

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
	(In thousands, except share data)	
ASSETS		
Current Assets		
Cash and equivalents	\$ 892,814	\$ 971,650
Accounts receivable, net of allowances of \$24.4 million and \$26.3 million in 2015 and 2014, respectively	1,145,099	1,094,452
Inventories	587,521	561,755
Prepaid expenses and other current assets	571,429	559,074
Total current assets	3,196,863	3,186,931
Noncurrent Assets		
Property, plant, and equipment, net	741,147	737,869
Goodwill	1,384,520	1,392,925
Other noncurrent assets	1,230,159	1,404,258
Total Assets	\$ 6,552,689	\$ 6,721,983
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 16,914	\$ —
Current portion of long-term debt	300,000	—
Accounts payable	651,681	430,259
Accrued liabilities	658,225	639,844
Income taxes payable	18,752	18,783
Total current liabilities	1,645,572	1,088,886
Noncurrent Liabilities		
Long-term debt	1,800,000	2,100,000
Other noncurrent liabilities	473,863	584,026
Total noncurrent liabilities	2,273,863	2,684,026
Commitments and Contingencies (See Note 11)		
Stockholders' Equity		
Common stock \$1.00 par value, 1.0 billion shares authorized; 441.4 million shares issued	441,369	441,369
Additional paid-in capital	1,789,870	1,767,096
Treasury stock at cost: 101.7 million shares and 103.3 million shares in 2015 and 2014, respectively	(2,494,901)	(2,533,566)
Retained earnings	3,745,815	3,896,261
Accumulated other comprehensive loss	(848,899)	(622,089)
Total stockholders' equity	2,633,254	2,949,071
Total Liabilities and Stockholders' Equity	\$ 6,552,689	\$ 6,721,983

The accompanying notes are an integral part of these statements.

MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year		
	2015	2014	2013
	(In thousands, except per share amounts)		
Net Sales	\$ 5,702,613	\$ 6,023,819	\$ 6,484,892
Cost of sales	2,896,255	3,022,797	3,006,009
Gross Profit	2,806,358	3,001,022	3,478,883
Advertising and promotion expenses	717,852	733,243	750,205
Other selling and administrative expenses	1,547,584	1,614,065	1,560,575
Operating Income	540,922	653,714	1,168,103
Interest expense	85,270	79,271	78,505
Interest (income)	(7,230)	(7,382)	(5,555)
Other non-operating (income), net	(1,033)	(5,085)	(3,975)
Income Before Income Taxes	463,915	586,910	1,099,128
Provision for income taxes	94,499	88,036	195,184
Net Income	\$ 369,416	\$ 498,874	\$ 903,944
Net Income Per Common Share—Basic	\$ 1.08	\$ 1.46	\$ 2.61
Weighted average number of common shares	339,172	339,016	343,394
Net Income Per Common Share—Diluted	\$ 1.08	\$ 1.45	\$ 2.58
Weighted average number of common and potential common shares	339,748	340,768	347,459
Dividends Declared Per Common Share	\$ 1.52	\$ 1.52	\$ 1.44

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MATTEL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year		
	2015	2014	2013
	(In thousands)		
Cash Flows From Operating Activities:			
Net income	\$ 369,416	\$ 498,874	\$ 903,944
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	233,025	207,701	179,333
Amortization	32,402	41,000	17,060
Asset impairment	—	—	14,000
Deferred income taxes	4,133	8,142	19,632
Share-based compensation	56,691	51,993	61,651
Decrease (increase) from changes in assets and liabilities, net of acquired assets and liabilities:			
Accounts receivable	(136,259)	90,285	(48,802)
Inventories	(74,262)	43,392	(116,509)
Prepaid expenses and other current assets	(36,865)	(25,319)	(43,159)
Accounts payable, accrued liabilities, and income taxes payable	248,047	(34,653)	(201,868)
Other, net	38,229	7,149	(86,856)
Net cash flows from operating activities	<u>734,557</u>	<u>888,564</u>	<u>698,426</u>
Cash Flows From Investing Activities:			
Purchases of tools, dies, and molds	(142,363)	(147,236)	(128,080)
Purchases of other property, plant, and equipment	(111,818)	(113,221)	(123,974)
Payments for acquisition, net of cash acquired	—	(423,309)	—
(Payments) proceeds from foreign currency forward exchange contracts	(61,509)	(19,933)	12,849
Other, net	33,195	(4,853)	(2,901)
Net cash flows used for investing activities	<u>(282,495)</u>	<u>(708,552)</u>	<u>(242,106)</u>
Cash Flows From Financing Activities:			
Payments of short-term borrowings, net	—	(4,278)	(9,844)
Proceeds from short-term borrowings, net	16,914	—	4,278
Payments of long-term borrowings	—	(44,587)	(400,000)
Proceeds from long-term borrowings, net	—	495,459	495,260
Payment of credit facility renewal costs	—	—	(4,003)
Share repurchases	—	(177,162)	(492,740)
Payment of dividends on common stock	(515,073)	(514,813)	(494,371)
Proceeds from exercise of stock options	14,995	43,299	134,506
Other, net	(17,058)	(25,237)	26,952
Net cash flows used for financing activities	<u>(500,222)</u>	<u>(227,319)</u>	<u>(739,962)</u>
Effect of Currency Exchange Rate Changes on Cash	<u>(30,676)</u>	<u>(20,259)</u>	<u>(12,853)</u>
Decrease in Cash and Equivalents	<u>(78,836)</u>	<u>(67,566)</u>	<u>(296,495)</u>
Cash and Equivalents at Beginning of Year	971,650	1,039,216	1,335,711
Cash and Equivalents at End of Year	<u>\$ 892,814</u>	<u>\$ 971,650</u>	<u>\$ 1,039,216</u>
Supplemental Cash Flow Information:			
Cash paid during the year for:			
Income taxes, gross	\$ 120,232	\$ 141,964	\$ 175,603
Interest	83,005	79,122	81,874

The accompanying notes are an integral part of these statements.