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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 [Fee Required] for the fiscal year ended December 31, 1995.

[_] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required] for the transition period from _________ to _________.

Commission File Number 001-05647

MATTEL, INC.
(Exact name of registrant as specified in its charter)

Delaware	95-1567322
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
333 Continental Boulevard, El Segundo, California	90245-5012
(Address of principal executive offices)	(Zip Code)
(Registrant's telephone number)	(310) 252-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, $1 par value (and the associated Preference Share Purchase Rights)	New York Stock Exchange Pacific Stock Exchange
6-7/8% Senior Notes Due 1997	New York Stock Exchange
6-3/4% Senior Notes Due 2000	(None)

Securities registered pursuant to Section 12(g) of the Act:

(None)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. [_]

The aggregate market value of the voting stock held by non-affiliates of the registrant as of the close of business on March 18, 1996 was $7,582,227,581.

Number of shares outstanding of registrant's common stock as of March 18, 1996:
Common Stock - $1 par value -- 276,976,350 shares

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Mattel, Inc. Annual Report to Shareholders for the year ended December 31, 1995 (Incorporated into Parts I, II and IV).

2. Portions of the Mattel, Inc. 1996 Notice of Annual Meeting of Stockholders and Proxy Statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the registrant's fiscal year (Incorporated into Part III).

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PART I

ITEM 1. BUSINESS

Mattel is the leading worldwide designer, manufacturer and marketer of toys. The Company's four principal core brands are BARBIE fashion dolls and doll clothing and accessories; FISHER-PRICE toys and juvenile products, including the POWER WHEELS line of battery-powered, ride-on vehicles; the Company's Disney-licensed toys; and die cast HOT WHEELS vehicles and playsets, each of which has broad worldwide appeal. Additional core product lines consist of large dolls, including CABBAGE PATCH KIDS; preschool toys, including SEE 'N SAY talking toys; the UNO and SKIP-BO card games; and the SCRABBLE game, which the Company owns in markets outside of the United States and Canada. Revenues for 1995 of $3.6 billion were a record level for the Company.

As used herein, unless the context requires otherwise, "Mattel" or the "Company" refers to Mattel, Inc., and its subsidiaries, and "Fisher-Price" refers to Fisher-Price, Inc., a Delaware corporation and wholly-owned subsidiary of Mattel.

Mattel was incorporated in California in 1948 and reincorporated in Delaware in 1968. Its executive offices are located at 333 Continental Boulevard, El Segundo, California 90245-5012, telephone (310) 252-2000.

COMPETITION AND INDUSTRY BACKGROUND

Competition in the toy industry is based primarily on price, quality and play value. In recent years, the toy industry has experienced rapid consolidation driven, in part, by the desire of industry competitors to offer a range of products across a broader variety of categories. In the United States, the Company competes with several large toy companies, including Hasbro, Inc. and Tyco Toys, Inc., as well as a number of smaller toy companies. The larger toy companies have pursued a strategy of focusing on core product lines. Core product lines are those lines which are expected to be marketed for an extended period of time, and which historically have provided relatively consistent growth in sales and profitability. By focusing on core product lines, toy manufacturers have been able to reduce their reliance on new product introductions and the associated risk and volatility. The juvenile products market, in which Fisher-Price is one of the leading companies, is more fragmented. The more significant competitors in this area include: Gerry Baby Products Company; Century Products Company; Graco Children's Products, Inc.; Cosco, Inc.; and Evenflo Juvenile Furniture Company, Inc.

The toy industry is also experiencing a shift toward greater consolidation of retail distribution channels, such as large specialty toy stores and discount retailers, including Toys R Us, Wal-Mart, Kmart and Target, which have increased their overall share of the retail market. This consolidation has resulted in an increased reliance among retailers on the large toy companies because of their financial stability and ability to support products through advertising and promotion and to distribute products on a national basis. These retailers' growing acceptance of electronic data interchange has provided toy manufacturers with an ability to more closely monitor consumers' acceptance of a particular product or product line.

Over the last ten years, toy companies based in the United States have expanded their international marketing and manufacturing operations. The Company believes a strong international distribution system can add significantly to the sales volume of core product lines and extend the life cycles of newly-developed products.

SEASONALITY

Sales of toy products at retail are seasonal, with a majority of retail sales occurring during the period from September through December. Consequently, shipments of toy products to retailers are greater in the third and fourth quarters than in each of the first and second quarters combined. As the large toy retailers become more efficient in their control of inventory levels, this seasonality is increasing.

In anticipation of this seasonal increase in retail sales, the Company significantly increases its production in advance of the peak selling period, resulting in a corresponding build-up of inventory levels in the first three quarters of the year. In addition, the Company and others in the industry develop sales programs, including offering extended payment terms, to encourage retailers to purchase merchandise earlier in the year. These sales programs, coupled with seasonal shipping patterns, result in significant peaks in the third and fourth quarters in the respective levels of inventories and accounts receivable, which contribute to a seasonal working capital financing requirement. See "Seasonal Financing."

PRODUCTS

The Company has achieved consistent sales and earnings growth by focusing on a number of core product lines supplemented by various new product introductions. The Company's four strongest core product lines are BARBIE fashion dolls and doll clothing and accessories; FISHER-PRICE toys and juvenile products, including the POWER WHEELS line of battery-powered, ride-on vehicles; the Company's Disney-licensed toys; and die-cast HOT WHEELS vehicles and playsets, each of which has broad worldwide appeal. Additional core product lines consist of large dolls, including CABBAGE PATCH KIDS; preschool toys, including SEE 'N SAY talking toys; the UNO and SKIP-BO games; and the SCRABBLE game, which the Company owns in markets outside of the United States and Canada. Core product lines are expected to be marketed for an extended period of time and historically have provided relatively consistent growth in sales and profitability. For the year ended December 31, 1995, core products accounted for approximately 87% of sales. In order to provide greater flexibility in the manufacture and delivery of products, and as part of a continuing effort to reduce manufacturing costs, the Company has concentrated production of most of its core products in Company-owned facilities and generally uses independent contractors for the production of non-core products.

With respect to new product introductions, the Company's strategy is to begin production on a limited basis until a product's initial success has been proven in the marketplace. The production schedule is then modified to meet anticipated demand. The Company further limits its risk by generally having independent contractors manufacture new product lines in order to minimize capital expenditures associated with new product introductions. This strategy has reduced inventory risk and significantly limited the potential loss associated with new product introductions.

New product introductions in 1995 included BUTTERFLY PRINCESS BARBIE doll, STROLLIN' FUN BARBIE and KELLY dolls, Teacher BARBIE doll, BARBIE all occasion cards that come with a fashion, CABBAGE PATCH KIDS dolls, the addition of a series of fashion dolls based on the animated feature "Pocahontas" to the Company's Disney line, the addition of SMUD to the Company's Nickelodeon line, STREET SHARKS action figures and FISHER-PRICE outdoor play equipment.

New product introductions in 1996 will include Olympic Gymnast BARBIE doll, Songbird BARBIE doll, SHOPPIN' FUN BARBIE and KELLY dolls, JEWEL HAIR MERMAID BARBIE doll, TWIRLING BALLERINA BARBIE doll, BARBIE DREAM HOUSE, a Victorian-style fold-up house, the addition of a series of fashion dolls and action figures based on the animated feature "Hunchback of Notre Dame" to the Company's Disney line, COMPUTER CARS computer disks to the HOT WHEELS line, CONSTRUX building sets, BARBIE FASHION DESIGNER CD-ROM, FISHER-PRICE WONDER TOOLS and FISHER-PRICE CREATIVE EFFECTS INSTANT CAMERA and picture packs.

INTERNATIONAL OPERATIONS

Revenues from the Company's international operations represented approximately 40%, 41% and 40% of total consolidated revenues in 1995, 1994 and 1993, respectively. Products which are developed and marketed successfully in the United States typically generate incremental sales and profitability when marketed through the Company's international distribution network. Generally, products marketed internationally are the same as those marketed domestically, although some are developed or adapted for particular international markets. The Company sells its products directly through its marketing operations in Argentina, Australia, Austria, the Benelux countries, Canada, Chile, Colombia, France, Germany, Greece, Italy, Japan, Mexico, New Zealand, Portugal, Scandinavia, Spain, Switzerland, the United Kingdom, Venezuela, and in certain areas of Eastern Europe and Asia. In addition to direct sales, the Company sells principally through distributors in certain parts of Latin America, the Middle East, South Africa and Southeast Asia. It also licenses some of its products to other toy companies for sale in various other countries. See "Licenses and Distribution Agreements."

The strength of the US dollar relative to other currencies can significantly affect the revenues and profitability of the Company's international operations. The Company hedges a majority of its intercompany purchases and sales of inventory in order to protect local cash flows and profitability from currency fluctuations. See "Financial Instruments." For financial information by geographic area, see Note 8 to the Consolidated Financial Statements in the Annual Report to Shareholders, incorporated herein by reference.

PRODUCT DESIGN AND DEVELOPMENT
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Through its product design and development group, the Company regularly refreshes, redesigns and extends existing product lines and develops innovative new product lines. The Company's success is dependent on its ability to continue this activity. Product design and development are principally conducted by a group of professional designers and engineers employed by the Company.

License agreements with third parties permit the Company to utilize the trademark, character or product of the licensor in its product line. A principal licensor is The Walt Disney Company, which licenses many of its characters for use on the Company's products. The Company also has entered into license agreements with, among others, the following: Viacom International Inc. relating to its Nickelodeon properties; Bluebird Toys (UK) Ltd.; and Original Appalachian Artworks, Inc. A number of these licenses relate to product lines that are significant to the Company.

Independent toy designers and developers bring products to the Company and are generally paid a royalty on the net selling price of products licensed by the Company. These independent toy designers may also create different products for other toy companies.

The Company devotes substantial resources to product design and development. During the years ended December 31, 1995, 1994 and 1993, the Company expended approximately $111 million, $93 million and $75 million, respectively, in connection with the design and development of products, exclusive of royalty payments. See Note 10 to the Consolidated Financial Statements in the Annual Report to Shareholders, incorporated herein by reference.

ADVERTISING AND PROMOTION
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The Company supports its product lines with extensive advertising and consumer promotions. Advertising continues at varying levels throughout the year and peaks during the Christmas season. Advertising includes television and radio commercials and magazine and newspaper ads. Promotions include in-store displays, coupons, merchandising materials and major events focusing on products and tie-ins with various consumer product companies. To further promote the Company and its products, the Company participates in the attractions "It's A Small World" at Disneyland and Walt Disney World and "Autopia" and "Storybook Land" at Disneyland Paris under a ten-year agreement with The Walt Disney Company. The Company also participates in toy stores in Disneyland, near Disneyland Paris and in the Disney Village Market Place near Walt Disney World. Separately, a total of twenty BARBIE Boutiques are located in F.A.O. Schwarz toy stores, including the "BARBIE on Madison" boutique at the F.A.O. Schwarz flagship store in New York City.

During the years ended December 31, 1995, 1994 and 1993, Mattel spent approximately $584 million (16% of net sales), $516 million (16% of net sales) and $427 million (16% of net sales), respectively, on worldwide advertising and promotion.

MARKETING AND SALES
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The Company's toy products are sold throughout the world. In the United States, the Company's products are distributed directly to large retailers, including discount and free-standing toy stores, chain stores and department stores, and other retail outlets and, to a limited extent, to wholesalers. Discount and free-standing toy stores continue to increase their market share. During the year ended December 31, 1995, Toys R Us and Wal-Mart accounted for approximately 23% and 12%, respectively, of worldwide consolidated net sales and were the only customers accounting for

10% or more of consolidated net sales.

In general, the Company's major domestic and international customers review its product lines and product concepts for the upcoming year at showings beginning in late summer. The Company also participates in the domestic and international toy industry trade fairs in the first quarter of the year. A majority of the full-year orders are received by May 1. As is traditional in the toy industry, these orders may be canceled at any time before they are shipped. Historically, the greater proportion of shipments of products to retailers occurs during the third and fourth quarters of the year. See "Seasonality."

Through its marketing research departments, the Company conducts basic consumer research and product testing and monitors demographic factors and trends. This information assists the Company in evaluating consumer acceptance of products, including an analysis of increasing or decreasing demand for its products.

The Company bases its production schedules on customer orders, modified by historical trends, results of market research and current market information. The actual shipments of products ordered and the order cancellation rate are affected by consumer acceptance of the product line, the strength of competing products, marketing strategies of retailers and overall economic conditions. Unexpected changes in these factors can result in a lack of product availability or excess inventory in a particular product line.

MANUFACTURING

The Company's products are manufactured in Company-owned facilities and by independent contractors. Products are also purchased from unrelated entities that design, develop and manufacture the products. In order to provide greater flexibility in the manufacture and delivery of products, and as part of a continuing effort to reduce manufacturing costs, the Company has concentrated production of most of its core products in the Company's facilities and generally uses independent contractors for the production of non-core products.

Mattel's manufacturing facilities are located in the states of California, Indiana, Kentucky, Georgia, and New York, and in the United Kingdom, Mexico, the Far East (China, Indonesia and Malaysia) and Italy. In 1995, the Company opened new factories in Ontario, California and Augusta, Georgia to manufacture FISHER-PRICE outdoor play equipment. The Company also utilizes independent contractors to manufacture products in the United States, Mexico, the Far East and Australia. To protect the stability of its product supply, the Company produces many of its key products in more than one facility.

All foreign countries in which the Company's products are manufactured (principally China, Indonesia, Malaysia and Mexico) currently enjoy "most favored nation" ("MFN") status under US tariff laws, which provides a favorable category of US import duties. As a result of continuing concerns in the United States Congress regarding China's human rights policies, and disputes regarding Chinese trade policies, including the country's inadequate protection of US intellectual property rights, there has been, and may be in the future, opposition to the extension of MFN status for China.

The loss of MFN status for China would result in a substantial increase in the import duty for toys manufactured in China and imported into the United States and would result in increased costs for the Company and others in the toy industry. The impact of such an event on the Company would be significantly mitigated by the Company's ability to source product for the US market from countries other than China and ship product manufactured in China to markets outside the US. Toward that end, the Company has expanded its production capacity in other countries. A number of other factors, including the Company's ability to pass along the added costs through price increases and the pricing policies of vendors in China, could further mitigate the impact of a loss of China's MFN status.

On February 8, 1994, the European Union ("EU") adopted quotas on the importation of certain classes of toys (as well as other products) manufactured in China. The impact of these quotas on the Company's business has been significantly mitigated by shifts in demand in favor of toy categories not subject to the quotas, and by the ability of the Company to source product for the EU from countries other than China and ship product manufactured in China elsewhere.

With the implementation of the Uruguay Round agreement effective January 1, 1995, all US duties on dolls and traditional toys were completely eliminated. Canada also eliminated its tariffs on dolls and most toy categories in 1995, with the exception of certain toy sets and board games which will have their duties eliminated over ten years. Meanwhile, both the

EU and Japan began implementing Uruguay Round tariff reductions that, by 1999, will lower the tariffs on dolls by over 40% in the EU and by 15% in Japan. The EU and Japan are fully eliminating tariffs on several other toy categories over a period of ten years.

COMMITMENTS

In the normal course of business, the Company enters into contractual arrangements for future purchases of goods and services to ensure availability and timely delivery, and to obtain and protect the right to create and market certain toys. Such arrangements include commitments for future inventory purchases and royalty payments pursuant to license agreements. Certain of these purchase agreements and licenses contain provisions for guaranteed or minimum payments during the terms of the contracts and licenses. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Commitments" and Note 6 to the Consolidated Financial Statements in the Annual Report to Shareholders, incorporated herein by reference.

LICENSES AND DISTRIBUTION AGREEMENTS

The Company's level of licensing activity has expanded in recent years. Royalty expense during the years ended December 31, 1995, 1994 and 1993 was approximately $104 million, $84 million and $69 million, respectively. See Note 6 to the Consolidated Financial Statements in the Annual Report to Shareholders, incorporated herein by reference.

The Company also distributes products which are independently designed and manufactured.

FINANCIAL INSTRUMENTS

From time to time, the Company enters into foreign currency forward exchange contracts and swap agreements as hedges for payment of inventory purchases, collection of sales and various other intercompany transactions. The contracts are intended to fix a portion of the Company's product cost and intercompany cash flows, and thereby moderate the impact of foreign currency fluctuations. The Company does not speculate in foreign currencies.

For additional information regarding foreign currency contracts, see Note 6 to the Consolidated Financial Statements in the Annual Report to Shareholders, incorporated herein by reference.

SEASONAL FINANCING

The Company's financing of seasonal working capital typically grows throughout the first half of the year and peaks in the third or fourth quarter, when accounts receivable are at their highest due to increased sales volume and Company sales programs, and when inventories are at their highest in anticipation of expected second half sales volume. See "Seasonality." Domestic borrowings for seasonal financing under the Company's revolving credit agreement are generally repaid in full by year-end from cash flows generated in the fourth quarter from sales and collection of accounts receivable.

The Company maintains and periodically amends or replaces a revolving credit agreement with a commercial bank group that is utilized to finance the working capital requirements of its domestic and certain international operations. The agreement in effect during 1995, which was recently amended (see below), was renegotiated in the first quarter of 1995 to increase the total facility to $650.0 million from $500.0 million. Within the facility, up to $400.0 million was a standard revolving credit line available for advances and backup for commercial paper issuances (a three-year facility). Interest was charged at various rates selected by the Company not greater than the base rate charged by the agent bank, plus a commitment fee of up to .095% of the unused line available for advances. The remaining $250.0 million (a three-year facility) was available for nonrecourse purchases of certain trade accounts receivable of the Company by the commercial bank group providing the credit line. Outstanding receivables sold are reduced by collections and cannot exceed the $250.0 million at any time. The agreement required the Company to comply with certain financial covenants for consolidated debt-to-capital, interest coverage and tangible net worth levels.

Effective in August 1995, the Company entered into an agreement providing for up to $100.0 million, at each specified purchase date, of nonrecourse purchases of certain trade accounts receivable of the Company by a commercial bank.

Effective in March 1996, the Company amended its revolving credit agreement. The new agreement consists of unsecured facilities providing a total of $800.0 million in seasonal financing from substantially the same group of commercial banks. The facilities provide for up to $400.0 million in advances and backup for commercial paper issuances (a five-year facility), and up to an additional $400.0 million (a five-year facility) for nonrecourse purchases of certain trade accounts receivable by the bank group. In connection with the agreement, the Company is to comply with certain financial covenants for consolidated debt-to-capital, interest coverage and tangible net worth levels.

The Company believes the amounts available to it under its revolving credit agreement and foreign credit lines will be adequate to meet its seasonal financing requirements.

RAW MATERIALS

Packaging materials, most plastics and zinc, which are essential to the production and marketing of toy products, are currently in adequate supply. These and other raw materials are generally available from a number of suppliers.

Prices for resin and packaging were highly volatile in 1995. Resin and packaging prices generally rose during the first three quarters of 1995, but decreased dramatically by the close of the fourth quarter of 1995. While management believes that resin and packaging prices have temporarily stabilized, there can be no assurance that the volatility experienced in 1995 will not continue, resulting in a material impact on the Company's gross margins and earnings.

TRADEMARKS, COPYRIGHTS, AND PATENTS

Most of the Company's products are sold under trademarks, trade names and copyrights and a number of those products incorporate patented devices or designs. Trade names and trademarks are significant assets to the Company in that they provide product recognition and acceptance worldwide.

The Company customarily seeks patent, trademark or copyright protection covering its products, and it owns or has applications pending for United States and foreign patents covering many of its products. A number of these trademarks and copyrights relate to product lines that are significant to the Company, and the Company believes its rights to these properties are adequately protected.

The Company also licenses various of its trademarks, characters and other property rights to others for use in connection with the sale by others of non-toy and other products which do not compete with the Company's products.

GOVERNMENT REGULATIONS

The Company's toys are subject to the provisions of the Consumer Product Safety Act, the Federal Hazardous Substances Act and the Flammable Fabrics Act, and the regulations promulgated thereunder. The Consumer Product Safety Act and the Federal Hazardous Substances Act enable the Consumer Product Safety Commission (the "CPSC") to exclude from the market consumer products that fail to comply with applicable product safety regulations or otherwise create a substantial risk of injury, and articles that contain excessive amounts of a banned hazardous substance. The Flammable Fabrics Act enables the CPSC to regulate and enforce flammability standards for fabrics used in consumer products. The CPSC may also require the repurchase by the manufacturer of articles which are banned. Similar laws exist in some states and cities and in various international markets.

Fisher-Price's car seats are subject to the provisions of the National Highway Transportation Safety Act, which enables the National Highway Traffic Safety Administration ("NHTSA") to promulgate performance standards for child restraint systems. Fisher-Price conducts periodic tests to ensure that its child restraint systems meet applicable standards. A Canadian agency, Transport Canada, also regulates child restraint systems sold for use in Canada. As with the CPSC, NHTSA and Transport Canada can require the recall and repurchase or repair of products which do not meet their respective standards.

The Company maintains a quality control program to ensure product safety compliance with the various federal, state and international requirements.

EFFECTS OF INFLATION
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Inflation rates in the US and major foreign countries in which the Company operates have not had a significant impact on operating results for the three years ended December 31, 1995. The US Consumer Price Index increased 2.5% in 1995, and 2.7% in both 1994 and 1993. The Company is afforded some protection from the impact of inflation as a result of high turnover of inventories and benefited from inflation on the repayment of fixed-rate liabilities during these periods.

EMPLOYEES
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The total number of persons employed by the Company and its subsidiaries at any one time varies because of the seasonal nature of its manufacturing operations. At December 31, 1995, the Company's total number of employees, including its international operations, was approximately 25,000.

EXECUTIVE OFFICERS OF THE REGISTRANT
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The executive officers of the Company, all of whom are appointed annually by the Board of Directors and serve at the pleasure of the Board, are as follows:

NAME	AGE	POSITION	EXECUTIVE OFFICER SINCE
John W. Amerman	64	Chairman of the Board & Chief Executive Officer	1980
Jill E. Barad	44	President & Chief Operating Officer and a Director of Mattel, Inc.	1984
James A. Eskridge	53	Group President, Mattel, Worldwide and a Director of Mattel, Inc.	1988
Ned Mansour	47	President, Mattel - USA & Secretary	1992
Byron Davis	48	President, Fisher-Price, Inc.	1995
Joseph C. Gandolfo	53	President, Mattel Operations	1990
William J. Quinlan	51	President, ARCOTOYS	1995
Francesca Luzuriaga	41	Executive Vice President & Chief Financial Officer	1994
E. Joseph McKay	55	Senior Vice President, Human Resources	1993
John T. Phippen	51	Senior Vice President & Chief Information Officer	1995
Gary P. Rolfes	44	Senior Vice President & Controller	1993
William Stavro	56	Senior Vice President & Treasurer	1993

Mr. Amerman has been Chairman of the Board & Chief Executive Officer since February 1987 and a member of the Board of Directors since November 1985. Prior to that he served as President of Mattel International.

Ms. Barad has been President & Chief Operating Officer since August 1992 and a member of the Board of Directors since November 1991. From December 1989 until August 1992, she was President, Mattel USA. Prior to that she served in various executive positions in the Marketing, Product Design and Product Development areas.

Mr. Eskridge has been a member of the Board of Directors since February 1993 and Group President, Mattel, Worldwide since April 1995. Prior to that he was President of Fisher-Price, Inc. and Executive Vice President & Chief Financial Officer of Mattel, Inc.

