

— **MANAGEMENT DISCUSSION SECTION**

Operator: Please stand by. Good day and welcome to the Mattel Third Quarter 2009 Earnings Conference. As a reminder, today's call is being recorded. At this time for opening remarks and introductions, I would like to turn the call over to Ms. Dianne Douglas. Please go ahead.

Dianne Douglas, Senior Vice President Investor Relations and Treasurer

Thanks Operator. As you know, this morning we reported Mattel's third quarter 2009 financial results. In a few minutes Bob Eckert, Mattel's Chairman and CEO, and Kevin Farr, Mattel's CFO, will provide comments on the results and then the call will be opened for your questions.

Certain statements Bob and Kevin make during the call may include forward-looking statements related to the future performance of our overall business, brands and product lines. These statements are based on currently available operating, financial, economic and competitive information, and they are subject to a number of significant risks and uncertainties which could cause our actual results to differ materially from those projected in the forward-looking statements. We describe some of these uncertainties in the Risk Factors section of our 2008 annual report on Form 10-K as well as in our 2009 quarterly reports on Form 10-Q and in other filings we make with the SEC from time to time. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

Information required by Reg G regarding non-GAAP financial measures is available on the Investor and Media section of our corporate website, mattel.com, under the sub-heading Financial Information and Earnings Releases.

Now I'd like to turn the call over to Bob.

Robert A. Eckert, Chairman and Chief Executive Officer

Thank you Dianne and good morning.

As I said during last quarter's call, during the second half of the year, we were anticipating continued pressures on the topline from several key areas. So it should come as no surprise that we're still experiencing the negative effects of foreign exchange, reduced shipments as our customers continue to tightly manage their inventories, and the fact that 2009 is an entertainment-lite year for us.

That said, we're encouraged with the positive momentum we're seeing at point of sale for several of our core brands.

Overall for the quarter, we're pleased with our efforts to rebuild margins by appropriately pricing our products, tightly managing costs, and aligning our infrastructure with realistic revenue assumptions. We also made good progress on cash flow during the quarter, which continues to be a high priority.

Every year at this time, folks in the toy industry and those of you who cover it start to have what I like to call the Early Fall Jitters, and this year is no exception as we begin to work our way out of what has been the worst economic crisis of my generation.

As you've likely heard, retailers continue to be reluctant to make inventory bets. And it will undoubtedly be a difficult holiday for parents whose job status and financial well-being are uncertain. So as we've done in the past, we'll adjust accordingly. But on the whole, the toy industry has historically held up well in difficult economic times and Mattel has had solid performance in both good times and bad.

As we move into the all important holiday season, toy industry gurus as well as our retailer customers, have named Mattel and Fisher-Price® toys to their “must-have holiday toy lists”, including Barbie® Fashionistas™, Little Mommy®, Fisher-Price® 's Imaginext®, Dora Links, Matchbox® Rocky the Robot Truck™, Hot Wheels® Trick Tracks, and my personal favorite: Mindflex™.

As I've said every holiday season since I arrived at Mattel: there will be a Christmas, and Mattel toys will be under the tree, and we'll likely sell more toys than anyone else.

That said, I appreciate that many families will have to make choices this year when it comes to buying toys for their children. I'm convinced that Barbie®, Hot Wheels®, Fisher-Price® and American Girl® toys will provide superior value for moms and great play experiences for kids.

And our business priorities for the rest of the year are consistent with our goals and the progress we've made during the first three quarters: to improve profitability, generate strong cash flow and strengthen the balance sheet.

I'll now turn the call over to Kevin Farr, Mattel's CFO, who will provide more detail on the quarter's results.

Kevin Farr, Chief Financial Officer

Thank you Bob and good morning everyone.

I'll begin my review for the third quarter with a discussion of worldwide gross sales, shown on exhibit II of today's press release.

Total worldwide gross sales for the quarter decreased 8% including a three percentage point negative impact from changes in foreign exchange rates. The remainder of the decline was primarily driven by the continuation of retailer's tightly managing inventory.

U.S. sales were down 2% and international sales were down 14%, including a five percentage point negative impact from foreign exchange.

On a regional basis, sales in Europe were down 16%, including a four percentage point negative impact from exchange rates. Sales in Latin America were down 13%, including an eight percentage point negative impact from foreign exchange, and sales in Asia Pacific were up 3% including a two percentage point negative impact from changes in exchange rates.

I will now review our core categories and brands for the third quarter.

Mattel Girls and Boys brands:

Worldwide sales for the Mattel Girls and Boys brands segment were down 10%, including a three percentage point negative impact from changes in exchange rates.

Worldwide Barbie® sales were down 8%, including a four percentage point negative impact from foreign exchange. Barbie® sales in the U.S. declined less than 1% and Barbie® sales in international markets declined 12%, including a six percentage point negative impact from foreign exchange. Our U.S. retail inventory levels for Barbie® appear to be very tight as retailers continue to be cautious, even in light of continued strength in consumer sell-through.

Worldwide sales of Other Girls brands were down 19%, including a four percentage point negative impact from exchange rates. Sales in the U.S. were down 3%, while international sales of Other

Girls brands were down 29%, including a five percentage point negative impact from foreign exchange. The worldwide sales decrease was driven primarily by sales declines in High School Musical™ and Polly Pocket®, partially offset by higher sales of Little Mommy® and Disney Princesses in the U.S.

Worldwide sales in the Wheels category were down 3%, including a four percentage point negative impact from changes in currency exchange rates. Worldwide sales reflected strong performance in Hot Wheels® offset by sales declines in Tyco R/C® and Speed Racer® product.

For core Hot Wheels®, which excludes Speed Racer®, worldwide sales were up 9% including a five percentage point negative impact from foreign exchange. Domestic sales increased 25% and international sales declined 3%, including a seven percentage point negative impact from foreign exchange.

Worldwide sales in our Entertainment business, which includes games and puzzles and Radica®, decreased 15%, including a four percentage point negative impact from changes in foreign exchange. The overall decline in Entertainment was primarily attributable to lower sales of Radica® and toys geared to last year's three summer movie properties: Batman®, Speed Racer® and Kung Fu Panda®, partially offset by worldwide sales of toys geared to Toy Story and Toy Story 2, along with U.S. sales of CARS™ related products.

Fisher-Price® brands:

Worldwide sales for Fisher-Price® brands decreased 6%, including a two percentage point negative impact from changes in currency exchange rates. International sales of Fisher-Price® brands decreased 5%, including a four percentage point negative impact from foreign exchange, while sales in the U.S. declined 6%.

