

Mattel, Inc.

Earnings Conference Call

Second Quarter 2015

(Unaudited Results)



JULY 16, 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 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 our earnings release 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 profit.

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 restructuring and restructuring-related expenses and costs associated with the acquisition and integration of an acquired business. 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 restructuring and restructuring-related expenses and costs associated with the acquisition and integration of an acquired business. 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 restructuring and restructuring-related expenses, costs associated with the acquisition and integration of an acquired business 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.



Q2 2015 FINANCIAL PERFORMANCE



Q2 and First Half 2015 Key Takeaways

✓ Results largely consistent with our expectations and continue to believe 2015 outlook remains achievable

- Q2 and first half performance reflect solid progress against our six strategic priorities and toward stabilizing the business

✓ Encouraging trends in underlying business; offset by foreign exchange headwinds

- First half global POS was up low-single digits, roughly aligned with shipments
- Year-to-date worldwide gross sales up 3% in constant currency (-4% as reported)
 - North American Region* gross sales up 3% in constant currency (+2% as reported)
 - International Region** gross sales up 4% in constant currency (-12% as reported)
- Q2 worldwide gross sales up 1% in constant currency (-6% as reported)
- Made progress on retail inventory, particularly in Europe

✓ P&L reflects investments to improve top-line momentum and execute the turnaround. Cost savings initiatives helping fund investments and reducing SG&A.

- Sales adjustments remain elevated due to investments in retail promotions to drive POS
- Q2 gross margin of 47.9% was up 70 basis points versus prior year as adjusted and up 150 basis points as reported
 - Higher product-related costs were offset by price increases and cost savings
 - Favorable currency impact of timing of inventory movements and hedging gains, partially offset by higher royalty expense
- Advertising was higher, reflecting investments to support key brands and spending in emerging markets
- SG&A expense was down versus the prior year in absolute dollars, on both a reported and adjusted basis
 - Reported SG&A reflects significant investments to execute on aggressive cost savings program
- Q2 adjusted operating income of \$23 million and adjusted earnings per share of \$0.01. Q2 reported operating income of \$1 million and net loss per share of \$0.03.

✓ Remained financially disciplined in capital deployment strategy and maintained a strong balance sheet

- Company announced Q3 dividend of \$0.38/share, flat to prior year
- Owned inventory down about \$30 million versus prior year

* Includes U.S., Canada, and American Girl (AG) (see Appendix)

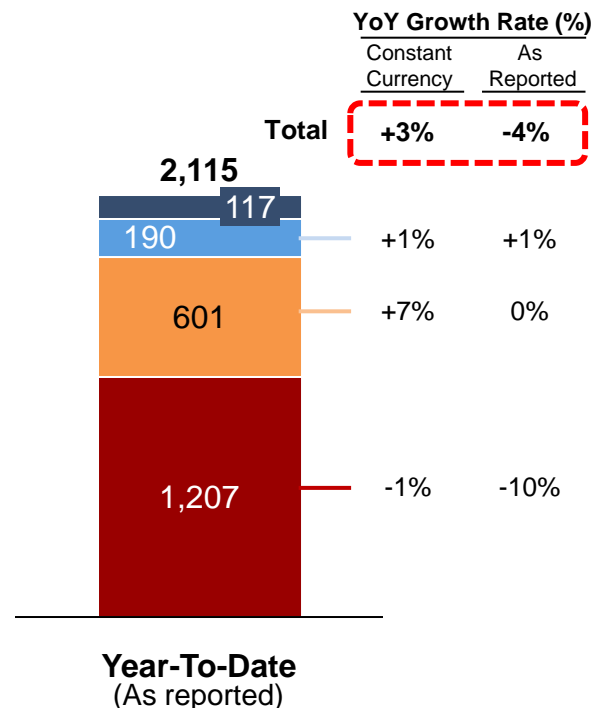
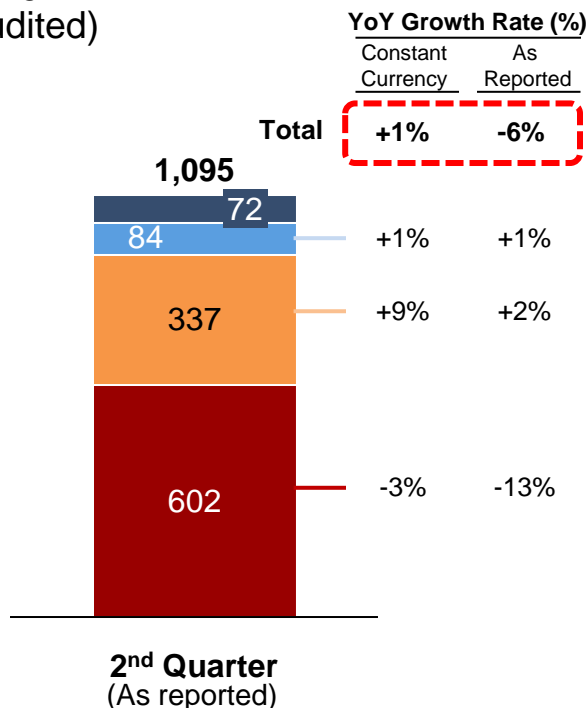
** Includes International Division (see Appendix)



