

Mattel, Inc.

Earnings Conference Call

Third Quarter 2015

(Unaudited Results)



OCTOBER 15, 2015

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FORWARD-LOOKING STATEMENTS: This presentation includes forward-looking statements relating to the future performance of our overall business, brands and product lines. These statements are based on currently available operating, financial, economic and other 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 2014 annual report on Form 10-K, in our 2015 quarterly reports on Form 10-Q and in other filings we make with the SEC from time to time, as well as in other public statements. Mattel does not update forward-looking statements and expressly disclaims any obligation to do so.

REGULATION G: To supplement the financial results presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Mattel presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measures presented in this slide presentation include gross sales, adjusted gross margin, adjusted other selling and administrative expenses, adjusted operating income, adjusted earnings (loss) per share and constant currency. Mattel uses these metrics to analyze its continuing operations and to monitor, assess and identify meaningful trends in its operating and financial performance, and each is discussed in detail on the following page. These measures are not, and should not be viewed as, substitutes for GAAP financial measures. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the attached Appendix and in our earnings release, which is available in the “Investors” section of our corporate website, <http://corporate.mattel.com/>, under the subheading “Financial Information – Earnings Releases.”



Glossary of Non-GAAP Financial Measures

Gross sales

Gross sales represent sales to customers, excluding the impact of sales adjustments. Net sales, as reported, include the impact of sales adjustments, such as trade discounts and other allowances. Mattel presents changes in gross sales as a metric for comparing its aggregate, brand and geographic results to highlight significant trends in Mattel's business. Changes in gross sales are discussed because, while Mattel records the detail of such sales adjustments in its financial accounting systems at the time of sale, such sales adjustments are generally not associated with individual products, making net sales less meaningful.

Adjusted gross margin

Adjusted gross margin represents Mattel's reported gross profit, adjusted to exclude the impact of inventory fair value markup above cost associated with the acquisition of a business, as a percentage of net sales. Adjusted gross margin is presented to provide additional perspective on underlying trends in Mattel's core gross margin.

Adjusted other selling and administrative expenses

Adjusted other selling and administrative expenses represents Mattel's reported other selling and administrative expenses, adjusted to exclude the impact of expenses associated with the acquisition and integration of an acquired business and restructuring and restructuring-related expenses. Adjusted other selling and administrative expenses is presented to provide additional perspective on underlying trends in Mattel's core other selling and administrative expenses.

Adjusted operating income

Adjusted operating income represents Mattel's reported operating income, adjusted to exclude the impact of inventory fair value markup above cost associated with the acquisition of a business, expenses associated with the acquisition and integration of an acquired business and the impact of restructuring and restructuring-related expenses. Adjusted operating income is presented to provide additional perspective on underlying trends in Mattel's core operating results.

Adjusted earnings (loss) per share

Adjusted earnings per share represents Mattel's reported diluted earnings per common share, adjusted to exclude the impact of inventory fair value markup above cost associated with the acquisition of a business, expenses associated with the acquisition and integration of an acquired business, the impact of restructuring and restructuring-related expenses and certain tax benefits. Each adjustment is tax effected, if necessary, and divided by the reported weighted average number of common and potential common shares to determine the per-share impact of the adjustment. Adjusted earnings per share is presented to provide additional perspective on underlying trends in Mattel's core earnings.

Constant currency

Percentage changes in results expressed in constant currency are presented excluding the impact from changes in currency exchange rates. To present this information, current period and prior period results for entities reporting in currencies other than US dollar are translated to US dollars using consistent exchange rates, rather than using the actual exchange rate in effect during the respective periods. The difference between the current period and prior period results using the consistent exchange rates reflects the changes in the underlying performance results, excluding the impact from changes in currency exchange rates. Mattel analyzes constant currency results to provide additional perspective on underlying trends in Mattel's operating performance.



Q3 2015 FINANCIAL PERFORMANCE



Q3 2015 Key Takeaways

✓ Q3 results were impacted by stronger currency headwinds but were overall in-line with our expectations at this point in the turnaround

- Currency headwinds to continue but full year 2015 outlook is largely on-track

✓ Year-to-date net sales down 1% in constant currency, reflecting progress toward stabilizing the underlying business for the full year

- Year-to-date global POS up low-single digits, continuing to outpace shipments
- Year-to-date worldwide gross sales flat in constant currency (-8% as reported)
- Q3 worldwide gross sales down 3% in constant currency (-11% as reported)
 - Barbie improving with positive momentum in international markets; coupled with continued strength in Hot Wheels, Fisher-Price Core and Thomas, offset by Monster High and certain licensed entertainment properties.
 - Investments in emerging markets leading to accelerated growth; notably in China

✓ Relatively clean retail inventories and improving shelf space productivity heading into the holiday season

✓ P&L reflects investments to improve top-line momentum and execute the turnaround

- Sales adjustments remain elevated due to investments in retail promotions to drive POS
- Q3 gross margin of 49.1% was down 170 basis points versus prior year as adjusted and down 140 basis points as reported, primarily due to ~200 basis points unfavorable foreign currency impact
- Advertising was higher, reflecting investments to support key brands and incremental spending in emerging markets
- SG&A expense was down versus the prior year in absolute dollars, on both a reported and adjusted basis
- Q3 adjusted operating income of \$322 million and adjusted earnings per share of \$0.71. Q3 reported operating income of \$301 million and net earnings per share of \$0.66. Foreign exchange negatively impacted EPS by \$0.20 in Q3.

