



## Mattel Reports Third Quarter 2008 Financial Results

### Third Quarter Highlights

- **Worldwide net sales up 6 percent;**
- **Domestic gross sales grew 4 percent and international gross sales increased 7 percent;**
- **Worldwide gross sales for core brands: Barbie® down 1 percent; Hot Wheels® down 1 percent; Core Fisher-Price® up 7 percent and American Girl® brands up 11 percent;**
- **Gross margin decreased 80 basis points of net sales; SG&A decreased by 10 basis points of net sales;**
- **Operating income was \$315.3 million compared to operating income of \$310.5 million in the third quarter of 2007; and**
- **Earnings per share of \$0.66 vs. prior year of \$0.61**

EL SEGUNDO, Calif., Oct. 20, 2008 - Mattel, Inc. (NYSE: MAT) today reported 2008 third quarter financial results. For the quarter, the company reported net income of \$238.1 million, or \$0.66 per share, compared to last year's third quarter net income of \$236.8 million, or \$0.61 per share.

"In light of the recent global economic environment, our business performed well in the quarter," said Robert A. Eckert, chairman and chief executive officer of Mattel, Inc. "The all-important holiday season, however, is ahead of us, and fortunately, we've got some of the industry's hottest toys that deliver terrific play value for both parent and child."

### Financial Overview

For the quarter, net sales were \$1.95 billion, up 6 percent compared to \$1.84 billion last year, including favorable changes in currency exchange rates of 2 percentage points. On a regional basis, third quarter gross sales increased 4 percent in the U.S. and increased 7 percent in international markets, including favorable changes in currency exchange rates of 6 percentage points. Operating income for the quarter was \$315.3 million, compared to prior year's operating income for the quarter of \$310.5 million.

The company's debt-to-total-capital ratio was 37 percent. Consistent with the seasonality of the business, during the first nine months, the company's cash and equivalents declined by approximately \$454 million. This compares to a decline of \$929 million in the first nine months of 2007.

### Sales by Business Unit Mattel Girls and Boys Brands

For the third quarter, worldwide gross sales for the Mattel Girls & Boys Brands business unit were \$1.21 billion, up 6 percent versus a year ago. Worldwide gross sales for the Barbie® brand declined 1 percent compared to last year, with modest domestic growth offset by international declines. Worldwide gross sales for Other Girls Brands were up 26 percent, driven primarily by Disney's High School Musical dolls. Worldwide gross sales for the Wheels category, which includes the Hot Wheels®, Matchbox® and Tyco® R/C brands, were up 7 percent. Worldwide gross sales for the Entertainment business, which includes Radica® and Games and Puzzles, grew 3 percent for the quarter, mostly attributable to shipments of products tied to the movie properties Batman®: The Dark Knight™, Speed Racer™, and Kung Fu Panda™.

### Fisher-Price Brands

Third quarter worldwide gross sales for the Fisher-Price Brands business unit, which includes the Fisher-Price® Core, Fisher-Price® Friends and Power Wheels® brands, were \$833.1 million, or up 4 percent versus the prior year, primarily due to growth in Fisher-Price® Core, partially offset by declines in Fisher-Price® Friends and Power Wheels®.

### American Girl Brands

Third quarter gross sales for the American Girl Brands business unit, which offers American Girl® branded products directly to consumers, were \$78.8 million, up 11 percent versus last year, driven by strong sales of products tied to the Kit Kittredge® movie, and additional sales in the Atlanta and Dallas boutiques, which opened in the second half of 2007.

## **Live Webcast**

Mattel will webcast its 2008 third quarter earnings conference call at 8 a.m. Eastern time (5 a.m. Pacific time) today. The conference call will be webcast on the "Investors & Media" section of the company's corporate Web site, [www.mattel.com](http://www.mattel.com). To listen to the live call, log on to the Web site at least 15 minutes early to register, download and install any necessary audio software. An archive of the webcast will be available on the company's Web site for 90 days and may be accessed beginning two hours after the completion of the live call. A telephonic replay of the call will be available beginning at 11:30 a.m. Eastern time the morning of the call, until midnight Eastern time on Oct. 24th and may be accessed by dialing + (719) 457-0820. The passcode is 3333641.

Information required by Securities and Exchange Commission Regulation G, regarding non-GAAP financial measures, as well as other financial and statistical information, will be available at the time of the webcast on the "Investors & Media" section of [www.mattel.com](http://www.mattel.com), under the sub-headings "Financial Information" - "Earnings Releases."

## **About Mattel**

Mattel, Inc., (NYSE: MAT, [www.mattel.com](http://www.mattel.com)) is the worldwide leader in the design, manufacture and marketing of toys and family products. The Mattel family is comprised of such best-selling brands as Barbie®, the most popular fashion doll ever introduced, Hot Wheels®, Matchbox®, American Girl®, Radica® and Tyco® R/C, as well as Fisher-Price® brands, including Little People®, Power Wheels® and a wide array of entertainment-inspired toy lines. Mattel is recognized as one of 2008's "100 Best Companies to Work For" by FORTUNE Magazine. With worldwide headquarters in El Segundo, Calif., Mattel employs more than 30,000 people in 43 countries and territories and sells products in more than 150 nations. Mattel's vision is to be the world's premier toy brands -- today and tomorrow.

Note: Forward-looking statements with respect to the financial condition, results of operations and business of the company are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in such statements. These include without limitation: the company's dependence on the timely development, manufacture, introduction and customer acceptance of new products; the seasonality of the toy business; customer concentration and pricing; significant changes in buying and payment patterns of major customers, including as a result of bankruptcy and store closures; adverse changes in general economic conditions in the U.S. and internationally, including adverse changes in the retail environment, credit availability, employment and the stock market; order predictability and supply chain management; the impact of competition (including from sellers of a broad range of play products including video games and consoles, consumer electronics, and retailers' private label products) on revenues and margins; the supply and cost of raw materials (including oil and resin prices), components, employee benefits and various services; the effect of currency exchange rate fluctuations on reportable income; risks associated with acquisitions and mergers; risks associated with product recalls, product liability claims and product safety concerns, such as possible reputational harm, reduced sales or increased costs; risks associated with foreign operations; negative results of litigation, governmental proceedings or environmental matters; changes in laws and regulations; possible work stoppages, slowdowns or strikes; possible outbreaks of SARS, bird flu, or other diseases; political developments and the threat or occurrence of war or terrorist acts; the possibility of catastrophic events; the inherent risk of new initiatives; and other risks and uncertainties as may be detailed from time to time in the company's public announcements and SEC filings. This release contains forward-looking statements about the performance of our brands and product lines during the holiday season. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

[Click here](#) for Financial Statements.

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