



AT THE COMPANY

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FOR IMMEDIATE RELEASE

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

Second Quarter Consolidated Net Sales Increase 7.7% to \$70.7 Million

*Fourth Consecutive Quarter of Profitability Demonstrates
Ability to Achieve Consistently Positive Results*

Oakland, N.J. — August 10, 2007 — Russ Berrie and Company, Inc. (NYSE: RUS) today reported results for the second quarter and first half ended June 30, 2007.

The Company reported consolidated net income of \$365,000, or \$0.02 per diluted share, for the second quarter of 2007 compared to a consolidated net loss of (\$6.0) million, or (\$0.29) per diluted share, for the second quarter of 2006. For the six months ended June 30, 2007, the Company reported consolidated net income of \$2.9 million, or \$0.14 per diluted share, compared to a net loss of \$(11.0) million, or \$(0.53) per diluted share, in the same period last year.

These results represent an improvement in consolidated net income of \$6.3 million, or \$0.31 per diluted share, for the second quarter and an improvement of \$13.9 million, or \$0.67 per diluted share, for the first half of 2007, in each case as compared to the prior year periods.

Andy Gatto, President and Chief Executive Officer, commented, “We are pleased with our second quarter results, which represent our fourth consecutive quarter of profitable operations. Our success continues to be driven by our recently completed strategic initiatives, including enhanced and more focused product development efforts, expanded distribution, streamlined SKUs to focus on our best performing products and the elimination of substantial costs from our operations. We continued to gain traction with new product programs in our infant and juvenile division and achieved strong results in our gift segment, largely as a result of the success of Shining Stars® and our Yomiko brand products.”

Mr. Gatto continued, “We believe we are well positioned to build on our momentum in the second half of the year. We are continuing to benefit from the successful diversification of our portfolio, which is enabling us to generate balanced revenue across our two segments. Our strong backlog, which in our gift segment is up over 220% from this time last year, reflects the positive response we are seeing for our new and innovative gift product lines. We remain

focused on operating and building a growth-driven, cost-efficient business, which we believe will allow us to maximize our success over the long-term.”

Second Quarter 2007 Results

Consolidated net sales for the second quarter of 2007 increased by 7.7% to \$70.7 million compared to \$65.7 million for the second quarter of 2006, primarily as a result of higher gift segment sales, as well as an increase in infant and juvenile segment sales.

Net sales for the Company’s gift segment increased 16.1% to \$33.8 million for the quarter compared to \$29.2 million for the second quarter of 2006, primarily as a result of the rollout of the Shining Stars product line. Net sales in the Company’s infant and juvenile segment increased 1.0% to \$36.9 million compared to \$36.5 million in the second quarter of 2006, driven by additional sales growth in the Company’s Kids Line subsidiary.

Consolidated gross profit in the second quarter of 2007 was \$28.4 million, or 40.1% of net sales, compared to \$26.5 million, or 40.3% of net sales, for the second quarter of 2006. Higher margins in the Company’s gift segment, which resulted primarily from the introduction of new products that carry higher margins, were offset by lower margins in the infant and juvenile segment, which resulted from increased competitive pressure, higher raw material costs, a shift in product mix and currency exchange expense associated with Sassy’s MAM distribution agreement.

Consolidated selling, general and administrative expenses for the three months ended June 30, 2007 decreased to \$25.7 million, or 36.3% of net sales, from \$27.9 million, or 42.5% of net sales, in the second quarter of 2006. The reduction in selling, general and administrative expenses of approximately \$3.5 million in the gift segment was partially offset by an increase of approximately \$1.3 million in the infant and juvenile segment to support future growth. Selling, general and administrative expenses in the gift segment included special charges and consulting fees of approximately \$0.5 million in the second quarter of 2007 and \$2.2 million in the same period last year.

Consolidated operating income for the three months ended June 30, 2007 was \$2.7 million compared to an operating loss of \$(1.4) million for the corresponding period in 2006, representing an improvement of \$4.1 million.