Worldwide Gross Sales by Brand*

Second Quarter 2015 (\$ in Millions – Unaudited)

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



2Q Constant Currency Narrative

Mattel Brands

Fisher-Price

American Girl

Const./A&C/Other

- Solid growth in Hot Wheels, strength in Disney Princess and Minecraft licenses, offset by softness in other licensed entertainment properties as well as declines in Monster High and Barbie
- Strength in Infant (Baby Gear and Laugh & Learn) and Thomas & Friends, partially offset by licensed entertainment in Fisher-Price Friends
- Improving performance with the refreshed “BeForever” historical line and newly refreshed “Truly Me” line. New retail stores in Orlando and Charlotte and Indigo shop-in-shops in Canada exceeding expectations.
- Construction business in-line with expectations; Arts & Crafts business down due to de-emphasis of non-strategic, lower margin product lines

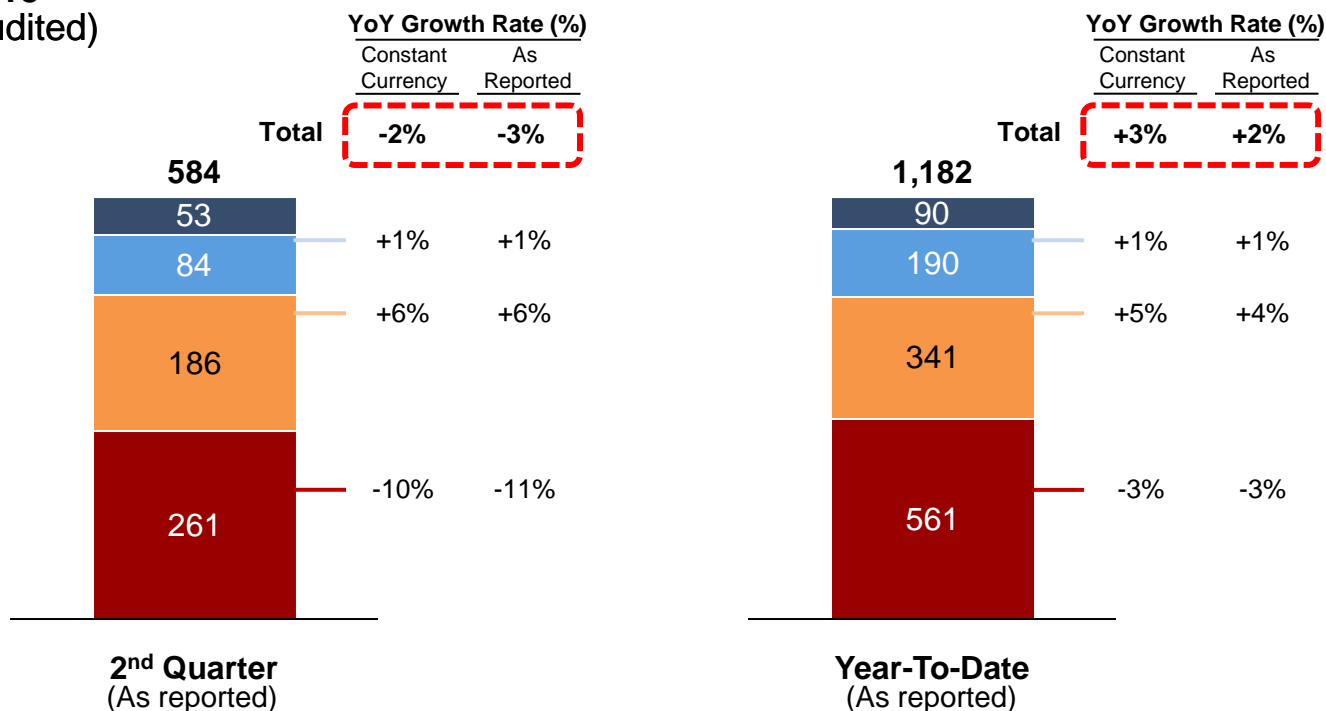
*See non-GAAP reconciliation in Appendix