Worldwide Core Fisher-Price® decreased 4%, including a two percentage point negative impact from changes in exchange rates. U.S. sales of Fisher-Price® core declined 2%, while international sales were down 7%, including a five percentage point negative impact from foreign exchange.

Fisher-Price® Friends sales declined 13%, which included no impact from changes in foreign exchange rates. Sales of Fisher-Price® Friends in the U.S. were down 21%, while international sales were up 3% including a one percentage point negative impact from foreign exchange.

American Girl® brands:

Sales of American Girl® brands were up 4%, reflecting the benefit of the November 2008 openings of our two new boutique stores in Boston and Minneapolis.

Now let's review the P&L which is shown on exhibit I.

Our gross margin in this year's third quarter was 51.3% as compared to last year's margin of 46.2%. The improvement was primarily due to price increases, lower input costs and royalties, as well as savings from our Global Cost Leadership program, partially offset by foreign exchange.

Advertising expense was \$197.1 million or 11% of net sales, compared to 11.5% in 2008.

Selling, general and administrative expenses increased by \$24 million to \$385 million. As a percentage of net sales, SG&A expenses were 21.5% compared to 18.5% last year. The year-to-year increase is primarily driven by higher accrued incentive compensation, partially offset by foreign exchange benefits, lower litigation related expenses of \$4 million and savings of \$22 million related to our Global Cost Leadership program. These Global Cost Leadership savings were partially offset by severance charge of \$18 million.

As you may have seen, earlier this week we announced that we've reached an agreement to resolve virtually all U.S. claims related to the 2007 product recalls, subject to court approval. As a result, this quarter we recorded an incremental \$5 million charge to reserve for product liability related litigation.

In the quarter, our Global Cost Leadership program delivered overall net savings of approximately \$23 million, bringing the year-to-date net savings to \$73 million. In addition to the \$4 million net savings reflected in SG&A, there were savings roughly of \$15 million in cost of goods sold and \$4 million in advertising. We are on track to deliver net savings of \$90 to \$100 million for 2009 and cumulative net savings of \$180 to \$200 million from this program by the end of 2010.

Operating income during the quarter was \$336.5 million compared to operating income of \$315.3 million last year. The improvement was driven by higher gross margins and lower advertising partially offset by lower sales and higher SG&A expenses.

Interest expense was \$19.3 million versus \$20.4 million in 2008. The decrease in interest expense versus last year is primarily due to lower average borrowings.

Interest income was \$1.5 million versus \$6.0 million last year. The lower interest income was due to lower average investment rates, as well as lower average invested cash balances during the quarter.

Other non-operating income/expense was expense of \$14.1 million versus income of \$6.2 million in 2008. The current quarter expense relates primarily to foreign exchange losses versus foreign exchange gains in the third quarter of last year.

This quarter's income tax provision of \$74.8 million compared to prior year's expense of \$69 million. We currently estimate the 2009 full year effective tax rate to be 23% to 24%.

Overall, we reported net income of \$229.8 million or \$0.63 per share versus last year's net income of \$238.1 million or \$0.65 per share.

Now turning to the cash flow and balance sheet.

Year-to-date cash flow used for operations was \$319 million, an improvement of about \$348 million, as compared to the first three quarters of 2008, driven primarily by lower seasonal working capital requirements.

Our cash on hand at the end of the quarter was \$324 million, down from \$447 million in the prior year, primarily due to lower beginning cash balance of \$618 million this year versus \$901 million last year and lower short-term and long-term borrowings, partially offset by lower year-to-date cash usage for operations and capital expenditures.

Receivables were \$1.45 billion or 73 days of sales outstanding, six days lower than last year. Factoring increased from \$83 million a year ago to \$126 million. Prior to Factoring, days of sales outstanding decreased three days.

Inventories at \$606 million were down \$145 million or 19% versus 2008.

Our total balance sheet debt decreased by \$519 million from the prior year, reflecting payments of \$150 million of maturing long-term debt and \$369 million of lower short-term borrowings. Our debt-to-total capital ratio ended the quarter at 27.6% as compared to 37.3% at the end of last year's third quarter.

Capital expenditures during the quarter were \$29 million, down from last year's third quarter of \$58 million.

So to summarize, despite the topline pressures, we've made progress in regaining the gross margin we lost over the last few years, executing our Global Cost Leadership program and tightly managing our cash and capital expenditures.

That concludes my review of the financial results. Now, we'd like to open the call to questions.
Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you, sir. [Operator Instructions] We'll take our first question from Sean McGowan with Needham & Company.

<Q – Sean McGowan>: Hi, thanks. I've got couple of questions; some of them are kind of quick here. Is Little Mommy® now going to be included in the Other Girls, or – I thought that was a Fisher-Price® product?

<A – Robert Eckert>: It is, Sean, a Fisher-Price® product, but it's always been included in Other Girls.

<Q – Sean McGowan>: Okay, That's not a big deal. Kevin, could you give us some more color on the how much of the increase in SG&A was related to the incentive compensation increase and what we can expect for the full year impact?

<A – Kevin Farr>: Yeah thank you. Let me just go through the increase in the SG&A for the quarter. Third quarter SG&A expense increased by \$24 million to \$385 million, and the year-over-year increase is primarily driven by higher incentive accrual and an incremental \$5 million charge to reserve for product liability-related litigation, partially offset by foreign exchange benefits, lower litigation related expenses of \$4 million and gross savings of \$22 million related to Global Cost Leadership program, which were partially offset by \$18 million severance charge.

For the quarter, equity compensation was \$14.9 million compared to \$11.7 million in the third quarter of 2008. And consistent with GAAP and as we've done in the past, we've begun to accrue incentive compensation based on year-to-date performance. We don't provide guidance on incentive compensation. However, you should be able to estimate a range for the full year referring back to historical payments. In 2006, we had a good year, it was \$94 million; in 2007, it was about \$74 million; and we didn't hit our goals last year, it was about \$15 million; and we accrue that expense when we earn our operating profits and that's usually in the third and fourth quarter.

<Q – Sean McGowan>: Okay. So did I hear you correctly then that the increase in that particular component was only roughly \$3 million in the quarter?

<A – Kevin Farr>: On incentive compensation expense? No. That was the equity compensation.

<Q – Sean McGowan>: Equity, okay.

