



Corporate Office: 9220 Winnetka Ave. Chatsworth, CA 91311. Phone: 818-894-2525

May 21, 2019

Mr. Ynon Kreiz
Chairman, Mattel Inc.
333 Continental Blvd.
El Segundo, CA 90245

Re: One Year Later - MGA Entertainment Inc.'s Second Proposal to Merge with Mattel

Dear Mr. Kreiz:

It's been more than a year since I proposed that Mattel merge with MGA Entertainment Inc. (attached). Since I last communicated to Mattel about this topic, the following has transpired:

- 1- Mattel's gross revenue declined by \$500 million, while MGA's gross revenue increased by more than \$1 billion.
- 2- Mattel's operations continued to be unprofitable, while MGA added \$500 million in operating profits.
- 3- Despite the announced "cost cutting," Mattel's Op Ex is still a staggering 42% of Q1 net revenue.
- 4- Mattel's debt increased by \$223 million, resulting in a total of \$3.6 billion (excluding funding pension and retirement). However, when adding the underfunded pension and post retirement obligations, Mattel's overall total debt equates to more than \$4 billion!! MGA is debt free.
- 5- Mattel has off balance-sheet REAL liabilities surrounding Fisher Price's Rock 'n Play Sleeper product recall that has resulted in the death of more than 30 babies, as well as liabilities to MGA in excess of \$300 Million in trade secret theft litigation, which continues after many years.
- 6- Mattel's negative earnings, since my last offer to merge, has eroded shareholder's equity by an ADDITIONAL \$400 million.
- 7- MGA made the equivalent of \$2.24 per Mattel share last year. MGA's results could have added \$2 billion to Mattel's revenue and \$2.24 per share to Mattel's bottom line, which, at 17 times, could have resulted in a market value more than \$50 per share today, had the MGA merger offer been accepted. Instead, Mattel's shares declined an ADDITIONAL 14% in the past year.

- 8- Mattel burned \$150 million in cash since my offer and is burning it at a staggering \$3 million a day.
- 9- The Mattel "turn around" is now in its 5th year and shows no immediate resolution.

In short, based on every financial measure described above Mattel is clearly failing,

Given these points, MGA hereby renews its merger offer on the condition that I, Isaac Larian, become the Chairman and CEO of Mattel and, moreover, all members of the Board of the Directors are to resign immediately and without any further compensation.

I am available and can be reached at my office; please confirm which date and time will work to discuss next steps.

Thank you,



ISAAC LARIAN
Founder & CEO

CC: Mattel Board of Directors
File



Corporate Office

**16380 Roscoe Boulevard
Van Nuys, CA 91406
Phone: 818-894-2525**

April 25, 2018

**Chairman Christopher A. Sinclair
Mattel, Inc.
333 Continental Boulevard
El Segundo, CA 90245-5012**

Dear Chairman Sinclair,

I hope you and your family are well. Are you a grandpa yet? My grandson was born on March 12 and it's the best feeling.

You and I met three years ago: April 17, 2015. In that meeting, I offered that MGA and Mattel merge, for me to become the CEO, and for us to resolve the legal matter as well. You said you will go to the "management" and ask, and later came back and said the management didn't want to do it.

Since then these have transpired:

- Mattel shares and market cap have been halved. (Its stock closed at \$26.75 that day)
- MGA made more money than Mattel in 2017 and has zero debt.
- L.O.L. Surprise became and still is the No. 1 brand in the toy industry and has the top five best-selling toys.

In 2018, we will more than double our profit and sales from 2017, again with zero debt. And we will grow another 50%+ in 2019.

Ynon is a good guy. But he doesn't know toys and will fail like Margo did.



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It is still not too late. Please present the following proposal to the Mattel board:

- We will put a value on MGA and its brands and its legal claims against Mattel. Based on this, we will merge.
- I will be the CEO and Chairman of Mattel and turn it around.

The time is now. Please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Isaac Larian', followed by a long horizontal line extending to the right.

ISAAC LARIAN
CEO

Cc: file