North American Region Gross Sales by Brand*

Second Quarter 2015 (\$ in Millions – Unaudited)

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



2Q Constant Currency Narrative

Mattel Brands

- Softness in licensed entertainment properties, including Disney Princess/Frozen, due to tough comps, partially offset by solid growth in Hot Wheels, Minecraft and Games

Fisher-Price

- Strength in Infant (Baby Gear and Laugh & Learn), as well as preschool playsets and Power Wheels and growth in Thomas & Friends, partially offset by licensed entertainment in Fisher-Price Friends

American Girl

- Improving performance with the refreshed “BeForever” historical line and newly refreshed “Truly Me” line. New retail stores in Orlando and Charlotte and Indigo shop-in-shops in Canada exceeding 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.

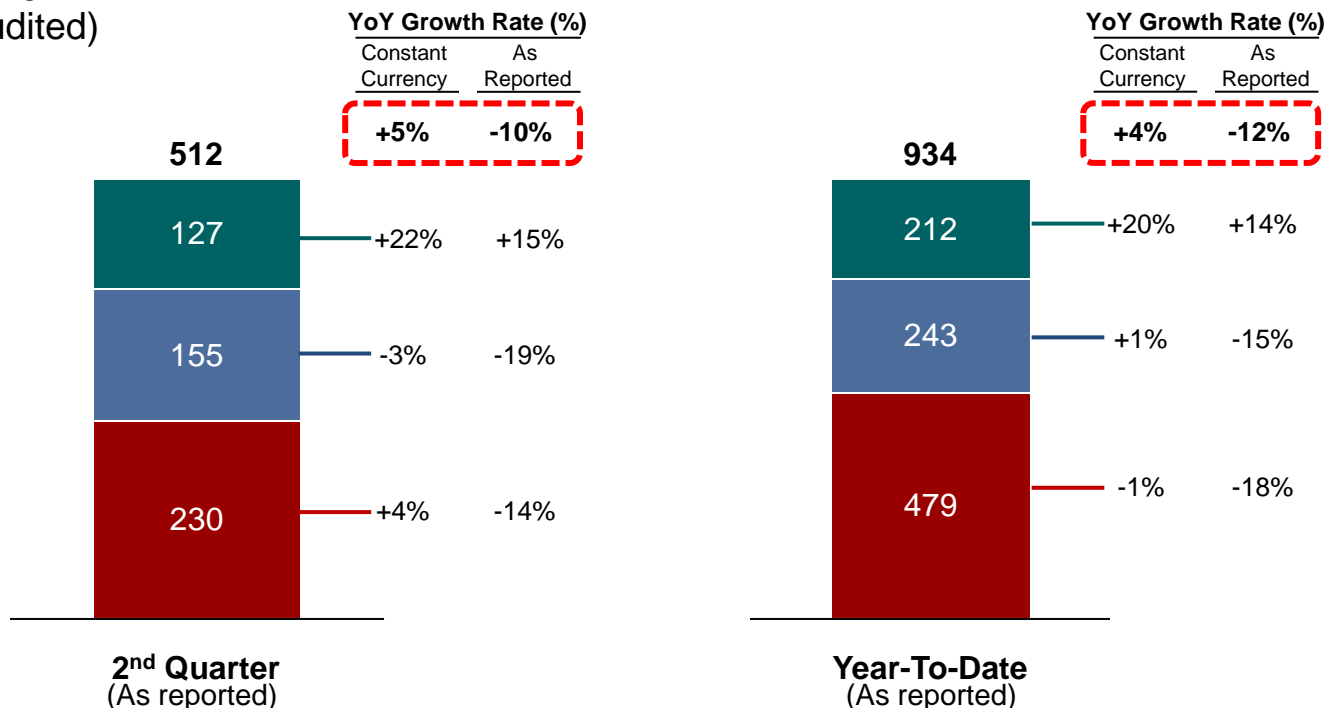
Note: North American Region includes U.S., Canada, and American Girl (see Appendix)



International Gross Sales by Region*

Second Quarter 2015 (\$ in Millions – Unaudited)

- Asia Pacific
- Latin America
- Europe



2Q Constant Currency Narrative

Europe

- Driven by strong growth in Russia and other Emerging Europe, partially offset by core brand softness in some Western European markets. Good progress against retail inventory overhang.

