



## XRoads Nets More for Web-based Toy Retailer

### Background

- e-Toys, Inc, the internet's biggest toy store, is a leading Web-based retailer focused exclusively on children's products, including toys, video games, software, videos, books and music, peaking at over 1,200 employees, \$270 million in annual sales and had a \$8 billion market cap.

### Challenge

- Falling revenues, rising costs and escalating competition forced e-Toys to file for bankruptcy. XRoads was selected as financial advisor and provided bankruptcy administration and support services.

### Solution

- XRoads assisted in the wind-down of domestic and international operations; analysis and implementation of strategic leasing arrangements; and the sale of intellectual property, inventory, computer equipment and other assets.
- We also negotiated the rejection of the leases on the company's two distribution centers (each over 1 million square feet), co-location facilities and corporate offices, mitigating rejection damages by identifying new tenants and removing all warehouse equipment and conveyor systems.
- XRoads provided claims reconciliation, and negotiation, cash management, distribution analysis, records inventory and retention.
- We oversaw the wind down of the 401K plan and managed and settled four key pieces of litigation, generating additional recoveries to the estate.

### Value Delivered

- XRoads managed the sale of approximately \$40 million in assets (including the wind-down of several foreign subsidiaries)
- We pursued preference litigation which generated an additional \$3 million for the estate.
- XRoads efficiently dealt with residual employee and claim issues as expeditiously as possible post-confirmation.