

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

----- X  
: Chapter 11  
: :  
In re: : Case Nos. 01-706 (MFW)  
: through 01-709 (MFW)  
ETOYS, INC. et al.,<sup>1</sup> :  
: Jointly Administered  
Debtors. :  
: **Hearing Date: To Be Determined**  
: :  
----- X **Objections Due By: April 18, 2001, at**  
**4:00 p.m. (Eastern Time)**

**NOTICE OF APPLICATION OF DEBTORS AND**  
**DEBTORS-IN-POSSESSION TO EMPLOY AND RETAIN**  
**MORRIS, NICHOLS, ARSHT & TUNNELL AS ATTORNEYS**

**TO: All Entities Identified on the Attached Service List.**

On April 5, 2001, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed and served the **Application Of Debtors And Debtors-In-Possession To Employ And Retain Morris, Nichols, Arsht & Tunnell As Attorneys** (the "Application").

Responses ("Responses"), if any, to the Application are required to be filed with the Clerk of Court, United States Bankruptcy Court for the District of Delaware, 5<sup>th</sup> Floor, 824 Market Street, Wilmington, Delaware 19801, on or before **April 18, 2001, at 4:00 p.m. (EST)**.

At the same time, a copy of the Response must also be served upon the undersigned Co-Counsel for the Debtors.

A HEARING ON THE APPLICATION, IF NECESSARY, WILL BE HELD **AT A TIME TO BE DETERMINED** BEFORE THE HONORABLE MARY F. WALRATH, UNITED STATES BANKRUPTCY JUDGE, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 6<sup>TH</sup> FLOOR, WILMINGTON, DELAWARE 19801.

<sup>1</sup> The Debtors are the following entities: eToys, Inc., a Delaware corporation; PMJ Corporation, a Delaware corporation; eKids, Inc., a Delaware corporation; and eToys Distribution, LLC, a Delaware LLC.

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IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF DEMANDED BY THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: April 5, 2001

MORRIS, NICHOLS, ARSHT & TUNNELL



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Robert J. Dehney (No. 3578)

Gregory W. Werkheiser (No. 3553)

1201 North Market Street

P.O. Box 1347

Wilmington, Delaware 19899-1347

(302) 658-9200

and

Howard J. Steinberg (CA 89291)

IRELL & MANELLA LLP

1800 Avenue of the Stars, Suite 900

Los Angeles, California 90067-4276

(310) 277-1010

219671

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----	x	
	:	Chapter 11
	:	Case Nos. 01-706 (MFW)
In re:	:	through 01-709 (MFW)
	:	Jointly Administered
ETOYS, INC. <u>et al.</u> , <sup>1</sup>	:	
	:	
Debtors.	:	<b>Hearing Date: To Be Determined</b>
	:	
	:	<b>Objections Due By: April 18, 2001,</b>
	:	<b>at 4:00 p.m. (Eastern Time)</b>
	:	
-----	x	

**APPLICATION OF DEBTORS AND  
DEBTORS-IN-POSSESSION TO EMPLOY AND RETAIN  
MORRIS, NICHOLS, ARSHT & TUNNELL AS ATTORNEYS**

The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) hereby submit this application (the “Application”), under sections 327(a) and 1107(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the “Bankruptcy Code”), Federal Rules of Bankruptcy Procedure 2014, 2016, and 5002 (the “Bankruptcy Rules”) and Rules 2014-1 and 2016-1 of the Local Rules of Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) authorizing the employment and retention of Morris, Nichols, Arsht & Tunnell (“Morris, Nichols”) as their attorneys in these chapter 11 cases. In support of the Application, the Debtors rely upon the Affidavit of Robert J. Dehney in Support of the Application (the “Dehney Affidavit”), attached hereto as Exhibit A. In further support of the Application, the Debtors represent as follows:

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<sup>1</sup> The Debtors are the following entities: eToys, Inc., a Delaware corporation; PMJ Corporation, a Delaware corporation; eKids, Inc., a Delaware corporation; and eToys Distribution, LLC, a Delaware LLC.