<A – Kevin Farr>: The incentive compensation was higher; it was a driver of the year-over-year increase.

<Q – Sean McGowan>: Right, okay. Thanks. And then the final question, I guess it's probably more for Bob, but do you feel like at this point, with your inventories down as much as they are in the third quarter and given retailers have been managing pretty tight and yet there is Christmas coming. Do you have the inventory to handle a late surge?

<A – Robert Eckert>: We do. We still have a lot of toys. Retailers still have a lot of toys. The good news is neither of us have as many toys as we had last year at this time. Remember, Sean, we went into this year or finished last year with retail inventories about 8% higher than the prior year, which was the first time we'd gone in that direction in a while as Christmas was disappointing.

We started, in the first quarter this year, retail inventories, as we calculate them, were down low single digits versus the prior year. By the end of the second quarter, it was sort of mid to high single digits. Now by the end of the third quarter, we're into the double digit decline versus year ago.

So I think inventories are pretty clean. I think that's good. We do have inventory to respond, if demand picks up. But I think we've all in the supply chain managed expectations this year appropriately. Last year, when the consumer confidence and the economy tanked as rapidly as it did, we had a little bit too much.

<Q – Sean McGowan>: Okay. Thank you.

<A – Robert Eckert>: Thanks Sean.

<A – Kevin Farr>: Thanks Sean.

Operator: We'll take our next question from Felicia Hendrix of Barclays Capital.

<Q – Felicia Hendrix>: Hi. Good morning guys. I know you don't comment on specific retailers and I'm not going to ask you to. I'm just going to use one in particular as an example and help me ask the question on: Wal-Mart has been discussing or it has been implementing aggressive cost cutting across the board. I think that we should expect that for Christmas.

I'm wondering if you, and again not specific to any retailer but in general, if you've had to supplement the promotional baskets you typically give to the retailers, if you've seen that grow or are they taking that out of their own?

<A – Robert Eckert>: No, they compete, Felicia, with their own strategies and their own tactics and programs. Our promotional expense shows up between the difference of gross sales and net sales. So as you compare that over time, if you look at it on a quarterly basis, you don't see large changes.

We don't really influence how a retailer decides to compete. We try to support them as best we can on their programs, but how they choose to use our promotional funds, which I think are about 8% in any given quarter, maybe 8% this quarter at least. How they use those funds is really up to them.

<Q – Felicia Hendrix>: Okay. I was just wondering if we were going to see a pickup in the next quarter?

<A – Robert Eckert>: I don't know. That depends on how the business goes and how the inventory moves, and we clearly do want to work with customers to make sure they do clear their toy inventories for the year. But again, encouragingly, I don't have any reason to believe that either the retailers today or Mattel have an excessive amount of inventory.

<Q – Felicia Hendrix>: Okay, great. And then can you just discuss the strength in domestic Hot Wheels®?

<A – Robert Eckert>: Yeah, Hot Wheels® has really done well. The core has been working all year, basic Cars has done well, Monster Jam® has done well, Trick Tracks has done well. We started a television series called Battle Force 5™, that has had very strong ratings, winning its time slot and really doing a good job, and we're just starting now to see the POS pick-up associated with Battle Force 5™.

So certainly, here in the U.S. the business has been performing very well, even when you compare it to last year, which remember last year, we had a lot of Speed Racer® product. The Hot Wheels® business itself has really overcome what we lost in Speed Racer®.

<Q – Felicia Hendrix>: Great. And then how is Fashionistas™ looking?

<A – Robert Eckert>: Looks great. I don't have a lot of data on it yet, but I have been in enough stores to tell you it really looks good, the advertising looks good. I believe the advertising starts this coming week, which is, I guess would be next week. But it's a very strong program, very strong campaign. I think retailers are optimistic about it. Certainly some of the pundits in the toy industry are excited about it, it looks really good.

<Q – Felicia Hendrix>: That's good to hear. Finally, last question, Kevin mentioned this a little bit in his overview with Entertainment, but I was just wondering if there is any kind of commentary you could make about the current Toy Story product that's out there now?

<A – Robert Eckert>: It also looks good at retail, and we're seeing good movement of the Toy Story product. I think overall, my conclusion is that we're probably through the bottom of our Entertainment cycle. CARS™ is holding up very well as an evergreen property, the point-of-sale on CARS™ continues to look good, and the shipments are starting to match the POS. Toy Story looks good, we have a lot of properties in the pipeline, as you know, and I'm hopeful that we've sort of been through now the bottom of the downcycle in our Entertainment program.

<Q – Felicia Hendrix>: That's great to hear. And by the way, I have almost the whole CARS™ movie memorized by now.

<A – Robert Eckert>: And I just saw yesterday, Felicia, they call them Cars Toons, what do they call the little – what does Disney call the little things, Kevin, Cars Toons or something?

<A – Kevin Farr>: Cars Toons, yeah.

<A – Robert Eckert>: I saw one that I don't think is yet on the air that is just fabulous. It is great content, and the only conclusion I could come up with is, there's probably about 15 toys in there that we haven't yet created. I mean it's – they've done just a marvelous job with that franchise.

<Q – Felicia Hendrix>: That's great; things sound like they are doing well. Thanks a lot.

<A – Robert Eckert>: Thanks Felicia.

<A – Kevin Farr>: Thanks Felicia.

Operator: We'll move on Margaret Whitfield with Sterne, Agee.

<Q – Margaret Whitfield>: Good morning everyone. I wondered, Kevin, if you could give us how the incentive comp has run year-to-date for this year and last. What the comparison is?

<A – Kevin Farr>: I won't get into details of that, but I think what we've done is we've accrued what we thought so far we've done based upon our year-to-date performance. I reference back to 2006, we accrued \$94 million in a good year. 2007, \$74 million, and 2008, about \$15 million, and we generally accrue that in the second half of the year, and generally, because the quarters are effectively equal, it's probably half accrued in the third quarter and half accrued in the fourth. That depends on our performance, but that's usually how we do it.

<Q – Margaret Whitfield>: And could you give us the ForEx impact to the bottom-line for this year and last in the third quarter?

<A – Kevin Farr>: Yeah, this year in the third quarter, it was a negative \$0.10 impact to EPS, and last year it was a positive \$0.05.

<Q – Margaret Whitfield>: \$0.15 swing. What was it in Q4 last year?

<A – Kevin Farr>: In Q4, it was a positive \$0.02 impact last year.