✓ Continued to aggressively execute on cost savings program; ~\$100 million of gross savings delivered year-to-date (~\$50mil in Q3) with two year target of \$250-300 million

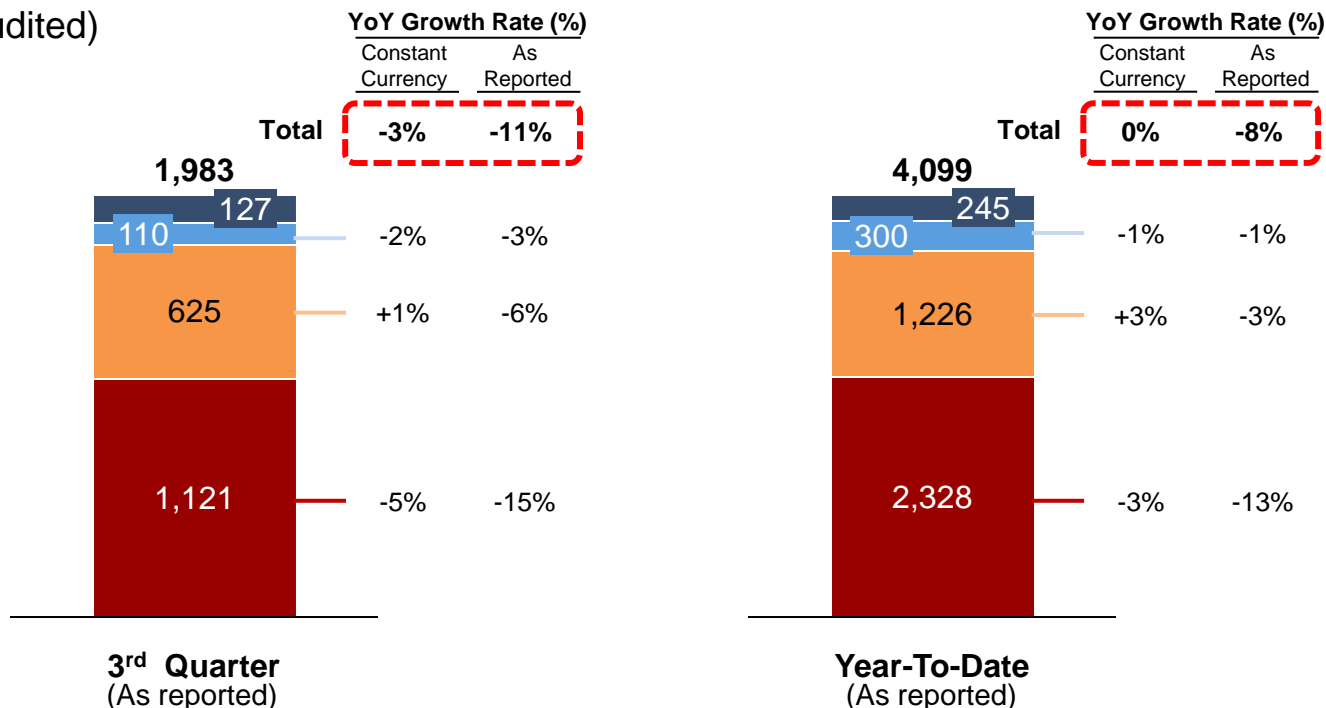
✓ Ended with \$290 million of cash and maintained Q4 dividend of \$0.38/share



Worldwide Gross Sales by Brand*

Third Quarter 2015 (\$ in Millions – Unaudited)

- Construction / Arts & Crafts / Other
- American Girl
- Fisher Price
- Mattel Girls & Boys



Q3 Constant Currency Narrative

Mattel Brands

Fisher-Price

American Girl

Const./A&C/Other

- Declines in Monster High and softness in certain licensed entertainment properties, partially offset by solid growth in Hot Wheels and Minecraft license
- Strength in “Baby Co.” business (Infant, Newborn, Baby Gear and Laugh & Learn), as well as Imaginext and Thomas & Friends in Preschool category, largely offset by licensed entertainment in Fisher-Price Friends
- Strong performance of the re-launched “BeForever” historical line, including its new character introduction, more than offset by the other sub-brands. International shop-in-shops meeting expectations.
- Construction business in-line with expectations, including strong performance in international markets; Arts & Crafts business down due to de-emphasis of non-strategic, lower margin product lines

