KKR Group Limited (as the sole general partner of KKR Group Holdings L.P.); KKR & Co. L.P. (as the sole shareholder of KKR Group Limited) and KKR Management LLC (as the sole general partner of KKR & Co. L.P.) may also be deemed to be the beneficial owner of the securities beneficially owned by KKR Millennium Fund L.P. As the designated members of KKR Management LLC, Henry R. Kravis and George R. Roberts may also be deemed to beneficially own the securities beneficially owned by KKR Millennium Fund L.P. Messrs. Kravis and Roberts have also been designated as managers of KKR Millennium GP LLC by KKR Fund Holdings L.P. Messrs. Taylor and Waglay are members of our Board of Directors and are each an executive of Kohlberg Kravis Roberts & Co. L.P. and/or one or more of its affiliates. Each of Messrs. Taylor and Waglay disclaim beneficial ownership of the securities held by Toybox Holdings, LLC. For a description of material relationships between KKR and us over the last three years, see Item 13 entitled “Certain Relationships and Related Transactions and Director Independence” of this Annual Report on Form 10-K. The address of the entities listed above and Mr. Kravis, is c/o Kohlberg Kravis Roberts & Co. L.P., West 57th Street, Suite 4200, New York, New York 10019. For Messrs. Roberts, Taylor and Waglay, the address is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Menlo Park, CA 94025. Mr. Calbert is a former executive of Kohlberg Kravis Roberts & Co. L.P. and disclaims beneficial ownership of the securities held by Toybox Holdings, LLC.

(5) Represents shares of record held by Vornado Truck LLC. As the owner of 100% of the equity of Vornado Truck LLC, Vornado Realty L.P. may be deemed to be the beneficial owner of such shares. Also, as the sole general partner of Vornado Realty L.P., Vornado Realty Trust may be deemed to be the beneficial owner of such shares. Also, Messrs. Macnow and Guglielmone and Ms. Silverstein are members of our Board of Directors and also executives of Vornado Realty Trust. As such, these persons may be deemed to be beneficial owners of these shares. These persons disclaim beneficial ownership of shares held by Vornado Truck LLC. The address for each of these persons and entities is c/o Vornado Realty Trust, 888 Seventh Avenue, New York, New York 10019.

Equity Compensation Plan Information

The following table sets forth information as of February 1, 2014 regarding the Company’s equity compensation plans:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c) Number of securities remaining available for future issuance under equity compensation (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,661,025 (1)	$29.40	1,772,782 (2)
Equity compensation plans not approved by security holders	—	—	—
Total	2,661,025	$29.40	1,772,782

(1)

Represents the shares of our common stock issuable pursuant to outstanding options under the Management Equity Plan and the 2010 Incentive Plan.

(2) Represents the shares of our common stock which may be issued pursuant to future issuances under the Management Equity Plan and the 2010 Incentive Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Advisory Agreement

Certain affiliates of the Sponsors provide management and advisory services to us pursuant to an advisory agreement executed at the closing of the merger transaction effective as of July 21, 2005 and amended June 10, 2008 and February 1, 2009 ("Advisory Agreement"). The initial term of the Advisory Agreement is ten years. After ten years, it extends annually for one year unless we or the affiliates of the Sponsors provide notice of termination to the other. The management and advisory fees paid to the affiliates of the Sponsors (the "Advisory Fees") increase 5% per year during the ten-year term of the agreement with the exception of fiscal 2009. We recorded Advisory Fees of $22 million, $21 million and $20 million for fiscals 2013, 2012

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and 2011, respectively. During fiscals 2013, 2012 and 2011, we also paid the Sponsors fees of less than $1 million, respectively, for out-of-pocket expenses.

Additionally, the Advisory Agreement provides that affiliates of the Sponsors will be entitled to receive a fee equal to 1% of the aggregate transaction value in connection with certain financing, acquisition, disposition and change of control transactions (“Transaction Fees”). The Advisory Agreement includes customary exculpation and indemnification provisions in favor of the Sponsors and their affiliates. In the event that the Advisory Agreement is terminated by the affiliates of the Sponsors or us, the affiliates of the Sponsors will receive all unpaid Advisory Fees, all unpaid Transaction Fees and expenses due under the Advisory Agreement with respect to periods prior to the termination date plus the net present value of the Advisory Fees that would have been payable for the remainder of the applicable term of the Advisory Agreement.

