**Video Title:** Breaking News “Toys ‘R’ Us Canada draws $300 M ‘Stalking Horse’ Bid from Fairfax Financial

**Video URL:** <https://www.youtube.com/watch?v=2hlSpfgIyhg>

**Run Time:** 3:23

**Source:** CBE News/YouTube

**Close Caption Available:** No

Information about the stalking horse bid as a negotiating technique is presented on page 69 of the textbook. The purpose of suggesting this video for you to watch is simply to illustrate that the stalking horse bid is still used in practice. The financial and legal details about the auction for the assets of Toys “R” are informative but are supplementary to the reason for including this video,

Ahead of an auction scheduled for the following week for the Canadian assets of Toys “R” US, Fairfax Financial Holdings Ltd submitted a $300 million offer. According to court documents, filed on April 19, 2018, with the United States Bankruptcy Court for the eastern district of Virginia, Toys “R” Us planned to auction off the company’s Canadian operations on April 23, 2018 at 11:00 a.m. ET. The auction took place at the office of a law firm in New York City. Fairfax’s $300 million bid was a stalking horse offer, meaning that it was designed to serve as a floor to the bidding on the Canadian operations.

During the bidding, Isaac Larian the chief executive of toymaker MGA Entertainment, offered $675 million for the U.S. Toys “R” Us company, and $215 million for the Canadian operations. (Bratz dolls were manufactured by MGA.) Larian’s bid was rejected but he said he was not giving up and would find another way to purchase Toys “R” Us.

*Questions for Thought and Discussion*

1. What leverage might the owners of Toys “R” Us had in auctioning off their assets?

2. What possible reason would the owners of Toys “R” Us reject the gigantic bid Isaac made for their properties?

3. What might have been a BATNA for the owners of Toys “R” Us?

4. What interest might Walmart have had in the bankruptcy filing of Toys “R” Us?

5. What might this video illustrate about the legal and financial aspects of business negotiation?