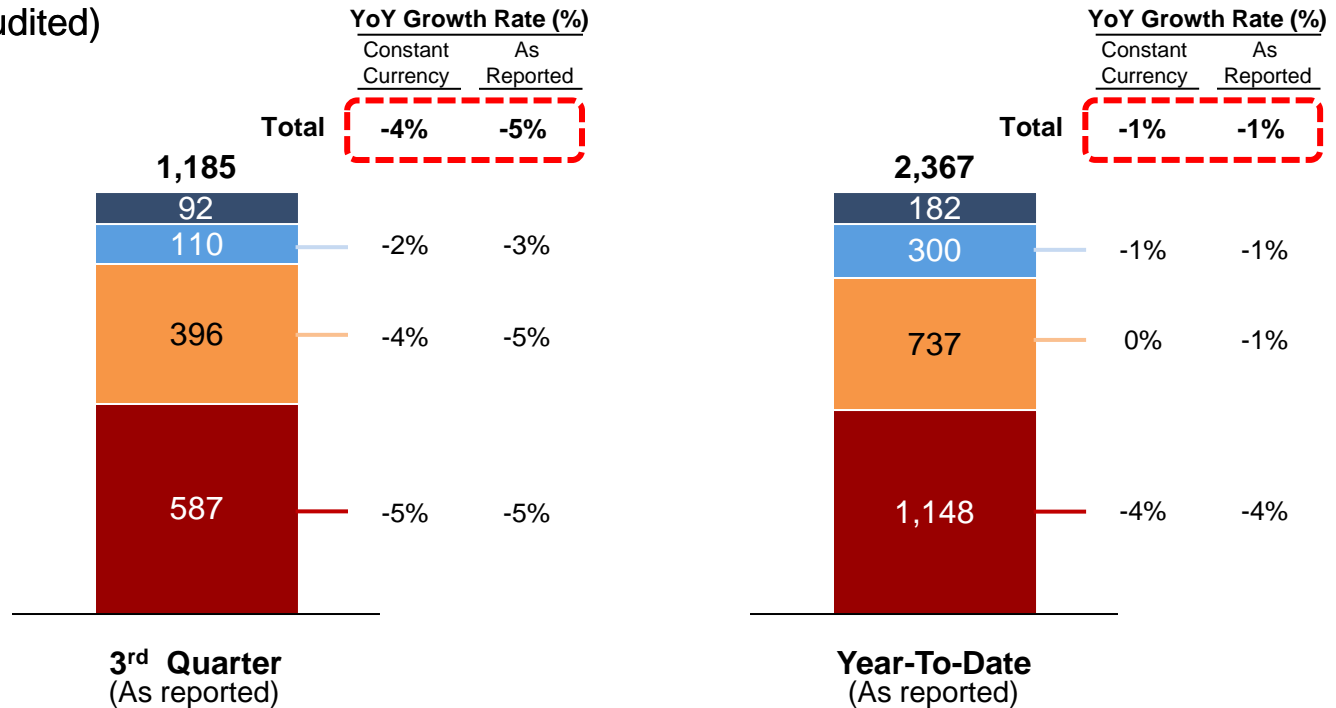
*See non-GAAP reconciliation in Appendix



North American Region Gross Sales by Brand*

Third Quarter 2015 (\$ in Millions – Unaudited)

- Construction / Arts & Crafts / Other
- American Girl
- Fisher Price
- Mattel Girls & Boys



Q3 Constant Currency Narrative

Mattel Brands

- Declines in Monster High and softness in certain licensed entertainment properties, including Disney Princess/Frozen, due to tough comps, partially offset by solid growth in Hot Wheels and Minecraft

Fisher-Price

- Declines in Fisher-Price Friends licensed entertainment properties, partially offset by growth in Imaginext and Baby Gear

American Girl

- Strong performance of the re-launched “BeForever” historical line, including its new character introduction, more than offset by the other sub-brands. International shop-in-shops meeting expectations.

Const./A&C/Other

- Construction business in-line with expectations; Arts & Crafts business down due to de-emphasis of non-strategic, lower margin product lines

*See non-GAAP reconciliation in Appendix.

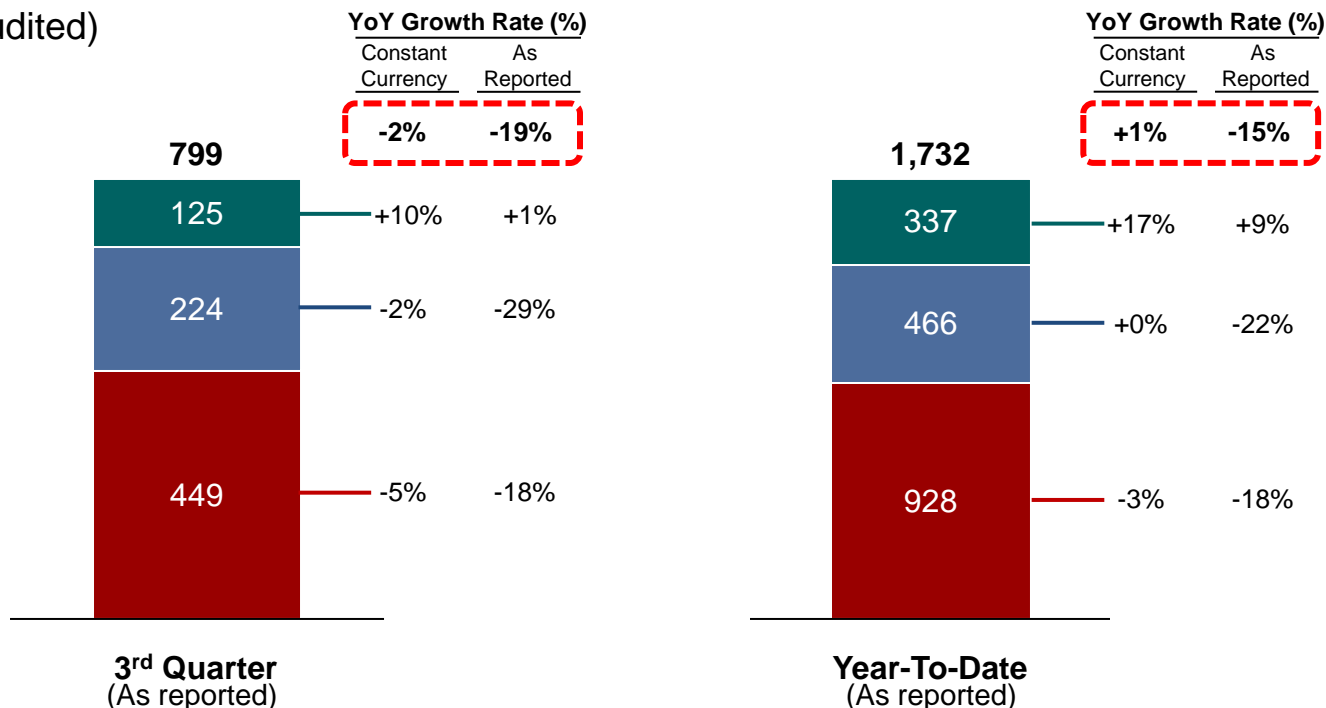
Note: North American Region includes U.S., Canada, and American Girl (see Appendix)