Mr. Mansour has been President, Mattel-USA & Secretary since February 1996. From April 1995 to February 1996, he was Executive Vice President, Chief Administrative Officer, General Counsel & Secretary. From February 1993 until April 1995, he was Senior Vice President, General Counsel & Secretary. From May 1992 until February 1993, he was Senior Vice President & General Counsel and from April 1991 until May 1992, he was Vice President & Associate General Counsel. Prior to that he was Vice President & Assistant General Counsel.

Mr. Davis has been President, Fisher-Price, Inc. since April 1995. From March 1993 to April 1995, he served as President - Toys, Fisher-Price. Prior to that, he served as Senior Vice President - Sales of Fisher-Price from June 1991 to March 1993.

Mr. Gandolfo has been President, Mattel Operations, since April 1990.

Mr. Quinlan has been President, ARCOTOYS since January 1992. From October 1985 to January 1992, he served as Chief Financial Officer, ARCOTOYS.

Ms. Luzuriaga has been Executive Vice President & Chief Financial Officer since December 1995. From March 1989 until December 1995, she served in several senior managerial positions at Mattel, including Controller, Treasurer and Executive Vice President, Finance.

Mr. McKay has been Senior Vice President, Human Resources since November 1993. From December 1991 until November 1993, he was Vice President, Human Resources. He was Senior Director Human Resources from March 1991 to December 1991. Prior to that he was Vice President Human Resources-Administration of Mileage Plus, Inc.

Mr. Phippen has been Senior Vice President & Chief Information Officer since June 1993. From February 1991 to June 1993, he served as Senior Vice President - Information Systems.

Mr. Rolfes has been Senior Vice President & Controller since November 1993. From June 1993 to November 1993, he was Vice President & Controller. Prior to that he held various executive positions within the finance department.

Mr. Stavro has been Senior Vice President & Treasurer since May 1995. From November 1993 to May 1995, he was Vice President & Treasurer. From March 1992 to November 1993, he was Vice President & Assistant Treasurer. Prior to that he was Assistant Treasurer for more than five years.

ITEM 2. PROPERTIES

Mattel owns its corporate headquarters consisting of approximately 335,000 square feet in El Segundo, California, which is subject to a $45.0 million mortgage. Mattel also leases buildings in El Segundo consisting of approximately 300,000 square feet, which are primarily used for its design and development and audio visual departments. Fisher-Price owns its headquarters facilities in East Aurora, New York, consisting of approximately 290,000 square feet.

The Company maintains sales offices in California, Illinois, New York and Texas, and warehouse and distribution facilities in California, Georgia, Indiana, Kentucky, Tennessee and Texas. The Company owns a computer facility in Phoenix, Arizona. Internationally, the Company has offices and/or warehouse space in Argentina, Australia, Belgium, Canada, Colombia, Chile, Denmark, France, Germany, Greece, Hong Kong and in certain other areas of Asia, Italy, Japan, Mexico, The Netherlands, New Zealand, Spain, Switzerland, the United Kingdom and Venezuela. The Company's principal manufacturing facilities are located in China, Indonesia, Italy, Malaysia, Mexico, the United Kingdom and the United States. See "Manufacturing."

Most of the Company's facilities are occupied under long-term leases and, for the most part, are fully utilized, although excess manufacturing capacity exists from time to time based on product mix and demand. With respect to leases which are scheduled to expire during the next twelve months, the Company may negotiate new lease agreements, renew leases or utilize alternative facilities.

ITEM 3. LEGAL PROCEEDINGS

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The Company's Fisher-Price subsidiary has executed a consent order with the State of New York involving a remedial action/feasibility study for voluntary cleanup of contamination at one of its manufacturing plants. The ultimate liability associated with this cleanup presently is estimated to be less than $1,425,000, approximately $794,000 of which has been incurred through December 31, 1995.

The Company is involved in various litigation and other legal matters which are being defended and handled in the ordinary course of business. None of these matters is expected to result in outcomes having a material adverse effect on the Company's liquidity, operating results or consolidated financial position.

ITEM 4.   SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
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None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

For information regarding the markets in which the Company's common stock is traded, see the cover page hereof, and for information regarding the high and low sales prices of the Company's common stock for the last two calendar years, see Note 9 to the Consolidated Financial Statements in the Annual Report to Shareholders, incorporated herein by reference.

As of March 1, 1996, the Company had approximately 37,000 holders of record of its common stock.

In January of 1994, the Company paid dividends of $0.031 per share, and in April, July and October 1994 and January 1995, the Company paid dividends of $0.038 per share. The Company paid per share dividends of $0.048 in April, July and October 1995. The dividends have been adjusted to reflect five-for-four stock splits which the Company declared on its common stock to holders of record on December 17, 1993, January 6, 1995 and February 16, 1996.

ITEM 6. SELECTED FINANCIAL DATA

The information under the caption "Five-Year Financial Summary" on page 27 in the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 28 through 31 in the Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of Mattel, Inc. and Subsidiaries, together with the report of Price Waterhouse LLP dated February 6, 1996, included on pages 32 through 51 in the Annual Report to Shareholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this Item relating to members of the Board of Directors is incorporated by reference herein from the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement. The information with respect to executive officers of the Company appears under the heading "Executive Officers of the Registrant" in Part I herein.

ITEM 11. EXECUTIVE COMPENSATION

The information required under this Item is incorporated by reference herein from the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required under this Item is incorporated by reference herein from the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required under this Item is incorporated by reference herein from the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

	Annual Report Page Number(1)
(1) Financial Statements	
Consolidated Balance Sheets as of December 31, 1995 and 1994	32-33
Consolidated Statements of Income for the years ended December 31, 1995, 1994 and 1993	34
Consolidated Statements of Cash Flows for the years ended December 31, 1995, 1994 and 1993	35
Consolidated Statements of Shareholders' Equity for the years ended December 31, 1995, 1994 and 1993	36
Notes to Consolidated Financial Statements	37-50
Report of Price Waterhouse LLP, Independent Accountants to the Company	51

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Incorporated by reference from the indicated pages of the Annual Report to Shareholders for the year ended December 31, 1995. With the exception of the information incorporated by reference in Items 1, 5, 6, 7, 8 and 14 of this report, the Annual Report to Shareholders is not deemed filed as part of this report.

(2) Financial Statement Schedule for the years ended December 31, 1995, 1994 and 1993 (1)

Schedule II - Valuation and Qualifying Accounts and Allowances

(3) Exhibits (Listed by numbers corresponding to Item 601 of Regulation S-K)

3.0 Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.0 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)

3.1 By-laws of the Company, as amended to date (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992)

4.0 Rights Agreement, dated as of February 7, 1992, between the Company and The First National Bank of Boston, as Rights Agent (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A, dated February 12, 1992)

(The Company has not filed certain long-term debt instruments under which the principal amount of securities authorized to be issued does not exceed 10% of the total assets of the Company. Copies of such agreements will be provided to the Securities and Exchange Commission upon request.)

10.0 Credit Agreement dated as of March 10, 1995 among the Company, the Banks named therein and Bank of America National Trust and Savings Association, as Agent (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K dated March 21, 1995)

10.1* First Amendment to Credit Agreement dated as of March 11, 1996 among the Company, the Banks named therein and Bank of America National Trust and Savings Association, as Agent

10.2 Second Amended and Restated Transfer and Administration

Agreement dated as of March 10, 1995 among the Company, Mattel Sales Corp., Fisher-Price, Inc., the Banks named therein and NationsBank of Texas, N.A., as Agent (incorporated by reference to Exhibit 99.6 to the Company's Current Report on Form 8-K dated March 21, 1995)

10.3 First Amendment to Second Amended and Restated Transfer and Administration Agreement dated as of March 10, 1995 among the Company, Mattel Sales Corp., Fisher-Price, Inc., the Banks named therein and NationsBank of Texas, N.A., as Agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995)

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All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

10.4* Second Amendment to Second Amended and Restated Transfer and Administration Agreement dated as of March 11, 1996 among the Company, Mattel Sales Corp., Fisher-Price, Inc., the Banks named therein and NationsBank of Texas, N.A., as Agent.

10.5 Receivables Purchase Agreement dated as of August 29, 1995 among the Company, Mattel Sales Corp., Fisher-Price, Inc., and Bank of America N.T.S.A. (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995)

10.6 Stock Purchase Agreement dated as of October 20, 1995 by and between Mattel, Inc. and Marine Midland Bank, as sub-trustee of the International Games, Inc. Employee Stock Ownership Trust (incorporated by reference to Exhibit 10.3 to the Company's quarterly Report on Form 10-Q for the quarter ended September 30, 1995)

10.7 Underwriting Agreement dated May 19, 1993 between the Company, Morgan Stanley & Co. Incorporated and Kidder, Peabody & Co. Incorporated (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)

10.8 Stock Subscription Warrant dated as of June 28, 1991 between Fisher-Price, Inc. and certain investors (incorporated by reference to Exhibit 4(c) to Fisher-Price's Report on Form 10-K for the transition period from July 1, 1991 to December 29, 1991)

10.9 Underwriting Agreement dated July 31, 1992 between the Company, Morgan Stanley & Co. Incorporated and Kidder, Peabody & Co. Incorporated (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992)

10.10 Distribution Agreement dated September 19, 1994 among the Company, Morgan Stanley & Co. Incorporated and CS First Boston Corporation (incorporated by reference to Exhibit 99.0 to the Company's Current Report on Form 8-K dated September 20, 1994)

Executive Compensation Plans and Arrangements of the Company
- --

10.11 Form of Indemnity Agreement between Mattel and its directors and certain of its executive officers (incorporated by reference to Exhibit B to Notice of Annual Meeting of Stockholders of the Company dated March 24, 1987)

10.12 Form of Employment Agreement between the Company and certain executive officers (incorporated by reference to Exhibit 10.6 of Amendment No. 1 of the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1987)

10.13 Form of Employment Agreement between the Company and certain executive officers (incorporated by reference to Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992)

10.14 Form of Amended & Restated Employment Agreement between the Company and certain executive officers (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)

10.15* Mattel, Inc. Management Incentive Plan

10.16* Mattel, Inc. Long-Term Incentive Plan

10.17 Mattel, Inc. Financial Security Program Agreement for certain officers (incorporated by reference to Exhibit 10.7 of the Company's Registration Statement No. 2-95161 on Form S-1, filed January 7, 1985)

10.18 Form of Deferred Compensation Plan for Directors (incorporated by reference to Exhibit No. 10.11 of Amendment No. 1 of the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1987)

10.19 Mattel, Inc. 1990 Stock Option Plan (incorporated by reference to Exhibit A to the Notice of Annual Meeting of Stockholders and Proxy Statement of the Company dated March 15, 1990)

10.20 Amendment No. 1 to the Mattel, Inc. 1990 Stock Option Plan (incorporated by reference to the information under the heading "Amendment to Mattel 1990 Stock Option Plan" on page F-1 of the Joint Proxy Statement/Prospectus of the Company and Fisher-Price included in the Company's Registration Statement on Form S-4, Registration Statement No. 33-50749)

10.21 Amendment No. 2 to the Mattel 1990 Stock Option Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement dated March 22, 1995)

10.22 Form of Award Agreement evidencing award of stock appreciation rights granted pursuant to the Company's 1990 Stock Option Plan to certain executive officers of the Company ("Award Agreement") (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 1991)

10.23 Form of First Amendment to Award Agreement (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)

10.24 Notice of Grant of Stock Options and Grant Agreement (incorporated by reference to Exhibit 99.0 to the Company's Current Report on Form 8-K dated May 31, 1994)

10.25 Grant Agreement for a Non-Qualified Stock Option (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated May 31, 1994)

10.26 Award Cancellation Agreement (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated May 31, 1994)

10.27 Form of Restricted Stock Award Agreement under the Mattel 1990 Stock Option Plan (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993)

10.28 Mattel, Inc. Supplemental Executive Retirement Plan effective as of October 7, 1990 (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1990)

10.29 Mattel, Inc. Supplemental Executive Retirement Plan effective as of April 1, 1994 (incorporated by reference to Exhibit 99.7 to the Company's Current Report on Form 8-K dated March 21, 1995)

10.30 Description of the Mattel, Inc. Deferred Compensation Plan for Officers (incorporated by reference to Exhibit 10.16 to the Mattel, Inc. Annual Report on Form 10-K for the year ended December 31, 1991)

10.31 Fisher-Price, Inc. Matching Savings Plan, 1994 Restatement (incorporated by reference to Exhibit 99.8 to the Company's Current Report on Form 8-K dated March 21, 1995)

10.32 The Fisher-Price, Inc. Pension Plan (1989 Restatement) (incorporated by reference to Exhibit 10(l) to Fisher-Price's Registration Statement on Form 10 dated June 28, 1991)

10.33 Mattel, Inc. Personal Investment Plan, 1993 Restatement (incorporated by reference to Exhibit 99.9 to the Company's

Current Report on Form 8-K dated March 21, 1995)

10.34 First Amendment to the Mattel, Inc. Personal Investment Plan, 1993 Restatement (incorporated by reference to Exhibit 99.10 to the Company's Current Report on Form 8-K dated March 21, 1995)

10.35 Second Amendment to the Mattel, Inc. Personal Investment Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995)

10.36 Third Amendment to the Mattel, Inc. Personal Investment Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1995)

10.37 Fourth Amendment to the Mattel, Inc. Personal Investment Plan (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995)

10.38 Mattel, Inc. Hourly Personal Investment Plan (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-8 dated February 20, 1996)

11.0* Computation of Income per Common and Common Equivalent Share

13.0* Pages 26 through 53 of the Mattel, Inc. Annual Report to Shareholders for the year ended December 31, 1995

21.0* Subsidiaries of the Registrant

23.0* Consent of Price Waterhouse LLP

24.0* Power of Attorney (on page 23 of Form 10-K)

27.0* Financial Data Schedule (EDGAR filing only)

(b) Reports on Form 8-K

Mattel, Inc. filed the following Current Report on Form 8-K during the quarterly period ended December 31, 1995:

Date of Report	Items Reported	Financial Statements Filed
October 17, 1995	5, 7	None

(c) Exhibits Required by Item 601 of Regulation S-K

See Item (3) above

(d) Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts and Allowances

Copies of Form 10-K (which includes Exhibit 24.0), Exhibits 11.0, 13.0, 21.0 and 23.0 and the Annual Report to Shareholders are available to stockholders of the Company without charge. Copies of other Exhibits can be obtained by stockholders of the Company upon payment of twelve cents per page for such Exhibits. Written requests should be sent to Secretary, Mattel, Inc., 333 Continental Boulevard, El Segundo, California 90245-5012.

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* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MATTEL, INC.
Registrant

By: /s/ Gary P. Rolfes
GARY P. ROLFES
Senior Vice President and
Controller

Date: As of March 22, 1996

POWER OF ATTORNEY

We, the undersigned directors and officers of Mattel, Inc. do hereby severally constitute and appoint John W. Amerman, Ned Mansour, Leland P. Smith and John L. Vogelstein, and each of them, our true and lawful attorneys and agents, to do any and all acts and things in our name and behalf in our capacities as directors and officers and to execute any and all instruments for us and in our names in the capacities indicated below, which said attorneys and agents, or any of them, may deem necessary or advisable to enable said Corporation to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with this Annual Report on Form 10-K, including specifically, but without limitation, power and authority to sign for us or any of us, in our names in the capacities indicated below, any and all amendments hereto; and we do each hereby ratify and confirm all that said attorneys and agents, or any one of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John W. Amerman JOHN W. AMERMAN	Chairman of the Board and Chief Executive Officer	March 22, 1996
/s/ Francesca Luzuriaga FRANCESCA LUZURIAGA	Executive Vice President and Chief Financial Officer (principal financial officer)	March 22, 1996
/s/ Jill E. Barad JILL E. BARAD	Director, President and Chief Operating Officer	March 22, 1996

Signature	Title	Date
/s/ Harold Brown HAROLD BROWN	Director	March 22, 1996
/s/ James A. Eskridge JAMES A. ESKRIDGE	Director and Group President, Mattel, Worldwide	March 22, 1996
TULLY M. FRIEDMAN	Director	
/s/ Ronald M. Loeb RONALD M. LOEB	Director	March 22, 1996
/s/ Edward H. Malone EDWARD H. MALONE	Director	March 22, 1996
/s/ Edward N. Ney EDWARD N. NEY	Director	March 22, 1996
/s/ William D. Rollnick WILLIAM D. ROLLNICK	Director	March 22, 1996
/s/ Christopher A. Sinclair CHRISTOPHER A. SINCLAIR	Director	March 22, 1996
/s/ John L. Vogelstein JOHN L. VOGELSTEIN	Director	March 22, 1996

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors of Mattel, Inc.

Our audits of the consolidated financial statements referred to in our report dated February 6, 1996 appearing on page 51 of the December 31, 1995 Annual Report to Shareholders of Mattel, Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, based on our audits, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICE WATERHOUSE LLP

Los Angeles, California
February 6, 1996

MATTEL, INC. AND SUBSIDIARIES SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS AND ALLOWANCES

(In thousands)

	Balance at Beginning of Year	Additions Charged to Operations	Net Deductions	Balance at End of Year
Allowance for Doubtful Accounts				
Year Ended December 31, 1995	$ 16,100	$ 14,682	$ (19,994)(a)	$ 10,788
Year Ended December 31, 1994	21,024	7,282	(12,206)(a)	16,100
Year Ended December 31, 1993	35,115	4,169	(18,260)(a)	21,024
Allowance for Inventory Obsolescence				
Year Ended December 31, 1995	$ 28,536	$ 40,368	$ (46,153)(b)	$ 22,751
Year Ended December 31, 1994	19,432	37,039	(27,935)(b)	28,536
Year Ended December 31, 1993	16,109	32,084	(28,761)(b)	19,432

(a) Includes write-offs, recoveries of previous write-offs, and currency translation adjustments.

(b) Includes write-downs and currency translation adjustments.

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "First Amendment") is dated as of March 11, 1996 and is entered into by and among MATTEL, INC., a Delaware corporation (the "Company"), THE FINANCIAL INSTITUTIONS LISTED ON THE SIGNATURE PAGES HEREOF (the "Banks"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as agent for the Banks (the "Agent") and amends the Credit Agreement dated as of March 10, 1995 among the Company, certain of the Banks and the Agent (the "Agreement").

RECITAL

The Company has requested that the Banks and the Agent amend the Agreement, and the Banks and Agent are willing to amend the Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Terms. All capitalized terms used herein have the same meanings as in the Agreement unless otherwise defined herein. All references to the Agreement shall mean the Agreement as hereby amended.

2. Amendments. The parties hereto agree that the Agreement is amended as follows:

2.1 The definitions of "Applicable Amount" and "Termination Date" in Section 1.1 of the Agreement are amended and restated in their entirety as follows:

"'Applicable Amount' means, for each type of Loan and the commitment fee, the amount (expressed in basis points per annum) set forth in the chart below opposite the Applicable Level then in effect:

(Basis Points Per Annum)

Applicable Level	Commitment Fee	Eurodollar Rate Loans	CD Rate Loans
1	9.00	25.00	37.50
2	10.00	30.00	42.50
3	12.50	37.50	50.00
4	17.50	45.00	57.50
5	35.00	75.00	87.50

"'Termination Date' means March 9, 2001."

2.2 The following new definitions are inserted in Section 1.1 of the Agreement in proper alphabetical order:

"'Combined Total Outstanding Investment' means an amount equal to the sum of (a) the Total Outstanding Investment under the Transfer and Administration Agreement plus (b) the analogous amount under Other Permitted Accounts Receivable Financing Facilities."

"'Other Permitted Accounts Receivable Financing Facility' means a financing arrangement other than the Transfer and Administration Agreement under which accounts receivable of the Company, Mattel Sales or Fisher-Price are periodically sold, and the Company, Mattel Sales or Fisher-Price collects the accounts receivable so sold on behalf of the transferee."

2.3 Clause (iii) of the proviso to Section 2.1 of the Agreement is amended by deleting "$650,000,000" and inserting "$800,000,000" in lieu thereof.

2.4 Section 2.5(b)(y) of the Agreement is amended by deleting "$250,000,000" and inserting "$400,000,000" in lieu thereof.

2.5 The proviso to Section 2.8(a)(iii) of the Agreement is deleted in its entirety.

2.6 Section 2.9(b) of the Agreement is deleted in its entirety, and subsections (c) and (d) of Section 2.9 are relettered (b) and (c), respectively.

2.7 Section 7.4 of the Agreement is amended by deleting "and" at the end of subsection (a), deleting the period

at the end of subsection (b) and inserting "; and" in lieu thereof, and inserting a new subsection (c) as follows:

"(c) If the Company believes in good faith that the collectability of certain accounts receivable is or may be jeopardized by the distressed financial condition of the obligor under such accounts receivable, the Company, Mattel Sales and Fisher-Price may sell such accounts receivable, including, without limitation, by means of entering into and performing under Other Permitted Accounts Receivable Financing Facilities."

2.8 Section 7.5 of the Agreement is amended and restated in its entirety as follows:

"7.5 Consolidated Funded Indebtedness to Total Capitalization. The Company shall not permit the ratio of the sum of (a) Consolidated Funded Indebtedness plus (b) Combined Total Outstanding Investment to the sum of (x) Consolidated Funded Indebtedness plus (y) Combined Total Outstanding Investment plus (z) Consolidated Tangible Net Worth to exceed 65% at the end of each of the first three fiscal quarters in each fiscal year and 55% at the end of each fiscal year."

2.9 Section I of Attachment I to Exhibit D to the Agreement (Officer's Certificate) is amended and restated in its entirety as set forth on Exhibit A to this First Amendment.

2.10 Section II.B. of Attachment I to Exhibit D to the Agreement (Officer's Certificate) is amended by deleting "Line I.B4" and inserting "Line I.D.4" in lieu thereof.

2.11 Schedule 1.1 to the Agreement (Loan Commitments) is amended and restated in its entirety as set forth on Schedule 2.1 to this First Amendment.

3. Representations and Warranties. The Company represents and warrants to the Banks and the Agent:

3.1 Authorization. The execution, delivery and performance of this First Amendment by the Company has been duly authorized by all necessary corporate action by the Company and has been duly executed and delivered by the Company.

3.2 Binding Obligation. This First Amendment and the Agreement are legal, valid and binding agreements of the Company, enforceable in accordance with their respective terms, except to the extent enforceability thereof may be limited by applicable law relating to bankruptcy, insolvency, reorganization,

moratorium or other similar laws relating to or limiting creditors' rights generally or by the application of general principles of equity.

3.3 No Conflict. The execution, delivery and performance by the Company of this First Amendment and the issuance, delivery and payment of the replacement Notes do not and will not (a) violate the Restated Certificate of Incorporation or Bylaws of the Company, (b) violate any provision of law applicable to the Company, or any material order, judgment or decree of any court or other agency of government binding on the Company, the violation of which would result in a Material Adverse Effect, (c) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of the Company, (d) result in or require the creation or imposition of any material lien, security interest, charge or encumbrance of any nature whatsoever upon any of its material properties or assets, or (e) require any approval of stockholders or any approval or consent of any Person under any Contractual Obligation of the Company.

3.4 Incorporation of Certain Representations. The representations and warranties set forth in Section 5 of the Agreement are true and correct in all material respects on and as of the date hereof as though made on and as of the date hereof except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date.

