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## Mattel, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions) Your first question comes from Timothy Conder - Wells Fargo.

#### Timothy Conder - Wells Fargo

Could you give us a little bit more color on the channel inventory and how long do you think will it be the first quarter - until the retailers get the channel where they want in the U.S.? And then, Kevin or Bob, just look to extend that to your major retail customers on an international basis.

#### Bob Eckert

Our point of sale of the year was up slightly and retail inventories, as best we can calculate them, finished the year up mid to high single digits over a year ago. About half of that increase was due to higher prices.

That said, given the magnitude of the sales decline we experienced and the speed with which the economic crisis hit, I'm pleased with how we managed inventories, both for our retail customers and for us.

I would say in general we don't have data quite as good outside of the U.S. as we do in the U.S., but all of the anecdotes suggest that inventories are pretty clean outside of the U.S. and, if anything, are probably a bit below prior year levels.

All that said, clearly in the current economic environment, retailers are looking to reduce inventories. And, as you know, it's not just a function of our inventories; it's whatever else they have across their business. So I suspect they'll continue to be very focused on inventories. I don't have a time for you when a given retailer will feel like they're in pretty good shape. But again, across the board I'm pretty comfortable with our inventories right now.

#### Timothy Conder - Wells Fargo

And then just a clarification point. Kevin, did you say that the legal and severance costs for the year were about \$0.18 a share?

#### Bob Eckert

I think you said they were probably an incremental \$52 million. I can't do the arithmetic off the top of my head.

**Timothy Conder - Wells Fargo**

And then how much were they in the fourth quarter?

**Kevin Farr**

Well, legal expenses were down in the fourth quarter overall, but we did incur legal settlements in the fourth quarter, which was about \$13 million related to the settlement agreement with the state AGs and with California.

**Timothy Conder - Wells Fargo**

Could you comment on the D&A for '08 and your expectations for D&A and CapEx for '09?

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