International Gross Sales by Region*

Third Quarter 2015 (\$ in Millions – Unaudited)

- Asia Pacific
- Latin America
- Europe



Q3 Constant Currency Narrative

Europe

- Softness in some Western European markets, partially offset by strong growth in Russia and other Emerging Europe

Latin America

- Slowdown in Brazil due to economic weakness, partially offset by solid growth in Mexico

Asia Pacific

- Driven by very strong growth in China due to increased investments

*See non-GAAP reconciliation in Appendix

Note: International Region includes International Division (see Appendix)



Adjusted Gross Margin*

Third Quarter 2015

(As a Percentage of Net Sales – Unaudited)

	<u>Quarter</u>	<u>Year-to-Date</u>
Prior Year Adjusted:	50.8%	49.9%
Change Primarily Driven By:		
Pricing		
Funding our Future		
Currency (incl. hedging)		
Input Costs		
Royalties		
Other Product-Related		
Current Year Adjusted:	49.1 %	48.7%
Change:	(170)bps	(120)bps

Q3 2015 Drivers

- Unfavorable currency impact of ~200 bps
- Price increases and cost savings more than offset changes in product-related costs, higher royalties and mix

Full Year 2015 Outlook

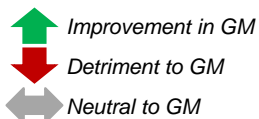
Headwinds

- Unfavorable foreign exchange
- Changes in mix
- Labor and input cost volatility

Tailwinds

- Funding Our Future cost savings
- Commodity trends

Targeting about 50% gross margin (Smaller currency impact in Q4 vs. Q3)



* See non-GAAP reconciliation in Appendix



Adjusted SG&A*

Third Quarter 2015

(\$ in Millions and as a Percentage of Net Sales – Unaudited)

	Quarter		Year-to-Date	
	In Millions	% of Sales	In Millions	% of Sales
Prior Year Adjusted:	\$374.6	18.5%	\$1,100.5	27.3%
Change Primarily Driven By:				
Funding Our Future (ex. Severance)				
Currency				
MEGA (ex. Acquisition/Integration)				
Employee-Related Costs				
Strategic Growth Investments				
Other				
Current Year Adjusted:	\$344.8	19.2%	\$1,052.6	28.4%
Change:	(\$29.8)	+70 bps	(\$47.9)	+110 bps
<hr/>				
Memo: SG&A (as reported)	\$365.6	20.4%	\$1,135.6	30.7%

Improvement in SG&A

Detriment to SG&A

Neutral to SG&A

*See non-GAAP reconciliation in Appendix

**Consists of acquisition and integration costs, including amortization of acquired intangible assets

Q3 2015 Drivers

- Adjusted SG&A down versus prior year
- Aggressively reduced overhead costs
- Achieved synergies with MEGA Brands acquisition
- Funded strategic growth investments through cost savings programs

Full Year 2015 Outlook

- Targeting adjusted SG&A to be down in absolute dollars by \$80-95 million

2015 Adjustments (\$ in Millions)

	Q3	YTD
2015 as reported	\$366	\$1,136
○ Acquisition/integration**	(\$8)	(\$26)
○ Severance	(\$13)	(\$57)
2015 adjusted	\$345	\$1,053