Latin America

- Growth in important markets like Mexico and Brazil, offset by several smaller countries that faced very difficult macroeconomic environments

Asia Pacific

- Fairly broad-based growth, led by China and continued strength in Australia

*See non-GAAP reconciliation in Appendix

Note: International Region includes International Division (see Appendix)



Adjusted Gross Margin*

Second Quarter 2015

(As a Percentage of Net Sales – Unaudited)

	<u>Quarter</u>	<u>Year-to-Date</u>
Prior Year Adjusted:	47.2%	48.9%
Change Primarily Driven By:		
Pricing		
Currency (incl. hedging)		
Funding Our Future		
Input Costs		
Royalties		
Other Product-Related		
Current Year Adjusted:	47.9%	48.3%
Change:	+70 bps	(60)bps

Q2 2015 Drivers

- Price increases and cost savings offset higher product-related costs
- Favorable currency impact of timing of inventory movements and hedging gains
- Higher royalty expense

Outlook

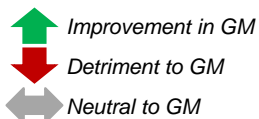
Headwinds

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

Tailwinds

- Funding Our Future cost savings
- Commodity trends

Targeting about 50% in the near term



* See non-GAAP reconciliation in Appendix



Adjusted SG&A*

Second 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:	\$362.9	34.2%	\$725.9	36.1%

Change Primarily Driven By:

Funding Our Future (ex. Severance)



Currency



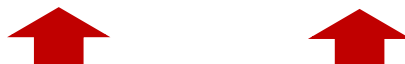
Employee-Related Costs



MEGA (ex. Acquisition/Integration)



Strategic Growth Investments



Other



Current Year Adjusted:

	\$345.2	34.9%	\$707.7	37.0%
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Change:

	(\$17.7)	+70 bps	(\$18.2)	+90 bps
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Memo: SG&A (as reported)

	\$367.6	37.2%	\$770.0	40.3%
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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

Q2 2015 Drivers

- Adjusted SG&A down versus prior year
- Cost savings more apparent with MEGA now in the base business
- Funding Our Future savings helped fund strategic growth investments

2015 Outlook

- Targeting adjusted SG&A to be down in absolute dollars

2015 Adjustments (\$ in Millions)

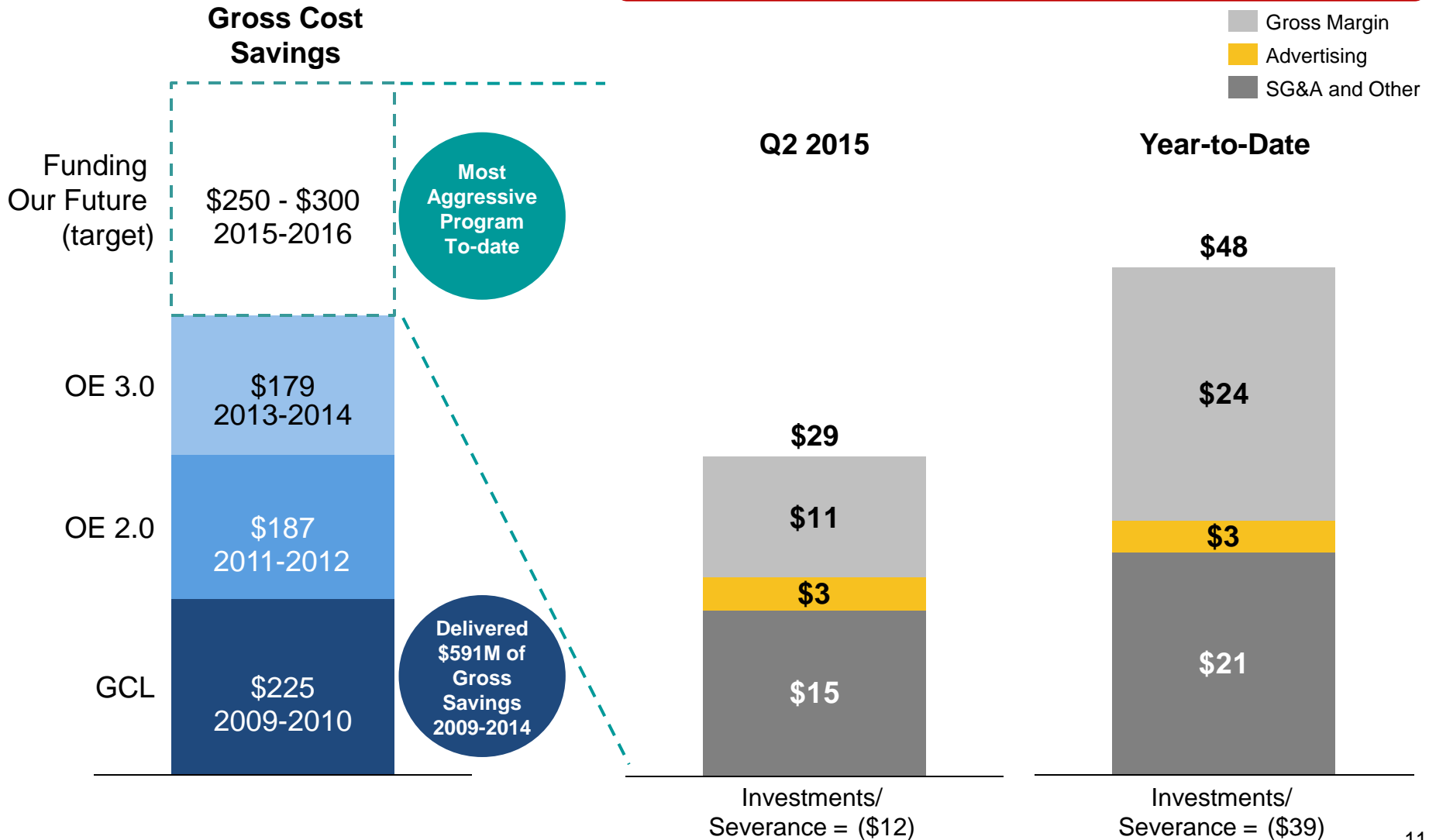
	Q2	YTD
2015 as reported	\$368	\$770
○ Acquisition/integration**	(\$7)	(\$18)
○ Severance	(\$15)	(\$44)
2015 adjusted	\$345	\$708



