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**FOR IMMEDIATE RELEASE**

**RUSS BERRIE AND COMPANY, INC. REPORTS**  
**THIRD QUARTER 2007 RESULTS**

*Third Quarter Consolidated Net Sales Increase 29.3% to \$100.9 Million;  
Net Income Improves by \$14.0 Million for the Quarter and \$27.9 Million Year-to-Date*

*Fifth Consecutive Quarter of Profitability Reflects  
Strength of Business Model and Strategic Initiatives*

**Oakland, N.J. — November 12, 2007** — Russ Berrie and Company, Inc. (NYSE: RUS) today reported results for the three and nine months ended September 30, 2007.

The Company reported consolidated net income of \$14.3 million, or \$0.67 per diluted share, for the third quarter of 2007 compared to consolidated net income of \$0.3 million, or \$0.01 per diluted share, for the third quarter of 2006. For the nine months ended September 30, 2007, the Company reported consolidated net income of \$17.2 million, or \$0.81 per diluted share, compared to a net loss of (\$10.7 million), or (\$0.51) per diluted share, in the same period last year, representing an increase of \$1.32 per share.

On a pre-tax basis, the Company reported consolidated income of \$12.5 million for the third quarter of 2007 as compared to consolidated income of \$1.8 million in the third quarter of 2006. The Gift segment contributed pre-tax income of \$6.1 million for the third quarter of 2007 versus a pre-tax loss of (\$3.9 million) during the prior year quarter, while the infant and juvenile business reported pre-tax income of \$6.4 million during the third quarter 2007 as compared to \$5.8 million in the third quarter of 2006.

Andy Gatto, President and Chief Executive Officer, commented, “We are very pleased that we delivered substantial top-line and bottom-line growth in the third quarter, reflecting the strong traction we have gained from the successful implementation of our operational and profit improvement initiatives. We believe we have largely achieved our near-term goals for these programs – which were to streamline our operations and create a balanced business portfolio that would allow us to deliver profitability for our gift segment while growing the profitability of our infant and juvenile segment – and we are optimistic that we can continue to reap the benefits of the solid foundation we have built over the past few years.”

Mr. Gatto continued, “Our refreshed line of differentiated and compelling products in both our gift and infant and juvenile segments has been well received by retailers and consumers alike. Furthermore, we have also been expanding our distribution of both segments’ product lines into new channels and geographic markets. We believe that all of these accomplishments have provided us with new opportunities for long-term growth, and we are optimistic about the future.”

### **Third Quarter 2007 Results**

Consolidated net sales for the third quarter of 2007 increased 29.3% to \$100.9 million compared to \$78.1 million for the third quarter of 2006, as a result of higher sales for both the gift and infant and juvenile segments.

Net sales for the Company’s gift segment increased 28.4% to \$55.8 million for the quarter, compared to \$43.4 million for the third quarter of 2006, primarily as a result of the continued rollout of the Shining Stars product line and strong consumer demand for the Company’s Yomiko™ brand of premium plush products. Net sales in the Company’s infant and juvenile segment increased 30.3% to \$45.2 million compared to \$34.7 million in the third quarter of 2006, driven by strong sales growth at both Kids Line and Sassy.

Consolidated gross profit in the third quarter of 2007 increased to \$44.2 million, or 43.8% of net sales, from \$30.0 million, or 38.4% of net sales, for the third quarter of 2006. Higher margins in the Company’s gift segment, which resulted primarily from new, higher margin products in the 2007 product line, were partially offset by lower margins in the infant and juvenile segment. The infant and juvenile segment margins were impacted by pricing 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 September 30, 2007 were \$30.9 million, or 30.6% of net sales, compared to \$26.7 million, or 34.1% of net sales, in the third quarter of 2006. Gift segment SG&A decreased as a percentage of sales to 36.7% in the third quarter of 2007 from 44.4% in the prior year quarter, primarily as a result of cost reductions in connection with the Profit Improvement Program, partially offset by higher sales volume and advertising expenses associated with the Shining Stars product line. SG&A for the infant and juvenile segment increased to 23.2% of sales from 21.3% of sales in the prior year quarter, primarily as a result of an impairment charge of \$3.6 million related to Sassy’s MAM distribution agreement. SG&A expenses for the 2006 quarter include special charges in the gift segment of \$1.8 million related to restructuring activities and the relocation of the Company’s U.K. distribution facility.