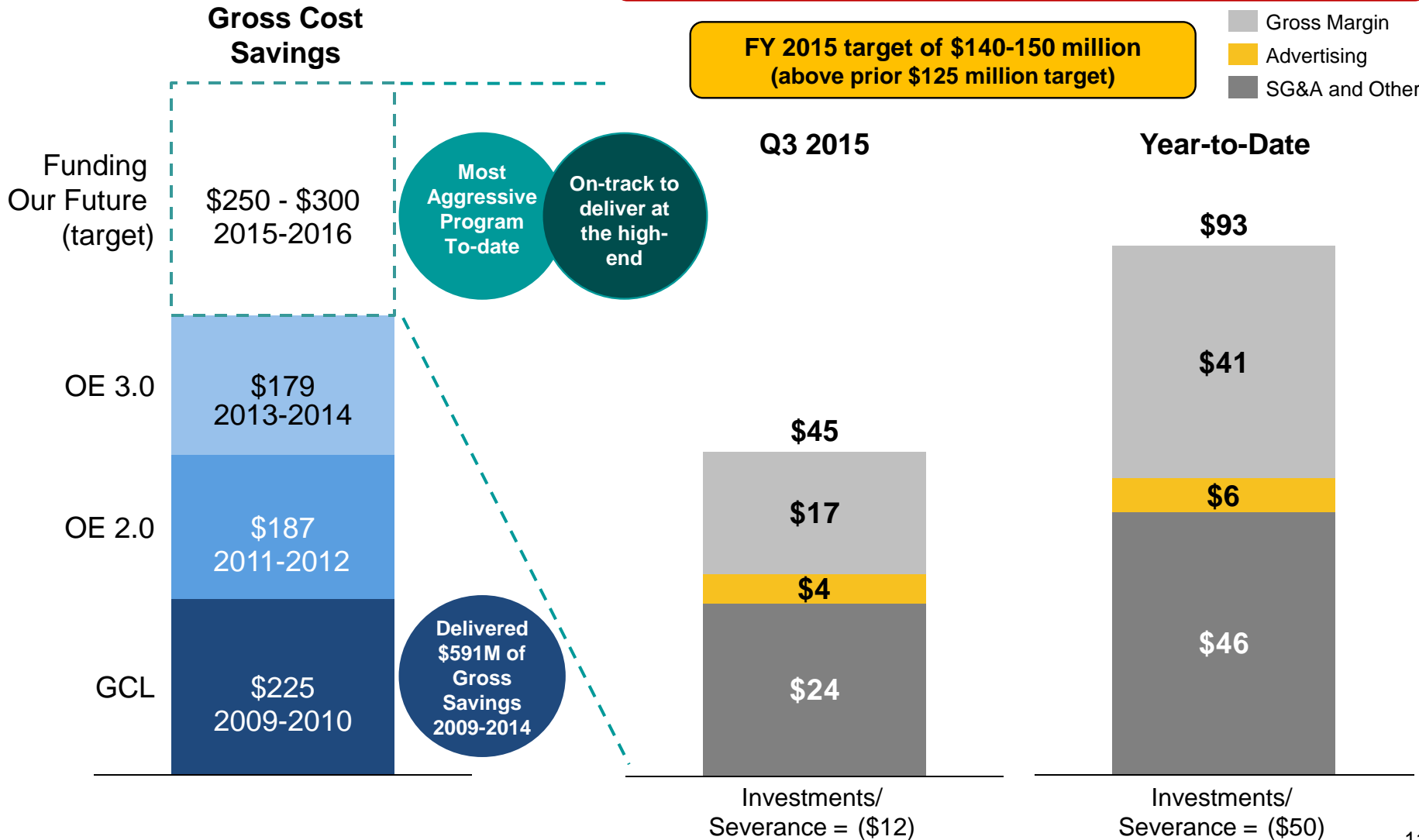
Cost Savings Programs / Funding Our Future Update

(\$ in Millions – Unaudited)

Funding Our Future (Actual Gross Cost Savings)

**FY 2015 target of \$140-150 million
(above prior \$125 million target)**

- Gross Margin
- Advertising
- SG&A and Other





Adjusted Operating Income*

Third Quarter 2015

(\$ in Millions and as Percentage of Net Sales – Unaudited)

	Quarter		Year-to-Date	
	In Millions	% of Sales	In Millions	% of Sales
Prior Year Adjusted:	\$434.5	21.5%	\$500.4	12.4%
Change Primarily Driven By:				
Sales Volume				
Gross Margin				
Advertising & Promotion				
Adjusted SG&A				
Current Year Adjusted:	\$321.6	17.9%	\$329.9	8.9%
Change:	(\$112.9)	(360)bps	(\$170.5)	(350)bps
Memo: Operating Income (as reported)	\$300.8	16.8%	\$246.9	6.7%

Q3 2015 Drivers

- Decrease driven by lower sales and gross margin, primarily due to FX
- Advertising higher reflecting investments to:
 - Support key core brands / drive top-line momentum throughout the year
 - Accelerate growth in China and Russia
- Adjusted SG&A down in absolute dollars versus prior year driven by cost savings initiatives

2015 Adjustments (\$ in Millions)

	Q3	YTD
2015 as reported	\$301	\$247
○ Acquisition/integration**	\$8	\$26
○ Severance	\$13	\$57
2015 Adjusted	\$322	\$330

- Improvement in Op Inc %
- Detriment to Op Inc %
- Neutral to Op Inc %

* See non-GAAP reconciliation in Appendix
 **Consists of acquisition and integration costs, including amortization of acquired intangible assets and inventory fair value markup above cost



Adjusted EPS*

Third Quarter 2015
(\$ Per Share – Unaudited)

Negative FX impact of \$0.20 in Q3 and \$0.23 year-to-date

Prior Year Adjusted:

Quarter	Year-to-date
\$0.98	\$1.06

Change Primarily Driven By:

Operating Income



Non-Operating Income / Expense



Taxes



Share Count



Current Year Adjusted:

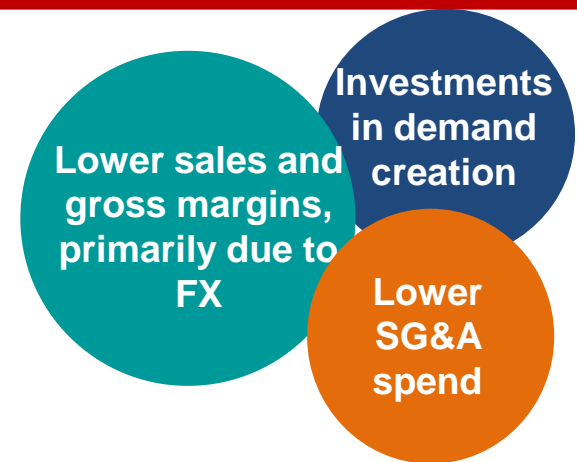
\$0.71 \$0.63

Change:

