



AT THE COMPANY

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FOR IMMEDIATE RELEASE

RUSS BERRIE AND COMPANY, INC. REPORTS
FIRST QUARTER 2007 RESULTS

Oakland, N.J. — May 11, 2007 — Russ Berrie and Company, Inc. (NYSE: RUS) today reported results for the first quarter ended March 31, 2007. The Company reported consolidated net income of \$2.5 million, or \$0.12 per diluted share, for the first quarter of 2007, compared to a consolidated net loss of (\$5.0) million, or (\$0.24) per diluted share, for the first quarter of 2006.

Andy Gatto, President and Chief Executive Officer, commented, “We are very pleased with our performance for the first quarter, which marks our third consecutive quarter of profitability and demonstrates our ability to achieve consistently positive results. We are beginning to realize the benefits of the first full year effect of the Profit Improvement Program (PIP) in our gift segment, as we build on the substantial progress we made over the past two years. The impact of these efforts is evidenced by a \$7.8 million improvement in operating income for the gift segment during the first quarter of 2007, as compared to the prior year period.”

Mr. Gatto continued, “Our refreshed gift product line and our new product ranges in our infant and juvenile segment are being very well received, and we are excited about a number of opportunities for 2007. For example, we are experiencing a high level of enthusiasm from our customers in response to our new Shining Stars[®] product range, and we anticipate this momentum will continue to build throughout the year. In our infant and juvenile segment, new product introductions – including Carter’s[®] bedding manufactured by Kids Line[™] and LeapFrog[®] electronic products manufactured by Sassy[®] – and expanded distribution are also expected to drive sales growth both domestically and internationally.”

Consolidated net sales for the first quarter of 2007 were \$75.1 million compared to \$77.1 million for the first quarter of 2006, a decrease of 2.7%, reflecting lower sales in the gift segment, partially offset by growth in the infant and juvenile segment.

Net sales for the first quarter of 2007 in the Company’s infant and juvenile segment increased 4.2% to \$38.7 million, compared to \$37.1 million in the first quarter of 2006, driven by additional sales growth in the Company’s Kids Line subsidiary. Net sales for the Company’s gift segment decreased 9.1% to \$36.4 million for the quarter, compared to \$40.0 million for the first quarter of 2006. This decline is due primarily to soft international gift sales, resulting largely from the closure of several European direct sales operations, as well as a substantial reduction in the Company’s worldwide gift sales force. The decrease in the gift segment net sales was anticipated, as several new product ranges are not expected to ship in meaningful quantities until at least the second quarter of 2007.

Consolidated gross profit was 41.7% of consolidated net sales, or unchanged compared to the first quarter of 2006. Higher margins in the Company's gift segment, which resulted primarily from new product introductions that carry higher margins, were offset by lower margins in the infant and juvenile segment, which resulted from increased competitive pressure, increased raw materials costs and a shift in product mix.

Consolidated selling, general and administrative expenses for the three months ended March 31, 2007 decreased to \$26.5 million, or 35.2% of consolidated net sales, from \$32.2 million, or 41.7% of consolidated net sales, in the first quarter of 2006. This decrease reflects a \$7.3 million reduction in the Company's gift segment related to the benefits of the PIP and similar cost reduction initiatives implemented in prior years. Selling, general and administrative expenses for the first quarter of 2006 included special charges and costs of approximately \$4.0 million in the gift segment, as compared to only \$0.4 million of special charges in the first quarter of 2007 related to the closure of a gift segment showroom. The reduction in selling, general and administrative expenses in the gift segment was partially offset by an increase of approximately \$1.6 million in the infant and juvenile segment to support future growth.

As a result of the foregoing, consolidated operating income for the three months ended March 31, 2007 was \$4.9 million compared to \$19,000 for the corresponding period in 2006. The Company reported consolidated net income of \$2.5 million, or \$0.12 per diluted share, for the first quarter of 2007, compared to a consolidated net loss of (\$5.0) million, or (\$0.24) per diluted share, for the first quarter of 2006.

Conference Call Information

The conference call, which will be held at 10:00 a.m. ET today, may be accessed by dialing 888-335-5539 from within the United States or 973-582-2857 from international locations, access code: 8778827. Additionally, a webcast of the call can be accessed at <http://www.russberrie.com/investorrelations/> or at www.earnings.com. For those unable to listen to the live call, a replay will be available through May 18, 2007, by dialing 877-519-4471 or 973-341-3080. The required pass code for the replay is 8778827. In addition, the webcast of the call will be archived online shortly after the conference call for 90 days.

Corporate Governance and Available Information

The Company makes available a wide variety of information free of charge on its website at www.russberrie.com. The Company's filings with the United States Securities and Exchange Commission (the "SEC"), including our recently filed Annual Reports on Form 10-K, are available on the Company's website as soon as reasonably practicable after the reports are electronically filed with the SEC. Mailed copies of our complete audited financial statements for fiscal 2006 can be obtained free of charge by writing to the Company at Russ Berrie and Company, Inc., 111 Bauer Drive, Oakland, NJ 07436, Attention: Chief Financial Officer.

About Russ Berrie and Company, Inc.

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.

Shining Stars[®] is a registered trademark owned by and used under license from Abrams Gentile Entertainment, Inc. Carter's[®] is a trademark of The William Carter Company. LeapFrog[®] is a trademark of LeapFrog Enterprises, Inc.

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.

(tables to follow)

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Russ Berrie and Company, Inc.
Consolidated Statements of Operations
(Dollars in Thousands, Except Share and Per Share Data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
Net Sales	\$ 75,073	\$ 77,146
Cost of Sales	43,746	44,973
Gross Profit	31,327	32,173
Selling, general and administrative expenses	26,458	32,154
Operating Income	4,869	19
Investment and other (expense) income - net	(1,122)	(5,278)
Income (Loss) Before Income Tax Provision	3,747	(5,259)
Income Tax Provision (Benefit)	1,201	(267)
Net Income (Loss)	\$ 2,546	\$ (4,992)
Net income (loss) per share		
Basic	\$ 0.12	\$ (0.24)
Diluted	\$ 0.12	\$ (0.24)
Weighted average shares:		
Basic	21,076,000	20,836,000
Diluted	21,141,000	20,836,000

Russ Berrie and Company, Inc.
Selected Consolidated Balance Sheet Data
(Dollars in Thousands)
(Unaudited)

	<u>March 31, 2007</u>	<u>December 31, 2006</u>
Cash and cash equivalents	\$ 11,066	\$ 11,526
Accounts receivable, net	66,903	55,976
Inventories, net	48,147	48,026
Other current assets	8,332	16,556
Long-term assets	<u>171,015</u>	<u>171,683</u>
Total assets	<u>\$ 305,463</u>	<u>\$ 303,767</u>
Short-term debt	\$ 38,640	\$ 30,832
Other current liabilities	38,119	55,380
Long-term liabilities	<u>35,130</u>	<u>26,891</u>
Total liabilities	<u>111,889</u>	<u>113,103</u>
Shareholders' equity	<u>193,574</u>	<u>190,664</u>
Total liabilities and shareholders' equity	<u>\$ 305,463</u>	<u>\$ 303,767</u>