Cost Savings Programs / Funding Our Future Update

(\$ in Millions – Unaudited)

Funding Our Future (Actual Gross Cost Savings)











Adjusted Operating Income*

Second 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:	\$38.1	3.6%	\$65.8	3.3%
Change Primarily Driven By:				
Gross Margin				
Advertising & Promotion				
Adjusted SG&A				
Current Year Adjusted:	\$23.0	2.3%	\$8.4	0.4%
Change:	(\$15.1)	(130)bps	(\$57.4)	(290)bps
Memo Operating Loss (as reported)	\$0.6	0.1%	(\$53.9)	-2.8%

Q2 2015 Drivers


- Decrease driven by lower sales, partially offset by higher gross margin
- 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

2015 Adjustments (\$ in Millions)

	Q2	YTD
2015 as reported	\$1	(\$54)
○ Acquisition/integration**	\$7	\$18
○ Severance	\$15	\$44
2015 Adjusted	\$23	\$8

 Improvement in Op Inc %

 Detriment to Op Inc %

 Neutral to Op Inc %

* See non-GAAP reconciliation in Appendix

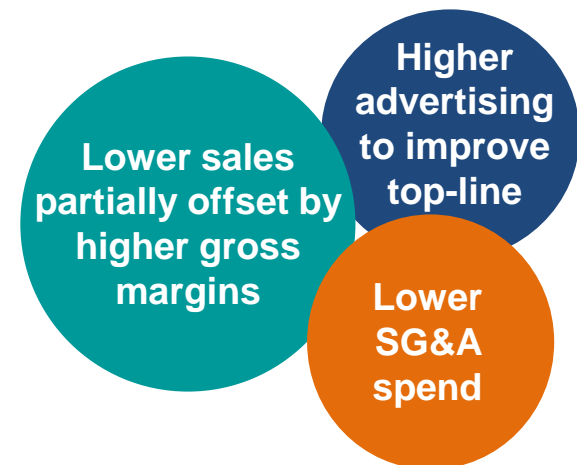
**Consists of acquisition and integration costs, including amortization of acquired intangible assets and inventory fair value markup above cost



Adjusted EPS*

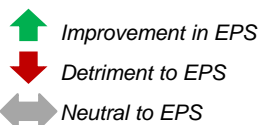
Second Quarter 2015
(\$ Per Share – Unaudited)

	Quarter	Year-to-date
Prior Year Adjusted:	\$0.05	\$0.08
Change Primarily Driven By:		
Operating Income		
Non-Operating Income / Expense		
Taxes		
Share Count		
Current Year Adjusted:	\$0.01	(\$0.07)
Change:	(\$0.04)	(\$0.15)
Memo: EPS (as reported)	(\$0.03)	(\$0.21)



- Q2 '15 discrete period tax benefit of \$0.01
- Q2 '14 discrete period tax benefit of \$0.12