(\$0.27) (\$0.43)

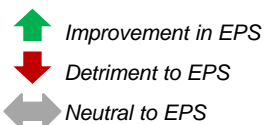
Memo: EPS (as reported)

\$0.66 \$0.45



- YTD '15 discrete period tax benefit of \$0.01
- Q3 '14 discrete period tax benefit of \$0.04
- YTD '14 discrete period tax benefit of \$0.15

2015 Adjustments (\$ Per Share)		
	Q3	YTD
2015 as reported	\$0.66	\$0.45
○ Acquisition/integration**	\$0.02	\$0.06
○ Severance	\$0.03	\$0.13
○ Discrete tax items	(\$0.00)	(\$0.01)
2015 Adjusted	\$0.71	\$0.63



*See non-GAAP reconciliation in Appendix

**Consists of acquisition and integration costs, including amortization of acquired intangible assets and inventory fair value markup above cost



Cash Flow

Nine months ending 2015

(\$ in Millions – Unaudited)

	2014	2015
Net Income /(Loss)	\$349	\$154
Depreciation	\$152	\$173
Amortization	\$25	\$24
Change in Working Capital & Other	(\$670)	(\$573)
Net Cash (Used for) Operations	(\$144)	(\$222)
Capital Spending	(\$172)	(\$171)
Acquisitions	(\$423)	-
Other Investing	(\$9)	(\$35)
Net Cash (Used for) Investing	(\$604)	(\$206)
Net Proceeds from Short-term Borrowings	\$48	\$161
Payments of Long-term Borrowing	(\$45)	-
Net Proceeds from Long-term Borrowing	\$495	-
Share Repurchases	(\$128)	-
Dividends	(\$386)	(\$386)
Financing Activities and Other	(\$13)	(\$29)
Net Cash From / (Used for) Financing Activities & Other	(\$29)	(\$254)
Change in Cash	(\$777)	(\$682)
Cash at Beginning of Period	\$1,039	\$972
Cash at End of Period	\$262	\$290

Cash Flow from Ops

Decrease primarily due to lower net income, partially offset by lower working capital usage as we tightly managed our seasonal needs

Investing Activities

No acquisitions in 2015 year-to-date (acquired MEGA Brands for \$423M, net of cash, in 2014)

Financing Activities

No long-term debt activity

Dividend/ Share Repurchase

- Paid quarterly dividend of \$0.38 (flat y/y)
- No share repurchases year-to-date



BUSINESS STRATEGY OVERVIEW



Six strategic priorities

Exploiting The Franchise Strength Of Our Core Brands

- Exploit our IP-based brands' untapped potential
- Focus on brand management/marketing, product innovation, content, digital and new partnerships to expand reach and relevance

Re-establishing Toy Leadership

- Build on our heritage as an entrepreneurial toymaker
- Greater emphasis on product invention, speed-to-market, rapid socialization, promotion and new partnerships

Strengthening Our Global Supply Chain

- Aggressively reduce system costs
- Maintain focus on improving quality and safety
- Support system-wide improvements in speed-to-market and customer satisfaction

Achieving Excellence In Our Commercial Organization

- Expand relationship with our omnichannel partners
- Deliver more engaging retail experiences
- Drive conversion and repeat purchase

Rapidly Expanding In Emerging Markets

- Accelerate growth in key emerging markets like China and Russia
- Invest in expanded sales and distribution capabilities

Continuously Driving Cost Improvement

- Simplify organizational structure and optimize processes
- Restore profitability
- Reinvest for growth



APPENDIX



Reporting Guide

Name

Description

North American Region

Includes U.S., Canada and American Girl

International Region

Includes International Division

North America Division

Consists of the U.S. and Canada, excludes American Girl

International Division

Excludes U.S. and Canada

American Girl Brands

Includes American Girl, excludes Corolle / Thomas DTC

Core Europe

Includes France, Belgium, Netherlands, Spain, Portugal, Italy, Germany, Austria, Switzerland, Nordics/Scandinavia, UK



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

WORLDWIDE GROSS SALES INFORMATION (Unaudited)

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended September 30,			For the Nine Months Ended September 30,				
	2015	2014		2015	2014			
			% Change in % Change as Reported	Constant Currency		% Change in % Change as Reported	Constant Currency	
Worldwide Gross Sales by Brand:								
Mattel Girls & Boys Brands	\$ 1,120.6	\$ 1,323.3	-15 %	-5 %	\$ 2,327.6	\$ 2,669.1	-13 %	-3 %
Fisher-Price Brands	625.3	663.4	-6	1	1,226.0	1,263.7	-3	3
American Girl Brands	109.9	113.1	-3	-2	300.1	302.2	-1	-1
Construction and Arts & Crafts Brands ¹	118.5	123.4			221.6	185.0		
Other	9.1	9.5			23.4	25.1		
Gross Sales	<u>\$ 1,983.4</u>	<u>\$ 2,232.7</u>	-11 %	-3 %	<u>\$ 4,098.7</u>	<u>\$ 4,445.1</u>	-8 %	0 %
Worldwide Gross Sales - Mattel Girls & Boys Brands:								
Barbie	\$ 302.0	\$ 352.9	-14 %	-4 %	\$ 578.3	\$ 683.6	-15 %	-6 %
Other Girls	320.4	451.4	-29	-20	685.9	875.3	-22	-12
Wheels	266.9	252.2	6	19	559.5	522.6	7	19
Entertainment	231.3	266.8	-13	-4	503.9	587.6	-14	-6
Gross Sales	<u>\$ 1,120.6</u>	<u>\$ 1,323.3</u>	-15 %	-5 %	<u>\$ 2,327.6</u>	<u>\$ 2,669.1</u>	-13 %	-3 %
Worldwide Gross Sales by Region:								
North American ²	\$ 1,184.8	\$ 1,243.5	-5 %	-4 %	\$ 2,366.6	\$ 2,396.7	-1 %	-1 %
International	798.6	989.2	-19	-2	1,732.1	2,048.4	-15	1
Gross Sales	<u>\$ 1,983.4</u>	<u>\$ 2,232.7</u>	-11 %	-3 %	<u>\$ 4,098.7</u>	<u>\$ 4,445.1</u>	-8 %	0 %
Reconciliation of Non-GAAP to GAAP Financial Measure:								
Gross Sales	\$ 1,983.4	\$ 2,232.7			\$ 4,098.7	\$ 4,445.1		
Sales Adjustments	(191.4)	(211.3)			(395.8)	(415.2)		
Net Sales	<u>\$ 1,792.0</u>	<u>\$ 2,021.4</u>	-11 %	-4 %	<u>\$ 3,702.9</u>	<u>\$ 4,029.9</u>	-8 %	-1 %