<Q – Margaret Whitfield>: Okay. And then you mentioned, Bob, the inventories at retail are down double-digits. Is there any difference between the core brands in terms of how the inventories are at retail?

<A – Robert Eckert>: No Margaret, it's clearly some are up and some are down. And some are down more, but as you look at it, we look at it by brand, we look at it by customer, we look at it by geography as best we can. I don't think there is a big swing one way or the other.

<Q – Margaret Whitfield>: Okay. And I wondered – I haven't seen – in September at least I didn't see a lot of the products that are thought to be strong performers. Was there later shipping on some of the key properties for the holiday?

<A – Robert Eckert>: No, I don't think significantly later. I've certainly seen some of them out at retail. I mean some retailers may have taken them later or taken toys later. I think that's clearly the case that everybody over time is convinced that Christmas comes later every year. I don't know whether or not it's a self-fulfilling prophecy, but the fact is it does come later every year, and we probably ship the toys later every year. But I don't know that there is anything particularly unusual. Kevin?

<A – Kevin Farr>: No, I don't think so, Bob. Thanks.

<Q – Margaret Whitfield>: Okay. And will we see some WWE® and Thomas™ products at the end of Q4 or is it more Q1 of next year?

<A – Robert Eckert>: It's really Q1 of next year.

<Q – Margaret Whitfield>: Okay. Thanks and best of luck.

<A – Robert Eckert>: Thanks Margaret.

Operator: We'll take our next question from Jake Hindelong with Monness Crespi Hardt.

<Q – Jake Hindelong>: Hey, good morning everyone.

<A – Robert Eckert>: Hi Jake.

<Q – Jake Hindelong>: Two questions, first one just looking at the inventory, your first and second quarter declines year-over-year were 9% and 13%, and coming in at 19% in the third quarter. Should we be thinking that there might have been a little bit of pull-forward even on revenue into the third quarter versus the fourth quarter?

<A – Kevin Farr>: No, I don't think so. I think the decrease in the inventories, our inventories, is reasonable given our realistic revenue assumptions, and I think you were also seeing in the third quarter, we're benefiting from lower costs in 2009.

<Q – Jake Hindelong>: Okay, great. And then just focusing on one property here: the Disney Princesses seem to be doing well in the U.S. Can you comment on how you view that property ramping next year and then in the out years on the international?

<A – Robert Eckert>: It is doing well. We've had a very strong period with Disney Princesses. You know that we're just now shipping product to support the Princess and the Frog, for which I've seen a fair amount of advertising and I think will be a very strong movie. We have a great relationship with Disney that – on the Disney Channel, their number one show right now is Wizards of Waverly

Place, which is in our Girls business, and that's doing well. They're releasing Rapunzel next year, which is their first big theatrical release in a long time. So they've done a great job with content. We think we've made some pretty good toys to support that content, and the business is growing very nicely.

<Q – Jake Hindelong>: And then can you comment on how you expect that to ramp next year in international?

<A – Robert Eckert>: I think it will continue to do well. We have a strong relationship with Disney and it has become more global over time. So I don't want to get into anything that is forward-looking, but Disney has strong properties all around the world, and we have an infrastructure to support that all around the world.

<Q – Jake Hindelong>: Great. Thanks Bob. And then just one more question for Kevin. Looking at the gross margin, can you talk about what the split was between benefit on royalties versus benefit on freight logistics?

<A – Kevin Farr>: Yeah. I guess going through the third quarter increase in gross margin, just to reiterate, it was improved by 510 basis points to 51.3% compared to last year's second quarter margin of 46.2%. The improvement was primarily due to our modest 2009 price increases, lower input costs, lower royalties and savings from the Global Cost Leadership program partially offset by unfavorable foreign exchange.

With respect to royalties versus freight, I think it was more royalties had a bigger impact than freight. This quarter, we benefited from lower commodity markets in late 2008 and early 2009. When we were buying inputs for our fall 2009 product line. We already hit a low of \$30 for oil in December 2008, and we feel good this quarter that we've made good progress in re-building our gross margin in 2009 as year-to-date gross margin is 48.1%, back to the levels we experienced in 2003. It's our goal to sustain these gross margin levels and over time get back to our long-term annual goal of 50% of net sales.

<A – Robert Eckert>: Yeah. I think one of the important things from my perspective is, as you all try and think about margins going forward is, we clearly – oil, the primary ingredient behind resins, was quite low six months ago. I think it was, Kevin, 30 some dollars a barrel?

<A – Kevin Farr>: Correct.

<A – Robert Eckert>: It was probably, I think, 140 some dollars a barrel last summer. I think it was 75 or 76 dollars yesterday. So we've cycled through high commodity costs and low commodity costs, and clearly, we're benefiting from those low commodity costs right now, but the future looks like we'd all love to know.

<A – Kevin Farr>: Right.

<Q – Jake Hindelong>: Got it. Great. Thank you.

Operator: We'll hear next from Tim Conder with Wells Fargo.

<Q – Timothy Conder>: Thank you. Back to the question related to the retailers and promoting, it would seem like, Bob, again you alluded to that, if I heard you correctly, that as a percent of what you've planned, as a percent of the dollars, of your dollars for promotions, however you classify it, co-op or whatever, that that really hasn't changed year-over-year, is that correct?

<A – Robert Eckert>: That's correct.

<Q – Timothy Conder>: Okay, and then also if you're holding price, it would seem like, as you alluded to the – here are the dollars, Wal-Mart, Target, you go use them how best that you see fit. And if you're able to hold price with those customers, again, it's not coming out of your hide, so to speak.

<A – Robert Eckert>: Yeah, in that every customer does not compete on price.

<Q – Timothy Conder>: Right.

<A – Robert Eckert>: Some people compete on the offerings that they have, the expertise that they have in toys and how they merchandise toys, and some folks are more focused on price, and our promotional allowances or programs are designed to support whatever it is they want to do to compete in the marketplace.

<Q – Timothy Conder>: Okay. And Kevin, in the question on ForEx earlier, the benefit in the quarter to the bottom line, is there any ForEx, back to our friends of capitalism in Venezuela, is there any ForEx impact in that other expense line? And is that netting against the ForEx number that you responded to to the earlier question

<A – Kevin Farr>: Yeah, I think it was actually negative. You can see it in other non-miscellaneous expense. Of the \$0.10 negative impact to EPS for the quarter, about \$0.05 related to Venezuela.