2015 Adjustments (\$ Per Share)		
	Q2	YTD
2015 as reported	(\$0.03)	(\$0.21)
○ Acquisition/integration**	\$0.02	\$0.04
○ Severance	\$0.03	\$0.11
○ Discrete tax items	(\$0.01)	(\$0.01)
2015 Adjusted	\$0.01	(\$0.07)



*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

First Half 2015

(\$ in Millions – Unaudited)

	2014	2015
Net Income /(Loss)	\$17	(\$70)
Depreciation	\$98	\$115
Amortization	\$12	\$16
Change in Working Capital & Other	(\$206)	(\$302)
Net Cash (Used for) Operations	(\$79)	(\$241)
Capital Spending	(\$108)	(\$114)
Acquisitions	(\$423)	
Other Investing	\$6	(\$47)
Net Cash (Used for) Investing	(\$525)	(\$161)
Payments of Long-Term Borrowing	(\$45)	-
Net Proceeds from Long-term Borrowing	\$495	-
Share Repurchases	(\$128)	-
Dividends	(\$258)	(\$257)
Financing Activities and Other	\$19	(\$13)
Net Cash From / (Used for) Financing Activities & Other	\$83	(\$269)
Change in Cash	(\$521)	(\$671)
Cash at Beginning of Period	\$1,039	\$972
Cash at End of Period	\$518	\$300

Cash Flow from Ops

Decrease primarily due to higher net loss and changes in working capital

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

Note: Amounts shown are preliminary estimates. Actual amounts will be reported in Mattel's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015.



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

WORLDWIDE GROSS SALES INFORMATION (Unaudited)

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except percentage information)</u>	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Worldwide Gross Sales by Brand:</u>				
Mattel Girls & Boys Brands	\$ 601.8	\$ 689.0	\$ 1,206.9	\$ 1,345.8
% Change	-13 %	-13 %	-10 %	-9 %
Pos./.(Neg.) Impact of Currency (in % pts)	<u>-10</u>	<u>-1</u>	<u>-9</u>	<u>-1</u>
% Change in Constant Currency	<u>-3 %</u>	<u>-12 %</u>	<u>-1 %</u>	<u>-8 %</u>
Fisher-Price Brands	336.8	328.8	600.7	600.2
% Change	2 %	-17 %	0 %	-12 %
Pos./.(Neg.) Impact of Currency (in % pts)	<u>-7</u>	<u>0</u>	<u>-7</u>	<u>0</u>
% Change in Constant Currency	<u>9 %</u>	<u>-17 %</u>	<u>7 %</u>	<u>-12 %</u>
American Girl Brands	84.2	83.1	190.2	189.1
% Change	1 %	6 %	1 %	6 %
Construction and Arts & Crafts Brands ¹	64.8	61.6	103.1	61.6
Other	<u>7.5</u>	<u>8.6</u>	<u>14.4</u>	<u>15.7</u>
Gross Sales	<u>\$ 1,095.1</u>	<u>\$ 1,171.1</u>	<u>\$ 2,115.3</u>	<u>\$ 2,212.4</u>
<u>Reconciliation of Non-GAAP to GAAP Financial Measure:</u>				
Gross Sales	\$ 1,095.1	\$ 1,171.1	\$ 2,115.3	\$ 2,212.4
Sales Adjustments	<u>(106.9)</u>	<u>(108.8)</u>	<u>(204.4)</u>	<u>(204.0)</u>
Net Sales	<u>\$ 988.2</u>	<u>\$ 1,062.3</u>	<u>\$ 1,910.9</u>	<u>\$ 2,008.4</u>
% Change	-7 %	-9 %	-5 %	-7 %
Pos./.(Neg.) Impact of Currency (in % pts)	<u>-7</u>	<u>-1</u>	<u>-7</u>	<u>-1</u>
% Change in Constant Currency	<u>0 %</u>	<u>-8 %</u>	<u>2 %</u>	<u>-6 %</u>

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

WORLDWIDE GROSS SALES INFORMATION (Unaudited)

RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

(In millions, except percentage information)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Worldwide Gross Sales by Region:				
North American ²	\$ 583.6	\$ 601.2	\$ 1,181.7	\$ 1,153.2
% Change	-3 %	-8 %	2 %	-5 %
Pos./ (Neg.) Impact of Currency (in % pts)	-1	-1	-1	0
% Change in Constant Currency	<u>-2 %</u>	<u>-7 %</u>	<u>3 %</u>	<u>-5 %</u>
International	511.5	569.9	933.6	1,059.2
% Change	-10 %	-9 %	-12 %	-8 %
Pos./ (Neg.) Impact of Currency (in % pts)	-15	-2	-16	-1
% Change in Constant Currency	<u>5 %</u>	<u>-7 %</u>	<u>4 %</u>	<u>-7 %</u>
Gross Sales	<u>\$ 1,095.1</u>	<u>\$ 1,171.1</u>	<u>\$ 2,115.3</u>	<u>\$ 2,212.4</u>
% Change	-6 %	-8 %	-4 %	-7 %
Pos./ (Neg.) Impact of Currency (in % pts)	-7	-1	-7	-1
% Change in Constant Currency	<u>1 %</u>	<u>-7 %</u>	<u>3 %</u>	<u>-6 %</u>

2 Consists of U.S., Canada, and American Girl.



Reconciliation of Non-GAAP Financial Measures

NORTH AMERICAN REGION GROSS SALES INFORMATION (Unaudited)

(In millions, except percentage information)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
North American Region Gross Sales by Brand:				
Mattel Girls & Boys Brands	\$ 260.9	\$ 291.9	\$ 560.9	\$ 579.3
% Change	-11 %	-12 %	-3 %	-7 %
Pos./ (Neg.) Impact of Currency (in % pts)	<u>-1</u>	<u>-1</u>	<u>0</u>	<u>0</u>
% Change in Constant Currency	<u>-10 %</u>	<u>-11 %</u>	<u>-3 %</u>	<u>-7 %</u>
Fisher-Price Brands	185.6	175.0	341.3	326.7
% Change	6 %	-25 %	4 %	-17 %
Pos./ (Neg.) Impact of Currency (in % pts)	<u>0</u>	<u>0</u>	<u>-1</u>	<u>-1</u>
% Change in Constant Currency	<u>6 %</u>	<u>-25 %</u>	<u>5 %</u>	<u>-16 %</u>
American Girl Brands	84.2	83.1	190.2	189.1
% Change	1 %	6 %	1 %	6 %
Construction and Arts & Crafts Brands	45.4	43.1	75.5	43.1
Other	<u>7.5</u>	<u>8.1</u>	<u>13.8</u>	<u>15.0</u>
North American Region Gross Sales by Brand	\$ <u>583.6</u>	\$ <u>601.2</u>	\$ <u>1,181.7</u>	\$ <u>1,153.2</u>
% Change	-3 %	-8 %	2 %	-5 %
Pos./ (Neg.) Impact of Currency (in % pts)	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>0</u>
% Change in Constant Currency	<u>-2 %</u>	<u>-7 %</u>	<u>3 %</u>	<u>-5 %</u>
Gross Sales	\$ 583.6	\$ 601.2	\$ 1,181.7	\$ 1,153.2
Sales Adjustments	<u>(36.2)</u>	<u>(34.4)</u>	<u>(75.4)</u>	<u>(63.4)</u>
Net Sales	\$ <u>547.4</u>	\$ <u>566.8</u>	\$ <u>1,106.3</u>	\$ <u>1,089.8</u>
% Change	-3 %	-8 %	2 %	-6 %
Pos./ (Neg.) Impact of Currency (in % pts)	<u>0</u>	<u>0</u>	<u>0</u>	<u>-1</u>
% Change in Constant Currency	<u>-3 %</u>	<u>-8 %</u>	<u>2 %</u>	<u>-5 %</u>



Reconciliation of Non-GAAP Financial Measures

INTERNATIONAL GROSS SALES BY REGION INFORMATION (Unaudited)