¹ Sales of Construction and Arts & Crafts products include the MEGA BLOKS and RoseArt brands. Mattel acquired MEGA Brands Inc. on April 30, 2014.



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

NORTH AMERICAN REGION GROSS SALES INFORMATION (Unaudited)

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2015	2014	% Change as Reported	% Change in Constant Currency	2015	2014	% Change as Reported	% Change in Constant Currency
North American Region Gross Sales by Brand:								
Mattel Girls & Boys Brands	\$ 586.9	\$ 619.3	-5 %	-5 %	\$ 1,147.8	\$ 1,198.7	-4 %	-4 %
Fisher-Price Brands	395.9	415.4	-5	-4	737.2	742.1	-1	0
American Girl Brands	109.9	113.3	-3	-2	300.1	302.4	-1	-1
Construction and Arts & Crafts Brands	83.3	86.4			158.8	129.5		
Other	8.8	9.1			22.7	24.0		
Gross Sales	<u>\$ 1,184.8</u>	<u>\$ 1,243.5</u>	-5 %	-4 %	<u>\$ 2,366.6</u>	<u>\$ 2,396.7</u>	-1 %	-1 %
North American Region Gross Sales by Brand								
Gross Sales	\$ 1,184.8	\$ 1,243.5			\$ 2,366.6	\$ 2,396.7		
Sales Adjustments	<u>(84.4)</u>	<u>(77.8)</u>			<u>(159.9)</u>	<u>(141.2)</u>		
Net Sales	<u>\$ 1,100.4</u>	<u>\$ 1,165.7</u>	-6 %	-5 %	<u>\$ 2,206.7</u>	<u>\$ 2,255.5</u>	-2 %	-2 %



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

INTERNATIONAL GROSS SALES BY REGION INFORMATION (Unaudited)

(In millions, except percentage information)	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
	2015	2014	% Change as Reported	% Change in Constant Currency	2015	2014	% Change as Reported	% Change in Constant Currency
International Region Gross Sales:								
Europe	\$ 449.3	\$ 551.3	-18 %	-5 %	\$ 928.4	\$ 1,138.5	-18 %	-3 %
Latin America	224.1	314.4	-29	-2	466.4	599.5	-22	0
Asia Pacific	125.2	123.5	1	10	337.4	310.4	9	17
Gross Sales	<u>\$ 798.6</u>	<u>\$ 989.2</u>	-19 %	-2 %	<u>\$ 1,732.2</u>	<u>\$ 2,048.4</u>	-15 %	1 %
International Region Gross Sales								
Gross Sales	\$ 798.6	\$ 989.2			\$ 1,732.2	\$ 2,048.4		
Sales Adjustments	(107.0)	(133.5)			(236.0)	(274.0)		
Net Sales	<u>\$ 691.6</u>	<u>\$ 855.7</u>	-19 %	-2 %	<u>\$ 1,496.2</u>	<u>\$ 1,774.4</u>	-16 %	0 %



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share information)</u>	2014				2015		
	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
Gross Profit							
Gross Profit, As Reported	\$ 481.5	\$ 492.6	\$ 1,021.1	\$ 1,005.8	\$ 450.4	\$ 472.9	\$ 879.6
<i>Gross Margin</i>	50.9%	46.4%	50.5%	50.4%	48.8%	47.9%	49.1%
<i>Adjustments:</i>							
MEGA Brands Inventory Fair Value Markup Above Cost	-	8.3	6.7	-	-	-	-
Gross Profit, As Adjusted	\$ 481.5	\$ 500.9	\$ 1,027.8	\$ 1,005.8	\$ 450.4	\$ 472.9	\$ 879.6
<i>Adjusted Gross Margin</i>	50.9%	47.2%	50.8%	50.4%	48.8%	47.9%	49.1%
Other Selling and Administrative Expenses							
Other Selling and Administrative Expenses, As Reported	\$ 384.5	\$ 391.7	\$ 392.9	\$ 445.0	\$ 402.5	\$ 367.6	\$ 365.6
<i>% of Net Sales</i>	40.6%	36.9%	19.4%	22.3%	43.6%	37.2%	20.4%
<i>Adjustments:</i>							
MEGA Brands Integration & Acquisition Costs	-	(11.2)	(4.6)	(12.4)	(7.7)	(2.6)	(3.3)
MEGA Brands Intangible Asset Amortization Expense	-	(5.0)	(9.6)	(10.8)	(4.2)	(4.2)	(4.2)
Severance Expense	(21.5)	(12.6)	(4.1)	(4.9)	(28.0)	(15.6)	(13.3)
Other Selling and Administrative Expenses, As Adjusted	\$ 363.0	\$ 362.9	\$ 374.6	\$ 416.9	\$ 362.6	\$ 345.2	\$ 344.8
<i>% of Net Sales</i>	38.4%	34.2%	18.5%	20.9%	39.3%	34.9%	19.2%