### **Jurisdiction**

1. This Court has jurisdiction over this Motion under 28 U.S.C. Sections 157 and 1334. This is a core proceeding within the meaning of 28 U.S.C. Section 157(b)(2).

2. Venue for this proceeding and this Motion is proper in this District pursuant to 28 U.S.C. Sections 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 327(a) and 1107(b) of the Bankruptcy Code.

### **Background**

4. On March 7, 2001 (the "Petition Date"), the Debtors commenced their respective reorganization cases by filing voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

5. The Debtors continue to operate their businesses and manage their respective properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

6. Debtor eToys, Inc., a Delaware corporation, is the direct parent of the other corporate Debtors, and holds all of the membership interests in the limited liability company Debtor.

7. Based in Los Angeles, California, eToys, Inc. is an Internet retailer focused exclusively on children's products, with an extensive selection of both nationally advertised and specialty toys, software, books, videos, music, video games, hobby products, party goods and baby products. eToys, Inc.'s online store, located at [www.eToys.com](http://www.eToys.com), offers over 100,000 types of products representing more than 750 brands. The store features detailed product information, helpful shopping services and innovative merchandising through easy-to-use Web pages. A consumer shopping at eToys.com can, in addition to ordering products, conduct targeted product searches, view recommended products, visit the Gift Center, participate in promotions and check

order status. In contrast to a traditional retail store, the consumer can shop in the comfort and convenience of his or her home or office, 24 hours a day, seven days a week. By combining its expertise in children's products, a commitment to excellent customer service, and the benefits of Internet retailing, eToys, Inc. has been able to deliver a unique shopping experience to consumers.

8. eToys, Inc. obtains products from a network of large and small vendors, manufacturers and distributors. It carries inventory of the products available for sale on its website and conduct warehousing, order fulfillment and distribution operations from the following facilities: an approximately 763,000 square foot facility in Ontario, California; and two adjacent facilities totaling approximately 1.1 million square feet in Pittsylvania County, Virginia.

9. eToys, Inc. was incorporated as Toys.com in Delaware in November 1996 and later changed its name to eToys, Inc. in June 1997. It commenced operations in the fall of 1997. In July 1999, eToys, Inc. acquired BabyCenter, Inc., which operates a website offering community, content and merchandise for new and expectant parents at [www.babycenter.com](http://www.babycenter.com). In October 1999, eToys, Inc. launched eToys.co.uk, which offered consumers in the United Kingdom over 5,000 SKUs of children's toys, software, videos and video games. In November 1999, eToys Inc. began offering services to all provinces of Canada through its eToys.com store, and in March 2000 it launched the BabyCenter brand in the United Kingdom, offering a content and community site for parents and expectant parents located at [www.babycentre.co.uk](http://www.babycentre.co.uk). In January 2001, eToys, Inc. ceased offering services in Canada and closed its [etoys.co.uk](http://etoys.co.uk) website.

10. As of December 31, 2000, eToys, Inc. had sold products to nearly 3 million customers, and it had approximately 1,000 full-time employees.

11. On January 10, 2001, at eToys, Inc.'s request, an Informal Committee of Unsecured Creditors (the "Informal Committee") was organized, which consisted of seven

unsecured creditors holding claims in excess of \$90 million. The Informal Committee and its counsel have worked in concert with the Debtors to address creditor concerns, and are supportive of the Debtors' filings and the relief requested herein.

12. On March 16, 2001, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Creditors' Committee") in these chapter 11 cases.

13. Prior to the Petition Date, the Debtors retained the investment banking firm of Goldman, Sachs & Co. ("Goldman") for the purpose of effectuating a sale, merger or capital infusion for the Debtors. These efforts resulted in the recent sale of Baby Center, Inc., Baby Center Advertising, LLC and Baby Center Canada, Ltd. (the "Baby Center Sale"), but did not bring about a sale of the Debtors. Insufficient capital, brought about in part by a disappointing Christmas holiday season, precipitated the need for these filings.