Other Relationships and Transactions with our Sponsors

In connection with the Propco I Term Loan Facility entered into on August 21, 2013, we incurred Transactions Fees of $10 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $17 million of the Propco I Term Loan Facility as of February 1, 2014.

In connection with the New UK Propco Facility Agreement entered into on March 25, 2013, we incurred Transactions Fees of $4 million pursuant to the terms of the Advisory Agreement.

In connection with the France Propco Facility Agreement entered into on February 27, 2013, we incurred Transactions Fees of $1 million pursuant to the terms of the Advisory Agreement.

In connection with the Spain Propco Facility Agreement entered into on January 29, 2013, we incurred Transaction Fees of $1 million pursuant to the terms of the Advisory Agreement.

In connection with the offering of the 2017 Notes on August 1, 2012, we incurred Transaction Fees of $4 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $9 million and $14 million of the 2017 Notes as of February 1, 2014 and February 2, 2013, respectively.

In connection with the Second Joinder Agreement entered into on April 10, 2012, we incurred Transaction Fees of $2 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $9 million and $8 million of the Second Incremental Secured Term Loan as of February 1, 2014 and February 2, 2013, respectively.

In connection with the issuance of the Incremental Secured Term Loan on May 25, 2011, we incurred Transaction Fees of $4 million pursuant to the terms of the Advisory Agreement. Investment funds or accounts advised by KKR owned an aggregate of $50 million and $63 million of the Incremental Secured Term Loan as of February 1, 2014 and February 2, 2013, respectively.

Investment funds or accounts advised by KKR owned an aggregate of $9 million and $5 million of the Toys-Delaware Secured Notes as of February 1, 2014 and February 2, 2013, respectively. In addition, investment funds or accounts advised by KKR owned an aggregate of $70 million and $67 million of the Secured Term Loan Facility as of February 1, 2014 and February 2, 2013, respectively. Additionally, investment funds or accounts advised by KKR owned an aggregate of $5 million of the Propco II Notes as of February 1, 2014 and February 2, 2013, respectively. For further details, see Note 2 to the Consolidated Financial Statements entitled “SHORT-TERM BORROWINGS AND LONG-TERM DEBT.”

From time to time, we and our subsidiaries, as well as the Sponsors or their affiliates, may acquire debt or debt securities issued by us or our subsidiaries in open market transactions, tender offers, exchange offers, privately negotiated transactions or otherwise. During fiscals 2013, 2012 and 2011, affiliates of Vornado and investment funds or accounts advised by KKR held debt and debt securities issued by the Company and its subsidiaries. The interest amounts paid on such debt and debt securities held by related parties were $10 million, $8 million and $14 million in fiscals 2013, 2012 and 2011, respectively.

In connection with the closing of the 2005 acquisition, we entered into a Stockholders Agreement with the Sponsors and certain other investors, and members of our management are bound by certain of the provisions of such agreement. The Stockholders Agreement and management stockholder addendum are each filed as an exhibit to this Annual Report on Form 10-K.

Additionally, under lease agreements with affiliates of Vornado, we paid an aggregate amount of $8 million, $10 million and $9 million in fiscals 2013, 2012 and 2011, respectively, with respect to 0.8%, 0.9% and 0.9%, respectively, of our operated stores, which include Express stores. Of the aggregate amount paid in fiscals 2013, 2012 and 2011, $2 million, respectively, was allocable to joint-venture parties not otherwise affiliated with Vornado.

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Each of the Sponsors, either directly or through affiliates, has ownership interests in a broad range of companies ("Portfolio Companies") with whom we may from time to time enter into commercial transactions in the ordinary course of business, primarily for the purchase of goods and services. We believe that none of our transactions or arrangements with Portfolio Companies are significant enough to be considered material to the Sponsors or to our business.

Subsequent Event

In connection with the amendment and restatement of the ABL Facility on March 21, 2014, we incurred Transaction Fees of $19 million pursuant to the terms of the Advisory Agreement.