<Q – Timothy Conder>: Okay. So that \$0.05 was in that. Okay, okay.

<A – Kevin Farr>: Yes.

<Q – Timothy Conder>: And then lastly, Bob, could you give us a little more color on market share, both domestically and maybe EU and anything else? I know it's little harder internationally to get that granularity, but anything you can do from that standpoint? Your market share in the quarter at retail and then year-to-date?

<A – Robert Eckert>: I will focus on year-to-date; the quarterly splits and even when you get by brand and sometimes by markets, it's a little bit too granular as we try and match up what we think is reality versus what we get from outside sources, it's a little tough. So let me just tell you on a year-to-date basis, the market shares have been fairly consistent all year. My recollection is the toy industry, as measured by NPD here the U.S., was off just a little bit, some number like between 1% and 2%. We were down a little bit less than that, just a touch less than that.

And it's pretty consistent with what we've shipped here in the U.S. and what we see at point of sale. So I try and triangulate these things, and my sense is what we're getting out of NPD here in the U.S. at the kind of macro level on a year-to-date basis, which has been pretty consistent all year, I think is pretty accurate.

As I think about Europe, it varies quite a bit by market. I think the European economies in general are in worse shape than the United States economy, higher levels of unemployment. We've lost some customers, as they were unable to sort of get the cash to support their operations. I don't recall what the market level numbers are, but I think as we've seen for most of this year our share is down a touch in Europe, largely because some of the local manufacturers that have kind of play systems, and here I would use Lego and Playmobil as examples, they've done a really a good job over the past year or two building their brands and building system kind of programs like we have Imaginext™ here in the U.S., building play systems that I think work particularly well in a tough economy.

<Q – Timothy Conder>: Okay. So the combination of that plus maybe their willingness to go with some customers that maybe you guys don't want to take that type of credit risk, that's behind the market share losses in the European?

<A – Robert Eckert>: That I don't know, I don't know why or what somebody else does, I just know who is doing well. And I really – I can't tell you how they think about their business.

<Q – Timothy Conder>: Okay. And then last question regarding Fisher-Price®, you've articulated for a year or so that you continue to see that as probably your best international opportunity given the under-penetration if you do a comparison relative to North America in markets that you guys are already in and looking to go into. How do you see that ramping over the next year or two?

<A – Robert Eckert>: Fisher-Price® is a very strong business for us, both here in the U.S. and internationally. We started this year pretty slow on Fisher-Price® outside of the U.S. We had some pretty good declines in the first quarter and the second quarter as we and retailers were working off some of their inventories.

I was – you don't want to say encouraged because I think in U.S. dollars internationally, or at least in constant currency, I believe Fisher-Price® was down 1% in the quarter, in the third quarter. So while it was not an improvement, it certainly is an improvement in trend, that is a lower decline, and strategically we continue to think infant, preschool and Fisher-Price® is a tremendous business both in the U.S and overseas.

<Q – Timothy Conder>: Okay, great. Thank you.

Operator: We'll take our next question from Drew Crum with Stifel Nicolaus.

<Q – Drew Crum>: Great. Good morning everyone.

<A – Robert Eckert>: Hi Drew.

<Q – Drew Crum>: Good morning. On the entertainment properties, were there any shipments of Princess and the Frog in the third quarter? And in addition to that, Masters of the Universe® has traded hands as far as the studio production is concerned, can you give us any update there and do you feel like you need to have a theatrical release in order to launch that product at retail?

<A – Robert Eckert>: I do believe we did ship some Princess and the Frog in the third quarter. We would have had to, because I have seen it on shelves. So I don't think it was a significant amount, but generally, we ship six or eight weeks before a movie breaks. So we probably did ship some in the third quarter. And I know some is at retail. As it relates to He-Man®, Masters of the Universe®, we do think a theatrical release will be helpful in supporting a re-launch of that brand.

I don't know whether we would say that it's really necessary, but I think it's going to be a big deal and I think we are aligned. We'll have to see, we don't exactly decide what and when a movie is made, but we do have a relationship now on Masters of the Universe® that I think is going to be a good program. So it's still, I think, Kevin, it might be a 2011 movie, I don't know that we have a date yet, but that's sort of what I'm thinking about and I think that's when we'll re-launch the brand.

<A – Kevin Farr>: Right.

<Q – Drew Crum>: Okay. And moving on to the gross margins, pricing was obviously an important component of the gains you saw there. Can you talk about the need to keep pricing higher in order to sustain gross margins and maybe specifically what you're planning for pricing in 2010?

<A – Kevin Farr>: Okay, Drew, I'll cover that one. We made good progress in rebuilding our gross margins in 2009 as our year-to-date gross margins are 48.1%, back at levels we experienced in 2003.

We've not finalized our pricing for 2010, but it will be consistent with our approach of maintaining and slightly improving our margins over the long-term, by aligning our prices with our expectation of costs and executing our continuous improvement programs across our supply chain.

As Bob said, going forward, it's impossible to predict commodity prices, oil at \$76 today compared to \$30 in December of 2008 and \$147 in the summer of 2008. And that said, we're working on cost reductions and we're striving to sustain and improve our margins over time to 50% gross margin rate.

<Q – Drew Crum>: Okay. One last question guys, just given the improving cash flow profile, any updated thoughts on revisiting the share buyback?

<A – Robert Eckert>: No, I think as we've said consistently this year, our priority is to generate cash and strengthen the balance sheet. Share buybacks are just not a high priority for us right now.

<Q – Drew Crum>: Okay. Fair enough. Thanks guys.

<A – Kevin Farr>: Thank you, Drew.

Operator: And we'll move on to Tony Gikas with Piper Jaffray.

<Q – Anthony Gikas>: Hey, good morning guys.

<A – Robert Eckert>: Hi Tony.

<A – Kevin Farr>: Hi Tony.

<Q – Anthony Gikas>: Kevin, can I start out with you and just attack this gross margin question from a different angle? So could you just break down maybe roughly the improvement to gross margin by productivity, lower input costs and pricing? Maybe those three, and then couple other questions. Barbie®, down 8% in the quarter; how did that compare to kind of your internal expectations? That's a lot of promotional activity going around that brand this year, and also what do you expect for FX impact in the fourth quarter. And then I have a follow up.