3.5 Default. No Default or Event of Default under the Agreement has occurred and is continuing.

4. Conditions, Effectiveness. The effectiveness of this First Amendment shall be subject to the compliance by the Company with its agreements herein contained, and to the delivery of the following to Agent in form and substance satisfactory to Agent:

4.1 Corporate Resolution. A copy of a resolution or resolutions passed by the Board of Directors of the Company, certified by the Secretary or an Assistant Secretary of the Company as being in full force and effect on the effective date of this First Amendment, authorizing the amendments to the Agreement herein provided for and the execution, delivery and performance of this First Amendment and any note or other instrument or agreement required hereunder.

4.2 Authorized Signatories. A certificate, signed by the Secretary or an Assistant Secretary of the Company and dated the date of this First Amendment, as to the incumbency of the

person or persons authorized to execute and deliver this First Amendment and any instrument or agreement required hereunder on behalf of the Company.

4.3 Replacement Notes. Notes, duly executed and delivered by the Company, evidencing each Bank's new Loan Commitment for each Bank previously having a Note, which Note shall replace the existing Note of each such Bank.

4.4 Accrued Fees and Interest. The Company agrees to pay to the Agent on the date hereof, for distribution to the Banks (including the Selling bank as defined in Section 5.5 of this First Amendment) all accrued and unpaid interest and fees due to the Banks to the date hereof.

4.5 Other Evidence. Such other evidence with respect to the Company or any other person as the Agent or any Bank may reasonably request to establish the consummation of the transactions contemplated hereby, the taking of all corporate action in connection with this First Amendment and the Agreement and the compliance with the conditions set forth herein.

5. Miscellaneous.

5.1 Effectiveness of the Agreement. Except as hereby amended, the Agreement shall remain in full force and effect.

5.2 Waivers. This First Amendment is specific in time and in intent and does not constitute, nor should it be construed as, a waiver of any other right, power or privilege under the Agreement, or under any agreement, contract, indenture, document or instrument mentioned in the Agreement; nor does it preclude any exercise thereof or the exercise of any other right, power or privilege, nor shall any future waiver of any right, power, privilege or default hereunder, or under any agreement, contract, indenture, document or instrument mentioned in the Agreement, constitute a waiver of any other default of the same or of any other term or provision.

5.3 Counterparts. This First Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. This First Amendment shall not become effective until the Company, the Banks and the Agent shall have signed a copy hereof, whether the same or counterparts, and the same shall have been delivered to the Agent.

5.4 Jurisdiction. This First Amendment, and any instrument or agreement required hereunder, shall be governed by and construed under the laws of the State of California.

5.5 Assignment of Marine Midland's Loan Commitment to Societe Generale. Effective as of the date of this First Amendment, after all Loans have been prepaid pursuant to Section 5.6 of this First Amendment, but before the reborrowing of such Loans pursuant to Section 5.6 of this First Amendment, Marine Midland Bank (the "Selling Bank") agrees to sell and assign to Societe Generale (the "Buying Bank"), and the Buying Bank hereby agrees to purchase and assume, without recourse, from the Selling Bank, all of the Selling Bank's Loan Commitment and any outstanding Loans. Such assignment shall be automatic, without any further action required by any party pursuant to Section 10.1 of the Agreement. From and after the effectiveness of such assignment, the Buying Bank shall be a "Bank" for all purposes of the Agreement having the Loan Commitment specified next to the Buying Bank's name on Schedule 1.1 to this First Amendment. The Selling Bank and the Buying Bank authorize the Agent to distribute to the Selling Bank its Pro Rate Share of all accrued fees and interest it receives from the Company that are due to the Selling Bank for the period preceding this assignment. The Selling Bank represents and warrants to the Buying Bank that it is the legal and beneficial owner of the Obligations it is assigning hereunder and that such Obligations are free and clear of any adverse claim. Other than as provided above, the Selling Bank makes no representation or warranty nor assumes any responsibility with respect to such Obligations, this Agreement or any other instrument or document furnished pursuant hereto, the financial condition of the Company, or the performance or observance by the Company thereunder. The Company agrees to pay on demand directly to the Selling Bank any costs incurred by it pursuant to Section 3.5 of the Agreement in connection with the assignment of its Loans hereunder. The Company, the Guarantors, the Banks and the Agent hereby consent to such assignment.

5.6 Adjustments to Aggregate Loan Commitment. Effective as of the date of this First Amendment, the Aggregate Loan Commitment and each Bank's respective Loan Commitments shall be as set forth on Schedule 1.1 to this First Amendment. In order to accomplish such adjustment, the Company confirms its request under Section 2.6(a) of the Agreement that all outstanding Loans be prepaid as of the date hereof and, pursuant to a Notice of Borrowing timely delivered pursuant to Section 2.2 of the Agreement, that such Loans be immediately, but after giving effect to the assignment set forth in Section 5.5 above, reborrowed from each Bank in accordance with its Pro Rata Share of the revised Aggregate Loan Commitment. The Company agrees to pay on demand directly to each Bank any costs incurred by such Bank pursuant to Section 3.5 of the Agreement by reason of such prepayment of its outstanding Loans.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MATTEL, INC.

By /s/ William Stavro

William Stavro
Senior Vice President and
Treasurer

AGENT: BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

By /s/ Kay Warren

Kay Warren
Vice President

BANKS: BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By /s/ Robert W. Troutman

Robert W. Troutman
Managing Director

NATIONSBANK OF TEXAS, N.A.

By /s/ Tom F. Scharfenberg

Title Vice President

CHEMICAL BANK

By /s/ Mary Cameron

Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By /s/ Debra Zurka

Title Vice President

PNC BANK, N.A.

By /s/ Ted A. Dunn

Title Assistant Vice President

THE TORONTO-DOMINION (TEXAS), INC.

By /s/ Diane Bailey

Title Vice President

ABN AMRO BANK N.V.

By /s/ Matthew S. Thomson

Title Group Vice President/Director

By /s/ Patrick A. Russo

Title Assistant Vice President

THE BANK OF CALIFORNIA, N.A.

By /s/ Lynn E. Vine

Title Vice President

BANQUE NATIONALE DE PARIS

By /s/ Clive Bettles

Title Senior Vice President & Manager

By /s/ Mitchell M. Ozawa

Title Vice President

DRESDNER BANK AG, Los Angeles
Agency

By /s/ Sidney S. Jordan

Title Vice President

By /s/ Jon M. Bland

Title Senior Vice President

ISTITUTO BANCARIO SAN PAOLO di TORINO SpA

By /s/ Donald W. Brown

Title Branch Manager

By /s/ Glen Binder

Title Vice President

MANUFACTURERS & TRADERS TRUST CO.

By /s/ Geoffery R. Fenn

Title Vice President

CITICORP USA, INC.

By /s/ Majorie Futornick

Title Vice President

SOCIETE GENERALE

By /s/ J. Staley Stewart

Title Vice President

MARINE MIDLAND BANK
(for purposes of Section 5.5 only)

By /s/ Mary Ann Tappero

Title Vice President

CONSENT OF GUARANTORS

The undersigned Fisher-Price, Inc., and Mattel Sales Corp. hereby consent to the foregoing First Amendment to Credit Agreement dated as of March 11, 1996, and reaffirms their respective Continuing Guaranty each dated as of March 10, 1995.

Dated: March 11, 1996

MATTEL SALES CORP.

By: /s/ William Stavro

William Stavro
Vice President and
Treasurer

FISHER-PRICE, INC.

By: /s/ William Stavro

William Stavro
Treasurer

EXHIBIT A TO FIRST AMENDMENT

Amendment and Restatement of
Section I of Attachment I to Exhibit D
to the Agreement (Officer's Certificate)

I.   CONSOLIDATED FUNDED INDEBTEDNESS TO TOTAL CAPITALIZATION AS OF ABOVE DATE. (Section 7.5)

A. Consolidated Funded Indebtedness:

1. Total liabilities for borrowed money:

- Notes Payable:	$ ---------
- Current Portion of Long-Term Debt:	$ ---------
- Term Loans:	$ ---------
- Subordinated Debt:	$ ---------
- Senior Long-Term Debt:	$ ---------
- Mortgages:	$ ---------
Total liabilities for borrowed money:	$ ---------

2. Capital Leases: $ ---------

3. Guaranties of unconsolidated funded obligations for borrowed money: $ ---------

4. Total Consolidated Funded Indebtedness (Lines A1+A2+A3): $ =========

B. Combined Total Outstanding Investment:

1. Total Outstanding Investment under Transfer and Administration Agreement: $ ---------

2. Amount analogous to "Total Outstanding Investment" under Other Permitted Accounts Receivable Financing Facilities (describe): $ ---------

3. Combined Total Outstanding Investment (Lines B1+B2): $ =========

C. Consolidated Funded Indebtedness plus Combined Total Outstanding Investment (Lines A4+B3): $ =========

D. Consolidated Tangible Net Worth:

1. Net Worth: $ ---------

2. Foreign exchange currency translation adjustments: $ ---------

3. Intangible assets: $ ---------

4. Consolidated Tangible Net Worth (Line D1 - (D2+D3)): $ =========

E. Consolidated Funded Indebtedness plus Combined Total Outstanding Investment plus Consolidated Tangible Net Worth (Lines C+D4): $ =========

F. Actual percentage of Consolidated Adjusted Debt plus Combined Total Outstanding Investment of Consolidated Funded Indebtedness plus Combined Total Outstanding Investment plus Consolidated Tangible Net Worth (Line C,E): % -------

G. Permitted maximum percentage of Consolidated Funded Indebtedness plus Combined Total Outstanding Investment to Consolidated Funded Indebtedness plus Combined Total Outstanding Investment plus Consolidated Tangible Net Worth: (55%) (65%)

EXHIBIT 10.4

SECOND AMENDMENT TO

SECOND AMENDED AND RESTATED

TRANSFER AND ADMINISTRATION AGREEMENT

SECOND AMENDMENT TO SECOND AMENDED AND RESTATED TRANSFER AND ADMINISTRATION AGREEMENT (this "Amendment"), dated as of March 11, 1996, by and among MATTEL SALES CORP., a California corporation, and FISHER-PRICE, INC., a Delaware corporation, as transferors (each, a "Transferor"), MATTEL, INC., a Delaware corporation, as guarantor and servicer (the "Guarantor" and the "Servicer"), THE BANKS LISTED ON THE SIGNATURE PAGES HEREOF (collectively, other than Marine Midland Bank, the "Banks") and NATIONSBANK OF TEXAS, N.A., a national banking association, as agent on behalf of the Banks (the "Agent") amending that certain Second Amended and Restated Transfer and Administration Agreement dated as of March 10, 1995, by and among the Transferors, the Guarantor, the Servicer, the Banks and the Agent (the "Original Agreement" and said agreement as amended through and including the date hereof, the "Agreement").

PRELIMINARY STATEMENTS

WHEREAS, the Transferors have requested that the Banks agree to certain amendments to the Original Agreement and subject to the terms and conditions hereof the Banks have agreed to such amendments.

NOW, THEREFORE, the parties hereby agree as follows:

SECTION 1. Definitions. All capitalized terms used herein which are not otherwise defined are used as defined in the Original Agreement.

SECTION 2. Amendments to Original Agreement. The Original Agreement is hereby amended as follows:

(a) The definition of "Commitment Commission Rate" in Section 1.1 of the Original Agreement shall be amended by deleting the chart contained in such definition and by replacing it with the following chart:

Toys "R" Us, Inc.'s long-term senior unsecured debt ratings S&P/Moody's/Duff	Commitment Commission
AA-/Aa3/AA-or higher	8.0 bps
A/A2/A or higher	10.0 bps
A-/A3/A-	12.0 bps

The Commitment Commission Rate upon effectiveness of this Amendment will be 8 basis points.

(b) The definition of "Commitment Fee" shall be deleted in its entirety and shall be replaced with the following:

"Commitment Fee" means a fee equal to the applicable Commitment Commission Rate payable by the Transferors on each Remittance Date on the difference between the average Facility Limit and the average Total Outstanding Investment on each day for the one-year period preceding such date.

(c) The definition of "Facility Limit" in Section 1.1 of the Original Agreement shall be amended by deleting the reference to "$250,000,000" and by replacing it with "$400,000,000".

(d) The definition of "Participation Rate" in Section 1.1 of the Original Agreement shall be amended by deleting the chart contained in such definition and by replacing it with the following:

Toys "R" Us, Inc.'s long-term senior unsecured debt ratings S&P/Moody's/Duff	Spread

AA-/Aa3/AA-or higher	20.0 bps
A/A2/A or higher	22.5 bps
A-/A3/A-	30.0 bps

The spread upon effectiveness of this Amendment will be 20 basis points.

(e) The definition of "Remittance Date" in Section 1.1 of the Original Agreement shall be amended by deleting the reference to "December 18, 1995, December 17, 1996, and December 17, 1997," and by replacing it with "December 17, 1996, December 17, 1997, December 17, 1998, December 17, 1999 and December 17, 2000".

(f) The definition of "Termination Date" in Section 1.1 of the Original Agreement shall be amended by deleting the reference to "December 17, 1997" and by replacing it with "December 17, 2000".

(g) The definition of "Weekly Report" in Section 1.1 of the Original Agreement shall be renamed the "Servicer's Certificate" in such Section and shall be renamed as such for all purposes of the Original Agreement, and the reference in such definition to "weekly basis" shall be deleted and replaced with the words "monthly basis and prior to a Transfer".

(h) Section 2.2 of the Original Agreement shall be amended (i) by deleting both references to "80%" in such Section and by replacing them with "90%" and (ii) in the 25th line of such Section after the word "Notice") and before the period by inserting the words ", and such Transferor shall, at the time of delivery of the Transfer Notice, cause the Servicer to prepare and deliver to the Agent a Servicer's Certificate covering the period from the last day specified in the most recent Servicer's Certificate delivered to the Agent to and including the day prior to the date of delivery of the related Transfer Notice".

(i) Section 2.8 of the Original Agreement shall be amended (A) in the third line thereof by deleting the words "each subsequent Monday" and by replacing them with the words "the first Monday of each calendar month" and (B) in the seventh line thereof by deleting the words "for the preceding calendar week" and by replacing them with the words "covering a period from the later to occur of (A) the first day of the preceding calendar month and (B) the date on which the last such Servicer's Certificate was delivered in connection with a

Transfer pursuant to Section 2.2, through and including the last day of preceding calendar month".

(j) Section 2.6 shall be amended by deleting the references to "125%" therein and by replacing them with "111%".

(k) Section 7.3(h) of the Original Agreement shall be amended by deleting the references to "80%" therein and by replacing them with "90%".

(l) Exhibit A to the Agreement shall be amended by (i) deleting the reference to "80%" in the fifth line of the second paragraph of such Exhibit and by replacing it with "90%" and (ii) deleting the reference to "20%" in the first line of the third paragraph of such Exhibit and by replacing it with "10%".

(m) Exhibit B to the Agreement shall be amended by (i) deleting the reference to "FORM OF WEEKLY SERVICER'S CERTIFICATE" on the first page of such Exhibit and by replacing it with "FORM OF SERVICER'S CERTIFICATE", (ii) deleting the second line of such Exhibit in its entirety and by replacing it with the words "For the Period beginning ______, 199_ and ending _______, 200_", (iii) deleting all references to "calendar week" and "week" in such Exhibit and by replacing them with the word "period" in each instance and (iv) deleting the reference to "125%" in the second line of paragraph 10 of such Exhibit and by replacing it with "111%".

(n) Exhibit C to the Agreement shall be amended by (i) deleting all references to "week" in such Exhibit and by replacing them with the word "period" and (ii) deleting the reference to "80%" in the third line of paragraph 13 of such Exhibit and by replacing it with "90%".

SECTION 3. Amendment to Bank Commitments; Funding.

(a) By its execution of this Amendment, each Bank a party to the

Original Agreement hereby agrees that its Bank Commitment shall be amended as evidenced on the signature page hereto related to such Bank. Each Bank, each Transferor, the Guarantor and the Servicer further acknowledges that, as amended hereby, (i) the Bank Com-

mitment with respect to Marine Midland Bank has been reduced to zero, and and Marine Midland Bank has been terminated as a party to the Agreement and (ii) Societe Generale has become a Bank party to the Agreement (with the Percentage and Bank Commitment specified on its signature page hereto and all other rights, interests and obligations of a Bank under the Agreement) as evidenced by its execution of this Amendment (without any further action required pursuant to Section 11.9 of the Agreement).

(b) In furtherance of the foregoing, the Transferors agree on the date hereof to remit, in immediately available funds, $100,869,352.09 to the Agent in the manner specified in Section 2.7 of the Original Agreement, whereupon the Agent shall immediately distribute such funds to the Banks party to the Original Agreement (and Marine Midland Bank) pro rata based on each such Bank's (and Marine Midland Bank's) respective Percentage. Following such distribution, each Bank a party to this Amendment (and, after giving effect to this Amendment, the Agreement) shall pay to the Agent its Percentage of $100,000,000.00, which amount shall be immediately remitted by the Agent to the Transferors, in each case in accordance with the procedures described in the second paragraph of Section 2.2 of the Original Agreement.

SECTION 4. Representations and Warranties. The Transferors hereby make to each of the Banks, on and as of the date hereof, all of the representations and warranties set forth in Section 3.1 of the Original Agreement, except to the extent that any such representation or warranty relates to an earlier date. In addition, Mattel, Inc. hereby makes to each of the Banks, on and as of the date hereof, all the representations and warranties set forth in Section 3.2 of the Original Agreement, except to the extent that any such representation or warranty relates to an earlier date.

SECTION 5. Conditions Precedent. This Amendment shall not become effective until the Agent shall have received the following:

(a) An opinion of counsel to the Transferors with respect to certain corporate matters and the enforceability against the Transferors of the Original Agreement as amended hereby, in form and substance acceptable to the Agent;

(b) An opinion of counsel to Servicer and the Guarantor with respect to certain corporate matters and the enforceability against each of the Servicer and the Guarantor of the Original Agreement as amended hereby, in form and substance acceptable to the Agent;

(c) An executed copy of the Written Agreement, in form and substance acceptable to the Agent;

(d) Certified copies of resolutions of the Board of Directors of the Transferors authorizing this Amendment and the transactions contemplated hereby; and

(e) Executed counterparts of this Amendment.

SECTION 6. Amendment and Waiver. No provision hereof may be amended, waived, supplemented, restated, discharged or terminated without the written consent of the parties hereto.

SECTION 7. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of Governmental Rules provisions thereof. This Amendment together with the Original Agreement contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire Agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

SECTION 8. Severability; Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Amendment. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9. Captions. The captions in this Amendment are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 10. Ratification. Except as expressly affected by the provisions hereof, the Original Agreement as amended by this Amendment shall remain in full force and effect in accordance with its terms and ratified and confirmed by the parties hereto. On and after the date hereof, each reference in the Original Agreement to "this Agreement", "hereunder", "herein" or words of like import shall mean and be a reference to the Original Agreement as amended by this Amendment.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date and year first above written.

MATTEL SALES CORP.,
as Transferor

By: /s/ William Stavro

Name: William Stavro
Title: Vice President and Treasurer

FISHER-PRICE, INC.,
as Transferor

By: /s/ William Stavro

Name: William Stavro
Title: Treasurer

MATTEL, INC., as Guarantor
and Servicer

By: /s/ William Stavro

Name: William Stavro
Title: Sr. Vice President and Treasurer

NATIONSBANK OF TEXAS, N.A.,
as Agent

By: /s/ Tom F. Scharfenberg

Name: Tom F. Scharfenberg
Title: Vice President

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
10.000000000	40,000,000	NATIONSBANK OF TEXAS, N.A. By: /s/ Tom F. Scharfenberg ----------------------- Name: Tom F. Scharfenberg Title: Vice President

Notice Address: 444 S. Flower Street, Suite 4100
Los Angeles, California 90071
Attn: Tom F. Scharfenberg

9

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
12.500000000	50,000,000	BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION

By: /s/ Robert W. Troutman
Name: Robert W. Troutman
Title: Managing Director

Notice Address: 555 Flower Street, 11th Floor
Los Angeles, California 90071
Attn: Robert W. Troutman

10

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
8.125000000	32,500,000	PNC BANK, NATIONAL ASSOCIATION

By: /s/ Ted A. Dunn
Name: Ted A. Dunn
Title: Assistant Vice President

Notice Address: 55 South Lake Avenue, Suite 650
Pasadena, California 91101
Attn: Ted A. Dunn

11

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
10.000000000	40,000,000	CHEMICAL BANK

By: /s/ Mary E. Cameron
Name: Mary E. Cameron
Title: Vice President

Notice Address: Corporate Banking Group
270 Park Avenue, 9th Floor
New York, New York 10017
Attn: Mary E. Cameron

12

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
8.125000000	32,500,000	THE FIRST NATIONAL BANK OF BOSTON

By: /s/ Debra Zurka
Name: Debra Zurka
Title: Vice President

Notice Address: 100 Federal Street, MAIL STOP 01-09-05
Boston, Massachusetts 02110
Attn: Debra Zurka

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
8.125000000	32,500,000	TORONTO-DOMINION (TEXAS), INC.

By: /s/ Diane Bailey
Name: Diane Bailey
Title: Vice President

Notice Address: 909 Fannin
Houston, Texas 77010
Attn: Lisa Allison

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	CITICORP USA, INC.

By: /s/ David L. Harris
Name: David L. Harris
Title: Vice President

Notice Addresses: c/o Citicorp North America, Inc.
725 South Figueroa Street
5th Floor
Los Angeles, California 90017
Attn: Deborah Ironson

c/o Citibank, N.A.
One Court Square, 7th Floor
Long Island City, New York 11120
Attn: Mark Wrigley

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
8.125000000	32,500,000	ABN AMRO BANK N.V.

By: /s/ Matthew S. Thomson
Name: Matthew S. Thomson
Title: Group Vice President/Director

By: /s/ Patrick A. Russo
Name: Patrick A. Russon
Title: Assistant Vice President

Notice Address: Los Angeles International Branch
300 South Grand Avenue, Suite 1115
Los Angeles, California 90071
Attn: Matthew S. Thomson

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	DRESDNER BANK AG Los Angeles Agency

By: /s/ Sidney S. Jordan
Name: Sidney S. Jordan
Title: Vice President

By: /s/ Jon M. Bland
Name: Jon M. Bland
Title: Senior Vice President

Notice Address: Los Angeles Agency
725 South Figueroa Street, Suite 3950
Los Angeles, California 90017
Attn: Dennis Blank

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	MANUFACTURERS & TRADERS TRUST CO.

By: /s/ Geoffrey R. Fenn
Name: Geoffrey R. Fenn
Title: Vice President

Notice Address: 1 Fountain Plaza
Buffalo, New York 14203
Attn: Geoffrey R. Fenn

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	ISTITUTO BANCARIO SAN PAOLO DI TORINO SPA

By: /s/ Donald W. Brown
Name: Donald W. Brown
Title: Branch Manager

By: /s/ Glen Binder
Name: Glen Binder
Title: Vice President

Notice Address: 444 South Flower Street
Suite 4550
Los Angeles, California 90071
Attn: Glen Binder

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	THE BANK OF CALIFORNIA, N.A.