Management Equity Plan and the 2010 Incentive Plan

Since the 2005 acquisition, the Executive Committee has offered long-term incentives under the Management Equity Plan. We expect to issue any future equity awards pursuant to the 2010 Incentive Plan. Since the 2005 acquisition, our officers and certain employees participate in the Management Equity Plan. The Management Equity Plan provides for the granting of non-qualified stock options (including "rollover options" (as defined in the Management Equity Plan)) to purchase shares of common stock, as well as restricted stock to our officers, directors, employees, consultants and advisors. In fiscal 2010, our Board adopted the 2010 Incentive Plan. The 2010 Incentive Plan is an omnibus plan that provides for the granting of stock options, restricted stock, restricted and deferred stock units, performance awards, dividend equivalents and other stock awards. The 2010 Incentive Plan provides that the total number of shares of our common stock that may be issued under the 2010 Incentive Plan is 3,750,000 and the maximum number of such shares of our common stock for which incentive stock options may be granted under the 2010 Incentive Plan is 500,000. For a description of the Management Equity Plan and the 2010 Incentive Plan, see Item 11 entitled "EXECUTIVE COMPENSATION" of this Annual Report on Form 10-K.

Review, Approval or Ratification of Transactions with Related Persons

Our Board has adopted written policies and procedures for the review of any transaction, arrangement or relationship in which the Company is a participant, the amount involved exceeds $120,000, and one of our executive officers, directors, director nominees (or their immediate family members) or 5% stockholders or an employee serving in the capacity of an executive officer of a 5% stockholder or any consultant or an advisor of a 5% stockholder who participates in meetings of our management or Board, each of whom we refer to as a "related person," has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a "related person transaction," the related person must report the proposed related person transaction to our General Counsel. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by our Board's Audit Committee. The policy also permits the Chairman of the Audit Committee to review and, if deemed appropriate, approve proposed related person transactions that arise between meetings, subject to providing notice to the other members of the Audit Committee at the next meeting of the Audit Committee. Any related person transactions that are ongoing in nature will be reviewed annually. A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the Audit Committee (or its Chairman) after full disclosure of the related person's interest in the transaction. The Audit Committee (or its Chairman) will review and consider such information regarding the related person transaction as it deems appropriate under the circumstances. The Audit Committee (or its Chairman) may approve or ratify the transaction only if the Audit Committee or its Chairman, as applicable, determines that, under all of the circumstances, the transaction is not inconsistent with the Company's best interests. The Audit Committee (or its Chairman) may impose any conditions on the related person transaction that it deems appropriate.

Director Independence

Each of the members of our Board of Directors, other than Mr. Urcelay, our Chief Executive Officer, and Messrs. Goodman and Markee, is affiliated with the Sponsors as further described in Item 10 entitled "DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE" of this Annual Report on Form 10-K and our Board of Directors has not made a determination as to whether any of our directors are independent.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Appointment of Independent Registered Public Accounting Firm
The Audit Committee appointed Deloitte & Touche LLP (“D&T”) as the Company’s independent registered public accounting firm to conduct the audit of the Company’s Consolidated Financial Statements for fiscals 2013 and 2012.

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Audit Fees and Non-audit Fees

The aggregate fees billed by D&T and their respective affiliates for professional services rendered for the audit of the annual Consolidated Financial Statements for fiscals 2013 and 2012 and for the reviews of the financial statements included in our Quarterly Reports on Form 10-Q for those fiscal years, and for other services rendered during those fiscal years on our behalf were as follows:

	Fiscal 2013	Fiscal 2012
Audit Fees (1)	$4,635,000	$4,756,000
Audit-Related Fees (2)	$1,998,000	$1,517,000
Tax Fees (3)	$564,000	$548,000

(1) For fiscals 2013 and 2012, the audit fees consist of fees for professional services performed in connection with the audit of the Company's annual consolidated financial statements, review of financial statements included in our 10-Q filings, the Sarbanes-Oxley Section 404 audit and services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) For fiscal 2013, audit-related fees consist primarily of fees related to special purpose audits. For fiscal 2012, audit-related fees consist primarily of fees related to the 144A offering and Toys "R" Us, Inc. Form S-4 for the issuance of the 2017 Notes and fees related to special purpose audits.