14. On March 7, 2001, eToys, Inc. shut down its website and will seek to sell; in short order, its business by means of a stock or asset sale. In light of a shortage of capital, the need to rapidly consummate such a transaction is imperative to maximize the value of the assets that will be available to creditors. All employees of the Debtors have been given a notice of termination, with an outside employment date of March 31, 2001. The ability to manage an orderly sale of the business or assets after that date will be problematic.

#### **Relief Requested**

15. By the Application, the Debtors seek the entry of an Order, under sections 327(a) and 1107(b) of the Bankruptcy Code, and Bankruptcy Rules 2014, 2016, and 5002 and Local Rules 2014-1 and 2016-1, authorizing and approving the retention of Morris, Nichols as co-counsel to the Debtors.

16. Prior to the commencement of these chapter 11 cases, the Debtors sought the services of Morris, Nichols with respect to, among other things, advice regarding, and the preparation for, the commencement and prosecution of one or more cases under chapter 11 of the Bankruptcy Code concerning the Debtors. The Debtors have employed and retained Morris, Nichols as its attorneys in connection with the filing and, subject to the entry of an order approving the retention of Morris, Nichols, the prosecution of these chapter 11 cases.

17. The Debtors seek to retain Morris, Nichols because of the firm's extensive experience and knowledge in the fields of, inter alia, debtors' and creditors' rights, business reorganizations under chapter 11 of the Bankruptcy Code, and general corporate law, and because of its expertise, experience, and knowledge in practicing before this Court, its proximity to the Court and its ability to respond quickly to emergency hearings and other emergency matters in this Court. In addition, in connection with its engagement by the Debtors, Morris, Nichols has become familiar with the Debtors' businesses and affairs. Accordingly, Morris, Nichols is well qualified to deal effectively with the potential legal issues and problems that may arise in the context of these chapter 11 cases.

18. The Debtors believe that Morris, Nichols' services are necessary to enable them to execute faithfully their duties as debtors in possession. Subject to further order of this Court, Morris, Nichols will render the following professional services to the Debtors:

- a. perform all necessary services as the Debtors' counsel, including, without limitation, providing the Debtors with advice, representing the Debtors, and preparing all necessary documents on behalf of the Debtors, in the areas of corporate law, real estate, employee benefits, business and commercial litigation, tax, debt restructuring, bankruptcy, and asset dispositions;
- b. take all necessary actions to protect and preserve the Debtors' estates during the pendency of their chapter 11 cases, including the prosecution of actions by the Debtors, the defense of any actions commenced against the Debtors, negotiations concerning all

litigation in which the Debtors are involved and objecting to claims filed against the estates;

- c. prepare on behalf of the Debtors, as debtors in possession, all necessary motions, applications, answers, orders, reports and papers in connection with the administration of these chapter 11 cases;
- d. counsel the Debtors with regard to their rights and obligations as debtors in possession; and
- e. perform all other necessary legal services.

19. In addition to Morris, Nichols, the Debtors seek to retain Irell & Manella LLP (“Irell”) as their general bankruptcy counsel because of, among other things, Irell’s extensive experience and knowledge in the field of debtors’ and creditors’ rights and business reorganizations under chapter 11 of the Bankruptcy Code. Prior to the commencement of these cases, the Debtors also sought the services of Irell with respect to, among other things, advice regarding, and preparation for, the commencement and prosecution of cases under chapter 11 of the Bankruptcy Code. Irell and Morris, Nichols have discussed a division of responsibilities regarding representation of the Debtors, and will make every effort to avoid and/or minimize overlap and duplication of effort in these cases. Accordingly, the Debtors believe that both firms are well qualified and uniquely able to represent them in their chapter 11 cases in an efficient and timely manner, and that their retention will be cost effective for the Debtors’ estates.

20. The Debtors believe that Morris, Nichols is both qualified and able to represent them efficiently in these chapter 11 cases. Morris, Nichols has stated its desire and willingness to act in these cases and render the necessary professional services as counsel for the Debtors.

21. To the best of the Debtors’ knowledge, information and belief, Morris, Nichols has had no prior connection with the Debtors, any of the Debtors’ significant secured



and unsecured creditors or any other party in interest or its respective attorneys, except as set forth herein and in the Dehney Affidavit.