As noted above, consolidated net income increased \$14.0 million to \$14.3 million, or \$0.67 per diluted share, for the third quarter of 2007 compared to consolidated net income of \$0.3 million, or \$0.01 per diluted share, for the third quarter of 2006. These results reflect the strong operating performance described above, as well as a tax benefit of approximately \$1.8 million for the third quarter of 2007 as compared to income tax expense of \$1.6 million in the 2006 third quarter. The tax benefit resulted from the recognition of certain tax benefits in the 2007 third quarter

partially offset by deferred tax liabilities associated with the tax amortization of certain intangible assets.

### **Year-to-Date Results**

Consolidated net sales for the nine months ended September 30, 2007 increased 11.7% to \$246.7 million, compared to \$220.9 million in the first nine months of last year. Sales growth was generated by an increase of 11.5% in the infant and juvenile segment and an increase of 11.9% in the gift segment.

Consolidated gross profit for the nine-month period was \$103.9 million, or 42.1% of net sales, compared to \$88.6 million, or 40.1% of net sales, in the same period in 2006. The increase of 200 basis points in consolidated gross profit margin was primarily due to higher margins in the gift segment partially offset by the impact of competitive pricing pressure, increased raw material cost, sales channel mix and currency exchange expenses on infant and juvenile segment margins.

SG&A expenses decreased to \$83.1 million, or 33.6% of net sales, for the nine months ended September 30, 2007 from \$86.7 million, or 39.3% of net sales, in the same period last year. The reduction in SG&A expenses of approximately \$9.6 million in the gift segment was partially offset by an increase of approximately \$5.9 million in the infant and juvenile segment, primarily as a result of the MAM distribution agreement impairment charge and expenses incurred to support Kids Line growth.

As noted above, consolidated net income increased \$27.9 million to \$17.2 million, or \$0.81 per diluted share, for the for the nine months ended September 30, 2007, compared to consolidated net loss of (\$10.7 million), or (\$0.51) per diluted share, for the same period of 2006. These results reflect the strong performance described above, as well as income tax expenses of \$0.6 million and \$4.3 million for the nine months ended September 30, 2007 and 2006, respectively.

### **Conference Call Information**

The conference call, which will be held at 10:00 a.m. ET today, may be accessed by dialing 888-693-3477 or 973-582-2710, access code: 9436501. Additionally, a webcast of the call can be accessed at <http://www.russberrie.com/investorrelations/> or at [www.earnings.com](http://www.earnings.com). A replay of the call will be available through November 19, 2007, by dialing 877-519-4471 or 973-341-3080, access code: 9436501. 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](http://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<sup>®</sup> 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)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net sales	\$ 100,928	\$ 78,081	\$ 246,715	\$ 220,880
Cost of sales	<u>56,769</u>	<u>48,090</u>	<u>142,861</u>	<u>132,261</u>
<b>Gross profit</b>	44,159	29,991	103,854	88,619
Selling, general and administrative expenses	<u>30,932</u>	<u>26,658</u>	<u>83,070</u>	<u>86,707</u>
<b>Operating income</b>	13,227	3,333	20,784	1,912
Other expenses	<u>(716)</u>	<u>(1,500)</u>	<u>(3,007)</u>	<u>(8,303)</u>
<b>Income (loss) before income tax provision</b>	12,511	1,833	17,777	(6,391)
Income tax provision	<u>(1,796)</u>	<u>1,577</u>	<u>559</u>	<u>4,319</u>
<b>Net income (loss)</b>	<u>\$ 14,307</u>	<u>\$ 256</u>	<u>\$ 17,218</u>	<u>\$ (10,710)</u>
<b>Net income (loss) per share:</b>				
Basic	<u>\$ 0.68</u>	<u>\$ 0.01</u>	<u>\$ 0.82</u>	<u>\$ (0.51)</u>
Diluted	<u>\$ 0.67</u>	<u>\$ 0.01</u>	<u>\$ 0.81</u>	<u>\$ (0.51)</u>
<b>Weighted average shares:</b>				
Basic	21,157,000	20,864,000	21,105,000	20,847,000
Diluted	21,318,000	20,882,000	21,257,000	20,847,000

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

	<u>September 30, 2007</u>	<u>December 31, 2006</u>
Cash and cash equivalents	\$ 16,929	\$ 1,526
Accounts receivable, net	84,386	55,976
Inventories, net	53,729	48,026
Other current assets	7,363	16,556
Long-term assets	197,311	171,683
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<b>Total assets</b>	<u>\$ 359,718</u>	<u>\$ 303,767</u>
Short-term debt	\$ 41,070	\$ 30,832
Other current liabilities	60,147	55,380
Long-term liabilities	46,809	26,891
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<b>Total liabilities</b>	<u>148,026</u>	<u>113,103</u>
<b>Shareholders' equity</b>	<u>211,692</u>	<u>190,664</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 359,718</u>	<u>\$ 303,767</u>