<A – Robert Eckert>: Wow, Tony. Let me start with Barbie®, while Kevin figures out how not to get too granular on the gross margin question. But while he is working on that, I'll say it. Barbie® continues to do well at POS, certainly here in the U.S., Barbie® is still up double-digits. Market share continues to grow whether we measure Barbie® against the doll group or against total toys. So the brand is reenergized, the retail sales have responded, and if those trends continue, the shipments will take care of themselves over time.

We are also making progress, and I think this is important strategically, and we've covered this in analyst day recently. We're making progress broadening the popularity of the line, and that really is important. So we've got less reliance on younger age princess entertainment today, things like Thumbelina®, or even Three Musketeers today, and we are seeing better performance across Fashion, like Fashionistas™, the I Can Be part of Barbie®, and classic Barbie®.

So we're feeling as good about Barbie® today as we have felt in a long, long time. That said, we've got to continue delivering great products and great marketing programs, but we're clearly on track.

<A – Kevin Farr>: And then with gross margin, I'm not going to get much granular than I did, but really it was the modest 2009 price increases, the benefit of lower input costs due to oil being like \$30 a barrel, when we were buying the inputs for our fall 2009 line. And the Global Cost Leadership program that was offset by – partially offset by unfavorable foreign exchange.

With respect to your next question with regard to ForEx in the fourth quarter, I can't predict ForEx. I can tell you what it was last year; the euro averaged about \$1.32 in the fourth quarter. Today it's about \$1.47 and it's been hanging out at that \$1.47 – \$1.45, \$1.47 range for at least the last three months or so.

<Q – Anthony Gikas>: Okay. And then it sounds like American Girl® store performance is doing fairly well. Are there plans for more boutique stores in the next year?

<A – Robert Eckert>: There may be. We have been pretty tight on capital spending this year in total, and specifically for American Girl® in terms of expanding their retail presence, just because of the economic environment we're in and the fact that there is so much pressure on malls today and new stores today. We just weren't sure – well, let me put it this way, we were not going to open new stores this year; that's just – that was our plan for the year, that we want to see how things shake out in commercial real estate and in store properties before we make an investment.

Having said that, the stores continue to do well, it continues to be consistent with our growth plans for the brand. So I do think we will be opening more stores over time. I just can't tell you today when or where.

<Q – Anthony Gikas>: Okay. And then last question, can you remind us of the level of Toy Story product sales in the movie year during Toy Story 2? What was the size of that product line?

<A – Robert Eckert>: I don't know. I honestly don't know, and I don't know that I have it handy. I know it was over \$100 million. It's a big business.

<Q – Anthony Gikas>: Okay. Thank you guys. Great job.

<A – Robert Eckert>: Thank you.

<A – Kevin Farr>: Thanks, Tony.

Operator: We'll take our next question from Robert Carroll with UBS.

<Q – Robert Carroll>: Hey guys, not to beat a dead horse, but on the gross margins, is there any sort of pass-through clauses linked with commodity costs in place for the price increases from earlier this year?

<A – Robert Eckert>: No, we don't have pass-through clauses like one way or the other – are you talking about us with retailers or vendors supplying us?

<Q – Robert Carroll>: More with you guys to retailers where in order to make retailers more sympathetic to the price increases make it contingent upon certain commodity price levels?

<A – Robert Eckert>: No, we don't tie – we are value added, we create things. We don't price based on commodities sold.

<A – Kevin Farr>: Yeah, and you see that in our gross margins in 2008, when oil hit \$147 a barrel, our gross margins suffered, and this year, we received the benefit of costs being lower than we expected.

<Q – Robert Carroll>: Okay. So it could be sticky going forward?

<A – Robert Eckert>: Well we never get into going forward. As you know, our goal is to try and maximize the gross margins, and clearly we are working on that and making some progress.

<Q – Robert Carroll>: All right. Thanks a lot guys.

Operator: We'll hear next from John Taylor with Arcadia Investment Corporation.

<Q – John Taylor>: Hi, good morning. I've got a couple of questions too. So it seems like toy sales in the U.S anyway at retail have done a little better than what many merchants expected early in the year. I'm wondering if with the NPD numbers down a minus whatever, a lot of people came in with minus double-digit expectations. So if that's the case, are you seeing any change in their level of confidence as it relates to what it is they want to have on shelf for the holidays?

<A – Robert Eckert>: I don't know, JT, whether I describe it as a change in confidence. My sense in talking to retailers is that their view or at least their hope is that the worse might be behind us here in the U.S. That's – I don't think anyone is particularly sanguine about how they view the upcoming holiday, because there is still a really high level of concern about unemployment, both here and in Europe. So I think the year is largely playing out the way many of us had expected, which is the toy business will likely hold up relative to some other businesses. It has historically, but it's not going to be a great year -- maybe it won't be a terrible year.

But I don't think I'd describe it as increased confidence. I think I would describe it as the lack of new negative news every day at this time of the year is really helpful. Last year at this time, you'll recall every day we got up with bad news. Right now, we're getting up with sort of, we are where we are, and we can deal with that, and retailers can deal with that.

<Q – John Taylor>: Okay. Okay. And then I want to – this is going to sound funny, most people don't beat on you for having too low inventory, but there have been a couple of questions about that. So if you look at the base last year, I wonder can you give us any sense of how much of that you kind of wish you really didn't have or what was on the water that ended up just becoming a problem, once the world started to melt down, I mean is there a way to get at a kind of a normalized number as a basis that we can kind of triangulate the minus 19% against?

<A – Robert Eckert>: Well, I think you take 8% off the top, when retailers finish the year with 8%, I think that was the number more goods than the prior year, that's at least 8% too much, at least. And their trend has been to try and become more efficient and reduce inventory. Our goal is always to try and become more efficient and reduce inventory. So I don't recall how our inventory finished in the fourth quarter. You remember that number, Kevin, off the top of your head?

<A – Kevin Farr>: I don't. It was up, just because we didn't hit our sales goal for the year last year. There was more inventories at retail. And also I think, JT, there was also higher cost in that inventory, when you looked at it last year because of the fact that our input costs were much higher last year than they are this year.

<Q – John Taylor>: Okay. And then let me see on the – of the accrual, for the settlement accrual and so on, you added \$5 million in the quarter. So what's the total standing at now or how much in gross has been accrued for that and how much has already been paid out? Can you give us an update on that?

<A – Robert Eckert>: I think we've accrued \$21 million in total which is net of an insurance benefit. So that the total amount with the, I think it was \$5 million we added this quarter, Kevin, is \$21 million.

<A – Kevin Farr>: Correct.