22. Morris, Nichols does not and has not represented any entity, other than the Debtors, in matters related to these chapter 11 cases.

23. Morris, Nichols may represent or may have represented certain parties with interests in the Debtors' cases, on matters unrelated to these chapter 11 cases. As set forth in the Dehney Affidavit, Morris, Nichols has undertaken a detailed search of its client base dating back three years to determine, and to disclose, whether it represents or has represented any significant parties in interest in these cases. This search revealed that Morris, Nichols (a) currently represents the entities identified on the schedule annexed to the Dehney Affidavit as Exhibit 1 on matters unrelated to these cases; and (b) formerly represented those entities on the schedule annexed to the Dehney Affidavit as Exhibit 2 on matters unrelated to these cases. Morris, Nichols has not in the past, nor will Morris, Nichols in the future, represent any party other than the Debtors in connection with the Debtors' cases.

24. To the best of Debtors' knowledge, information and belief, Morris, Nichols does not hold or represent any interest adverse to the Debtors' estates in the matters upon which it has been and is to be engaged. The Debtors believe that Morris, Nichols is a "disinterested person," as defined in section 101(14) of the Bankruptcy Code. The employment of Morris, Nichols would be in the best interests of the Debtors and their estates and creditors. The Debtors' knowledge, information and belief regarding the matters set forth herein is based, and made in reliance, upon the Dehney Affidavit.

25. Morris, Nichols received no payments from the Debtors during the year prior to the Petition Date.

26. Subject to Court approval in accordance with 11 U.S.C. §§ 330 and 331, the Bankruptcy Rules, and the orders and the Local Rules, the Debtors propose to pay Morris Nichols its customary hourly rates in effect from time to time as set forth in the Dehney Affidavit, plus reimbursement of actual, necessary expenses incurred by Morris Nichols on the Debtors' behalf.

The following are Morris Nichols' hourly rates for work of this nature:

Partners . . . . .	\$330 to \$450
Associates . . . . .	\$160 to \$290
Paraprofessionals . . . . .	\$110 to \$120
File Clerks . . . . .	\$60

These hourly rates are Morris, Nichols' hourly rates for work of this nature and are subject to periodic adjustments to reflect economic and other conditions.

27. Prior to the Petition Date, Morris Nichols received \$100,000 from the Debtors as an advance for legal services rendered and expenses (including filing fees) incurred in contemplation of the preparation, commencement and prosecution of these cases. Any portion of these amounts received by Morris Nichols that has not yet been applied to prepetition fees and expenses will be applied when such amounts are identified, and should any amounts remain after such application, the remainder will be held for and applied against postpetition fees and expenses.

28. Morris, Nichols will comply with all of the requirements of this Court and of the Bankruptcy Code and Bankruptcy Rules with respect to fee and expense applications of professionals employed by bankruptcy estates.

29. Morris, Nichols intends to apply to the Court for allowance of compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the orders and local rules of this Court.

**Notice**

30. Notice of the Application has been given to (i) the United States Trustee for the District of Delaware, (ii) counsel to the Creditors' Committee, and (iii) all parties who have filed formal requests for service pursuant to Bankruptcy Rule 2002. The Debtors submit that no other notice is required.

**Waiver of Memorandum of Law**

31. Because this Application presents no novel issues of law, the Debtors respectfully request that this Court waive the requirement of Local District Court Rule 7.1.2(a), except that the Debtors reserve the right to file a brief in response to every objection to this Application.

**No Prior Request**

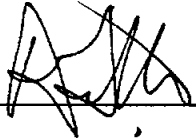
32. No previous application for the relief sought herein has been made to this Court or any other court.

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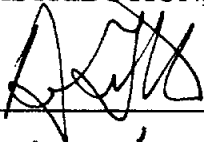
WHEREFORE, the Debtors respectfully request that the Court grant the Application, enter the proposed form of Order annexed hereto as Exhibit B, and grant such further relief as is just.