By: /s/ Lynn E. Vine
Name: Lynn E. Vine
Title: Vice President

Notice Address: 550 South Hope Street
Fifth Floor
Los Angeles, California 90071
Attn: Thomas Tegart

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	BANQUE NATIONALE DE PARIS

By: /s/ Jean-Louis Tourne
Name: Jean-Louis Tourne
Title: Vice President & Deputy Manager

By: /s/ Mitchell M. Ozawa
Name: Mitchell M. Ozawa
Title: Vice President

Notice Address: 725 South Figueroa Street
Suite 2090
Los Angeles, California 90017
Attn: Mitchell M. Ozawa

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
0.000000000	0.00	MARINE MIDLAND BANK

By: /s/ Mary Ann Tappero
Name: Mary Ann Tappero
Title: Vice President

Notice Address: 140 Broadway, 4th Floor
New York, New York 10005
Attn: William M. Holland

Percentage (%)	Dollar Amount of Percentage of Original Facility Limit ($)	
5.000000000	20,000,000	SOCIETE GENERALE

By: /s/ J. Staley Stewart
Name: J. Staley Stewart
Title: Vice President

Notice Address: 2029 Century Park East
Suite 2900
Los Angeles, California 90067

MATTEL MANAGEMENT INCENTIVE PLAN

ARTICLE I

ESTABLISHMENT, PURPOSE, AND EFFECTIVE DATE

This Management Incentive Plan is established by Mattel, Inc. for the purpose of focusing management on growth in earnings and asset management and linking compensation to the business performance of Mattel, Inc. The Plan is effective as of January 1, 1993.

ARTICLE II

DEFINITIONS

2.1 Code. "Code" shall mean the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

2.2 Committee. "Committee" shall mean the Committee described in Section 5.1 below.

2.3 Company. "Company" shall mean Mattel, Inc. and its participating subsidiaries.

2.4 Covered Employee.

(a) "Covered Employee" means any individual who is, on the last day of the Company's taxable year:

(i) The Chief Executive Officer; or

(ii) Among the four highest compensated individuals (other than the Chief Executive Officer).

(b) The determination as to which individuals are Covered Employees is determined in accordance with the rules of the Securities and Exchange Commission, except that an individual will not be a Covered Employee unless he or she is employed by the Company on the last day of its taxable year.

2.5 Outside Director.

(a) Whether a director is an "Outside Director," will be determined under Code Section 162(m). An individual will constitute an "Outside Director" only if he or she:

(i) Is not a current employee of the Company;

(ii) Is not a former employee of the Company who receives compensation for prior services (other than benefits under a tax-qualified retirement plan);

(iii) Has not been an officer of the Company; and

(iv) Does not receive any remuneration from the Company, either directly or indirectly, in any capacity other than as a director. Remuneration will be considered to be paid to a director if amounts are paid to an entity:

(A) In which the director holds more than 50% of the ownership interest;

(B) Which employs the director; or

(C) Of which the director holds at least 5% but not more than 50% of the ownership interests.

(b) Payments will not be taken into account for purposes of Clauses (B) and (C) of Paragraph (a)(iv) above if the total amounts paid by the Company during the preceding year did not exceed the lesser of $60,000 or 5% of the recipient's income.

(c) For purposes of this Section 2.5, "Company" shall include the other members of the affiliated group of corporations, within the meaning of Code Section 1504.

2.6 Participant. "Participant" shall mean an employee of the Company (or of a subsidiary) that has been selected to participate in the Plan.

2.7 Plan. "Plan" shall mean the Mattel, Inc. Management Incentive Plan.

ARTICLE III

ELIGIBILITY AND BENEFITS

3.1 Separate Standards.

(a) The Committee may elect to establish separate standards for purposes of determining eligibility to participate and benefits for each year. These standards shall be set forth in minutes of the Committee.

(b) These standards shall be drafted and implemented in a manner consistent with Code Section 162(m).

3.2 No Discretion.

(a) The Committee has the discretion to modify the Plan to take into account the effect of unforeseen or extraordinary events or accounting changes.

(b) Notwithstanding the provisions of Paragraph (a), the Committee shall not have any discretion to increase the benefits payable to any Participant who is a Covered Employee, to the extent precluded by Code Section 162(m).

3.3 Shareholder Approval. Notwithstanding the above, effective for payments that are deductible in years beginning on or after January 1, 1994, no payments to Covered Employees may be made under the Plan unless and until:

(a) The shareholders of the Company approve the Plan in a separate vote, with affirmative votes being cast by the majority of the voting shares.

(i) For this purpose, abstentions are not counted unless applicable law provides otherwise.

(ii) Shareholder approval must be obtained every five (5) years.

(b) The Committee certifies in writing that the performance goals and any other material terms were satisfied. This requirement may be satisfied by means of a certificate in approved minutes of the Committee.

ARTICLE IV

PAYMENT OF BENEFITS

4.1 Designation of Beneficiary. In the event of the death of a Participant prior to the date on which the Participant's benefit is paid, the benefit (if any) shall be paid to the Participant's surviving spouse. If the Participant does not have a surviving spouse, the benefit (if any) will be paid to his or her estate.

4.2 Payees under Legal Disability. If the Committee reasonably believes that any payee is legally incapable of giving a valid receipt and discharge for any payment due him or her, the Committee may have the payment (if any) made to the person (or persons or institution) whom it reasonably believes is caring for or supporting such payee. Any such payment shall be a payment for the benefit of the payee and shall be a complete discharge of any liability under the Plan to the payee.

4.3 Payment of Benefits. All payments under the Plan shall be delivered in person or mailed to the last address of the Participant (or, in the case of the death of the Participant (if applicable), to that of his or her surviving spouse). Each Participant shall be responsible for furnishing the Committee with his or her current address.

4.4 Entitlement to Benefits. Nothing contained in this Article IV shall give a Participant greater rights to benefits than under the provisions of the benefit formulae contained in the minutes of the Committee. Specifically, if the formula provides that a Participant's benefit is forfeited upon termination of employment (whether by reason of death, disability, or otherwise), no benefits will become payable by reason of the operation of this Article IV.

ARTICLE V

PLAN ADMINISTRATION

5.1 Committee. Authority to administer the Plan shall be vested in the Compensation/Options Committee of the Board of Directors of Mattel, Inc. ("Committee"). Only Outside Directors may be members of the Committee, and the Committee must have at least two members.

5.2 Administrative Powers. The Committee shall have all powers necessary to administer the Plan. In addition to any powers and authority conferred on the Committee elsewhere in the Plan or by law, the Committee shall have the following powers and authority:

(a) To designate agents to carry out responsibilities relating to the Plan;

(b) To administer, interpret, and answer all questions which may arise under this Plan. The determinations by the Committee will be binding upon all parties, to the maximum extent permitted by law;

(c) To establish rules and procedures for the conduct of its business and for the administration of the Plan; and

(d) To perform or cause to be performed such further acts as it may deem necessary or appropriate in the administration of the Plan.

5.3 Indemnification.

(a) To the maximum extent permitted by law, the Company shall indemnify each member of the Committee and of the Board of Directors of the Company against expenses (including any amount paid in settlement) reasonably incurred by him or her in connection with any claims against him or her by reason of the performance of his or her duties under the Plan. This indemnity shall not apply if the individual:

(i) Acted fraudulently or in bad faith in the performance of his or her duties; or

(ii) Fails to assist the Company in defending against the claim.

(b) The Company shall have the right to select counsel and to control the prosecution or defense of the suit.

(c) The Company shall not be required to indemnify any person for any amount incurred through settlement of any action unless the Company consents in writing to the settlement.

ARTICLE VI

MISCELLANEOUS MATTERS

6.1 Amendment and Termination. The Company expects the Plan to be permanent, but since future conditions affecting the

Company cannot be anticipated or foreseen, the Company reserves the right to amend, modify, or terminate the Plan at any time by action of its Board of Directors.

6.2 Benefits Not Alienable. Benefits under the Plan may not be assigned or alienated, whether voluntarily or involuntarily.

6.3 No Enlargement of Employee Rights. Nothing contained in the Plan shall be deemed to give a participant the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge any Participant at any time.

6.4 Governing Law. All legal questions pertaining to the Plan shall be determined in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, Mattel, Inc. has caused this instrument to be executed.

MATTEL, INC.

By: /s/ E. Joseph McKay

Its: Senior Vice President, Human Resources

Date: January 1, 1994

EXHIBIT 10.16

MATTEL LONG-TERM INCENTIVE PLAN

ARTICLE I

ESTABLISHMENT, PURPOSE, AND EFFECTIVE DATE

This Long-Term Incentive Plan is established by Mattel, Inc. for the purpose of providing long-term incentive rewards for key executives who are in a position to increase shareholder value and to build the net worth of the Company. To assist in this goal, the Plan helps to focus those executives upon the Company's financial objectives of profitability, asset management, and revenue growth. The effective date of this Plan is January 1, 1993.

ARTICLE II

DEFINITIONS

2.1 Code. "Code" shall mean the Internal Revenue Code of 1986 and the regulations promulgated thereunder.

2.2 Committee. "Committee" shall mean the Committee described in Section 5.1 below.

2.3 Company. "Company" shall mean Mattel, Inc. and any of its subsidiaries whose employees participate in the Plan.

2.4 Covered Employee.

(a) "Covered Employee" means any individual who is, on the last day of the Company's taxable year:

(i) The Chief Executive Officer; or

(ii) Among the four highest compensated individuals (other than the Chief Executive Officer).

(b) The determination as to which individuals are Covered Employees is determined in accordance with the rules of the Securities and Exchange Commission, except that an individual will not be a Covered Employee unless he or she is employed by the Company on the last day of its taxable year.

2.5 Outside Director.

(a) Whether a director is an "Outside Director," will be determined under Code Section 162(m). An individual will constitute an "Outside Director" only if he or she:

(i) Is not a current employee of the Company;

(ii) Is not a former employee of the Company who receives compensation for prior services (other than benefits under a tax-qualified retirement plan);

(iii) Has not been an officer of the Company; and

(iv) Does not receive any remuneration from the Company, either directly or indirectly, in any capacity other than as a director. Remuneration will be considered to be paid to a director if amounts are paid to an entity:

(A) In which the director holds more than 50% of the ownership interest;

(B) Which employs the director; or

(C) Of which the director holds at least 5% but not more than 50% of the ownership interests.

(b) Payments will not be taken into account for purposes of Clauses (B) and (C) of Paragraph (a)(iv) above if the total amounts paid by the Company during the preceding year did not exceed the lesser of $60,000 or 5% of the recipient's income.

(c) For purposes of this Section 2.5, "Company" shall include the other members of the affiliated group of corporations, within the meaning of Code Section 1504.

2.6 Participant. "Participant" shall mean an employee of the Company (or of a subsidiary) that has been selected to participate in the Plan.

2.7 Plan. "Plan" shall mean the Mattel, Inc. Long-Term Incentive Plan.

ARTICLE III

ELIGIBILITY AND BENEFITS

3.1 Separate Standards.

(a) The Committee may elect to establish separate standards for purposes of determining eligibility to participate and benefits for each year. These standards shall be set forth in minutes of the Committee.

(b) These standards shall be drafted and implemented in a manner consistent with Code Section 162(m).

3.2 No Discretion.

(a) The Committee has the discretion to modify the Plan to take into account the effect of unforeseen or extraordinary events or accounting changes.

(b) Notwithstanding the provisions of Paragraph (a), the Committee shall not have any discretion to increase the benefits payable to any Participant who is a Covered Employee, to the extent precluded by Code Section 162(m).

3.3 Shareholder Approval. Notwithstanding the above, effective for payments that are deductible in years beginning on or after January 1, 1994, no payments to Covered Employees may be made under the Plan unless and until:

(a) The shareholders of the Company approve the Plan in a separate vote, with affirmative votes being cast by the majority of the voting shares; and

(i) For this purpose, abstentions are not counted unless applicable law provides otherwise.

(ii) Shareholder approval must be obtained every five (5) years.

(b) The Committee certifies in writing that the performance goals and any other material terms were satisfied. This requirement may be satisfied by means of a certificate in approved minutes of the Committee.

ARTICLE IV

PAYMENT OF BENEFITS

4.1 Designation of Beneficiary. In the event of the death of a Participant prior to the date on which the Participant's benefit is paid, the benefit (if any) shall be paid to the Participant's surviving spouse. If the Participant does not have a surviving spouse, the benefit (if any) will be paid to his or her estate.

4.2 Payees under Legal Disability. If the Committee reasonably believes that any payee is legally incapable of giving a valid receipt and discharge for any payment due him or her, the Committee may have the payment made to the person (or persons or institution) whom it reasonably believes is caring for or supporting such payee. Any such payment shall be a payment for the benefit of the payee and shall be a complete discharge of any liability under the Plan to the payee.

4.3 Payment of Benefits. All payments under the Plan shall be delivered in person or mailed to the last address of the Participant (or, in the case of the death of the Participant (if applicable), to that of his or her surviving spouse). Each Participant shall be responsible for furnishing the Committee with his or her current address.

ARTICLE V

PLAN ADMINISTRATION

5.1 Committee. Authority to administer the Plan shall be vested in the Compensation/Options Committee of the Board of Directors of Mattel, Inc. ("Committee"). Only Outside Directors may be members of the Committee, and the Committee must have at least two members.

5.2 Administrative Powers. The Committee shall have all powers necessary to administer the Plan. In addition to any powers and authority conferred on the Committee elsewhere in the Plan or by law, the Committee shall have the following powers and authority:

(a) To designate agents to carry out responsibilities relating to the Plan;

(b) To administer, interpret, and answer all questions which may arise under this Plan. The determinations by the Committee will be binding upon all parties, to the maximum extent permitted by law;

(c) To establish rules and procedures for the conduct of its business and for the administration of the Plan; and

(d) To perform or cause to be performed such further acts as it may deem necessary or appropriate in the administration of the Plan.

5.3 Indemnification.

(a) To the maximum extent permitted by law, the Company shall indemnify each member of the Committee and of the Board of Directors of the Company against expenses (including any amount paid in settlement) reasonably incurred by him or her in connection with any claims against him or her by reason of the performance of his or her duties under the Plan. This indemnity shall not apply if the individual:

(i) Acted fraudulently or in bad faith in the performance of his or her duties; or

(ii) Fails to assist the Company in defending against the claim.

(b) The Company shall have the right to select counsel and to control the prosecution or defense of the suit.

(c) The Company shall not be required to indemnify any person for any amount incurred through settlement of any action unless the Company consents in writing to the settlement.

ARTICLE VI

MISCELLANEOUS MATTERS

6.1 Amendment and Termination. The Company expects the Plan to be permanent, but since future conditions affecting the Company cannot be anticipated or foreseen, the Company reserves the right to amend, modify, or terminate the Plan at any time by action of its Board of Directors.

6.2 Benefits Not Alienable. Benefits under the Plan may not be assigned or alienated, whether voluntarily or involuntarily.

6.3 No Enlargement of Employee Rights. Nothing contained in the Plan shall be deemed to give a participant the right to be retained in the employ of the Company or to interfere with the right of the Company to discharge any Participant at any time.

6.4 Governing Law. All legal questions pertaining to the Plan shall be determined in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, Mattel, Inc. has caused this instrument to be executed.

MATTEL, INC.

By: /s/ E. Joseph McKay

Its: Senior Vice President, Human Resources

Date: January 1, 1994

MATTEL, INC. AND SUBSIDIARIES

COMPUTATION OF INCOME PER COMMON AND COMMON EQUIVALENT SHARE

(In thousands, except per share amounts)

	FOR THE YEAR ENDED (a)(b)				
PRIMARY	Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1991
Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	$357,802	$255,832	$135,911	$184,841	$134,038
Add: Interest savings, net of tax, applicable to assumed exercise of Fisher-Price warrants	-	-	637	1,138	594
Deduct: Dividends on convertible preference stock	(3,342)	(4,689)	(4,894)	(4,826)	(4,830)
Dividends on senior preferred stock	-	-	-	(152)	(605)
Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles for Computation of Income Per Share	354,460	251,143	131,654	181,001	129,197
Extraordinary item	-	-	(14,681)	-	(5,236)
Cumulative effect of changes in accounting principles	-	-	(4,022)	-	-
Net Income Applicable to Common Shares	$354,460	$251,143	$112,951	$181,001	$123,961
Applicable Shares					
Weighted average common shares outstanding	276,309	275,572	262,856	264,066	224,013
Weighted average common equivalent shares arising from:					
Stock options	3,271	3,090	2,935	3,622	3,036
Fisher-Price warrants	928	1,023	1,681	3,258	1,752
Restricted stock	507	238	-	-	-
Common stock warrants - $6.25 Series	-	-	-	-	636
Weighted average number of common and common equivalent shares	281,015	279,923	267,472	270,946	229,437
Income Per Share Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	$ 1.26	$ 0.90	$ 0.49	$ 0.67	$ 0.56
Extraordinary item	-	-	(0.05)	-	(0.02)
Cumulative effect of changes in accounting principles	-	-	(0.02)	-	-
Net Income Per Common Share	$ 1.26	$ 0.90	$ 0.42	$ 0.67	$ 0.54

(a) Consolidated financial information for 1993, 1992 and 1991 has been restated retroactively for the effects of the November 1993 merger, accounted for as a pooling of interests, with Fisher-Price. The results of operations and financial position of Fisher-Price are excluded from periods prior to July 1, 1991, while its business was operated as a division of The Quaker Oats Company.

(b) Per share data reflect the retroactive effect of stock splits distributed to shareholders in March 1996, January 1995 and 1994, June 1992 and November 1991 and the mergers with Fisher-Price and IGI in 1993 and 1992, respectively.

COMPUTATION OF INCOME PER COMMON AND COMMON EQUIVALENT SHARE

(In thousands, except per share amounts)

FULLY DILUTED	FOR THE YEAR ENDED (a)(b) Dec. 31, 1995	Dec. 31, 1994	Dec. 31, 1993	Dec. 31, 1992	Dec. 31, 1991
Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	$357,802	$255,832	$135,911	$184,841	$134,038
Add: Interest savings, net of tax, applicable to:					
Assumed conversion of 8% convertible debentures	-	628	5,338	5,467	3,907
Assumed exercise of Fisher-Price warrants	-	-	637	1,138	594
Deduct: Dividends on senior preferred stock	-	-	-	(152)	(605)
Impact of required ESOP dividends or contributions upon conversion	-	(3,598)	(4,894)	(4,826)	(4,830)
Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles for Computation of Income Per Share	357,802	252,862	136,992	186,468	133,104
Extraordinary item	-	-	(14,681)	-	(5,236)
Cumulative effect of changes in accounting principles	-	-	(4,022)	-	-
Net Income Applicable to Common Shares	$357,802	$252,862	$118,289	$186,468	$127,868
Applicable Shares					
Weighted average common shares outstanding	276,309	275,572	263,067	264,223	224,096
Weighted average common equivalent shares arising from:					
Stock options	4,220	3,110	3,475	4,153	4,512
Assumed conversion of convertible preference stock	739	2,104	2,531	2,531	2,531
Assumed conversion of 8% convertible debentures	-	1,619	11,823	12,176	9,322
Fisher-Price warrants	969	1,023	1,681	3,258	1,753
Restricted stock	618	330	-	-	-
Common stock warrants - $6.25 Series	-	-	-	-	891
Weighted average number of common and common equivalent shares	282,855	283,758	282,577	286,341	243,105
Income Per Share Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	$ 1.26	$ 0.89	$ 0.48	$ 0.65	$ 0.55
Extraordinary item	-	-	(0.05)	-	(0.02)
Cumulative effect of changes in accounting principles	-	-	(0.01)	-	-
Net Income Per Common Share	$ 1.26	$ 0.89	$ 0.42	$ 0.65	$ 0.53

(a) Consolidated financial information for 1993, 1992 and 1991 has been restated retroactively for the effects of the November 1993 merger, accounted for as a pooling of interests, with Fisher-Price. The results of operations and financial position of Fisher-Price are excluded from periods prior to July 1, 1991, while its business was operated as a division of The Quaker Oats Company.

(b) Per share data reflect the retroactive effect of stock splits distributed to shareholders in March 1996, January 1995 and 1994, June 1992 and November 1991 and the mergers with Fisher-Price and IGI in 1993 and 1992, respectively.

Financial Information

Mattel, Inc. and Subsidiaries

FIVE-YEAR FINANCIAL SUMMARY

Mattel, Inc. and Subsidiaries

	For the Year Ended December 31 (a)				
(In thousands, except per share and percentage information)	1995	1994	1993	1992	1991
Operating Results:					
Net sales	$3,638,812	$3,205,025	$2,704,448	$2,563,525	$2,046,489
Gross profit	1,789,162	1,601,503	1,326,267	1,239,308	973,402
% of net sales	49%	50%	49%	48%	48%
Operating profit before restructuring and integration charges (b)	606,491	521,081	414,260	351,661	278,660
% of net sales	17%	16%	15%	14%	14%
Restructuring and integration charges (c)	-	72,000	115,000	-	-
Income before income taxes, extraordinary item and cumulative effect of changes in accounting principles	532,902	393,632	236,646	282,945	214,326
Provision for income taxes	175,100	137,800	100,735	98,104	80,288
Income before extraordinary item and cumulative effect of changes in accounting principles	357,802	255,832	135,911	184,841	134,038
Extraordinary item - loss on debt retirement	-	-	(14,681)	-	(5,236)
Cumulative effect of changes in accounting principles	-	-	(4,022)	-	-
Net income	357,802	255,832	117,208	184,841	128,802
Income Per Common Share (d):					
Income before extraordinary item and cumulative effect of changes in accounting principles					
Primary	1.26	0.90	0.49	0.67	0.56
Fully diluted	1.26	0.89	0.48	0.65	0.55
Net income					
Primary	1.26	0.90	0.42	0.67	0.54
Fully diluted	1.26	0.89	0.42	0.65	0.53
Dividends declared per common share (d)	0.19	0.15	0.12	0.09	0.05

	As of Year End (a)				
(In thousands)	1995	1994	1993	1992	1991
Financial Position:					
Cash and marketable securities	$ 483,457	$ 259,681	$ 523,581	$ 327,807	$ 290,750
Accounts receivable, net	679,283	762,024	580,313	538,444	467,266
Inventories	350,841	339,143	219,993	238,895	225,411
Total assets	2,695,509	2,459,026	2,000,077	1,712,675	1,564,832
Notes payable	15,520	-	-	13,401	29,733
Long-term liabilities	572,659	457,455	398,939	434,930	353,575
Shareholders' equity	1,275,169	1,085,690	817,809	748,356	664,254

(a) Consolidated financial information for 1993, 1992 and 1991 has been restated retroactively for the effects of the November 1993 merger, accounted for as a pooling of interests, with Fisher-Price. The results of operations and financial position of Fisher-Price are excluded from periods prior to July 1, 1991, when its business was operated as a division of The Quaker Oats Company (Note 7).

(b) Represents income from operations before restructuring charges, interest expense and provision for income taxes.

(c) In 1994, amount represents a nonrecurring charge principally related to the consolidation of manufacturing operations and the reduction of headquarters expense and support functions worldwide. In 1993, the nonrecurring charge represents transaction, integration and restructuring costs related to the merger with Fisher-Price (Note 7).

(d) Per share data reflect the retroactive effect of stock splits distributed to shareholders in March 1996, January 1995 and 1994, June 1992 and November 1991 and the mergers with Fisher-Price and IGI in 1993 and 1992, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Mattel, Inc. and Subsidiaries

This analysis should be read in conjunction with the consolidated financial statements which begin on page 32.