<A – Robert Eckert>: I don't know that anything's been really paid out yet?

<A – Kevin Farr>: No. The settlement is still subject to court approval, but we would expect to probably pay it out over the next year or so.

<Q – John Taylor>: Okay, and somebody – I don't know, does some of the \$50 million – does insurance cover the delta between the \$50 million to \$21 million?

<A – Kevin Farr>: No. I think this is a claims based settlement and the redemption estimate has to be made and we feel good about the estimates that we've made. So our estimate is \$21 million net of the recovery from insurance. So the gross amount would be about \$27 million. And I can't really comment on how other people have estimated it.

<Q – John Taylor>: Okay, all right.

<A – Kevin Farr>: We feel good about our reserve.

<Q – John Taylor>: I'm sorry. Say that again. I'm sorry.

<A – Kevin Farr>: I said we feel good about our reserve.

<Q – John Taylor>: Okay, good. And last question, Fisher-Price® Friends, I wonder if you could talk a little bit about what's going on there and what's on the product side to cycle that and get that either stabilizing or going up again?

<A – Robert Eckert>: Friends is still a bit soft. Some of the properties haven't done as well as we had hoped, even if you look at some of the TV ratings of some of the Friends properties. That said we are encouraged by some of the newer properties like Disney Handy Manny has done well. Dora Links, which is the new doll that we have introduced with Nickelodeon that's kind of Dora aged up and targeted to keep Dora fresh. It is very early in Dora Links, but certainly the websites that have promoted Dora Links, like Amazon or Target.com or Walmart.com, the business has been very strong. So I think our relationship with Nickelodeon and Disney is very strong.

<Q – John Taylor>: Okay, great. Thank you.

<A – Robert Eckert>: Thanks JT.

Operator: We'll take our next question from Linda Bolton-Weiser with Caris.

<Q – Linda Bolton-Weiser>: Hi, can you just comment if you still think the tax rate should be about 27% for 2010. And if that is still unclear, when you would know for sure like when the government decision or whatever would be made on that?

<A – Kevin Farr>: Yeah, I think as I mentioned earlier today, for 2009 we expect the rate to be between 23% and 24% based on current tax laws. There is a provision that sunsets at the end of 2009 so our expectation, as you've mentioned, is that our tax rate next year would be around 27%.

<Q – Linda Bolton-Weiser>: Okay. And then can you just comment, I know you don't like to say a lot of about competitors, but Avon is marketing for the holiday season, three dolls that are very similar to American Girl® dolls, and they are branded under the Madam Alexander brand, and they're actually comparing them to American Girl® when they market them. And they're priced at about \$30 compared to American Girl®, at much higher. Do you have any thoughts on that, do you

think it will take market share from the American Girl® or would just expand the category for that type of doll?

<A – Robert Eckert>: Well, you never know, but we've had competition with American Girl®. I mean we've had some – I'm sure Avon has some great products, and we've worked with Avon in the past; it's a great company and I have a lot respect for Avon. So I'm not focusing my comments directly at them, but certainly over time there's kind of been a history of cheap knockoffs to American Girl®. And we have a lot of competition this year. Fortunately American Girl® is a very strong franchise and continues to do well.

<Q – Linda Bolton-Weiser>: Okay, and then, I think we read something in the media about a Barbie® live action movie coming. Can you give a little bit of details on that and the timing that is expected?

<A – Robert Eckert>: Yeah, we don't have the timing specifically, but we have announced a partnership with Universal, I believe, for a Barbie® live action movie. It is consistent with what the brand has done in entertainment. We have a pretty good history with DVDs. We have a very strong history licensing the brand out, and with what's going on in the movie business today and the studios wanting to tap into the intellectual property like we have or like our competitors may have, we think the time might be right for Barbie® to go on the big screen.

I don't think the timing – there is any chance the timing would be before 2011. And we don't have a specific date. But we're clearly working with some producers who have a very strong history in the movie business, and we just think given the kind of iconic nature of Barbie® and given where we are going with Barbie®, the timing might be right for a Barbie® movie.

<Q – Linda Bolton-Weiser>: Okay. And then can you just talk a little bit more about the Other Girls category, High School Musical™ and Polly Pocket®, with the declines. I know that you were going to be putting more marketing behind Polly Pocket®. So is that still the plan or is that just going to continue to be a diminishing property? And then with High School Musical™, I thought there were some new characters or something. But is that more a 2010 effect that would help High School Musical™ or was that supposed to help 2009?

<A – Robert Eckert>: Well, High School Musical™ and Polly both declined this quarter. I think it's sort of a natural decline in High School Musical™, and fortunately we've got a lot of other very strong Disney properties that are compensating for that. As it relates to Polly, we still have work to do in Polly. I had hoped we would do better right now in Polly than we are. We're making some changes in the 2010 program behind Polly. But we consider Polly a core business and we like all of our core businesses to grow and we've got work on do on Polly.

<Q – Linda Bolton-Weiser>: Okay. Thanks a lot.

<A – Robert Eckert>: Thanks, Linda.

<A – Kevin Farr>: Thanks, Linda.

Operator: We'll take our next question from Gerrick Johnson with BMO Capital Markets.

<Q – Gerrick Johnson>: Hi, good morning.

<A – Robert Eckert>: Hi Gerrick.

<Q – Gerrick Johnson>: Question on Fisher-Price®, out at retail looks look like you got a lot more Imaginext® than GeoTrax™ out there, so I'm wondering where the weakness in the core is?

<A – Robert Eckert>: It's really tends to be in the higher priced segments of Fisher-Price® like Power Wheels® and BabyGear™ and even some of the higher priced toys. We're hoping that the higher priced toys move later this year and they just do clear before Christmas but we're certainly working with retailers to make sure we have strong promotional programs to support those.

The good news on the BabyGear™ business is it's been a great growth business for us over the last several years. It's been slow for the last year, and I think it may have bottomed out, and we're starting to see some improvements at point of sale. It's too early to declare victory, but I feel a little bit better about BabyGear™ today than I did six or eight months ago. Power Wheels®, on the other hand, it's high priced. In this environment we are just holding on with it.

<Q – Gerrick Johnson>: Okay, and how do you feel your entry into the construction category is going?

<A – Robert Eckert>: It's very early and we'll have to find out. But we think there is an opportunity for some building products targeted to a younger aged segment, and we'll see how it goes.

