



AT THE COMPANY

Marc Goldfarb – Senior Vice President
and General Counsel

201-337-9000

AT FINANCIAL DYNAMICS

Cara O'Brien/Melissa Myron – General Information

212-850-5600

FOR IMMEDIATE RELEASE

**PRENTICE CAPITAL TO PURCHASE 42% STAKE IN RUSS BERRIE AND COMPANY
FROM THE RUSSELL BERRIE FOUNDATION**

Oakland, N.J. — August 7, 2006 — Russ Berrie and Company, Inc. (NYSE: RUS) today announced that investment entities and accounts managed and advised by Prentice Capital Management, L.P. (“Prentice”) have agreed to purchase approximately 8.8 million shares of common stock of the Company from The Russell Berrie Foundation, the Company’s largest shareholder, at a price of \$11.30 per share. Shares of Russ Berrie closed Friday at \$11.16 on the New York Stock Exchange. The shares to be purchased by Prentice represent 42% of the Company’s outstanding shares and the entire interest in the Company held by the Foundation, which earlier this year became the holder of all shares of the Company held by the Estate of the late Russell Berrie, the Company's founder, and a related trust.

In connection with the transaction, the Company’s Board of Directors will be reconstituted to consist of a total of nine members, including four to be nominated by Prentice. In addition, the Company will agree with Prentice to provide certain continuing Board representation rights and registration rights regarding the purchased shares.

Mr. Andy Gatto, President and Chief Executive Officer, commented, “We are very excited to partner with Prentice Capital, whose principals have a deep understanding of our business and an excellent track record of helping management drive growth and increase shareholder value. We look forward to working with our new Board to execute our strategic plan, leverage our strengths and fully capitalize on our potential.”

The Company will not receive any of the proceeds from this transaction, which is expected to close on or before August 31, 2006.

The Company was represented by Kaye Scholer LLP and Prentice was represented by Schulte Roth & Zabel LLP. Daroth Capital Advisors LLC acted as financial advisor to the Foundation in connection with its sale of shares and Weil, Gotshal & Manges LLP acted as the Foundation's legal counsel.

The Company plans to report its second quarter financial results on Wednesday, August 9, 2006 and host a conference call on Thursday, August 10, 2006.

Russ Berrie and Company, Inc., a leader in the infant and juvenile and gift industries, and its wholly-owned subsidiaries, designs, develops, and distributes a variety of innovative gift, infant and juvenile products to specialty and mass market retailers worldwide. Known for its teddy bears and other plush animals, the Company's gift and infant and juvenile lines are comprised of a diverse range of everyday, seasonal, and occasion-themed products that help people celebrate the milestones in their lives. Founded in 1963 by the late Russell Berrie from a rented garage in New Jersey, today the Company operates

offices, showrooms, and distribution centers all over the world and trades on the NYSE under the symbol RUS.

Note: This press release contains certain forward-looking statements. Additional written and oral forward-looking statements may be made by the Company from time to time in Securities and Exchange Commission (SEC) filings and otherwise. The Private Securities Litigation Reform Act of 1995 provides a safe-harbor for forward-looking statements. These statements may be identified by the use of forward-looking words or phrases including, but not limited to, “anticipate”, “believe”, “expect”, “project”, “intend”, “may”, “planned”, “potential”, “should”, “will” or “would”. The Company cautions readers that results predicted by forward-looking statements, including, without limitation, those relating to the Company’s future business prospects, revenues, working capital, liquidity, capital needs, interest costs and income are subject to certain risks and uncertainties that could cause actual results to differ materially from those indicated in the forward-looking statements. Specific risks and uncertainties include, but are not limited to those set forth under Item 1A, “Risk Factors”, of the Company’s most recent Annual Report on Form 10-K filed with the SEC. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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