

**Congress of the United States**  
**Washington, DC 20515**

July 5, 2018

Mr. Joshua Bekenstein  
Co-Founder & Co-Chairman  
Bain Capital, L.P.  
200 Clarendon Street  
Boston, Massachusetts 02116

Mr. George R. Roberts  
Co-Chairman & Co-Chief Executive Officer  
KKR Management LLC and KKR & Co. L.P.  
9 West 57th Street  
New York, New York 10019

Mr. Henry Kravis  
Co-Chairman and Co-Chief Executive Officer  
KKR Management LLC and KKR & Co. L.P.  
9 West 57th Street  
New York, New York 10019

Mr. Steven Roth  
Chairman of the Board and Chief Executive  
Officer  
Vornado Realty Trust  
888 Seventh Avenue  
New York, New York 10019

Dear Mr. Bekenstein, Mr. Roberts, Mr. Kravis and Mr. Roth:

As elected representatives of Americans from across the country who are deeply concerned as a matter of public policy about the health of the retail industry and the jobs of millions of American workers, we write to express our support for the workers of Toys ‘R Us as the company heads towards a planned closure.

As you know, Toys ‘R Us is an iconic American brand whose bankruptcy, layoffs and planned closing has sparked public outcry from the company’s multi-generational, loyal customers and workers. Despite bringing in over \$150 million in operating profit, Toys ‘R Us has struggled to pay \$400 million every year to service its estimated \$5 billion long-term debt to Bain Capital and KKR.

Leveraged buyouts—such as those facilitated by your companies—often result in mass job loss, closure of profitable businesses, and unnecessary financial burdens for local government. Such buyouts harm communities, while investment managers walk away with significant gains. In fact, due to the closure of Toys ‘R Us, 33,000 workers lost their jobs, while your firms have extracted over \$500 million from Toys ‘R Us during the period you have owned the company. The Toys ‘R Us bankruptcy—under your management and oversight—has become the third-largest in retail history.

The consequences of leveraged buyouts are exemplified by the plight of the workers at Toys ‘R Us—from front-line sales associates to clerks, managers and executives—who have been left with nothing. Many have worked for the company for decades and rely on the company to support their families.

We are concerned that your investment firms have deliberately chosen this path for the company, its workers and its communities. It is still possible, of course, to assure some measure of recognition for workers and their service, through severance pay and community-impact funds, for example.

In light of these concerns, we respectfully request your responses to the following questions:

1. Before your acquisition of Toys ‘R Us, its capital structure was 30 percent debt and 70 percent equity. When the buyout was completed, the capital structure for Toys ‘R Us had shifted to 78 percent debt and 22 percent equity. Was this a deliberate policy by your firms to load the company with debt? If so, what is your justification?
2. Since acquiring Toys ‘R Us, you obligated the company to pay \$470 million in unspecified fees and interest payments directly to your three firms. Were any services provided in exchange for these fees? What services in particular?
3. Do your companies have any plans to offer immediate severance pay to all Toys ‘R Us workers? If not, please detail why. If so, how will you determine their severance package?
4. Was any individual associated with any of your firms, who had a compensation agreement with any of your firms, or whose compensation by Toys ‘R Us was negotiated by one of your firms involved in the layoff decision?

We look forward to your prompt attention to our inquiries, and would appreciate a response by no later than July 15<sup>th</sup>, 2018.

Sincerely,



MARK POCAN  
Member of Congress




RAÚL M. GRIJALVA  
Member of Congress



BERNARD SANDERS  
United States Senator



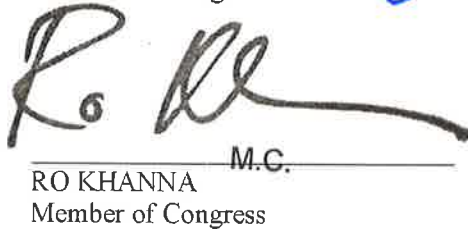
KEITH ELLISON  
Member of Congress

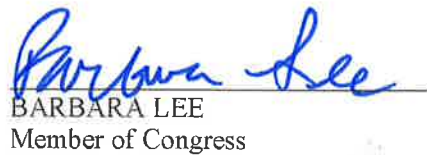
  
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