Dated: Wilmington, Delaware  
April \_\_\_\_, 2001

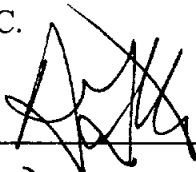
ETOYS, INC.

By:  \_\_\_\_\_  
Its: PRESIDENT

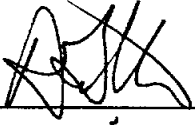
ETOYS DISTRIBUTION, LLC

By:  \_\_\_\_\_  
Its: PRESIDENT

EKIDS, INC.

By:  \_\_\_\_\_  
Its: PRESIDENT

PMJ CORPORATION

By:  \_\_\_\_\_  
Its: PRESIDENT

**EXHIBIT A**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	x	
In re:	:	Chapter 11
	:	
ETOYS, INC. <u>et al.</u> , <sup>1</sup>	:	Case Nos. 01-706 (MFW)
	:	through 01-709 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	
	x	

**AFFIDAVIT OF ROBERT J. DEHNEY IN SUPPORT OF  
APPLICATION OF DEBTORS AND DEBTORS-IN-POSSESSION  
AUTHORIZING EMPLOYMENT AND RETENTION OF  
MORRIS, NICHOLS, ARSHT & TUNNELL AS ATTORNEYS**

STATE OF DELAWARE                    )  
  ) ss.  
COUNTY OF NEW CASTLE            )

ROBERT J. DEHNEY, being duly sworn, deposes and says:

1. I am a partner of the firm of Morris, Nichols, Arsht & Tunnell ("Morris, Nichols"), 1201 N. Market Street, Wilmington, Delaware 19899-1347, and have been duly admitted to practice, inter alia, in the State of Delaware and the United States District Court for the District of Delaware. This Affidavit is submitted, pursuant to sections 327 and 329 of title 11 of the United States Code (the "Bankruptcy Code") and Federal Rules of Bankruptcy Procedure 2014 and 2016 (the "Bankruptcy Rules"), in support of Application (the "Application") of the above-captioned Debtors' and Debtors in possession's (collectively, the "Debtors") to employ and retain Morris, Nichols as co-counsel to the Debtors.

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<sup>1</sup> The Debtors are the following entities: eToys, Inc., a Delaware corporation; PMJ Corporation, a Delaware corporation; eKids, Inc., a Delaware corporation; and eToys Distribution, LLC, a Delaware LLC.

2. Neither I, Morris, Nichols nor any partner, counsel or associate thereof, insofar as I have been able to ascertain, has any connection with the Debtors, their significant secured and unsecured creditors or any other parties in interest herein or their respective attorneys, or accountants, other than as described herein. Due to the size and diversity of Morris, Nichols' practice, Morris, Nichols may have represented or otherwise dealt with or may now be representing or otherwise dealing with certain entities or persons (and their attorneys or accountants or both), who are or may consider themselves to be creditors, equity security holders, or parties-in-interest in these cases. However, Morris, Nichols will not represent any entity other than the Debtors in connection with these cases.

3. In connection with its proposed retention by the Debtors, Morris, Nichols reviewed its client files dating back three years to determine and disclose whether it represents or has represented any significant parties in interest in these cases. This search revealed that Morris, Nichols currently serves as counsel to the entities identified on the schedule annexed hereto as Exhibit 1 on matters unrelated to these cases; and Morris, Nichols formerly represented those entities identified on the schedule annexed hereto as Exhibit 2 on matters unrelated to these cases. Morris, Nichols has not in the past, nor will Morris, Nichols in the future, represent any party other than the Debtors in connection with the Debtors' cases.

4. Neither Morris, Nichols, any partner, counsel or associate thereof, nor I represent any interest adverse to the Debtors, as a Debtor in Possession herein, or to their estates in the matters upon which we are to be engaged.