(3) For fiscals 2013 and 2012, tax fees consist of a variety of U.S. Federal, state and non-U.S. tax consultation services.

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee has adopted a policy for the pre-approval of all audit and permissible non-audit services provided by D&T. These services may include audit services, audit-related services, tax services and other services. Under the policy, pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is subject to a specific budget. In addition, the Audit Committee may also pre-approve particular services on a case-by-case basis. The Audit Committee may delegate pre-approval authority to one or more of its members. Such member or members must report any decision to the Audit Committee at its next scheduled meeting.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES
(a) Financial Statements and financial statement schedules
(1) and (2) The financial statements and financial statement schedules required to be filed as part of this report are set forth in Item 8 entitled "FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA" of this Annual Report on Form 10-K.
(3) Exhibits. See Item 15(b) below.
(b) Exhibits required by Item 601 of Regulation S-K
The information required by this item is incorporated herein by reference from the Index to Exhibits beginning on page 157 of this Annual Report on Form 10-K. We will furnish to any security holder, upon written request, any exhibit listed in the accompanying Index to Exhibits upon payment by such security holder of our reasonable expenses in furnishing any such exhibit. Written requests should be sent to Investor Relations, Toys "R" Us Inc., One Geoffrey Way, Wayne, New Jersey 07470.

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SIGNATURES
Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.
TOYS "R" US, INC.
(Registrant)

/S/ ANTONIO URCELAY
Antonio Urcelay
Chairman of the Board and
Chief Executive Officer
Date: March 31, 2014
Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 31st day of March 2014.

Signature	Title
/s/ ANTONIO URCELAY Antonio Urcelay	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)
/s/ F. CLAY CREASEY, JR. F. Clay Creasey, Jr.	Executive Vice President – Chief Financial Officer (Principal Financial Officer)
/s/ CHARLES D. KNIGHT Charles D. Knight	Senior Vice President – Corporate Controller (Principal Accounting Officer)
* Joshua Bekenstein	Director
* Michael M. Calbert	Director
* Richard Goodman	Director
* Daniel Guglielmone	Director
* Matthew S. Levin	Director
* Joseph Macnow	Director
* Richard L. Markee	Director
* Wendy Silverstein	Director
	Director

* Nathanial H. Taylor	
* Adam Waglay	Director
* Gregory R. Why	Director

The foregoing constitutes all of the Board of Directors and the Principal Executive, Financial and Accounting Officers of the Registrant.

*By	/S/ ANTONIO URCELAY Antonio Urcelay Attorney-In-Fact

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SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT

We have not sent a copy of our annual report or proxy statement to our security holders.

INDEX TO EXHIBITS

The following is a list of all exhibits filed as part of this Report:

Exhibit No.	Document
2.1	Reorganization Agreement, dated June 10, 2008, by and between the Registrant and Toys “R” Us Holdings, Inc. (filed as Exhibit 2.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).
3.1	Amended and Restated Certificate of Incorporation of the Registrant filed with the Secretary of State of the State of Delaware on June 10, 2008 (filed as Exhibit 3.2 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).
3.2	Amended and Restated By-Laws of the Registrant, dated June 10, 2008 (filed as Exhibit 3.3 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).
4.1	Indenture between the Registrant and Fleet Bank, as trustee, pursuant to which securities in one or more series up to $300,000,000 in principal amount may be issued by the Registrant (filed as Exhibit 4 to the Registrant’s Registration Statement on Form S-3, File No. 33-42237, filed on August 31, 1991 and incorporated herein by reference).
4.2	Form of the Registrant’s 8.75% Debentures due 2021 (filed as Exhibit 4 to the Registrant’s Current Report on Form 8-K, dated August 29, 1991 and incorporated herein by reference).
4.3	First Supplemental Indenture, dated as of January 1, 1996, among Toys “R” Us – Delaware, Inc., Toys “R” Us, Inc. and United Jersey Bank, as trustee (filed as Exhibit 4.3 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 31, 2009, filed on March 31, 2009 and incorporated herein by reference).
4.4	Second Supplemental Indenture, dated as of November 15, 2006, among Toys “R” Us – Delaware, Inc., Toys “R” Us, Inc. and The Bank of New York, as trustee (filed as Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q, filed on December 12, 2006 and incorporated herein by reference).
4.5	Form of the Registrant’s 7.375% Notes due 2018 (filed as Exhibit 4.1 to the Registrant’s Current Report on Form 8-K, File No. 001-11609, filed on September 22, 2003 and incorporated herein by reference).
4.6	Indenture, dated as of May 28, 2002, between the Registrant and The Bank of New York, as trustee (filed as Exhibit 4.3 to the Post-Effective Amendment to the Registrant’s Registration Statement on Form S-3, File No. 333-84254, filed on May 29, 2002 and incorporated herein by reference).
4.7	First Supplemental Indenture, dated as of May 28, 2002, between the Registrant and The Bank of New York, as trustee (filed as Exhibit 4.4 to the Post-Effective Amendment to the Registrant’s Registration Statement on Form S-3, File No. 333-84254, filed on May 29, 2002 and incorporated herein by reference).
4.8	Indenture for the 8.50% Senior Secured Notes due 2017, dated November 20, 2009 (“Propco II Notes”), among Toys “R” Us Property Company II, LLC, the Registrant and the Guarantors named therein and The Bank of New York Mellon, as trustee and collateral agent (filed as Exhibit 4.14 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 30, 2010, filed on March 24, 2010 and incorporated herein by reference).

4.9	Form of the 8.50% Senior Secured Notes due 2017 (included in Exhibit 4.8).
4.10	Registration Rights Agreement, dated November 20, 2009, among Toys “R” Us Property Company II, LLC and the initial purchasers of the Propco II Notes, which was executed in connection with the issuance of the Propco II Notes (filed as Exhibit 4.16 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 30, 2010, filed on March 24, 2010 and incorporated herein by reference).
4.11	Indenture for the 7.375% Senior Secured Notes due 2016, dated August 24, 2010, among Toys “R” Us – Delaware, Inc., the Guarantors named therein and The Bank of New York Mellon, as Trustee (filed as Exhibit 4.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 10, 2010 and incorporated herein by reference).
4.12	Form of the 7.375% Senior Secured Notes due 2016 (included in Exhibit 4.11).

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Exhibit No.	Document
4.13	Security Agreement, dated August 24, 2010, among Toys “R” Us – Delaware, Inc., the Guarantors named therein and The Bank of New York Mellon, as Collateral Agent (filed as Exhibit 4.3 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 10, 2010 and incorporated herein by reference).
4.14	First Lien Intercreditor Agreement, dated as of August 24, 2010, among Toys “R” Us – Delaware, Inc., the Guarantors named therein, Bank of America, N.A., as Term Loan Collateral Agent and The Bank of New York Mellon, as Notes Collateral Agent (filed as Exhibit 4.4 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 10, 2010 and incorporated herein by reference).
4.15	Amended and Restated Intercreditor Agreement, dated as of August 24, 2010, among Toys “R” Us – Delaware, Inc., the Guarantors named therein, Bank of America, N.A., as ABL Agent and as Term Agent and The Bank of New York Mellon, as Notes Agent (filed as Exhibit 4.5 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 10, 2010 and incorporated herein by reference).
4.16	Indenture for the 10.375% Senior Notes due 2017, dated August 1, 2012, between the Registrant and The Bank of New York Mellon, as Trustee (filed as Exhibit 4.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on December 7, 2012 and incorporated herein by reference).
4.17	Form of the 10.375% Senior Notes (included in Exhibit 4.16).
4.18	Registration Rights Agreement, dated August 1, 2012, among the Registrant, and the Initial Purchasers named therein, of the Registrant’s 10.375% Senior Notes due 2017 (filed as Exhibit 4.3 to the Registrant’s Quarterly Report on Form 10-Q, filed on December 7, 2012 and incorporated herein by reference).
4.19	Substantially all other long-term debt of the Registrant (which other debt does not exceed on an aggregate basis 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis) is evidenced by, among other things, (i) industrial revenue bonds issued by industrial development authorities and guaranteed by the Registrant, (ii) mortgages held by third parties on real estate owned by the Registrant and (iii) stepped coupon guaranteed bonds held by a third party and guaranteed by the Registrant, any of which the Registrant will furnish to the Commission upon request.
10.1	Second Amended and Restated Credit Agreement, dated as of August 10, 2010, among Toys “R” Us – Delaware, Inc., as the Lead Borrower, Toys “R” Us (Canada) Ltd., Toys “R” Us (Canada) Ltee, as the Canadian Borrower, and certain other subsidiaries of Toys “R” Us – Delaware, Inc., as Facility Guarantors, Bank of America N.A., as Administrative Agent, as Canadian Agent and Co-Collateral Agent, Wells Fargo Retail Finance, LLC, as Co-Collateral Agent, and the Lenders named therein, Wells Fargo Retail Finance, LLC and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Citigroup Global Markets Inc., and Deutsche Bank AG New York Branch, as Co-Documentation Agents, Banc of America Securities LLC, Wells Fargo Capital Finance, LLC, JPMorgan Securities, Inc., as Joint Lead Arrangers and Banc of America Securities LLC, Wells Fargo Capital Finance, LLC, JPMorgan Securities, Inc., Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., as Joint Bookrunners (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 10, 2010 and incorporated herein by reference).
10.2	Security Agreement, dated as of July 21, 2005, among Toys “R” Us, Inc., and the borrowers named therein, the guarantors named therein, and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.2