Mattel's financial performance reflects the Company's solid growth in 1995, demonstrating continued strength in its core brands, as well as incremental volume provided through expansion of its international marketing and distribution network and increased manufacturing efficiency. The Company's long-term business strategies have resulted in another record year for sales and earnings, with net sales for 1995 of $3.6 billion and net income for 1995 of $357.8 million.

Core brands have historically provided the Company with relatively stable growth. The Company's four principal core brands are BARBIE fashion dolls and doll clothing and accessories; FISHER-PRICE toys and juvenile products, including the POWER WHEELS line of battery-powered, ride-on vehicles; the Company's Disney-licensed toys; and die-cast HOT WHEELS vehicles and playsets, each of which has broad worldwide appeal. Additional core product lines consist of large dolls, including CABBAGE PATCH KIDS; preschool toys, including SEE `N SAY talking toys; the UNO and SKIP-BO card games; and the SCRABBLE game, which the Company markets outside of the United States and Canada.

RESULTS OF OPERATIONS

The following is a percentage analysis of operating results for the past three years:

	For the Year 1995	1994	1993
Net sales	100%	100%	100%
Gross profit	49	50	49
Advertising and promotion expenses	16	16	16
Other selling and administrative expenses	16	17	18
Restructuring and integration charges	-	2	4
Other expense, net	-	1	-
Operating profit	17	14	11
Interest expense	2	2	2
Income before income taxes, extraordinary item and changes in accounting principles	15%	12%	9%

1995 COMPARED TO 1994

Net sales increased $433.8 million or 14% over 1994, reflecting the continuing strong demand for the Company's core products such as BARBIE doll products; FISHER-PRICE toys and juvenile products, including the POWER WHEELS line; as well as Disney-licensed toys introduced in connection with the release of the "Pocahontas" motion picture.

Worldwide sales of core products represented 87% of the Company's gross revenues compared to 84% in 1994. Core brands increased 16%, mainly due to greater demand for BARBIE and BARBIE-related products, which increased from $1.1 billion to $1.4 billion. FISHER-PRICE products contributed $1.2 billion to gross sales in 1995 compared to $1.0 billion in 1994. Sales of Disney-licensed products increased to $451.5 million.

Sales to customers within the United States grew 15% and accounted for 60% of consolidated sales for 1995 compared to 59% in the prior year. Sales to customers outside the United States increased 10% compared to 1994, including the $29.8 million favorable effect of the generally weaker US dollar relative to last year. At comparable foreign currency exchange rates, sales internationally grew 9%.

Gross profit as a percentage of net sales decreased one percentage point to 49%, due primarily to the impact of increased raw material prices and other product costs, partially offset by reduced duties as a result of changes in the General Agreement on Tariffs and Trade.

Advertising and promotion expenses remained constant as a percentage of net sales; however, spending increased $68.0 million in support of increased sales volume, new product introductions, and further development of international markets. Other selling and administrative expenses increased $66.6 million primarily due to higher design and development expenses in support of both core products and new product lines. Other income, net, increased $32.4 million principally due to the impact of the Mexican peso devaluation in the fourth quarter of 1994, and the 1995 gains recognized on the sale of the non-toy business and trademark rights related to Corgi, a Mexican insurance claim, and foreign currency transactions.

Interest expense increased $18.1 million or 33% from 1994, which reflects higher average levels of domestic borrowings at higher interest rates.

In the 1994 fourth quarter, the Company recognized a $72.0 million pre-tax charge against continuing operations in connection with the consolidation of manufacturing operations and the reduction of headquarters expense and support functions worldwide. At December 31, 1995, the remaining $13.0 million accrual related primarily to committed severance plans and obligations under certain long-term leases. The cost savings realized by the Company as a result of the staff reductions and various distribution and lease terminations were comparable to the anticipated $25 million, and the type and amount of charges incurred to date approximated the amounts included in the provision.

1994 COMPARED TO 1993

Net sales increased $500.6 million or 19% over 1993, reflecting strong growth in worldwide sales of core products, as well as POLLY POCKET toys, Nickelodeon-licensed toys, and MIGHTY MAX action figures. Added volume was also generated by the acquisitions of the Kransco business and J.W. Spear & Sons PLC ("Spear"), which contributed $178.7 million in the aggregate to net sales during 1994. Excluding the Kransco and Spear acquisitions, the Company's worldwide net sales increased $321.9 million or 12%.

Worldwide sales of core products represented 84% of total revenues in 1994 compared to 86% for the prior year, largely as a result of strong non-core product sales. Core brand sales increased 16% over the prior year, with gross sales of BARBIE doll products exceeding $1.1 billion in volume. Sales of Disney-licensed products, led by toys connected with "The Lion King" motion picture, increased by 33% to $441.9 million. Fisher-Price, including the POWER WHEELS line, contributed $965.6 million to gross sales in 1994 compared to $747.9 million in 1993, and HOT WHEELS brand sales grew by 18% over 1993 volumes. These increases were partially offset by a continuing decline in sales in the large doll segment, which were 27% below the prior year volume.

Sales to customers in the United States were 59% of 1994 consolidated revenues compared to 60% in the prior year. In total, domestic sales increased 17%, partially attributable to incremental volume generated from the acquisition of Kransco, which represented 6% of the Company's domestic sales for 1994. Total international sales increased 20% compared to 1993, including the $24.0 million favorable effect of the generally weaker US dollar relative to last year. At comparable foreign currency exchange rates, sales outside the United States grew 19%.

Gross profit as a percentage of net sales increased one percentage point to 50%, primarily due to higher sales volume, improved product mix and synergies realized as a result of the integration of Fisher-Price. Advertising and promotion expenses increased slightly as a percentage of net sales; however, spending increased $89.8 million in support of the growth in sales volume, new product introductions, further development of markets internationally and the acquisitions of Kransco and Spear, which contributed $16.3 million to the advertising growth. As a percentage of net sales, other selling and administrative expenses decreased from 18% to 17%, reflecting the Company's ongoing efforts to manage expense growth relative to revenue growth. In total, selling and administrative expenses increased by $63.0 million mainly due to the acquisitions of Kransco and Spear, which contributed $22.1 million to the increase. Other expense, net, increased $15.6 million, primarily due to the effect of the Mexican peso devaluation in the fourth quarter and higher goodwill amortization arising from the Kransco and Spear acquisitions in 1994, partially offset by higher 1993 charges related to losses on sales of fixed assets.

Interest expense decreased $7.2 million over the prior year as a result of the prepayment of Fisher-Price's 10.69% term loan, and interest savings generated by the conversion of the 8% Debentures to common stock during the 1994 first quarter, partially offset by increased seasonal borrowings to finance the acquisitions of Kransco and Spear.

In the 1994 fourth quarter, the Company recognized a $72.0 million pre-tax charge against continuing operations in connection with the consolidation of manufacturing operations and the reduction of headquarters expense and support functions worldwide. Of these charges, approximately $36 million was related to severance costs from elimination of approximately 1,000 positions, $15 million represented restricted stock awards that related to the Fisher-Price integration, $14 million for termination of various distribution and lease agreements, $4 million for the writedown of fixed assets to their net realizable value in connection with the elimination of excess manufacturing capacity, and other costs of $3 million. After related tax effects, the net $46.8 million charge impacted 1994 earnings by $0.17 per share.

In connection with its merger with Fisher-Price, the Company recognized a one-time charge of $115.0 million, pre-tax, in the 1993 fourth quarter. After related tax effects, the net $90.4 million charge impacted 1993 earnings by $0.34 per share. As of December 31, 1994, the integration and restructuring activity provided for by the 1993 charge was substantially complete and amounts previously accrued had been paid. The cost savings realized by the Company as a result of the consolidation of facilities and related staff reductions were comparable to the anticipated $45 million, and the type and amount of charges actually incurred approximated the amounts included in the provision.

The 1993 fourth quarter included an extraordinary net-of-tax charge of $14.7 million or $0.05 per share resulting from prepayment of Fisher-Price's 10.69% term loan.

INCOME TAXES

The effective income tax rates for 1995 and 1994 were 33.0% and 35.0%, respectively. The decrease in the effective rate for 1995 resulted from increased taxable income earned in locations with relatively lower rates.

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, which replaced Statement No. 96. Upon adoption, a deferred income tax asset of $69.0 million was recorded, of which $16.0 million related to postquasi-reorganization net operating losses carried forward, and $53.0 million related principally to future tax deductions, and foreign tax credit and alternative minimum tax credit carryovers resulting from activities prior to the 1987 quasi-reorganization. The benefit of $16.0 million (or $0.06 per share in the 1993 first quarter) was recognized in after-tax earnings as the cumulative effect of a change in accounting principle. The remaining $53.0 million was credited to additional paid-in capital in accordance with the required accounting treatment for transactions resulting from activities prior to the quasi-reorganization.

FINANCIAL POSITION

The Company's financial position remained strong in 1995 primarily due to its profitable operating results. At December 31, 1995, the Company's cash position, including marketable securities, was $483.5 million, compared to $259.7 million as of the prior year. The higher balance was due to the issuance of $139.5 million of Medium-Term Notes during 1995 and cash generated from increased profitability. The Company's working capital increased to $843.1 million.

Accounts receivable decreased $82.7 million over the prior year level primarily due to the sale of certain trade receivables, partially offset by higher current year sales volume. Inventory balances increased slightly to $350.8 million.

The Company's capitalization is as follows:

As of Year End

(In millions)	1995		1994	
6-7/8% Senior Notes	$ 99.8	5%	$ 99.6	7%
6-3/4% Senior Notes	100.0	6	100.0	7
Medium-Term Notes	220.0	12	110.5	7
Other long-term debt obligations	61.1	3	64.9	4
Total long-term debt	480.9	26	375.0	25
Other long-term liabilities	91.7	5	82.5	5
Shareholders' equity	1,275.2	69	1,085.7	70
	$1,847.8	100%	$1,543.2	100%

Total long-term debt increased $105.9 million mainly due to the issuance of Medium-Term Notes. Future long-term capital needs are expected to be satisfied through the retention of corporate earnings and the issuance of long-term debt instruments. In February of 1996, the Company filed a universal shelf registration statement which, when effective, will allow for the issuance of up to $350.0 million of debt and equity securities. Shareholders' equity increased $189.5 million over 1994, reflecting profitable operating results for the current year and $40.8 million for activity related to employee stock compensation plans. These increases were partially offset by the (i) $73.9 million repurchase of Series F Preference Stock from the International Games, Inc. ("IGI") Employee Stock Ownership Plan ("ESOP"), (ii) treasury stock purchases of $64.3 million and (iii) dividend declarations on common and preference stock totaling $53.6 million.

LIQUIDITY

The primary sources of liquidity for the Company over the last three years have been cash on hand at the beginning of the year, cash flows generated from operations, long-term debt issuances and short-term seasonal borrowings. Operating activities generated cash flows of $405.5 million during 1995, compared to $346.6 million and $306.7 million in 1994 and 1993, respectively.

Principal investing activities during 1995, 1994, and 1993 included additions of tooling, property and equipment at various manufacturing and office facilities, as well as additional investing in the construction of new manufacturing plants. Investing activities during 1995 and 1994 included expenditures for acquired businesses. In 1995, investing activities also included construction on a new design facility for Fisher-Price.

Financing activities provided intermediate- and long-term funds through the issuance of Medium-Term Notes in both 1995 and 1994, and the 6-3/4% Senior Notes in 1993, which were utilized by the Company to retire higher-cost debt and for general corporate purposes. In 1995, all shares of Series F Preference Stock and common stock were repurchased from the IGI ESOP. In 1994, the Company retired Fisher-Price's 10.69% term loan. Cash outlays for treasury stock were made over the three-year period primarily to purchase shares for issuance under the Company's employee stock option plans and for conversions of convertible securities. The Company has consistently increased cash payments for common dividends over the three-year period as a result of stock splits distributed to common shareholders.

SHORT-TERM FINANCING

The Company's seasonal cash flow requirements for the coming year are expected to be met by cash on hand as of December 31, 1995, cash generated by 1996 operations, and short-term credit lines provided by domestic and foreign banks. Under the Company's domestic credit line, unsecured facilities provide a total of $800.0 million in seasonal financing from a commercial bank group. The facilities provide for up to $400.0 million in advances and backup for commercial paper issuances (a five-year facility), and up to an additional $400.0 million (a five-year facility) for nonrecourse purchases of certain trade accounts receivable by the bank group. In connection with the domestic credit line, the Company is to comply with certain financial covenants for consolidated debt-to-capital, interest coverage and tangible net worth levels.

In addition, the Company expects to have available approximately $328 million of individual short-term international credit lines with a number of banks, which customarily are extended as needed to meet seasonal working capital requirements of certain international affiliates.

ACQUISITIONS
- ------------
On May 31, 1994, the Company acquired substantially all of the business assets and assumed the associated debts and liabilities of Kransco, a San Francisco-based designer, manufacturer and marketer of brand name recreational and sporting products for $274.6 million in cash, including costs directly related to the acquisition and the repayment of $20.0 million of Kransco's short-term borrowings. The asset purchase agreement also provided for future contingent consideration in the event that net sales of the POWER WHEELS product line reached or exceeded certain levels in each of calendar years 1994, 1995 and 1996. Under the agreement, the contingent consideration payable with respect to any year shall not exceed $8.6 million. During 1995, $8.6 million of consideration was paid related to the 1994 sales, and an additional $8.6 million was accrued, which resulted in an increase of $17.2 million to the initial goodwill.

In July 1994, the Company acquired a majority of the shares of Spear, a company organized in the United Kingdom, that holds the rights to SCRABBLE in markets outside of the United States and Canada, and certain other games worldwide. The aggregate purchase price, including related acquisition costs, denominated in pounds sterling, was approximately $100 million.

On November 30, 1993, the Company completed a merger transaction, accounted for as a pooling of interests, with Fisher-Price, a manufacturer and marketer of infant and preschool toys and juvenile products. The merger, valued on the merger's effective date at $1.19 billion, was effected by the exchange of 2.490 shares (1.275 shares prior to stock splits) of Mattel common stock for each outstanding Fisher-Price common share. Financial information for periods preceding the merger were retroactively restated to reflect the combined operations of the companies.

LITIGATION
- ----------
The Company is involved in various litigation and other legal matters, including claims related to product liability and environmental cleanup, which are being addressed or defended in the ordinary course of business. Management believes that any liability which may potentially result upon resolution of such matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

COMMITMENTS
- -----------
In the normal course of business, the Company enters into contractual arrangements for future purchases of goods and services to ensure availability and timely delivery, and to obtain and protect the Company's right to create and market certain toys. Such arrangements include commitments for future inventory purchases and royalty payments pursuant to licensing agreements. Certain of these commitments routinely contain provisions for guaranteed or minimum expenditures during the terms of the contracts.

As of December 31, 1995, the Company had outstanding commitments for 1996 purchases of inventory of approximately $101 million. Licensing and similar agreements with terms extending through the year 2002 contain provisions for future guaranteed minimum payments aggregating approximately $283 million.

FOREIGN CURRENCY CONTRACTS
- --------------------------
The Company enters into foreign currency forward exchange contracts and swap agreements primarily as hedges of inventory purchases, sales and other intercompany transactions denominated in foreign currencies to limit the effect of exchange rate fluctuations on the Company's results of operations and cash flows. As of December 31, 1995 and 1994, the Company and its international affiliates had outstanding forward exchange contracts totaling $689.2 million and $322.7 million, respectively, and swap agreements totaling $195.4 million and $189.9 million, respectively.

Market risk exposures exist with respect to foreign currency forward exchange contracts to the extent that currency fluctuations cannot be predicted with certainty. The Company seeks to mitigate its exposure to market risk through determining its future foreign currency positions and hedge requirements, retaining flexibility with respect to currencies used for international borrowing arrangements and intercompany invoicing, and varying the degree of coverage of individual foreign currency exposures, which may alternatively be left open, partially or fully hedged. By policy, the Company maintains hedge coverages between minimum and maximum percentages of its anticipated foreign currency exposures for any given year.

In order to minimize the risk of counterparty non-performance, the Company executes its foreign currency forward exchange contracts and swap agreements with financial institutions believed to be credit-worthy, generally those that provide the Company with its working capital lines of credit. The Company does not trade in financial instruments nor does it enter into contracts for speculative purposes.

EFFECTS OF INFLATION

Inflation rates in the United States and in major foreign countries in which the Company operates have not had a significant impact on the Company's operating results for the three years ended December 31, 1995. The US Consumer Price Index increased 2.5% in 1995, and 2.7% in both 1994 and 1993.

CONSOLIDATED BALANCE SHEETS

Mattel, Inc. and Subsidiaries

(In thousands)	December 31, 1995	December 31, 1994
ASSETS		
Current Assets		
Cash	$ 466,082	$ 239,100
Marketable securities	17,375	20,581
Accounts receivable, less allowances of $10,788 at December 31, 1995 and $16,100 at December 31, 1994	679,283	762,024
Inventories	350,841	339,143
Prepaid expenses and other current assets	177,238	182,675
Total current assets	1,690,819	1,543,523
Property, Plant and Equipment		
Land	25,724	22,577
Buildings	192,323	172,310
Machinery and equipment	354,469	289,796
Capitalized leases	24,271	38,468
Leasehold improvements	51,629	46,512
	648,416	569,663
Less: accumulated depreciation	265,885	248,666
	382,531	320,997
Tools, dies and molds, net	116,783	94,924
Property, plant and equipment, net	499,314	415,921
Other Noncurrent Assets		
Intangible assets, net	422,796	432,232
Sundry assets	82,580	67,350
	$2,695,509	$2,459,026

The accompanying notes are an integral part of these statements.

(In thousands, except share data)	December 31, 1995	December 31, 1994
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable	$ 15,520	$ -
Current portion of long-term liabilities	33,215	3,095
Accounts payable	250,401	295,246
Accrued liabilities	410,362	453,146
Income taxes payable	138,183	164,394
Total current liabilities	847,681	915,881
Long-Term Liabilities		
6-7/8% Senior Notes	99,752	99,604
6-3/4% Senior Notes	100,000	100,000
Medium-Term Notes	220,000	110,500
Mortgage note	44,585	45,000
Other	108,322	102,351
Total long-term liabilities	572,659	457,455

Shareholders' Equity		
Preference stock	-	9
Common stock $1.00 par value, 300.0 million shares authorized; 279.1 million shares issued with 275.5 million shares outstanding for 1995 and 279.1 million shares issued with 276.1 million shares outstanding for 1994 (a)	279,058	223,264
Additional paid-in capital	103,512	234,913
Treasury stock at cost; 3.6 million shares for 1995 and 3.0 million shares for 1994 (a)	(75,574)	(53,812)
Retained earnings (b)	1,041,735	737,528
Currency translation and other adjustments (b)	(73,562)	(56,212)
Total shareholders' equity	1,275,169	1,085,690
	$2,695,509	$2,459,026

Commitments and Contingencies (See accompanying notes.)

(a) Share data for 1995 and 1994 have been restated for the effects of the five-for-four stock split declared in February 1996.
(b) Since December 26, 1987 (Note 1).

CONSOLIDATED STATEMENTS OF INCOME

Mattel, Inc. and Subsidiaries

(In thousands, except per share amounts)	For the Year 1995	1994	1993
Net Sales	$3,638,812	$3,205,025	$2,704,448
Cost of sales	1,849,650	1,603,522	1,378,181
Gross Profit	1,789,162	1,601,503	1,326,267
Advertising and promotion expenses	584,497	516,485	426,698
Other selling and administrative expenses	603,061	536,443	473,394
Restructuring and integration charges	-	72,000	115,000
Interest expense	73,589	55,449	62,614
Other (income) expense, net	(4,887)	27,494	11,915
Income Before Income Taxes, Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	532,902	393,632	236,646
Provision for income taxes	175,100	137,800	100,735
Income Before Extraordinary Item and Cumulative Effect of Changes in Accounting Principles	357,802	255,832	135,911
Extraordinary item - loss on early retirement of debt	-	-	(14,681)
Income Before Cumulative Effect of Changes in Accounting Principles	357,802	255,832	121,230
Cumulative effect of changes in accounting principles	-	-	(4,022)
Net Income	357,802	255,832	117,208
Preference stock dividend requirements	3,342	4,689	4,894
Net Income Applicable to Common Shares	$ 354,460	$ 251,143	$ 112,314
Income Per Common and Common Equivalent Share			
Income before extraordinary item and cumulative effect of changes in accounting principles	$ 1.26	$ 0.90	$ 0.49
Extraordinary item - loss on early retirement of debt	-	-	(0.05)
Cumulative effect of changes in accounting principles	-	-	(0.02)
Net income	$ 1.26	$ 0.90	$ 0.42

Average number of common and common equivalent shares	281,015	279,923	267,472
Dividends Declared Per Common Share	$ 0.19	$ 0.15	$ 0.12

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Mattel, Inc. and Subsidiaries

(In thousands)	For the Year 1995	1994	1993
Cash Flows From Operating Activities:			
Net income	$ 357,802	$ 255,832	$117,208
Adjustments to reconcile net income to net cash flows from operating activities:			
Gain on sale of business	(9,142)	-	-
Depreciation and amortization	132,984	124,272	91,970
Provision for deferred compensation	7,919	14,918	5,957
Loss on early retirement of debt, net of tax	-	-	14,681
Cumulative effect of changes in accounting principles, net of tax	-	-	4,022
Provision for lease termination, net	-	-	(41,120)
Decrease (increase) in accounts receivable	70,509	(155,265)	(55,525)
(Increase) decrease in inventories	(15,279)	(74,148)	11,842
Decrease (increase) in prepaid expenses and other current assets	3,400	(38,626)	7,319
(Decrease) increase in accounts payable, accrued liabilities and income taxes payable	(142,948)	215,403	161,818
Other, net	247	4,166	(11,474)
Net cash flows from operating activities	405,492	346,552	306,698
Cash Flows From Investing Activities:			
Purchases of tools, dies and molds	(89,730)	(75,285)	(60,809)
Purchases of other property, plant and equipment	(117,155)	(88,097)	(40,060)
Purchases of marketable securities	(29,154)	(29,032)	(28,616)
Proceeds from sales of other property, plant and equipment	10,903	12,221	12,459
Proceeds from sales of marketable securities	32,237	25,637	25,581
Proceeds from sale of business	21,129	-	-
Investments in acquired businesses	(8,625)	(374,965)	-
Other, net	318	(89)	(713)
Net cash flows used for investing activities	(180,077)	(529,610)	(92,158)
Cash Flows From Financing Activities:			
Notes payable, net	18,637	(5,966)	(14,135)
Issuance of Medium-Term Notes	139,500	110,500	-
Long-term foreign borrowing	(2,572)	(4,337)	(31,262)
Redemption of Fisher-Price term loan	-	(120,629)	-
Issuance of 6-3/4% Senior Notes	-	-	100,000
Tax benefit of employee stock options exercised	8,500	23,923	4,431
Exercise of stock options and warrants	24,353	39,209	8,012
Purchase of treasury stock	(64,284)	(80,885)	(52,558)
Repurchase of Series F Preference Stock	(73,866)	-	-
Dividends paid on common and preference stock	(50,963)	(47,840)	(30,476)
Payment for tendered Fisher-Price warrants	-	(4,891)	-
Other, net	578	4,863	(381)
Net cash flows used for financing activities	(117)	(86,053)	(16,369)
Effect of Exchange Rate Changes on Cash	1,684	2,098	(5,751)
Increase (Decrease) in Cash	226,982	(267,013)	192,420
Cash at Beginning of Year	239,100	506,113	313,693
Cash at End of Year	$ 466,082	$ 239,100	$506,113

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Mattel, Inc. and Subsidiaries

(In thousands)	Preference Stock	Common Stock	Additional Paid-In Capital	Treasury Stock
Balance, December 31, 1992	$9	$137,360	$247,727	$(43,098)
Net income				
Five-for-four stock split		34,343	(34,781)	
Purchase of treasury stock				(52,558)
Conversion of 8% debentures			(9,540)	33,876
Restricted stock activity		688	13,308	
Amortization of deferred compensation				
Exercise of stock options		79	6,494	
Issuance of treasury stock			(8,560)	14,430
Dividends declared on common stock				
Dividends declared on preference stock				
Cumulative effect of change in accounting principle			53,000	
Termination of pre-quasi lease commitment			(41,120)	
Collection of ESOP note receivable				
Currency translation and other adjustments				
Balance, December 31, 1993	9	172,470	226,528	(47,350)
Net income				
Five-for-four stock split		44,653	(44,653)	
Purchase of treasury stock				(80,885)
Conversion of 8% debentures		5,897	67,549	
Restricted stock activity			1,915	
Exercise of stock options		244	26,496	
Issuance of treasury stock			(38,031)	74,423
Payment for tendered Fisher-Price warrants			(4,891)	
Dividends declared on common stock				
Dividends declared on preference stock				
Collection of ESOP note receivable				
Currency translation and other adjustments				
Balance, December 31, 1994	9	223,264	234,913	(53,812)
Net income				
Five-for-four stock split		55,794	(55,794)	
Purchase of treasury stock				(64,284)
Repurchase of Series F Preference Stock	(9)		(73,857)	
Restricted stock activity			7,919	
Exercise of stock options			8,500	
Issuance of treasury stock			(18,169)	42,522
Dividends declared on common stock				
Dividends declared on preference stock				
Currency translation and other adjustments				
Balance, December 31, 1995	$-	$279,058	$103,512	$(75,574)

The accompanying notes are an integral part of these statements.