5. Morris, Nichols is a "disinterested person" as that term is defined in Section 101(14) of the Bankruptcy Code in that said firm, its partners, counsel and associates:

(a) Are not creditors (including by reason of unpaid fees and expenses for pre-petition services), equity security holders or insiders of the Debtors;

(b) Are not and were not investment bankers for any outstanding security of the Debtors;

(c) Have not been, within three (3) years before the date of the filing of the Debtors' chapter 11 petitions (i) investment bankers for a security of the Debtors, or (ii) an attorney for such an investment banker in connection with the offer, sale, or issuance of a security of the Debtors;

(d) Are not and were not, within two (2) years before the date of the filing of the Debtors' chapter 11 petitions, a director, officer, or employee of the Debtors or of any investment banker as specified in subparagraph (b) or (c) of this paragraph; and

(e) Do not have an interest materially adverse to the interest of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or an investment banker specified in paragraph (b) or (c) above, or for any other reason.

6. Morris, Nichols received no payments from the Debtors during the year prior to the Petition Date.

7. Subject to Court approval in accordance with 11 U.S.C. § 330(a), compensation will be payable to Morris, Nichols on an hourly basis, plus reimbursement of actual, necessary expenses incurred by the law firm. The following are Morris Nichols' hourly rates for work of this nature:

Partners . . . . .	\$330 to \$450
Associates . . . . .	\$160 to \$290
Paraprofessionals . . . . .	\$110 to \$120
File Clerks . . . . .	\$60

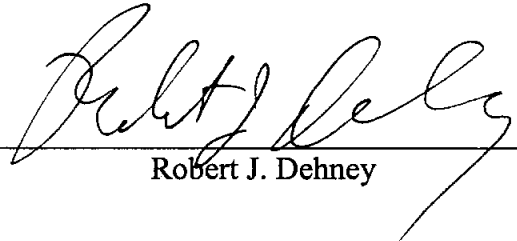


These hourly rates are subject to periodic adjustments to reflect economic and other conditions.

8. The hourly rates set forth above are the firm's standard hourly rates for work of this nature. Morris, Nichols will comply with all of the requirements of this Court and of the Bankruptcy Code and Bankruptcy Rules with respect to fee and expense applications of professionals employed by bankruptcy estates.

9. No promises have been received by Morris, Nichols nor by any member or associate thereof as to compensation in connection with its representation of the Debtors in these cases other than in accordance with the provisions of the Bankruptcy Code.

10. Morris, Nichols has no agreement with any entity to share any compensation received by Morris, Nichols.

  
Robert J. Dehney

SWORN TO AND SUBSCRIBED before me  
this 5th day of April, 2001.

  
Notary Public

**BARBARA A. PIETRUCZENIA**  
NOTARY PUBLIC  
STATE OF DELAWARE  
My Commission Expires Dec. 19, 2003

**EXHIBIT 1**

**PARTIES CURRENTLY REPRESENTED BY MORRIS, NICHOLS, ARSHT & TUNNELL  
IN MATTERS UNRELATED TO THESE CASES**

Staffmark  
EMC Corporation  
United Parcel Service  
Certain affiliates of Sony Computer Entertainment  
Oracle Corporation

## **EXHIBIT 2**

**PARTIES FORMERLY REPRESENTED BY MORRIS, NICHOLS, ARSHT & TUNNELL IN  
MATTERS UNRELATED TO THESE CASES**

Certain affiliate(s) of APAC Teleservices, Inc.  
Computer Associates International Inc.  
Electronic Arts, Inc.  
The Learning Company

**EXHIBIT B**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
	:	
ETOYS, INC. <u>et al.</u> , <sup>1</sup>	:	Case Nos. 01-706 (MFW)
	:	through 01-709 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	
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**ORDER APPROVING RETENTION OF  
MORRIS, NICHOLS, ARSHT & TUNNELL AS  
ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION**

Upon the annexed application (the "Application"), of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for an order under sections 327(a) and 1107 of title 11 of the United States Code (the "Bankruptcy Code") and Federal Rule of Bankruptcy Procedure 2014, authorizing and approving the Debtors' retention of Morris, Nichols, Arsht & Tunnell ("Morris, Nichols") as co-counsel; and upon the affidavit of Robert J. Dehney, a partner of Morris, Nichols (the "Dehney Affidavit"), which is annexed to the Application as Exhibit A; and the Court being satisfied that Morris, Nichols represents no interest adverse to the Debtors' estates, that said firm is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, and that the employment of Morris, Nichols is necessary and in the best interests of the Debtors; and due and sufficient notice of the

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<sup>1</sup> The Debtors are the following entities: eToys, Inc., a Delaware corporation; PMJ Corporation, a Delaware corporation; eKids, Inc., a Delaware corporation; and eToys Distribution, LLC, a Delaware LLC.