	to the Registrant's Current Report on Form 8-K, filed on July 27, 2005 and incorporated herein by reference).
10.3	Syndicated Facility Agreement, dated as of October 15, 2009, among Toys "R" Us Europe, LLC, TRU Australia Holdings, LLC, Toys "R" Us (UK) Limited, Toys "R" Us Limited, Toys "R" Us (Australia) Pty Ltd, Toys "R" Us GmbH, Toys "R" Us SARL, Toys "R" Us Iberia, S.A., the other Obligors party thereto from time to time, the Lenders party thereto from time to time, Deutsche Bank AG New York Branch, as Administrative Agent and Security Agent, Deutsche Bank AG, London Branch, as Facility Agent and Deutsche Bank AG New York Branch and Bank of America, N.A., as Co-Collateral Agents (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on October 16, 2009 and incorporated herein by reference).

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Exhibit No.	Document
10.4	Amended and Restated Syndicated Facility Agreement, dated as of October 15, 2009 and amended and restated as of March 8, 2011, among Toys “R” Us Europe, LLC, TRU Australia Holdings, LLC, Toys “R” Us (UK) Limited, Toys “R” Us Limited, Toys “R” Us (Australia) Pty Ltd, Toys “R” Us GmbH, Toys “R” Us SARL, Toys “R” Us Iberia, S.A., the other Obligors party thereto from time to time, the Lenders party thereto from time to time, Deutsche Bank AG, New York Branch, as Administrative Agent and Security Agent, Deutsche Bank AG, London Branch, as Facility Agent, Deutsche Bank AG, New York Branch and Bank of America, N.A., as Co-Collateral Agents, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Book-Runners, Bank of America, N.A., as Syndication Agent and Citibank, N.A. and Goldman Sachs Lending Partners LLC, as Documentation Agents. (filed as Exhibit 10.4 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 29, 2011, filed on March 24, 2011 and incorporated herein by reference).
10.5	Incremental Commitment Agreement, dated as of April 28, 2011, to the Amended and Restated Syndicated Facility Agreement, dated as of October 15, 2009 and amended and restated as of March 8, 2011, among Toys “R” Us Europe, LLC, TRU Australia Holdings, LLC, Toys “R” Us (UK) Limited, Toys “R” Us (Australia) Pty Ltd., and other Obligors party thereto from time to time, the Lenders party thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Security Agent, Deutsche Bank AG, London Branch, as Facility Agent, Deutsche Bank AG, New York Branch and Bank of America, N.A., as Co-Collateral Agents, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers, Deutsche Bank Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Book-Runners, Bank of America, N.A., as Syndication Agent and Citibank, N.A. and Goldman Sachs Lending Partners LLC, as Documentation Agents (filed as Exhibit 10.5 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012, filed on March 21, 2012 and incorporated herein by reference).
10.6	Amendment and Restatement Agreement, dated as of July 24, 2013, relating to the UK Propco Facility Agreement, dated as of March 25, 2013, among Toys “R” Us Properties (UK) Limited, as borrower, Debussy DTC PLC, as original lender, Elavon Financial Services Limited, as facility agent and U.S. Bank Trustees Limited, as security agent (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 17, 2013 and incorporated herein by reference).
10.7	Amended and Restated Credit Agreement (the “New Secured Term Loan”), dated as of August 24, 2010 by and among Toys “R” Us - Delaware, Inc., as Borrower, Banc of America, N.A., as Administrative Agent and as Collateral Agent, Goldman Sachs Credit Partners L.P. and JPMorgan Chase Bank, N.A., as Syndication Agents, the Lenders named therein, Credit Suisse Securities (USA) LLC and Wells Fargo Bank, N.A., as Documentation Agents, Banc of America Securities LLC, J.P. Morgan Securities, Inc. and Goldman Sachs Lending Partners LLC, as Joint Lead Arrangers and Banc of America Securities LLC, J. P. Morgan Securities Inc., Wells Fargo Securities, LLC, Goldman Sachs Lending Partners LLC, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., as Joint Bookrunning Managers (filed as Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 10, 2010 and incorporated herein by reference).
10.8	Amendment No. 1, dated as of September 20, 2010, to the New Secured Term Loan (filed as Exhibit 10.7 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 29, 2011, filed on March 24, 2011 and incorporated herein by reference).