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share information)</u>	2014				2015		
	1 Qtr	2 Qtr	3 Qtr	4 Qtr	1 Qtr	2 Qtr	3 Qtr
<u>Operating Income (Loss)</u>							
Operating Income (Loss), As Reported	\$ 6.2	\$ 1.0	\$ 409.5	\$ 237.0	\$ (54.5)	\$ 0.6	\$ 300.8
<i>Adjustments:</i>							
MEGA Brands Inventory Fair Value Markup Above Cost	-	8.3	6.7	-	-	-	-
MEGA Brands Integration & Acquisition Costs	-	11.2	4.6	12.4	7.7	2.6	3.3
MEGA Brands Intangible Asset Amortization Expense	-	5.0	9.6	10.8	4.2	4.2	4.2
Severance Expense	21.5	12.6	4.1	4.9	28.0	15.6	13.3
Operating Income (Loss), As Adjusted	<u>\$ 27.7</u>	<u>\$ 38.1</u>	<u>\$ 434.5</u>	<u>\$ 265.1</u>	<u>\$ (14.6)</u>	<u>\$ 23.0</u>	<u>\$ 321.6</u>
<u>Earnings Per Share</u>							
Net (Loss) Income Per Common Share, As Reported	\$ (0.03)	\$ 0.08	\$ 0.97	\$ 0.44	\$ (0.17)	\$ (0.03)	\$ 0.66
<i>Adjustments:</i>							
MEGA Brands Inventory Fair Value Above Cost	-	0.02	0.02	-	-	-	-
MEGA Brands Integration & Acquisition Costs	-	0.03	0.01	0.02	0.02	0.01	0.01
MEGA Brands Intangible Asset Amortization Expense	-	0.01	0.02	0.02	0.01	0.01	0.01
Severance Expense	0.05	0.03	0.01	0.01	0.06	0.03	0.03
Discrete Tax Items	0.01	(0.12)	(0.05)	0.03	-	(0.01)	-
Net Income (Loss) Per Common Share, As Adjusted	<u>\$ 0.03</u>	<u>\$ 0.05</u>	<u>\$ 0.98</u>	<u>\$ 0.52</u>	<u>\$ (0.08)</u>	<u>\$ 0.01</u>	<u>\$ 0.71</u>



Reconciliation of Non-GAAP Financial Measures

MATTEL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions, except per share and percentage information)	For the Three Months Ended September 30,						For the Nine Months Ended September 30,					
	2015		2014		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency	2015		2014		Yr / Yr % Change as Reported	Yr / Yr % Change in Constant Currency
	\$ Amt	% Net Sales	\$ Amt	% Net Sales			\$ Amt	% Net Sales	\$ Amt	% Net Sales		
Net Sales	\$ 1,792.0		\$ 2,021.4		-11%	-4%	\$ 3,702.9		\$ 4,029.9		-8%	-1%
Cost of sales	912.4	50.9%	1,000.3	49.5%	-9%		1,900.0	51.3%	2,034.7	50.5%	-7%	
Gross Profit	879.6	49.1%	1,021.1	50.5%	-14%	-3%	1,802.9	48.7%	1,995.2	49.5%	-10%	-1%
Advertising and promotion expenses	213.2	11.9%	218.7	10.8%	-3%		420.4	11.4%	409.4	10.2%	3%	
Other selling and administrative expenses	365.6	20.4%	392.9	19.4%	-7%		1,135.6	30.7%	1,169.1	29.0%	-3%	
Operating Income	300.8	16.8%	409.5	20.3%	-27%	-7%	246.9	6.7%	416.7	10.3%	-41%	-20%
Interest expense	21.4	1.2%	21.0	1.0%	2%		62.5	1.7%	57.2	1.4%	9%	
Interest (income)	(2.0)	-0.1%	(1.8)	-0.1%	12%		(5.8)	-0.2%	(5.2)	-0.1%	10%	
Other non-operating (income), net	(4.7)		(3.9)				(2.9)		(5.7)			
Income Before Income Taxes	286.1	16.0%	394.2	19.5%	-27%	-5%	193.1	5.2%	370.4	9.2%	-48%	-22%
Provision for income taxes	62.3		62.4				38.8		21.5			
Net Income	\$ 223.8	12.5%	\$ 331.8	16.4%	-33%		\$ 154.3	4.2%	\$ 348.9	8.7%	-56%	
Net Income Per Common Share - Basic	\$ 0.66		\$ 0.97				\$ 0.45		\$ 1.02			
Weighted average number of common shares	339.4		338.7				339.0		339.2			
Net Income Per Common Share - Diluted	\$ 0.66		\$ 0.97				\$ 0.45		\$ 1.02			
Weighted average number of common and potential common shares	339.8		340.3				339.5		341.2			



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