(In thousands)	Retained Earnings	ESOP Note Receivable	Deferred Compensation	Currency Translation and Other Adjustments	Total Shareholders' Equity
Balance, December 31, 1992	$ 448,600	$(8,420)	$ (5,650)	$(28,172)	$ 748,356
Net income	117,208				117,208
Five-for-four stock split					(438)
Purchase of treasury stock					(52,558)
Conversion of 8% debentures					24,336
Restricted stock activity			(13,310)		686
Amortization of deferred compensation			5,957		5,957
Exercise of stock options					6,573
Issuance of treasury stock					5,870
Dividends declared on common stock	(28,911)				(28,911)
Dividends declared on preference stock	(4,894)				(4,894)
Cumulative effect of change in accounting principle					53,000
Termination of pre-quasi lease commitment					(41,120)
Collection of ESOP note receivable		4,920			4,920
Currency translation and other adjustments				(21,176)	(21,176)

Balance, December 31, 1993	532,003	(3,500)	(13,003)	(49,348)	817,809
Net income	255,832				255,832
Five-for-four stock split					-
Purchase of treasury stock					(80,885)
Conversion of 8% debentures					73,446
Restricted stock activity			13,003		14,918
Exercise of stock options					26,740
Issuance of treasury stock					36,392
Payment for tendered Fisher-Price warrants					(4,891)
Dividends declared on common stock	(45,618)				(45,618)
Dividends declared on preference stock	(4,689)				(4,689)
Collection of ESOP note receivable		3,500			3,500
Currency translation and other adjustments				(6,864)	(6,864)
Balance, December 31, 1994	737,528	-	-	(56,212)	1,085,690
Net income	357,802				357,802
Five-for-four stock split					-
Purchase of treasury stock					(64,284)
Repurchase of Series F Preference Stock					(73,866)
Restricted stock activity					7,919
Exercise of stock options					8,500
Issuance of treasury stock					24,353
Dividends declared on common stock	(50,253)				(50,253)
Dividends declared on preference stock	(3,342)				(3,342)
Currency translation and other adjustments				(17,350)	(17,350)
Balance, December 31, 1995	$1,041,735	$ -	$ -	$(73,562)	$1,275,169

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mattel, Inc. and Subsidiaries

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Preparation

The consolidated financial statements include the accounts of Mattel, Inc. and its subsidiaries (the "Company"). All significant intercompany accounts and transactions are eliminated, and certain amounts in the financial statements for prior years have been reclassified to conform with the current year presentation. Financial data for 1993 reflects the retroactive effects of the merger, accounted for as a pooling of interests, with Fisher-Price, Inc. ("Fisher-Price") consummated in November 1993.

Preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated at end-of-period rates of exchange. Income, expense and cash flows are translated at weighted-average rates of exchange for the period. The resulting currency translation adjustments are accumulated and reported as a component of shareholders' equity.

Quasi-Reorganization

Effective December 26, 1987, the Company implemented a quasi-reorganization and revalued its assets and liabilities to their fair values as of that date. The $69.0 million net effect of these adjustments was credited to additional paid-in capital. Additionally, as of December 26, 1987, accumulated deficits of $256.0 million and cumulative currency translation adjustments of $32.7 million were transferred to additional paid-in capital.

Cash

Cash includes cash equivalents, which are highly liquid investments with maturities of three months or less when purchased. Because of the short maturities of these instruments, the carrying amount is a reasonable estimate of fair value.

Marketable Securities

Marketable securities, comprised principally of US dollar-denominated foreign debt securities held for liquidity purposes, are stated at market value and classified as securities available-for-sale. Unrealized gains or losses are reported as a component of shareholders' equity until realized. Quoted market prices, which approximated cost as of the balance sheet dates, are reasonable estimates of the portfolio's fair value.
of the portfolio's fair value.

Inventories

Inventories, net of an allowance for excess quantities and obsolescence, are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over estimated useful lives of 15 to 40 years for buildings, 3 to 10 years for machinery and equipment, and 10 to 20 years, not to exceed the lease term, for leasehold improvements. Tools, dies and molds are amortized using the straight-line method over three years.

Capitalized lease assets in existence at the time of the quasi-reorganization are recorded at their fair values determined as of December 26, 1987, less accumulated amortization computed over the remaining lease terms. Major categories of capitalized leases are as follows (in thousands):

	As of Year End 1995	As of Year End 1994
Land and buildings	$23,271	$37,208
Machinery and equipment	1,000	1,260
	24,271	38,468
Less: accumulated amortization	14,078	18,607
	$10,193	$19,861

Intangible Assets, Net

Intangible assets consist of the excess of purchase price over the fair value of net assets acquired in purchase acquisitions, and the costs of acquired patents and trademarks. Intangible assets are amortized using the straight-line method over periods ranging from 10 to 20 years. The Company periodically reviews the carrying value of its intangible assets to identify and assess any impairment by evaluating the operating performance and future undiscounted cash flows of the underlying assets. Accumulated amortization was $99.6 million and $74.0 million as of December 31, 1995 and December 31, 1994, respectively.

Advertising Costs

Production costs of advertising are expensed at the time the advertising initially takes place.

Income Taxes

Deferred income tax assets and liabilities are determined in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS No. 109"), and result from revenues and expenses being recognized in different time periods for financial reporting purposes than for income tax purposes. Under SFAS No. 109, deferred income taxes arise from temporary differences and carryforwards which are tax-effected at the enacted tax rates and subsequently adjusted for changes in tax laws and rates. Deferred income tax assets and liabilities are classified as current or noncurrent based upon the financial reporting classification of assets and liabilities to which they relate. A valuation allowance is established if it is more likely than not that some portion or all of a deferred income tax asset will not be realized. Effective January 1, 1993, the Company adopted SFAS No. 109, the effects of which are covered in detail in Note 2 to the consolidated financial statements.

Income and Dividends Per Common Share

All share and per share data presented in these financial statements reflect the retroactive effect of the Fisher-Price merger and the five-for-four stock splits distributed in March 1996, and January 1995 and 1994.

Income per common share is computed by dividing earnings available to common shareholders by the average number of common and common equivalent shares outstanding during each period. Weighted-average share computations assume the exercise of dilutive stock options and warrants, reduced by the number of shares which could be repurchased at average market prices with proceeds from exercise. Earnings available to common shareholders represent reported net income less preference stock dividend requirements, plus interest savings from the assumed retirement of debt upon exercise of dilutive warrants.

Foreign Currency Contracts

The Company enters into foreign currency forward exchange contracts and swap agreements as hedges to limit the effect of exchange rate fluctuations on the Company's results of operations and cash flows. Gains and losses related to hedged transactions are deferred and are recognized in results of operations as part of the underlying transaction while those related to unhedged transactions are included in the income statement currently.

NOTE 2 - INCOME TAXES

Consolidated pre-tax income before extraordinary item and cumulative effect of changes in accounting principles consists of the following (in thousands):

	For the Year		
	1995	1994	1993
US operations	$313,703	$268,817	$127,937
Foreign operations	219,199	124,815	108,709
	$532,902	$393,632	$236,646

The provision for current and deferred income tax expense consists of the following (in thousands):

	For the Year		
	1995	1994	1993
Current			
Federal	$ 84,800	$ 76,100	$ 64,358
State	14,900	12,100	11,758
Foreign	53,600	48,200	47,884
	153,300	136,400	124,000
Deferred			
Federal	21,600	1,500	(21,841)
State	300	2,250	(3,629)
Foreign	(100)	(2,350)	(6,640)
	21,800	1,400	(32,110)
Provision excluding extraordinary item	175,100	137,800	91,890
Benefit allocated to extraordinary item	-	-	8,845
Total provision for income taxes	$175,100	$137,800	$100,735

Deferred income taxes are provided principally for certain reserves, depreciation, employee compensation-related expenses and certain other expenses that are recognized in different years for financial statement and income tax purposes. The Company's deferred income tax assets (liabilities) were comprised of the following (in thousands):

	As of Year End	
	1995	1994
Deferred compensation	$ 20,732	$ 11,588
Sales allowances and inventory reserves	58,060	55,826
Operating loss and tax credit carryovers	22,239	26,448
Excess of tax basis over book basis	14,098	9,483
Postretirement benefits	12,840	12,554
Restructuring and integration charges	6,193	36,085
Other	26,062	29,668
Gross deferred income tax assets	160,224	181,652
Excess of book basis over tax basis	(14,636)	(14,230)
Depreciation	(5,245)	(816)
Retirement benefits	(8,905)	(7,298)
Other	(6,327)	(11,001)
Gross deferred income tax liabilities	(35,113)	(33,345)
Deferred income tax asset valuation allowances	(28,754)	(33,044)
Net deferred income tax assets	$ 96,357	$115,263

Differences between the provision for income tax expense at the United States federal statutory income tax rate and the provision in the consolidated statements of income were as follows (in thousands):

	For the Year		
	1995	1994	1993
Provision at federal statutory rates	$ 186,516	$ 137,771	$ 82,812
Increase (decrease) resulting from:			
Losses without income tax benefit	4,252	1,160	2,436
Foreign earnings taxed at different rates, including withholding taxes	(27,464)	(12,029)	(1,827)
Tax benefit of future deductions	-	-	(994)
State and local taxes, net of federal benefit	10,603	9,327	5,417
Dividends paid to ESOP	(1,170)	(1,600)	(1,500)
Nondeductible restructuring costs	-	-	13,599
Other	2,363	3,171	792
Total provision	$ 175,100	$ 137,800	$100,735

Appropriate US and foreign income taxes have been provided for earnings of foreign subsidiary companies that are expected to be remitted in the near future. The cumulative amount of undistributed earnings of foreign subsidiaries which the Company intends to permanently invest and upon which no deferred US income taxes have been provided is $468.5 million at December 31, 1995. The additional US income tax on the unremitted foreign earnings, if repatriated, would be offset in whole or in part by foreign tax credits. Foreign withholding taxes of $19.5 million would be due upon remittance of these earnings.

Certain foreign subsidiaries have net operating loss carryforwards totaling $55.4 million ($1.7 million with no expiration date, $45.1 million expiring 1996 to 2000, and $8.6 million expiring after 2000).

Generally accepted accounting principles require that tax benefits related to the exercise by employees of nonqualified stock options be credited to additional paid-in capital. In 1995, 1994 and 1993, nonqualified stock options exercised resulted in credits to additional paid-in capital totaling $8.5 million, $23.9 million and $4.4 million, respectively.

The Internal Revenue Service has completed its examination of the Company's federal income tax returns through December 31, 1991.

Effective January 1, 1993, the Company adopted SFAS No. 109. Upon adoption, a net deferred income tax asset of $69.0 million was recorded, of which $16.0 million related to postquasi-reorganization net operating losses carried forward, and $53.0 million related principally to future tax deductions, and foreign tax credit and alternative minimum tax credit carryovers resulting from activities prior to the 1987 quasi-reorganization. The benefit of $16.0 million (or $0.06 per share in the 1993 first quarter) was recognized in after-tax earnings as the cumulative effect of a change in accounting principle; the remaining $53.0 million was credited to additional paid-in capital in accordance with the required accounting treatment for transactions resulting from activities prior to the 1987 quasi-reorganization.

NOTE 3 - EMPLOYEE BENEFITS

The Company and certain of its subsidiaries have various pension and retirement plans covering substantially all employees of these companies. Expense related to these plans totaled $16.1 million, $14.6 million and $10.0 million in 1995, 1994 and 1993, respectively. Prior to the November 1993 merger, Fisher-Price maintained a number of benefit plans and compensation arrangements. Subject to certain exceptions, these programs shall continue to be administered by Fisher-Price without material change or modification for periods up to five years following the merger.

Pension Plans

The Company provides defined benefit pension plans covering certain of its domestic and foreign employees. Plan benefits are based upon covered employees' length of service and earnings. Pension costs are actuarially determined and plans are generally funded to meet benefit obligations existing as of the end of each year. Contributions are based upon amounts required to be funded under applicable governmental regulations, but will not exceed the maximum amount deductible for income tax purposes. Assets of these plans are invested in equity securities, as well as corporate, government and other fixed-income investments. With the exception of the Fisher-Price Pension Plan, activity related to the Company's pension plans, including those of foreign affiliates, was not significant during any year.

The Fisher-Price Pension Plan, a defined benefit plan covering most of the domestic employees of Fisher-Price, contains certain change-of-control provisions which were triggered as a result of the November 1993 merger. For a five-year period, or until the assets of the plan are less than its liabilities, if earlier, the rate at which benefits accrue on behalf of participants may not be decreased. In the event of the plan's termination or consolidation

with another plan, assets in excess of liabilities must be used to increase participants' benefits. The components of net pension cost for this plan, based upon an October valuation date for the years ended December 31, 1995, 1994 and 1993, are detailed below (in thousands):

	For the Period Ended		
	1995	1994	1993
Service cost	$ 2,547	$ 3,562	$ 2,928
Interest cost	7,924	7,646	6,801
Actual (gain) loss on plan assets	(30,650)	1,038	(9,267)
Net amortization and deferral	16,881	(14,221)	(2,261)
Net pension income	$ (3,298)	$ (1,975)	$(1,799)

Reconciliation of the funded status of Fisher-Price's domestic pension plan to the related prepaid asset included in the consolidated balance sheets are as follows (in thousands):

	As of Year End	
	1995	1994
Vested benefits	$115,573	$ 85,510
Nonvested benefits	3,126	3,643
Accumulated benefit obligation	118,699	89,153
Effect of projected future salary		

increases	4,862	3,923
Projected benefit obligation	123,561	93,076
Plan assets at fair value	144,718	117,866
Plan assets in excess of projected benefit obligation	21,157	24,790
Unrecognized net loss (gain)	3,769	(1,424)
Unrecognized prior service cost	2,055	2,886
Unrecognized net asset at transition	(8,992)	(11,561)
Prepaid pension asset	$ 17,989	$ 14,691

	For the Period		
	1995	1994	1993
Assumptions:			
Weighted average discount rate	7.25%	8.50%	7.00%
Rate of future compensation increases	4.00%	4.00%	4.00%
Long-term rate of return on plan assets	10.00%	10.00%	10.00%

Other Retirement Plans

Domestic employees not covered by collective bargaining agreements are eligible to participate in the Company's 401(k) savings plans, which are defined contribution plans satisfying the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Under these plans, the Company makes contributions to a trust based upon the employee's age, as well as matches percentages of certain amounts of voluntary employee contributions. Mattel's Personal Investment Plan covers employees of Mattel, Inc., and the Fisher-Price, Inc. Matching Savings Plan covers employees of Fisher-Price. On June 30, 1994, the Fisher-Price Profit Sharing and Retirement Savings Plan was merged and all its assets were transferred into the Fisher-Price, Inc. Matching Savings Plan.

The Company maintains unfunded supplemental retirement plans which are nonqualified defined benefit plans covering certain key executives of Mattel, Inc. and its subsidiaries. In addition, compensation deferral and excess benefit plans exist for certain officers and key employees of both Mattel, Inc. and Fisher-Price, Inc. For 1995, 1994 and 1993, the accumulated and vested benefit obligations and related expense of these plans were not significant.

Employee Stock Ownership Plan

In January 1987, an ESOP was established for employees of IGI. The ESOP is a defined contribution plan satisfying the requirements of ERISA. In connection with the February 1992 merger, IGI convertible preferred stock held by the ESOP was exchanged for 55.8 thousand shares of the Company's common stock and 864.3 thousand shares of the Company's 12.5% Convertible Preference Stock, Series F. The ESOP debt was repaid in August 1994 through a series of dividend and cash contributions paid by the Company to service the debt. On October 20, 1995, the Company repurchased all shares of Series F and common stock from the ESOP for a total of $75.1 million. The Company intends to terminate the ESOP and has received a determination letter from the IRS permitting termination.

Postretirement Benefits

The Company maintains a postretirement benefit plan for domestic employees of Mattel. The plan provides for health care to retirees meeting certain age and years of service requirements, and consists primarily of medical and prescription benefits, Medicare Part B reimbursement and life insurance. The ongoing costs and obligations associated with the Mattel, Inc. plan are not significant to the Company's financial position and results of operations.

Fisher-Price has a postretirement health insurance plan covering substantially all domestic employees hired prior to January 1, 1993. Existing retirees, employees who elected to retire before January 1, 1994 and employees whose age-plus-service was equal to 70 years by December 31, 1993 may continue to participate, for their lifetime, in the Fisher-Price group health insurance plan at the same contribution rate as active employees. All other active employees who do not satisfy the criteria outlined above participate in a retiree medical account balance plan. An account was established, as of January 1, 1993, for each eligible employee, with a balance equal to $865 for each year of service, including past service, up to a maximum of 25 years. The account balance will become available upon a participant's retirement at age 55 or anytime thereafter with five years of service, and may be used to purchase benefits through the Fisher-Price health care insurance plan or through an outside insurance provider, and to pay for health care expenses not reimbursed by insurance or Medicare. If an employee terminates employment prior to satisfying the retirement criteria, the account balance is forfeited and no benefits are paid.

Details of the plan's expense recognized in the consolidated financial statements for the years ended December 31, 1995, 1994 and 1993 are as follows (in thousands):

	For the Year		
	1995	1994	1993
Service cost	$ 432	$ 511	$ 475
Interest cost	2,539	1,826	1,999
Recognition of transition obligation	-	-	29,357
Net postretirement benefit cost	$2,971	$2,337	$31,831

The funded status of the plan and the amounts included in the Company's consolidated balance sheets are as follows (in thousands):

	As of Year End	
	1995	1994
Current retirees	$28,418	$19,011
Fully eligible active employees	2,502	5,078
Other active employees	4,305	6,659
Accumulated postretirement benefit obligation	35,225	30,748
Unrecognized net loss	(3,687)	(21)
Accrued postretirement benefit liability	$31,538	$30,727

The discount rates used in determining the accumulated postretirement benefit obligation were 7.25%, 8.50% and 7.00% for 1995, 1994 and 1993, respectively. For participants below 65 years of age, the health care cost trend rate for expected claim costs was assumed to be 7.0% in 1995, declining to 5.5% by 1997 and remaining constant thereafter. For participants 65 years of age or older, the health care cost trend rate for expected claim costs was assumed to be 6.0% in 1995, declining to 5.5% by 1996 and remaining constant thereafter. A one percentage point increase in the assumed health care cost trend rate for each future year would have increased the aggregate of service and interest cost for 1995 by approximately $0.3 million and increased the accumulated postretirement benefit obligation as of December 31, 1995 by approximately $4 million.

In the first quarter of 1993, the Company adopted Statement of Financial Accounting Standards No. 106, _Employers' Accounting for Postretirement Benefits Other Than Pensions_ ("SFAS No. 106"), with immediate recognition of an actuarially-determined accumulated postretirement benefit obligation of $2.3 million for the Mattel, Inc. plan. The related charge of $1.4 million, after deferred income tax benefits of $0.9 million, was recognized in earnings as the cumulative effect of a change in accounting principle. Upon consummation of the November 1993 merger, Fisher-Price's accounting methodology was conformed to that of the Company, and accordingly, a related $18.6 million charge, net of deferred income tax benefits of $10.7 million, was recognized in earnings as the cumulative effect of a change in accounting principle retroactively as of the 1993 first quarter.

Incentive Awards

The Company's Long-Term Incentive Plan is a variable compensation plan available to certain key executives of Mattel, Inc. Awards are paid annually based upon the performance of the Company over a three-year period. Pursuant to the Company's 1990 stock option plan, stock appreciation rights ("SAR") had been awarded in 1991 to certain key executives of Mattel, Inc. In February 1994, the value of the SARs was capped, and they were canceled in exchange for awards consisting of nonqualified stock options and cash, contingent upon the executive's continued employment by the Company. During 1995, the first of two installment payments related to the SARs of $9.5 million was paid. At December 31, 1995 and 1994, $28.7 million and $26.0 million, respectively, were accrued for awards under these plans.

The Company also has discretionary annual incentive compensation plans for officers and key employees of both Mattel, Inc. and Fisher-Price, Inc. based on the Company's performance and subject to certain approvals of the Compensation/Options Committee of the Board of Directors. At December 31, 1995 and 1994, $17.8 million and $30.4 million, respectively, were accrued for awards under these plans.

NOTE 4 - SEASONAL FINANCING AND LONG-TERM DEBT

Seasonal Financing

The Company maintains and periodically amends or replaces a revolving credit agreement with a commercial bank group that is utilized to finance the working capital requirements of its domestic and certain international operations. The agreement in effect during 1995, which was recently amended (see below), was renegotiated in the first quarter of 1995 to increase the total facility to $650.0 million from $500.0 million. Within the facility, up to $400.0 million was a standard revolving credit line available for advances and backup for commercial paper issuances (a three-year facility). Interest was charged at various rates selected by the Company not greater than the base rate charged by the agent bank, plus a commitment fee of up to .095% of the unused line available for advances. The remaining $250.0 million (a three-year facility) was available for nonrecourse purchases of certain trade accounts receivable of the Company by the commercial bank group providing the credit line. Outstanding receivables sold are reduced by collections and cannot exceed the $250.0 million at any time. The uncollected balance of receivables sold totaled $67.5

million and zero at December 31, 1995 and 1994, respectively. The agreement required the Company to comply with certain financial covenants for consolidated debt-to-capital, interest coverage and tangible net worth levels.