Application having been given; and it appearing that no other notice is required; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Application is granted.
2. The Debtors are authorized to retain Morris, Nichols as their attorneys in these chapter 11 cases.
3. The compensation to be paid to Morris, Nichols for professional services rendered and reimbursement for expenses incurred by it shall be as determined by this Court upon proper application pursuant to sections 328, 330 and 331 of the Bankruptcy Code.

Dated: Wilmington, Delaware  
\_\_\_\_\_, 2001

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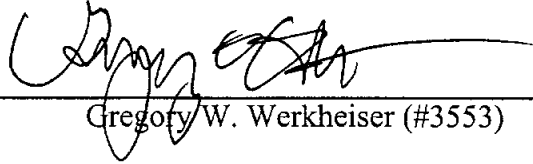
UNITED STATES BANKRUPTCY JUDGE

217287

**CERTIFICATE OF SERVICE**

I, Gregory W. Werkheiser, certify that I am not less than 18 years of age, and that service of the foregoing was caused to be made on April 5, 2001 upon the entities identified on the attached service list.

Under penalty of perjury, I declare that the foregoing is true and correct.



A handwritten signature in black ink, appearing to read 'Gregory W. Werkheiser', is written over a horizontal line.

April 5, 2001

Gregory W. Werkheiser (#3553)

# SERVICE LIST

## VIA HAND DELIVERY

Scott D. Cousins, Esq.  
Greenberg Traurig, LLP  
The Brandywine Building  
1000 West Street  
Suite 1540  
Wilmington, DE 19801

John D. Demmy, Esq.  
Stevens & Lee, P.C.  
300 Delaware Avenue  
8th Floor, Suite 800  
Wilmington, DE 19801

Richard P.S. Hannum, Esquire  
Phillips, Goldman & Spence, P.A.  
1200 North Broom Street  
Wilmington, DE 19801

Frederick B. Rosner, Esquire  
Walsh, Monzack and Monaco, P.A.  
1201 N. Orange Street  
Suite 400  
Wilmington, DE 19801

Richard P.S. Hannum, Esquire  
Phillips, Goldman & Spence, P.A.  
1200 North Broom Street  
Wilmington, DE 19801

Frederick B. Rosner, Esquire  
Walsh, Monzack and Monaco, P.A.  
1201 N. Orange Street  
Suite 400  
Wilmington, DE 19801

## VIA FIRST-CLASS MAIL

Secretary of Treasury  
P.O. Box 7040  
Dover, DE 19903

Secretary of State  
Div. Of Corporations/Franchise Tax  
P.O. Box 7040  
Dover, DE 19903

Ira R. Abel, Esq.  
Michael J. Venditto, Esq.  
Kensington & Ressler L.L.C.  
400 Madison Avenue  
New York, NY 10017-1910

Accounting Dept.  
Staffmark  
1636 Ebenezer Rd.  
Rock Hill, SC 29732

Accounting Dept.  
Learning Curve  
314 W. Superior St. 6th Fl.  
Chicago, IL 60610

Accounting Dept.  
Publicis & Hal Riney  
2001 The Embarcadero  
San Francisco, CA 94133

Accounts Payable  
Lego Systems, Inc.  
555 Taylor Rd.  
Enfield, CT 06082

Accounts Payable  
EMC Corporation  
35 Parkwood Dr.  
Hopkinton, MA 01748

Accounts Payable  
UPS  
55 Glenlake Pkwy NE  
Atlanta, GA 30328

Accounts Payable  
APAC Teleservices, Inc.  
7550 Collections Center Dr.  
Chicago, IL 60693

Accounts Payable  
Swinerton & Walberg Co.  
865 S. Figueroa St.  
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