(In millions, except percentage information)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
International Region Gross Sales:				
Europe	\$ 229.6	\$ 268.0	\$ 479.1	\$ 587.2
% Change	-14 %	-8 %	-18 %	-4 %
Pos./ (Neg.) Impact of Currency (in % pts)	-18	-1	-17	1
% Change in Constant Currency	<u>4 %</u>	<u>-9 %</u>	<u>-1 %</u>	<u>-5 %</u>
Latin America	154.9	191.8	242.4	285.0
% Change	-19 %	-11 %	-15 %	-14 %
Pos./ (Neg.) Impact of Currency (in % pts)	-16	-6	-16	-6
% Change in Constant Currency	<u>-3 %</u>	<u>-5 %</u>	<u>1 %</u>	<u>-8 %</u>
Asia Pacific	127.0	110.1	212.1	187.0
% Change	15 %	-9 %	14 %	-11 %
Pos./ (Neg.) Impact of Currency (in % pts)	-7	-1	-6	-2
% Change in Constant Currency	<u>22 %</u>	<u>-8 %</u>	<u>20 %</u>	<u>-9 %</u>
International Region Gross Sales	<u>\$ 511.5</u>	<u>\$ 569.9</u>	<u>\$ 933.6</u>	<u>\$ 1,059.2</u>
% Change	-10 %	-9 %	-12 %	-8 %
Pos./ (Neg.) Impact of Currency (in % pts)	-15	-2	-16	-1
% Change in Constant Currency	<u>5 %</u>	<u>-7 %</u>	<u>4 %</u>	<u>-7 %</u>
Gross Sales	\$ 511.5	\$ 569.9	\$ 933.6	\$ 1,059.2
Sales Adjustments	<u>(70.8)</u>	<u>(74.4)</u>	<u>(129.0)</u>	<u>(140.6)</u>
Net Sales	<u>\$ 440.7</u>	<u>\$ 495.5</u>	<u>\$ 804.6</u>	<u>\$ 918.6</u>
% Change	-11 %	-10 %	-12 %	-9 %
Pos./ (Neg.) Impact of Currency (in % pts)	-15	-2	-15	-2
% Change in Constant Currency	<u>4 %</u>	<u>-8 %</u>	<u>3 %</u>	<u>-7 %</u>



Reconciliation of Non-GAAP Financial Measures

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share and percentage information)</u>	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Gross Profit				
Gross Profit, As Reported	\$ 472.9	\$ 492.6	\$ 923.3	\$ 974.1
<i>% of Net Sales</i>	47.9%	46.4%	48.3%	48.5%
<i>Adjustments:</i>				
MEGA Brands Inventory Fair Value Markup Above Cost	-	8.3	-	8.3
Gross Profit, As Adjusted	\$ <u>472.9</u>	\$ <u>500.9</u>	\$ <u>923.3</u>	\$ <u>982.4</u>
<i>% of Net Sales</i>	47.9%	47.2%	48.3%	48.9%
Other Selling and Administrative Expenses				
Other Selling and Administrative Expenses, As Reported	\$ 367.6	\$ 391.7	\$ 770.0	\$ 776.2
<i>% of Net Sales</i>	37.2%	36.9%	40.3%	38.6%
<i>Adjustments:</i>				
MEGA Brands Integration & Acquisition Costs	(2.6)	(11.2)	(10.3)	(11.2)
MEGA Brands Intangible Asset Amortization Expense	(4.2)	(5.0)	(8.4)	(5.0)
Severance Expense	(15.6)	(12.6)	(43.6)	(34.1)
Other Selling and Administrative Expenses, As Adjusted	\$ <u>345.2</u>	\$ <u>362.9</u>	\$ <u>707.7</u>	\$ <u>725.9</u>
<i>% of Net Sales</i>	34.9%	34.2%	37.0%	36.1%



Reconciliation of Non-GAAP Financial Measures

SUPPLEMENTAL FINANCIAL INFORMATION (Unaudited)
RECONCILIATION OF GAAP AND NON-GAAP FINANCIAL MEASURES

<u>(In millions, except per share and percentage information)</u>	<u>For the Three Months Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Operating Income (Loss)</u>				
Operating Income (Loss), As Reported	\$ 0.6	\$ 1.0	\$ (53.9)	\$ 7.2
<i>Adjustments:</i>				
MEGA Brands Inventory Fair Value Markup Above Cost	-	8.3	-	8.3
MEGA Brands Integration & Acquisition Costs	2.6	11.2	10.3	11.2
MEGA Brands Intangible Asset Amortization Expense	4.2	5.0	8.4	5.0
Severance Expense	15.6	12.6	43.6	34.1
Operating Income, As Adjusted	<u>\$ 23.0</u>	<u>\$ 38.1</u>	<u>\$ 8.4</u>	<u>\$ 65.8</u>
<u>Earnings Per Share</u>				
Net (Loss) Income Per Common Share, As Reported	\$ (0.03)	\$ 0.08	\$ (0.21)	\$ 0.05
<i>Adjustments:</i>				
MEGA Brands Inventory Fair Value Markup Above Cost	-	0.02	-	0.02
MEGA Brands Integration & Acquisition Costs	0.01	0.03	0.02	0.03
MEGA Brands Intangible Asset Amortization Expense	0.01	0.01	0.02	0.01
Severance Expense	0.03	0.03	0.11	0.08
Discrete Tax Items	(0.01)	(0.12)	(0.01)	(0.11)
Net Income (Loss) Per Common Share, As Adjusted	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ (0.07)</u>	<u>\$ 0.08</u>



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