<Q – Gerrick Johnson>: Okay, and lastly some sort of update on Bratz. Where do we stand with both litigation and perhaps where the product will be headed later in 2010 and '11?

<A – Robert Eckert>: Well, we plan to launch Bratz dolls in the spring of 2010. The dolls look terrific. We know girls and through research we probably talked to more girls and their parents than any company on the planet. So we're confident that the new line of dolls will really resonate with girls, and we're quite excited about the prospect of launching them. So we are moving ahead with a launch next year.

As it relates to the litigation, we're continuing in the court through a process to see either A, whether we can resolve the litigation, or B, whether we continue with what amounts to phase II of the case, which includes things like trade secret theft.

<Q – Gerrick Johnson>: Okay. And how much litigation expense was in this quarter, related to MGA?

<A – Robert Eckert>: We don't go through kind of case-by-case. I know for sure we're not going to get into case-by-case legal expense. I can tell you it was down --

<A – Kevin Farr>: Down \$4 million, yeah.

<Q – Gerrick Johnson>: Down \$4 million.

<A – Robert Eckert>: I don't know if that was all MGA or whether that was included some of the product liability issues too.

<A>: It was both.

<Q – Gerrick Johnson>: Okay. Thank you very much.

<A – Dianne Douglas>: Operator, we'll take one more question.

Operator: Thank you, and we'll take that question from Hayley Wolff with Rochdale Securities

<Q – Hayley Wolff>: Hi guys.

<A – Robert Eckert>: Hi Hayley.

<A – Kevin Farr>: Hi Hayley.

<Q – Hayley Wolff>: On the litigation expense, how much do you anticipate moving forward, and I know it depends on whether you go to Phase II with MGA. But assuming you don't, is there a substantial amount remaining?

<A – Kevin Farr>: You've answered the question. Our view of this has always been this is about doing the right thing, about protecting our intellectual property, about making sure that employees of this company know that when they create something, we will protect it, and we will help them work in a collaborative environment and keep the intellectual property here at Mattel. So we'll invest whatever it takes for however long it takes as long as somebody wants to continue litigating this. The facts are friendly; we got a good verdict in phase I of the trial. And as I've said, the evidence for phase II of the trial is compelling.

<A – Kevin Farr>: Let me just put it in context, I guess between 2008 and where we're at in 2009, our legal fees. As we've said we've incurred significant legal fees over the last couple of years related to MGA and recall related litigation. For full-year 2008, we incurred incremental legal costs of \$37 million, primarily for MGA litigation, and \$15 million of legal settlements primarily related to recall related multi-state settlements.

For the first nine months of 2009, litigation related legal costs decreased by \$37 million primarily for MGA litigation. So it is encouraging that we are a step closer to resolving the recall related litigation. But again, as Bob said, we're going to invest in legal fees as required, because we think they are a good investment today.

<Q – Hayley Wolff>: Does the fact that they are changing the judge in the Bratz case have any impact on anything?

<A – Robert Eckert>: No, I wouldn't want to speculate on anything like that.

<Q – Hayley Wolff>: Okay. The timing of Fashionistas™, when did that ship? Did that ship in the third quarter or is that a fourth quarter ship?

<A – Robert Eckert>: That started in the third quarter because it's on shelf today with pretty good presence on shelf and the advertising begins, I believe it's like this weekend or early next week. So the advertising support is just about underway, and the products are on shelf. So we clearly shipped some in third quarter.

<Q – Hayley Wolff>: Okay. And I know you don't like to talk about the gross margin and sustainability, but you talked about the price of oil and it's doubled now versus last year. Do we then think about gross margin as going the other direction next year, at least as it relates to the input costs?

<A – Robert Eckert>: If you can tell me what the price of resins are going to be in January, February, March, when we we're building next year's toys, I can give you more insight. We're just, Hayley, just not that good at predicting those things.

<Q – Hayley Wolff>: But if we assume they are at the current levels and fast forward those.

<A – Kevin Farr>: I think there has been a lot of volatility in input costs over the last few years, particularly resins costs. Today, we're seeing declines in resin costs from the record high levels this summer and fall of 2008 that we experience as we're buying inputs for spring 2009 line. So while spring 2010 versus spring 2009 could benefit from lower resin costs, conversely fall 2010 could be negatively impacted by input cost pressures versus fall 2009, since there's been a steady recovery

in oil prices, as Bob said, to about \$75 or \$76 yesterday, driving resin costs and oil based or related costs up with it.

That said, commodities are impossible to predict. It's been from \$76 today to \$30 last December and \$147 in 2008. And if you look at our gross margins, there are many factors that impact our gross margins like input costs, like freight and distribution costs, royalties, FX mix and tooling just to name few. It's hard for us to predict gross margin, it's complex since there's a lot of moving pieces and not always good transparency or predictability. But we've made good progress rebuilding our gross margins in '09 as year-to-date gross margin is 48.1% back to levels in 2003.

We're going to continue to execute Global Cost Leadership programs and other cost and manufacturing efficiency programs, and then we're going to price products appropriately to sustain our margins, and over the long-term we are striving for 50% gross margins.

<Q – Hayley Wolff>: The gross margin in this quarter was impressive, so kudos to that. One last question, Wal-Mart has been out talking about SKU reduction in the toy category, and we all think about that as a net benefit to the large manufacturers. When do you start thinking about sustainable market share gains from this vendor consolidation at retail, or will all these other brands just find other outlets?

<A – Robert Eckert>: Yeah, I don't know, and I don't get a lot of control over what a retailer is going to carry. I can tell you that we are well aligned with large customers who want to have a more efficient SKU profile. It's a key initiative here at Mattel. We are going to reduce our SKUs next year by quite a bit and the following year by more. So we know we've done the analysis and lot of our competitors have done the analysis, you can take some number, 10%, 20%, 30% of the SKUs and end up with 1% or 2% of your sales and a profit level that's on a good day not even that.

So we want to get more efficient. I think a lot of our retail customers want to get more efficient. And I think that's good for everybody.

<Q – Hayley Wolff>: Okay, great. Thank you guys.

Kevin Farr, Chief Financial Officer

Thanks Hayley.

Dianne Douglas, Securities Analysts

Thanks Hayley. Thank you all for participating in the call today. There will be a replay of this call available beginning at 11.30 AM Eastern Time today. The number for the replay is 719-457-0820 and the pass code is 542-2939. Thanks again.

Operator: And again ladies and gentlemen, this does conclude today's conference call. Thank you for your participation.

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