First Half 2007 Results

Consolidated net sales for the six months ended June 30, 2007 increased 2.1% to \$145.8 million compared to \$142.8 million in the first half of last year. Sales growth was generated by a \$2.0 million increase in the infant and juvenile segment and a \$1.0 million increase in the gift business segment.

Consolidated gross profit was \$59.7 million, or 40.9% of net sales, for the six-month period compared to \$58.6 million, or 41.1% of net sales, in the same period in 2006. The slight decline in the consolidated gross profit percentage is primarily due to competitive pricing pressure,

increased raw material cost, sales channel mix and currency exchange expenses in the infant and juvenile segment, partially offset by increased gross profit margins in the gift segment.

Consolidated selling, general, and administrative expenses decreased to \$52.1 million, or 35.8% of net sales, for the six months ended June 30, 2007 from \$60.0 million, or 42.1% of net sales, in the same period last year. The reduction in selling, general and administrative expenses of approximately \$10.8 million in the gift segment was partially offset by an increase of approximately \$2.9 million in the infant and juvenile segment to support future growth. There were \$6.2 million in costs and consulting fees associated with the restructuring and PIP activities included in the gift segment's selling, general and administrative expense in the first half of 2006 compared to \$0.3 million of special charges in the first half of 2007 related to the closure of a gift segment showroom and \$0.8 million of costs and other special charges related to the evaluation of previously disclosed potential strategic alternatives regarding the gift segment

Operating income for the six months ended June 30, 2007 was \$7.6 million compared to an operating loss of \$(1.4) million for the six months ended June 30, 2006, representing an improvement of \$9.0 million.

Conference Call Information

The conference call, which will be held at 10:00 a.m. ET today, may be accessed by dialing 866-406-5408 or 973-582-2770, access code: 9106697. 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 August 16, 2007, by dialing 877-519-4471 or 973-341-3080, access code: 9106697. 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 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.

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, order backlog, 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 and Quarterly Report on Form 10-Q 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 Per Share Data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Net sales	\$ 70,714	\$ 65,653	\$ 145,787	\$ 142,799
Cost of sales	42,346	39,198	86,092	84,171
Gross profit	28,368	26,455	59,695	58,628
Selling, general and administrative expenses	25,680	27,895	52,138	60,049
Operating income (loss)	2,688	(1,440)	7,557	(1,421)
Other expenses	(1,169)	(1,526)	(2,291)	(6,804)
Income (loss) before income tax provision	1,519	(2,966)	5,266	(8,225)
Income tax provision	1,154	3,009	2,355	2,742
Net income (loss)	<u>\$ 365</u>	<u>\$ (5,975)</u>	<u>\$ 2,911</u>	<u>\$ (10,967)</u>
Net income (loss) per share:				
Basic	<u>\$ 0.02</u>	<u>\$ (0.29)</u>	<u>\$ 0.14</u>	<u>\$ (0.53)</u>
Diluted	<u>\$ 0.02</u>	<u>\$ (0.29)</u>	<u>\$ 0.14</u>	<u>\$ (0.53)</u>
Weighted average shares:				
Basic	21,080,000	20,840,000	21,078,000	20,838,000
Diluted	21,228,000	20,840,000	21,191,000	20,838,000

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

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Cash, cash equivalents	\$ 14,278	\$ 11,526
Accounts receivable, net	58,771	55,976
Inventories, net	58,646	48,026
Other current assets	7,686	16,556
Long-term assets	170,983	171,683
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Total assets	<u><u>\$ 310,364</u></u>	<u><u>\$ 303,767</u></u>
Short-term debt	\$ 36,684	\$ 30,832
Other current liabilities	44,686	55,380
Long-term liabilities	33,320	26,891
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Total liabilities	<u>114,690</u>	<u>113,103</u>
Shareholders' equity	<u>195,674</u>	<u>190,664</u>
Total liabilities and shareholders' equity	<u><u>\$ 310,364</u></u>	<u><u>\$ 303,767</u></u>