10.9	Term Loan Credit Agreement, dated as of August 21, 2013, among Toys "R" Us Property Company I, LLC, as Borrower, the Lenders named therein, Goldman Sachs Lending Partners LLC, as Administrative Agent, Joint Lead Arrangers and Bookrunners, Deutsche Bank Securities, Inc., J.P. Morgan Securities LLC, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Bookrunners, Citigroup Global Markets Inc. and Wells Fargo Securities, LLC, as Joint Lead Arrangers, Goldman Sachs Lending Partners LLC, Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Co-Syndication Agents, Citigroup Global Markets Inc. and Wells Fargo Securities, LLC, as Co-Documentation Agents (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q, filed on September 17, 2013 and incorporated herein by reference).
10.10	Incremental Joinder Agreement, dated as of May 25, 2011, to the New Secured Term Loan, dated as of August 24, 2010 by and between, among others, Toys "R" Us - Delaware, Inc., as the Borrower, Bank of America, N.A. as Administrative Agent, and the other agents and the lenders party thereto (filed as Exhibit 10.1 to the Registrant's Quarterly Report of Form 10-Q, filed on June 10, 2011 and incorporated herein by reference).
10.11	Incremental Joinder Agreement No. 2, dated as of April 10, 2012, to the New Secured Term Loan, dated as of August 24, 2010 by and between, among others, Toys "R" Us - Delaware, Inc., as the Borrower, Bank of America, N.A. as Administrative Agent, and the other agents and the lenders party thereto (filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q, filed on June 8, 2012 and incorporated herein by reference).