Effective in August 1995, the Company entered into an agreement providing for up to $100.0 million, at each specified purchase date, of nonrecourse purchases of certain trade accounts receivable of the Company by a commercial bank. The uncollected balance of receivables sold totaled $79.5 million at December 31, 1995.

To meet seasonal borrowing requirements of international operations in addition to amounts funded by proceeds of its revolving credit agreement, the Company negotiates individual financing arrangements, generally with the same groups of banks that provided credit in the prior year. International credit lines total approximately $328 million, a portion of which is used to support letters of credit. The Company expects to extend these credit lines throughout 1996 and believes available amounts will be adequate to meet its seasonal financing requirements.

Interest rates charged on the Company's working capital credit lines are adjusted on a periodic basis; therefore, the carrying amounts of such obligations are a reasonable approximation of their fair value. Information relating to the Company's domestic and international credit lines is summarized as follows (in thousands):

	For the Year		
	1995	1994	1993
Balance at end of year			
Domestic	$ -	$ -	$ -
International	15,520	-	-
Maximum amount outstanding			
Domestic	397,000	613,000	167,000
International	84,000	74,000	76,100
Average borrowing			
Domestic	221,000	271,000	45,100
International	45,000	36,000	55,100
Weighted average interest rate on average borrowing			

Domestic (computed daily)	6.0%	5.0%	3.5%
International (computed monthly)	9.5%	11.5%	8.5%

Effective in March 1996, the Company amended its revolving credit agreement. The new agreement consists of unsecured facilities providing a total of $800.0 million in seasonal financing from substantially the same group of commercial banks. The facilities provide for up to $400.0 million in advances and backup for commercial paper issuances (a five-year facility), and up to an additional $400.0 million (a five-year facility) for nonrecourse purchases of certain trade accounts receivable by the bank group. In connection with the agreement, the Company is to comply with certain financial covenants for consolidated debt-to-capital, interest coverage and tangible net worth levels.

6-7/8% Senior Notes

In August 1992, the Company issued $100.0 million aggregate principal amount of 6-7/8% Senior Notes maturing August 1, 1997. Interest is payable semiannually on the first day of February and August. At December 31, 1995 and 1994, the bid prices for the 6-7/8% Senior Notes, as provided by one of the underwriters, were $1,020.40 and $965.10, respectively, based on a par value of $1,000.00.

6-3/4% Senior Notes

In May 1993, the Company issued $100.0 million aggregate principal amount of 6-3/4% Senior Notes maturing May 15, 2000. Interest is payable semiannually on the fifteenth day of each May and November. At December 31, 1995 and 1994, the bid prices for the 6-3/4% Senior Notes, as provided by one of the underwriters, were $1,033.40 and $924.39, respectively, based on a par value of $1,000.00.

Medium-Term Notes ("MT Notes")

During the 1994 third quarter, the Company commenced a program for the issuance of up to $250.0 million in aggregate principal amount of Series A Medium-Term Notes. During the 1994 fourth quarter, the Company issued an aggregate of $80.5 million principal amount of MT Notes maturing on various dates from October 1999 to December 2004. Interest is payable semiannually at fixed rates ranging from 8.00% to 8.55% per annum on the fifteenth day of May and November. At December 31, 1995 and 1994, the bid prices for these notes ranged from $1,075.00 to $1,159.30 and $983.12 to $997.33, respectively, based on a par value of $1,000.00. The Company also issued an aggregate of $30.0 million principal amount of MT Notes maturing in January 1996, bearing interest at three-month LIBOR plus .125%, currently set at 5.8% per annum. Interest is payable quarterly on the twenty-ninth day of March, June, September and December. The principal amount of floating rate MT Notes approximates fair value since the interest rate is reset quarterly.

During 1995, an aggregate of $139.5 million principal amount of MT Notes was issued by the Company maturing on various dates from June 1998 to May 2007. Interest is payable semiannually at fixed rates ranging from 5.93% to 7.65% per annum on the fifteenth day of May and November. At December 1995, the bid prices for these notes ranged from $1,006.50 to $1,081.60, based on a par value of $1,000.00.

Mortgage Note

In 1990, the Company borrowed $45.0 million under a mortgage agreement secured by its headquarters office facility in El Segundo, California. The agreement requires monthly interest-only payments for the first 60 months of its term and monthly principal and interest payments of approximately $0.4 million thereafter, until its December 2005 maturity date. Interest is payable at 10.15% for the term of the agreement. The fair value of the mortgage note, estimated by discounting future cash flows at the interest rates currently available for debt with the same credit rating, similar terms and maturity date, was approximately $51 million and $48 million at December 31, 1995 and 1994, respectively.

Fisher-Price Term Loan

Following the merger with Fisher-Price, the Company reached an agreement with the lenders permitting prepayment of its $100.0 million of term indebtedness to insurance companies. The prepayment premium and write-off of unamortized issuance costs resulted in an extraordinary charge against earnings in the 1993 fourth quarter, net of an $8.8 million income tax benefit, of $14.7 million, or $0.05 per share.

8% Convertible Subordinated Debentures ("8% Debentures")

During the 1994 first quarter, the Company issued its Notice of Redemption to holders of the 8% Debentures. In lieu of redemption, the holders elected to convert the 8% Debentures into the Company's common stock. During the 1994 first quarter and the 1993 fourth quarter, holders tendered $75.7 million and $24.3 million, respectively, of the 8% Debentures for conversion into 9.2 million and 3.0 million common shares, respectively.

Scheduled Maturities

The aggregate amounts of long-term debt and capitalized lease obligations maturing in the next five years are as follows (in thousands):

	Senior Debt	Medium-Term Notes	Mortgage Note	Capitalized Lease Obligations	Other	Total
1996	$ -	$30,000	$500	$100	$2,400	$ 33,000
1997	100,000	-	500	100	1,000	101,600
1998	-	9,500	500	100	300	10,400
1999	-	30,000	600	100	300	31,000
2000	100,000	-	600	-	400	101,000

NOTE 5 - SHAREHOLDERS' EQUITY

Preference Share Purchase Rights

In 1992, the Board of Directors approved an extension of the Company's Preference Share Purchase Rights plan. The rights may be exercised by their holders to purchase shares of the Company's Series E Junior Participating Preference Stock upon the occurrence of certain events, including the acquisition, or announcement of intended acquisition, of 20 percent or more of Mattel's common stock by a person or group of affiliated or associated persons. The rights are subject to adjustment in the event of stock dividends, stock splits or other changes in the Company's common stock, and will expire on February 17, 2002, unless the plan is further extended or the rights are earlier redeemed or exchanged by the Company.

Preferred and Preference Stock

The Company is authorized to issue 3.0 million shares of $1.00 par value preferred stock and 20.0 million shares of $0.01 par value preference stock. No preferred shares are outstanding and the Company has no current plan to issue any such shares.

In February 1992, 1.5 million shares of $0.01 par value preference shares were designated as Series E Junior Participating Preference Stock in connection with a distribution of Preference Share Purchase Rights to the Company's common shareholders. Series E shares are issuable only when rights become exercisable under the Preference Share Purchase Rights plan (see above).

In connection with the IGI merger in February 1992, 864.3 thousand shares of $0.01 par value preference stock were designated as 12.5% Convertible Preference Stock, Series F, and issued to the IGI ESOP. On October 20, 1995, the Company repurchased all outstanding preference stock from the IGI ESOP for $73.9 million. The ESOP note receivable, which was secured by the Series F Preference Stock, was repaid in August 1994.

Stock Options

Under the Company's stock option plans, officers and other key employees may be granted nonqualified stock options, restricted stock awards and stock appreciation rights. Generally, options are exercisable contingent upon the grantees' continued employment with the Company, and in installments when permitted by the Board of Directors or its Compensation/Options Committee. As of December 31, 1995 and 1994, a total of 15.4 million shares and 13.3 million shares, respectively, of Mattel common stock were reserved for issuance under these plans.

Nonqualified stock options are granted at not less than 100 percent of the fair market value of the Company's common stock on the date of award, and generally expire within ten years from date of grant.

Restricted stock awards issued are subject to various restrictions. During the time period from the award date until the restrictions lapse, shares cannot be sold, assigned, pledged or otherwise encumbered by the recipients. As of December 31, 1995, restricted stock awards granted to Mattel executives totaled 927.7 thousand shares. The market value of these shares as of December 31, 1994 was charged to income as part of the 1994 restructuring. Any subsequent increases or decreases in market value through January 1, 1997, the end of the restriction period, are reflected in the results of operations currently. As a result, $7.9 million was charged to income in 1995.

The following is a summary of stock option information for the Company's plans during the year (options in thousands):

	Options Outstanding	
Nonqualified Plans	Number (a)	Price (a)
Outstanding at December 31, 1993	15,616	$ 1.77 to $15.30
Granted	3,803	14.56 to 17.84
Exercised	(6,126)	1.77 to 12.54
Canceled	(145)	2.42 to 14.02
Outstanding at December 31, 1994	13,148	1.84 to 17.84
Granted	4,152	16.16 to 23.90
Exercised	(2,314)	1.84 to 18.10
Canceled	(473)	3.34 to 17.90
Outstanding at December 31, 1995	14,513	$ 1.84 to $23.90
Options exercisable at:		
December 31, 1994 (b)	3,200	
December 31, 1995 (c)	5,541	

(a) Number of options and prices reflect the retroactive effect of the November 1993 Fisher-Price merger and the five-for-four stock splits distributed in March 1996, and January 1995 and 1994.
(b) Average exercise price - $11.89 per share. Expiration dates vary from November 11, 1995 to August 25, 2004.
(c) Average exercise price - $13.41 per share. Expiration dates vary from February 18, 1996 to September 18, 2005.

The Company's 1990 stock option plan provides that up to 1% of Mattel's outstanding common stock as determined on December 31 of the preceding year will be available for awards during each calendar year in which the plan is in effect. During 1995, shareholders approved an amendment to the plan that increased the amount of common stock available for award during 1994 by 1.7 million shares above the 1% limitation.

Effective with the Fisher-Price merger, all stock-based awards and benefits previously granted under the Fisher-Price Long-Term Incentive Plan of 1991 became fully vested and, if not previously exercised, converted into rights to receive equivalent shares of Mattel common stock. Accordingly, 300.5 thousand Fisher-Price restricted stock awards outstanding became fully vested; the remaining unamortized deferred compensation of $3.0 million was recognized in the fourth quarter of 1993.

Fisher-Price Stock Subscription Warrants

In connection with their term loan, Fisher-Price had issued to the lenders detachable warrants allowing them to purchase shares of Fisher-Price stock, subject to certain antidilution requirements. As of the effective date of the merger, the Company agreed to assume Fisher-Price's obligations pursuant to the provisions of the warrants.

Change-of-control provisions of the warrants allowed the holders a six-month period from the merger date to elect to receive cash in lieu of exercises for common shares. During June 1994, holders of 451.0 thousand warrants elected the cash option and received $4.9 million.

The exercise of all outstanding warrants by the holders would result in delivery of 1.2 million shares of the Company's common stock at an exercise price of approximately $4.77 per share.

Conversion of 8% Debentures

During the 1994 first quarter, holders tendered $75.7 million of the 8% Debentures for conversion into 9.2 million common shares in response to the

Company's Notice of Redemption. Holders had previously tendered $24.3 million par value of the 8% Debentures for conversion into 3.0 million common shares during the 1993 fourth quarter.

Common Stock Repurchase Plan

In May 1993, the Board of Directors expanded the stock repurchase program, initiated in May 1990, to permit the repurchase on the open market of up to 19.5 million shares over the next four years to fund the stock option plans. During 1995 and 1994, the Company purchased 2.9 million and 4.7 million shares, respectively. As discussed above, the Company repurchased, during the fourth quarter of 1995, the equivalent of 3.3 million shares of common stock in connection with its cash payment to the IGI ESOP for all outstanding shares of Series F preference stock, bringing the total shares repurchased under the program to 15.0 million.

On February 6, 1996, the Board of Directors revised the repurchase program to permit the repurchase of 8.8 million shares annually.

Shares repurchased, less 2.3 million shares reissued in 1995 and 5.7 million shares reissued in 1994, are included in treasury stock.

Dividends and Capital Transactions

On February 6, 1996, the Board of Directors declared a five-for-four stock split on the Company's common stock, distributable on March 1, 1996 to shareholders of record as of February 16, 1996. Accordingly, $55.8 million was transferred from additional paid-in capital to common stock, representing the par value of additional shares issued. Similar transfers were made between additional paid-in capital and common stock in the amounts of $44.7 million and $34.3 million, reflecting the respective declarations of five-for-four stock splits in December 1994 and November 1993.

A regular quarterly cash dividend has been declared by the Board of Directors on the Company's common stock since the second quarter of 1990.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Leases

The Company routinely enters into noncancelable lease agreements for premises and equipment used in the normal course of business. The following table shows the future minimum obligations under lease commitments in effect at December 31, 1995 (in thousands):

	Capitalized Leases	Operating Leases
1996	$ 400	$ 35,200
1997	400	27,000
1998	400	22,700
1999	400	17,200
2000	400	14,900
Thereafter	10,600	20,200
	12,600 (a)	137,200
Less: sublease commitments	-	600
	$12,600	$136,600

(a) Includes $10.0 million of imputed interest.

Rental expense under operating leases amounted to $42.8 million, $33.7 million and $33.8 million for 1995, 1994 and 1993, respectively, net of sublease income of $0.7 million, $0.7 million and $0.4 million.

In connection with the discontinuance of certain operations in 1984, the Company remained obligated for a facility lease through 1998. The Company determined in April 1993 that it would not, upon the expiration of the sublease agreements, utilize such facility and made a lease termination payment to discharge its remaining obligations to the lessor. A net charge in the amount of $41.1 million, after related tax effects of $26.9 million, for the cost of the lease termination was charged to additional paid-in capital, consistent with the treatment accorded transactions which preceded the Company's 1987 quasi-reorganization.

Commitments

In the normal course of business, the Company enters into contractual arrangements for future purchases of goods and services to ensure availability and timely delivery and to obtain and protect the Company's right to create and market certain toys. Such arrangements include commitments for future inventory purchases and royalty payments pursuant to licensing agreements. Certain of these commitments routinely contain provisions for guaranteed or minimum expenditures during the terms of the contracts.

Current and future commitments for guaranteed payments reflect the Company's focus on expanding its product lines through alliances with businesses in other industries, such as sporting goods, and television and motion picture entertainment companies. The single largest commitment involves the Company's 1991 agreements with The Walt Disney Company. An extended licensing agreement permits the Company to use the Disney name and characters on preschool and infant products through 2001 and provides for the addition of certain other Disney characters and product lines to those previously licensed to the Company. In addition, a related ten-year agreement involves the Company's participation in attractions and toy stores at three Disney theme parks and the development of theme park toys.

As of December 31, 1995, the Company had outstanding commitments for 1996 purchases of inventory of approximately $101 million. As of December 31, 1994, the Company had commitments for 1995 purchases of inventory of approximately $103 million.

Licensing and related agreements provide for terms extending from 1996 through 2002 and contain provisions for future minimum payments as shown in the following table (in thousands):

	Minimum Payments
1996	$ 51,000
1997	53,000
1998	51,000
1999	48,000
2000	39,000
Thereafter	41,000
	$283,000

Royalty expense for the years ended December 31, 1995, 1994 and 1993 was $104.4 million, $83.9 million and $69.2 million, respectively.

The Company has no significant exposure to credit risk in the event of nonperformance by any counterparty or group of counterparties to its outstanding commitments and foreign currency contracts. Market risk exposures exist with respect to foreign currency forward exchange contracts to the extent that currency fluctuations cannot be predicted with certainty. The Company seeks to mitigate its exposure to market risk through determining its future foreign currency positions and hedge requirements, retaining flexibility with respect to currencies used for international borrowing arrangements and intercompany invoicing, and varying the degree of coverage of individual foreign currency exposures, which may alternatively be left open, partially or fully hedged. By policy, the Company maintains hedge coverages between minimum and maximum percentages of its anticipated foreign currency exposures for any given year.

Foreign Currency Contracts

The Company enters into foreign currency forward exchange contracts and swap agreements primarily as hedges of inventory purchases, sales and other intercompany transactions denominated in foreign currencies to limit the effect of exchange rate fluctuations on the Company's results of operations and cash flows. These contracts generally have maturity dates ranging from one to 17 months. Gains or losses related to hedged transactions are deferred and are recognized in results of operations as a part of the underlying transaction. Had the Company not entered into hedges covering a percentage of its foreign currency positions, the favorable effect on 1995 pre-tax income would have approximated $10 million.

As of December 31, 1995 and 1994, the Company held the following contracts to obtain US dollars (in thousands):

	1995		1994	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Forwards	$491,210		$264,783	
Swaps	135,477		65,155	
	$626,687	$630,287	$329,938	$329,540

Fair value reflects the amount, based on dealer quotes, the Company would receive at maturity for contracts involving the same currencies and maturity dates, if they had been entered into as of year-end 1995 and 1994, respectively.

As of December 31, 1995 and 1994, the Company held the following contracts to purchase foreign currencies (in thousands):

	1995		1994	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Forwards	$198,006		$ 57,898	
Swaps	59,899		124,746	
	$257,905	$257,019	$182,644	$184,417

Fair value reflects the amount, based on dealer quotes, the Company would pay at maturity for contracts involving the same currencies and maturity dates, if they had been entered into as of year-end 1995 and 1994, respectively.

The following table summarizes the Company's foreign currency contracts by major currency as of December 31, 1995 and 1994 (in thousands of US dollars):

	1995		1994	
	Buy	Sell	Buy	Sell
US dollars	$626,687	$227,944	$329,938	$177,589
German deutsche marks	33,424	157,738	91,740	81,620
Italian lira	-	54,481	-	15,240
Malaysian ringgits	78,071	-	5,034	-
Hong Kong dollars	72,274	-	47,809	-
French francs	-	117,150	18,481	57,685
British pounds sterling	-	78,092	-	51,268
Canadian dollars	21,127	45,541	6,485	25,270
Spanish pesetas	-	30,271	-	17,141
Dutch guilders	22,379	68,468	-	46,926
Japanese yen	-	51,534	-	17,757
Australian dollars	-	20,762	-	14,306
Swiss francs	12,930	8,232	9,680	5,555
Taiwan dollars	17,700	-	-	-
Swedish krona	-	6,675	-	-
Danish krone	-	9,825	-	-
Other (under $5,000)	-	7,879	3,415	2,225
	$884,592	$884,592	$512,582	$512,582

In order to minimize the risk of counterparty non-performance, the Company executes its foreign currency forward exchange contracts and swap agreements with financial institutions believed to be credit-worthy, generally those that provide the Company with its working capital lines of credit. The Company does not trade in financial instruments nor does it enter into contracts for speculative purposes.

Letters of Credit

The Company had outstanding irrevocable letters of credit in the amount of $6.5 million and $15.1 million as of December 31, 1995 and 1994, respectively. These letters of credit, which have terms from one month to one year, collateralize the Company's obligations to third parties for the purchase of inventory. The fair value of these letters of credit approximates contract values based on the nature of the fee arrangements with the issuing banks.

Litigation

The Company is involved in various litigation and other legal matters, including claims related to product liability and environmental cleanup, which are being addressed or defended in the ordinary course of business. Management believes that any liability which may potentially result upon resolution of such matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

NOTE 7 - ACQUISITIONS AND NONRECURRING ITEMS

Acquisitions and Business Combination

On May 31, 1994, the Company acquired substantially all of the business assets and assumed the associated debts and liabilities of Kransco, a San Francisco-based designer, manufacturer and marketer of brand name recreational and sporting products for $274.6 million in cash, including costs directly related to the acquisition and the repayment of $20.0 million of Kransco's short-term borrowings. The asset purchase agreement also provided for future contingent consideration in the event that net sales of the POWER WHEELS product line reached or exceeded certain levels in each of calendar years 1994, 1995 and 1996. Under the agreement, the contingent consideration payable with respect to any year shall not exceed $8.6 million. During 1995, $8.6 million of consideration was paid related to the 1994 sales, and an additional $8.6 million was accrued, which resulted in an increase of $17.2 million to the initial goodwill.

The acquisition has been accounted for under the purchase method of accounting and, accordingly, the operating results of Kransco have been included in the Company's consolidated financial statements since the date of acquisition. The excess of the aggregate purchase price over the estimated fair market value of the net assets acquired was approximately $233 million, which is being amortized on a straight-line basis over 20 years.

The following unaudited pro forma information presents the consolidated results of operations as if the acquisition had occurred as of the beginning of the periods presented, after giving effect to certain adjustments, including amortization of goodwill, depreciation of fixed assets acquired based on their estimated fair values, increased interest expense assuming the initial purchase consideration had resulted in additional short-term borrowings, and the elimination of intercompany transactions. This pro forma information does not purport to be indicative of what would have occurred had the acquisition been made as of these dates or of results which may occur in the future. These results reflect the highly seasonal nature of the business acquired and do not reflect the synergies achieved.

	For the Year	
(In thousands, except per share amounts)	1994	1993
Net sales	$3,248,765	$2,876,080
Income before extraordinary item and cumulative effect of changes in accounting principles	253,537	142,012
Net income	$ 253,537	$ 123,309
INCOME PER COMMON SHARE		
Income before extraordinary item and cumulative effect of changes in accounting principles	$ 0.89	$ 0.52
Net income	$ 0.89	$ 0.45

In July 1994, the Company acquired a majority of the shares of Spear, a company organized in the United Kingdom, that holds the rights to SCRABBLE in markets outside of the United States and Canada, and certain other games worldwide. The aggregate purchase price, including related acquisition costs, denominated in pounds sterling, was approximately $100 million.

The acquisition has been accounted for by the purchase method and, accordingly, the results of operations of Spear have been included in the Company's consolidated financial statements since the date of acquisition. The excess of cost over the estimated fair market value of the net assets acquired was approximately $100 million, which is being amortized on a straight-line basis over 20 years. The purchase price allocation included accruals related to involuntary termination or relocation of employees of the acquired company of approximately $11 million, and costs associated with closure of a manufacturing facility of approximately $5 million. The $10 million remaining accrual at December 31, 1995 primarily relates to severance and other costs associated with the plant closure, which is expected to be completed by the end of 1996.

On November 30, 1993, the Company completed a merger transaction, accounted for as a pooling of interests, with Fisher-Price, Inc., a manufacturer and marketer of infant and preschool toys and juvenile products. The merger, valued on the merger's effective date at $1.19 billion, was effected by the exchange of 2.490 shares (1.275 shares prior to stock splits) of Mattel common stock for each outstanding Fisher-Price common share. Financial information for periods preceding the merger were retroactively restated to reflect the combined operations of the companies.

Nonrecurring Items

In the 1994 fourth quarter, the Company recognized a $72.0 million pre-tax charge against continuing operations in connection with the consolidation of manufacturing operations and the reduction of headquarters expense and support functions worldwide. Of these charges, approximately $36 million was related to severance costs from elimination of approximately 1,000 positions, $15 million represented restricted stock awards related to the Fisher-Price integration, $14 million for termination of various distribution and lease agreements, $4 million for the writedown of fixed assets to their net realizable value in connection with the elimination of excess manufacturing capacity, and other costs of $3 million. After related tax effects, the net $46.8 million charge impacted 1994 earnings by $0.17 per share.

At December 31, 1995, the remaining $13.0 million accrual related primarily to committed severance plans and obligations under certain long-term leases. The type and amount of charges incurred to date approximated the amounts included in the provision.

In connection with its merger with Fisher-Price, the Company recognized a one-time charge of $115.0 million, pre-tax, in the 1993 fourth quarter. After related tax effects, the net $90.4 million charge impacted 1993 earnings by $0.34 per share. As of December 31, 1994, the integration and restructuring activity provided for by the 1993 charge was substantially complete and amounts previously accrued had been paid. The type and amount of charges actually incurred approximated the amounts included in the provision.

NOTE 8 - FINANCIAL INFORMATION BY GEOGRAPHIC AREA

The Company's business consists of the design, manufacture and marketing of toys on a worldwide basis. The Company's international operations are located principally in Europe, Canada, Latin America and Asia. Consolidated liabilities of these subsidiaries were approximately $381 million, $421 million and $300 million at December 31, 1995, 1994 and 1993, respectively.

The Company's toy products are sold throughout the world. Credit is granted to customers on an unsecured basis, and generally provides for extended payment terms which result in a substantial portion of trade receivables being collected during the latter half of the year. In the United States, toys are distributed directly to large retailers, including discount and free-standing toy stores, chain stores, department stores, other retail outlets, and to a limited extent, wholesalers. Internationally, the Company sells its products directly in Argentina, Australia, Austria, the Benelux countries, Canada, Chile, Colombia, France, Germany, Greece, Italy, Japan, Mexico, New Zealand, Portugal, Scandinavia, Spain, Switzerland, the United Kingdom, Venezuela, and in certain areas of Eastern Europe and Asia. The Company's products are marketed principally through distributors in certain parts of Latin America, the Middle East and Southeast Asia, and the Company also licenses some of its products to outside manufacturers for sale in Brazil, Peru, and other Latin American countries. In the fourth quarter of 1993, the Company's distributorship agreement for Nintendo Nintendo products in Australia was terminated.

The Company's worldwide sales to customers accounting for more than

10% of consolidated net sales and related accounts receivable are as follows (in millions):

	1995	1994	1993
Worldwide sales for the year ended			
Toys R Us	$830.5	$734.1	$598.7
Wal-Mart	446.0	417.7	277.3
Accounts receivable as of December 31			
Toys R Us	$116.4	$156.6	$156.8
Wal-Mart	50.7	104.3	63.2

Information by geographic area is set forth in the tables below. Profit from operations represents income before income taxes, interest expense and general corporate expenses. Sales between geographic areas are based upon transfer prices which include manufacturing cost and profit.

(In thousands)	Net Sales	Profit From Operations	Identifiable Assets
1995			
United States	$2,546,903	$327,685	$1,196,742
Europe and Canada	1,234,048	231,010	742,721
Asia and Latin America	1,533,256	138,498	405,615
	5,314,207	697,193	2,345,078
Sales and transfers between geographic areas (a)	(1,675,395)	-	-
Interest expense	-	(73,589)	-
Corporate and other	-	(90,702)	350,431
Consolidated total	$3,638,812	$532,902	$2,695,509
1994			
United States	$2,315,778	$305,874	$1,150,514
Europe and Canada	1,066,349	143,658	715,021
Asia and Latin America	1,287,502	130,247	396,100
	4,669,629	579,779	2,261,635
Sales and transfers between geographic areas (a)	(1,464,604)	-	-
Interest expense	-	(55,449)	-
Corporate and other	-	(130,698)	197,391
Consolidated total	$3,205,025	$393,632	$2,459,026
1993			
United States	$1,873,249	$187,923	$ 718,688
Europe and Canada	908,030	68,270	545,406
Asia and Latin America	993,001	96,924	290,759
	3,774,280	353,117	1,554,853
Sales and transfers between geographic areas (a)	(1,069,832)	-	-
Interest expense	-	(62,614)	-
Corporate and other	-	(53,857)	445,224
Consolidated total	$2,704,448	$236,646	$2,000,077

(a) Primarily from Asia to other regions of the world.

NOTE 9 - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Due to seasonality of the Company's earnings, exclusion of antidilutive common stock equivalents in certain periods and fluctuation in the Company's common stock price, the sum of income per share amounts reported for each of the four quarters may not equal income per share reported for the full year.

(In thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
YEAR ENDED DECEMBER 31, 1995				
Net sales	$543,570	$763,474	$1,176,484	$1,155,284
Gross profit	259,025	366,689	582,949	580,499
Advertising and promotion expenses	78,600	106,718	182,355	216,824
Other selling and administrative expenses	131,918	141,498	159,359	170,286
Other (income) expense, net (a)	(3,414)	(730)	(9,025)	8,282
Operating profit (b)	51,921	119,203	250,260	185,107
Income before taxes	40,844	101,210	227,526	163,322
Net income	26,958	67,496	151,326	112,022
Preference stock dividend requirements	(1,099)	(1,099)	(1,099)	(45)
Net income applicable to common shares	25,859	66,397	150,227	111,977
Income per share (c):				
Net income	$ 0.09	$ 0.24	$ 0.53	$ 0.40
Average number of common and common equivalent shares	279,853	280,691	281,904	280,916
Dividends declared per common share (c)	$ 0.048	$ 0.048	$ 0.048	$ 0.048
Common stock market price (c)				
High	$ 19.80	$ 22.20	$ 24.50	$ 24.90
Low	15.76	18.20	20.30	21.20
YEAR ENDED DECEMBER 31, 1994				
Net sales	$487,271	$650,263	$1,037,082	$1,030,409
Gross profit	238,104	314,505	528,960	519,934
Advertising and promotion expenses	71,630	94,010	161,298	189,547
Other selling and administrative expenses	116,797	118,608	140,601	160,437
Restructuring charge (d)	-	-	-	72,000
Other expense, net (e)	3,285	1,315	5,967	16,927
Operating profit (b)	46,392	100,572	221,094	81,023
Income before taxes	38,269	89,082	202,820	63,461
Net income	24,069	57,082	131,820	42,861
Preference stock dividend requirements	(1,223)	(1,223)	(1,152)	(1,091)
Net income applicable to common shares	22,846	55,859	130,668	41,770
Income per share (c):				
Net income	$ 0.08	$ 0.20	$ 0.46	$ 0.15
Average number of common and common equivalent shares	273,495	280,904	282,412	280,616
Dividends declared per common share (c)	$ 0.038	$ 0.038	$ 0.038	$ 0.038
Common stock market price (c)				
High	$ 17.20	$ 17.44	$ 18.40	$ 18.88
Low	13.20	14.88	16.32	15.68

(a) Third quarter includes a $9.1 million gain from the sale of the non-toy business and worldwide trademark rights related to Corgi.
(b) Represents income from operations before interest expense and provision for income taxes.
(c) Per share data and market prices for all periods reflect the retroactive effect of stock splits distributed to shareholders in March 1996 and January 1995.
(d) Represents a nonrecurring charge principally related to the consolidation of manufacturing operations and the reduction of headquarters expense and support functions worldwide.
(e) Fourth quarter includes a $19.8 million foreign exchange transaction loss resulting from devaluation of the Mexican peso.

NOTE 10 - SUPPLEMENTAL FINANCIAL INFORMATION

(In thousands)	As of Year End 1995	1994
INVENTORIES INCLUDE THE FOLLOWING:		
Raw materials and work in process	$ 52,528	$ 50,334
Finished goods	298,313	288,809
	$350,841	$339,143

PREPAID EXPENSES AND OTHER CURRENT ASSETS INCLUDE THE FOLLOWING:		
Deferred income taxes	$ 87,965	$114,808
Other	89,273	67,867
	$177,238	$182,675
INTANGIBLE ASSETS, NET, INCLUDE THE FOLLOWING:		
Goodwill	$411,258	$418,903
Other	11,538	13,329
	$422,796	$432,232
ACCRUED LIABILITIES INCLUDE THE FOLLOWING:		
Advertising and promotion	$ 96,669	$102,115
Compensation	82,751	85,229
Restructuring charge	16,224	67,649
Other	214,718	198,153
	$410,362	$453,146

	For the Year		
(In thousands)	1995	1994	1993
SELLING AND ADMINISTRATIVE EXPENSES INCLUDE THE FOLLOWING:			
Research and development	$111,280	$93,153	$75,415

Accounts Receivable

Accounts receivable are shown net of allowances for doubtful accounts. In addition, the Company has reduced its accounts receivable by $22.9 million and $17.2 million in December 1995 and 1994, respectively, to reflect the writedown of certain uncollectible receivables to their net realizable value.

Statements of Cash Flows

For the years ended December 31, 1995, 1994 and 1993, cash paid for interest totaled $75.5 million, $52.9 million and $76.1 million, respectively. Cash paid for income taxes in each of the three years was $168.4 million, $66.3 million and $55.7 million, respectively.

Significant noncash investing and financing activities were as follows:

- During the 1994 first quarter, holders tendered $75.7 million aggregate par value of the 8% Debentures for conversion into 9.2 million shares of the Company's common stock. During the 1993 fourth quarter, holders tendered $24.3 million aggregate par value of the 8% Debentures for conversion into 3.0 million shares of the Company's common stock.

- The November 1993 merger with Fisher-Price in a stock-for-stock transaction neither used nor provided cash (see Note 7.) The Company's consolidated financial statements, consistent with pooling of interests accounting treatment, reflect retroactive restatement for the effects of the merger. Because the merger transaction neither provided nor used cash with respect to the combined companies, the effect of consolidating financial statement balances is not reflected in the statement of cash flows.

- The effects of changes in accounting principles related to the Company's adoption of Statements of Financial Accounting Standards Nos. 106 and 109 in the 1993 first quarter neither provided nor used cash, and accordingly, have been excluded from the statement of cash flows.

NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS

Impairment of Long-Lived Assets and Those to Be Disposed Of

Statement of Financial Accounting Standards No. 121, _Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of_, is effective for fiscal years beginning after December 15, 1995. This

Statement requires that long-lived assets and certain identifiable intangibles to be held and used by the Company be reviewed for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable. Measurement of an impairment loss should be based on the fair value of the asset. This Statement also requires that any such assets that are to be disposed of be reported at the lower of carrying amount or fair value less cost to sell, except for assets covered by Accounting Principles Board ("APB") Opinion No. 30, *Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*. Adoption of the Statement is not expected to have a material impact on the Company's financial position and results of operations as no such impairments have been identified at this time.

Stock-Based Compensation

The disclosure requirements of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, are effective for transactions entered into in fiscal years that begin after December 15, 1995. This statement encourages entities to account for employee stock option or similar equity instruments using a fair value approach for all such plans. However, it also allows an entity to continue to measure compensation cost for those plans using the method prescribed by APB Opinion No. 25, *Accounting for Stock Issued to Employees*. Those entities which elect to remain with the accounting in APB No. 25 are required to include pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting had been applied. The Company has elected to continue to account for such plans under the provisions of APB No. 25. Therefore, there will be no effect on the Company's financial position and results of operations as a result of this pronouncement.

MANAGEMENT REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the Company's consolidated financial statements and the related financial and nonfinancial information appearing in this Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles and, in the opinion of management, present fairly the Company's financial position, results of operations and cash flows. The financial statements necessarily contain some amounts that are based on the best estimates and judgments of management.

The Company maintains accounting and internal control systems which management believes are adequate to provide reasonable assurance, in relation to reasonable cost, as to the integrity and reliability of the financial statements and as to protection of assets from unauthorized use or disposition. The selection and training of qualified personnel, the establishment and communication of accounting and administrative policies and procedures, and a program of internal audit are important elements of these control systems.

The Company's internal auditors are directed to examine the adequacy and effectiveness of the Company's system of internal accounting, administrative and operational controls. They conduct formal and systematic reviews to determine that operations are adequately controlled and to assure that assets are effectively safeguarded.

The Board of Directors has appointed an audit committee, composed entirely of nonemployee directors. The committee meets regularly with financial management, internal auditors and the independent accountants to review accounting control, auditing and financial reporting matters.

Price Waterhouse LLP, independent accountants, have been retained to audit the Company's consolidated financial statements. They conduct a review of internal accounting controls to the extent required by generally accepted auditing standards and perform such tests and related procedures as they deem necessary to arrive at an opinion on the fairness of the financial statements.

/s/ Francesca Luzuriaga

Francesca Luzuriaga
Executive Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Mattel, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Mattel, Inc. and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICE WATERHOUSE LLP

Los Angeles, California
February 6, 1996

DIRECTORS AND OFFICERS
Mattel, Inc. and Subsidiaries

BOARD OF DIRECTORS	CORPORATE OFFICERS
John W. Amerman (1) Chairman and Chief Executive Officer, Mattel, Inc.	John W. Amerman Chairman and Chief Executive Officer
Jill E. Barad (4) (5) President and Chief Operating Officer, Mattel, Inc.	Jill E. Barad President and Chief Operating Officer
Dr. Harold Brown (4) (5) Senior Managing Director, E.M. Warburg, Pincus & Co., Inc.	James A. Eskridge Group President, Mattel, Worldwide
James A. Eskridge (5) Group President, Mattel, Worldwide	Byron Davis President, Fisher-Price, Inc.
Tully M. Friedman (1) (3) Founding Partner, Hellman & Friedman	Joseph C. Gandolfo (5) President, Mattel Operations
Ronald M. Loeb (3) Partner, Irell & Manella	Ned Mansour President, Mattel USA
Edward H. Malone (1) (2) (4) Retired Vice President, General Electric Co.	William J. Quinlan President, ARCOTOYS
Edward N. Ney (3) (5) Chairman of the Board of Advisors, Burson-Marsteller	Francesca Luzuriaga Executive Vice President and Chief Financial Officer
William D. Rollnick (1) (2) (3) Retired Chairman, Genstar Rental Electronics, Inc.	E. Joseph McKay Senior Vice President, Human Resources
Christopher A. Sinclair Chairman and Chief Executive Officer, Pepsi-Cola Company	John T. Phippen Senior Vice President and Chief Information Officer
John L. Vogelstein (1) (2) (3) Vice Chairman of the Board, President, and Director, E.M. Warburg, Pincus & Co., Inc.	Gary P. Rolfes Senior Vice President and Controller William Stavro

Senior Vice President and Treasurer

(1) Member, Executive/Finance Committee
John L. Vogelstein, Chairman

(2) Member, Compensation/Options Committee
John L. Vogelstein, Chairman

(3) Member, Audit Committee
William D. Rollnick, Chairman

(4) Member, Pension Committee
Edward H. Malone, Chairman

(5) Member, Foundation Committee
Dr. Harold Brown, Chairman

CORPORATE INFORMATION

Mattel, Inc. and Subsidiaries

Transfer Agent and Registrar

Mattel, Inc. Common Stock
The First National Bank of Boston
c/o Boston EquiServe, L.P.

Note Trustees

Mattel, Inc. 6-3/4% Senior Notes due May 15, 2000
PNC Bank, N.A.
One Oliver Plaza, 23rd Floor
Pittsburgh, Pennsylvania 15265

Mattel, Inc. 6-7/8% Senior Notes due August 1, 1997
State Street Bank and Trust Company
Corporate Services Division
P.O. Box 778
Boston, Massachusetts 03102

Mattel, Inc. Medium-Term Notes
Chemical Trust Company of California
300 South Grand Avenue
Los Angeles, California 90071

Stock Exchange Listings

Mattel, Inc. Common Stock and Mattel, Inc. Preference
Share Purchase Rights
New York and Pacific Stock Exchanges

Mattel, Inc. 6-7/8% Senior Notes due August 1, 1997
New York Stock Exchange

Shareholder Administration

Inquiries relating to shareholder accounting records, stock
transfer and dividends (including dividend reinvestment)
should be directed to:
The First National Bank of Boston
c/o Boston EquiServe, L.P.
150 Royall Street
Canton, Massachusetts 02021
(overnight or courier delivery only) or
P.O. Box 644
Boston, Massachusetts 02102
Telephone: 617-575-3170 or 800-730-4001

Common Shareholders

As of March 1, 1996, there were approximately 37,000
holders of record of Mattel, Inc. Common Stock

Annual Meeting

The Annual Meeting of Shareholders will be held May 8, 1996, at 10:00 a.m. in the Manhattan Ballroom of the Radisson Plaza Hotel, Manhattan Beach, California

Form 10-K
- ---------
Mattel's Annual Report to the Securities and Exchange Commission on Form 10-K for the year ended December 31, 1995, is available upon request by writing to the Secretary of the Company, 333 Continental Boulevard, El Segundo, California 90245

Trademark Legends
- -----------------
Cabbage Patch Kids [trademark] and [copyright] Original Appalachian Artworks, Inc., used under license. Disney characters: [copyright] Disney. Nickelodeon and related trademarks [trademark] and [copyright] Viacom International Inc. Polly Pocket and characters [trademark] and [copyright] Bluebird Toys (UK) Ltd., England.

Barbie, Fisher-Price, Frisbee, Hacky Sack, Hot Wheels, Hula Hoop, Morey, See 'N Say, UNO and Wonder Tools are trademarks of Mattel, Inc.

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SUBSIDIARIES OF MATTEL, INC.

Subsidiaries(1)	Jurisdiction in Which Organized	Percentage of Voting Securities Owned Directly or Indirectly By Parent(2)
Arco Toys, Limited	Hong Kong	100%
ARCOTOYS, Inc.	Delaware	100%
Far West Insurance Company, Limited	Bermuda	100%
Fisher-Price, Inc.	Delaware	100%
Fisher-Price, N.V.	Belgium	100%
Fisher-Price Beteiligungs-G.m.b.H.	Germany	100%
Mattel G.m.b.H.	Germany	100%
Mattel Toys K.F.T.	Hungary	100%
Mattel Spol. S.R.O.	Czech Republic	100%
Fisher-Price, S.r.l.	Italy	100%
Fisher-Price de Mexico, S.A. de C.V.	Mexico	100%
Fisher-Price, S.A	Spain	100%
International Games, Inc.	Delaware	100%
Juegos California, S.A. de C.V.	Mexico	100%
Mabamex, S.A. de C.V.	Mexico	100%
Mattel Argentina S.A.	Argentina	100%
Mattel Asia Limited	Hong Kong	100%
Mattel B.V.	The Netherlands	100%
Mattel Chile S.A.	Chile	100%
Mattel Colombia S.A.	Colombia	100%
Mattel Espana, S.A.	Spain	100%
Mattel Europa B.V.	The Netherlands	100%
Mattel France S.A.	France	100%
Corolle S.A.	France	100%
Mattel Portugal Limitada	Portugal	100%
Mattel Gesellschaft m.b.H.	Austria	100%

1
All of the subsidiaries listed above are included in the Consolidated Financial Statements. Eight are not named because, when considered in the aggregate, they do not constitute a significant subsidiary. Furthermore, approximately seven subsidiaries are inactive and financial statements are not prepared for such companies.

2
Parent refers to Mattel, Inc. (a Delaware corporation) and excludes Directors' qualifying shares.

SUBSIDIARIES OF MATTEL, INC.

Subsidiaries(1)	Jurisdiction in Which Organized	Percentage of Voting Securities Owned Directly or Indirectly By Parent(2)
Mattel Holding, Inc.	Delaware	100%
Mattel U.K. Limited	U.K.	100%
Fisher-Price Toys Ltd.	U.K.	100%
Mattel Group PLC	U.K.	100%
J.W. Spear & Sons PLC	U.K.	100%
J.W. Spear & Sons Pty. Limited	Australia	100%
J.W. Spear B.V.	The Netherlands	100%
Mattel Holdings Limited	Canada	100%
Mattel Canada, Inc.	Canada	100%
Mattel I., Inc.	Delaware	100%
Mattel Toys, S.r.l.	Italy	100%
Mattel A.E.B.E.	Greece	100%
Mattel A.G.	Switzerland	100%
Mattel Manufacturing Europe, S.r.l.	Italy	100%
Mattel K.K.	Japan	100%
Mattel (K.L.) Sdn.Bhd.	Malaysia	100%
Mattel (Malaysia) Sdn.Bhd.	Malaysia	100%

Mattel Media, Inc.	Delaware	100%
Mattel (NZ) Limited	New Zealand	60%
Mattel Operations, Inc.	Delaware	100%
Mattel Overseas, Inc.	California	100%
Mattel Toys Vendor Operations Limited	Hong Kong	100%
Mattel Pty. Limited	Australia	100%
Mattel Realty Corporation	Delaware	100%
Mattel, S.A. de C.V.	Mexico	100%
Aurimat, S.A. de C.V.	Mexico	100%
Mattel de Mexico, S.A. de C.V.	Mexico	100%
Mattel Servicios, S.A. de C.V.	Mexico	100%
Mattel Sales Corp.	California	100%

1 All of the subsidiaries listed above are included in the Consolidated Financial Statements. Eight are not named because, when considered in the aggregate, they do not constitute a significant subsidiary. Furthermore, approximately seven subsidiaries are inactive and financial statements are not prepared for such companies.

2 Parent refers to Mattel, Inc. (a Delaware corporation) and excludes Directors' qualifying shares.

SUBSIDIARIES OF MATTEL, INC.

Subsidiaries(1)	Jurisdiction in Which Organized	Percentage of Voting Securities Owned Directly or Indirectly By Parent(2)
Mattel Scandinavia A/S	Denmark	100%
Mattel Southeast Asia Pte. Ltd.	Singapore	100%
Mattel Tools Sdn.Bhd.	Malaysia	100%
Mattel Toys (HK) Limited	Hong Kong	100%
Mattel Toys Polska Sp. Z.O.O.	Poland	100%
Mattel Toys (Taiwan) Corporation Ltd.	Taiwan	100%
Mattel de Venezuela, C.A.	Venezuela	100%
Montoi S.A. de C.V.	Mexico	100%
P.T. Mattel Indonesia	Indonesia	95%
Precision Moulds Limited	Hong Kong	100%

1 All of the subsidiaries listed above are included in the Consolidated Financial Statements. Eight are not named because, when considered in the aggregate, they do not constitute a significant subsidiary. Furthermore, approximately seven subsidiaries are inactive and financial statements are not prepared for such companies.

2 Parent refers to Mattel, Inc. (a Delaware corporation) and excludes Directors' qualifying shares.

EXHIBIT 23.0

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in each of the eight Registration Statements on Form S-8 (No. 33-54391, No. 33-52723, No. 33-14717, No. 33-51454, No. 33-34920, No. 33-57082, No. 33-62185 and No. 333-01061) and in each Prospectus constituting part of the two Registration Statements on Form S-3 (No. 33-54927 and No. 33-46947) of Mattel, Inc. and its subsidiaries of our report dated February 6, 1996, appearing on page 51 of the December 31, 1995 Annual Report to Shareholders which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page 26 of the Company's Annual Report on Form 10-K.

/s/ PRICE WATERHOUSE LLP

Los Angeles, California
March 22, 1996

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MATTEL INC.'S BALANCE SHEETS AND INCOME STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
DEC-31-1995
DEC-31-1995
466,082
17,375
690,071
10,788
350,841
1,690,819
765,199
265,885
2,695,509
847,681
475,003
279,058
0
0
996,111
2,695,509
3,638,812
3,638,812
1,849,650
1,849,650
1,182,671
0
73,589
532,902
175,100
357,802
0
0
0
357,802
1.26
1.26

Note - Fully diluted earnings per share for the year ended December 31, 1995 has been submitted in accordance with Regulation S-K, Item 601 (b)(11), although it is contrary to paragraph 40 of APB Opinion No. 15 because it produces an anti-dilutive result.