Exhibit No.	Document
10.12	Amendment No. 2, dated as of April 10, 2012, to the New Secured Term Loan, dated as of August 24, 2010 by and between, among others, Toys “R” Us - Delaware, Inc., as the Borrower, Bank of America, N.A. as Administrative Agent, and the other agents and the lenders party thereto (filed as Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 8, 2012 and incorporated herein by reference).
10.13	Security Agreement, dated as of July 19, 2006, among Toys “R” Us - Delaware, Inc., and the Guarantors named therein, and Banc of America Bridge LLC, as Administrative Agent (filed as Exhibit 10.7 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 12, 2006 and incorporated herein by reference).
10.14	Stockholders Agreement among Toys “R” Us Holdings, Inc. (subsequently assumed by the Registrant), Funds managed by Bain Capital Partners, LLC or its Affiliates, Toybox Holdings LLC and Vornado Truck LLC and certain other persons, dated as of July 21, 2005 (filed as Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).
10.15	Amendment No. 1, dated June 10, 2008, to the Stockholders Agreement among Toys “R” Us Holdings, Inc. (subsequently assumed by the Registrant), Funds managed by Bain Capital Partners, LLC or its Affiliates, Toybox Holdings LLC and Vornado Truck LLC and certain other persons, dated as of July 21, 2005 (filed as Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).
10.16	Management Stockholders Addendum incorporated in and made a part of the Toys “R” Us Holdings, Inc. 2005 Management Equity Plan (filed as Exhibit 10.18 to the Registrant’s Form S-1/A, filed on July 9, 2010 and incorporated herein by reference).
10.17	Advisory Agreement, dated as of July 21, 2005, among the Registrant, Toys “R” Us Holdings, Inc. (subsequently assumed by the Registrant), Bain Capital Partners, LLC, Bain Capital, Ltd., Kohlberg Kravis Roberts & Co. L.P. and Vornado Truck LLC (filed as Exhibit 10.20 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 14, 2005 and incorporated herein by reference).
10.18	Amendment No. 1, dated June 10, 2008, to the Advisory Agreement among the Registrant, Toys “R” Us Holdings, Inc. (subsequently assumed by the Registrant), Bain Capital Partners, LLC, Bain Capital, Ltd., Kohlberg Kravis Roberts & Co. L.P. and Vornado Truck LLC, dated as of July 21, 2005 (filed as Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).
10.19	Amendment No. 2, dated February 1, 2009, to the Advisory Agreement among the Registrant, Bain Capital Partners, LLC, Bain Capital, Ltd., Kohlberg Kravis Roberts & Co., L.P. and Vornado Truck LLC, dated as of July 21, 2005 (filed as Exhibit 10.26 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended January 31, 2009, filed on March 31, 2009 and incorporated herein by reference).
10.20	Registration Rights Agreement, dated as of July 21, 2005, among Toys “R” Us Holdings, Inc. (subsequently assumed by the Registrant), Funds managed by Bain Capital Partners, LLC or its Affiliates, Toybox Holdings LLC, Vornado Truck LLC and certain other Persons (filed as Exhibit 10.12 on the Registrant’s Form S-1/A, filed on July 9, 2010 and incorporated herein by reference).

10.21	Amendment No. 1, dated June 10, 2008, to the Registration Rights Agreement among Toys “R” Us Holdings, Inc. (subsequently assumed by the Registrant), Funds managed by Bain Capital Partners, LLC or its Affiliates, Toybox Holdings LLC, Vornado Truck LLC and certain other Persons, dated as of July 21, 2005 (filed as Exhibit 10.13 on the Registrant’s Form S-1/A, filed on July 9, 2010 and incorporated herein by reference).
10.22	Form of Advancement and Indemnification Rights Agreement (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on September 4, 2009 and incorporated herein by reference).
10.23*	Amended and Restated Toys “R” Us Holdings, Inc. 2005 Management Equity Plan, (subsequently assumed by the Registrant), adopted on August 3, 2007 (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on December 18, 2007 and incorporated herein by reference).
10.24*	Amendment No. 1, dated June 10, 2008, to the Amended and Restated Toys “R” Us Holdings, Inc. 2005 Management Equity Plan, (subsequently assumed by the Registrant and renamed the Amended and Restated Toys “R” Us, Inc. Management Equity Plan), adopted on August 3, 2007 (i) (“MEP”), (filed as Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q, filed on June 10, 2008 and incorporated herein by reference).

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Exhibit No.	Document
10.25*	Amendment No. 2, effective as of June 8, 2009, to the MEP (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed on June 9, 2009 and incorporated herein by reference).
10.26*	Amendment No. 3, effective as of November 29, 2010, to the MEP (filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the fiscal year ended January 29, 2011, filed on March 24, 2011 and incorporated herein by reference). (i)
10.27*	Amendment No. 4, effective as of March 2, 2012 to the MEP (filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed on June 8, 2012 and incorporated herein by reference).
10.28*	Amendment No. 5, effective as of May 21, 2012 to the MEP (filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed on June 8, 2012 and incorporated herein by reference).
10.29*	