



AT THE COMPANY

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FOR IMMEDIATE RELEASE

RUSS BERRIE AND COMPANY, INC. REPORTS
THIRD QUARTER 2008 RESULTS

*Net Sales Increased 7.1% to \$108.1 Million
On Growth from Infant & Juvenile Segment*

Oakland, N.J. — November 11, 2008 — Russ Berrie and Company, Inc. (NYSE: RUS) today reported results for the quarter ended September 30, 2008. Consolidated net sales for the third quarter of 2008 increased 7.1% to \$108.1 million compared with consolidated net sales of \$100.9 million in the third quarter of 2007. The Company reported consolidated net income of \$8.2 million, or \$0.39 per diluted share, in the third quarter of 2008 compared with consolidated net income of \$14.3 million, or \$0.67 per diluted share, in the third quarter of 2007.

Bruce G. Crain, Chief Executive Officer and President, commented, “While we delivered consolidated top-line growth and profitability during the quarter, we remain cautious regarding the uncertain consumer environment and increasingly difficult retail conditions. In our Infant & Juvenile segment, the collective contribution from our recent LaJobi and CoCaLo acquisitions remained accretive, and Kids Line and Sassy together generated modest organic sales growth. Higher costs for goods and retailers’ stringent inventory management programs are influencing our business, but we remain pleased with our strategic investments in the relatively non-seasonal Infant & Juvenile industry. We believe we continue to build a distinguished leadership position in the Infant and Juvenile segment based on our focus on design, quality, service and value.”

Mr. Crain continued, “At the same time, we have continued to focus on repositioning our Gift segment and developing fresh products, while tightly managing our cost structure. Although Gift industry trends continue to be very challenging and we have been working against the anniversary of our strong 2007 performance of Shining Stars, we continue to invest in product development, brand building, sales tools and operational efficiencies to position this segment for the future.”

Third Quarter 2008 Results

Consolidated net sales for the third quarter of 2008 increased 7.1% to \$108.1 million, compared with \$100.9 million for the third quarter of 2007, as a result of an increase in Infant & Juvenile segment net sales, partially offset by a decrease in Gift segment net sales. Net sales for the Company’s Infant & Juvenile segment increased 54.5% in the third quarter of 2008 to \$69.8 million, compared with \$45.2 million in the third quarter of 2007, primarily resulting from \$24.4 million of sales generated by LaJobi and CoCaLo, each of which the Company acquired in April 2008. Net sales for the Company’s Gift segment decreased 31.4% to \$38.3 million for the third

quarter of 2008, compared with \$55.8 million for the third quarter of 2007, primarily as a result of a decrease in sales of Shining Stars products and continued weakness in the gift industry. Gift sales other than Shining Stars were down slightly in the current quarter as compared to the prior-year period.

Consolidated gross profit in the third quarter of 2008 was \$39.0 million, or 36.1% of consolidated net sales, compared with \$40.4 million, or 40.0% of consolidated net sales, for the third quarter of 2007. Infant & Juvenile segment gross profit margins increased to 32.7% of net sales for the third quarter of 2008 compared with 30.4% of net sales for the third quarter of 2007, primarily as a result of the comparative effect of a \$3.6 million impairment charge related to the MAM distribution agreement incurred in the prior year's period. Infant and Juvenile segment gross profit margin would have shown a decline in the third quarter of 2008 but for the above-mentioned impairment charge, primarily due to increases in product costs, retailer promotional support and the mix of products sold, as well as lower margins inherent in the Company's new furniture business. Gross profit margin for the Company's Gift segment decreased to 42.2% of net sales for the third quarter of 2008 compared with 47.7% of net sales for the third quarter of 2007, primarily as a result of higher margins achieved in the third quarter of 2007 due to Shining Stars sales that commanded a higher margin, the greater impact of fixed costs in the gross profit percentage in the third quarter of 2008 due to lower sales volume as compared to the prior-year quarter, an additional inventory reserve of \$0.6 million recorded in the current-year quarter, and the mix of products sold.

Consolidated SG&A expenses for the third quarter of 2008 were \$29.0 million, or 26.8% of net sales, compared with \$27.1 million, or 26.9% of net sales, in the third quarter of 2007. SG&A expense for the Infant & Juvenile segment increased to 17.0% of net sales in the third quarter of 2008 from 14.8% of net sales in the prior-year quarter, primarily due to the acquisitions of LaJobi and CoCaLo as well as additional investments in product development and advertising to support growth in the Infant & Juvenile segment. SG&A expense for the Gift segment increased as a percentage of net sales to 44.7% in the third quarter of 2008 from 36.7% in the prior-year quarter, mostly as a result of the greater impact of fixed expenses on lower sales volume as well as an increase in non-cash equity compensation expense, which is recorded in the Gift segment.

As a result of the foregoing, consolidated net income was \$8.2 million, or \$0.39 per diluted share, for the third quarter of 2008, compared with consolidated net income of \$14.3 million, or \$0.67 per diluted share, for the same period in 2007.

Year-to-Date Results

Consolidated net sales for the first nine months of 2008 increased 10.1% to \$271.7 million, compared with \$246.7 million for the first nine months of 2007. This was primarily as a result of an increase in the Infant & Juvenile segment net sales, which was partially offset by a decrease in Gift segment net sales. Net sales for the Company's Infant & Juvenile segment increased 43.8% to \$173.6 million, compared with \$120.7 million in the first nine months of 2007, primarily due to \$46.6 million of sales generated from the LaJobi and CoCaLo acquisitions as well as combined organic sales growth of 5.3% at Sassy and Kids Line. Net sales for the Company's Gift segment decreased 22.2% to \$98.0 million for the first nine months of 2008, compared with \$126.0 million for the nine months of 2007, primarily as a result of lower Shining Stars sales.

Consolidated net loss for the first nine months of 2008 was \$1.9 million, or (\$0.09) per diluted share, compared with consolidated net income of \$17.2 million, or \$0.81 per diluted share, for the same period in 2007. Consolidated net income/(loss) for the nine month periods ended September 30, 2008 and 2007 was negatively impacted by previously reported unusual charges of approximately \$10.4 million (pre-tax) in the 2008 period, which included \$8.3 million of non-cash items and \$2.1 million of cash items, and approximately \$3.6 million (pre-tax) in the 2007 period.

Mr. Crain concluded, “While there has been significant financial and credit market turmoil recently, we believe that our capital structure remains strong. Overall, we believe our business fundamentals, coupled with our solid business model, will allow us to remain nimble during this challenging time and position us well for the future.”

Conference Call Information

The conference call, which will be held at 10:00 a.m. ET on Tuesday, November 11, 2008, may be accessed by dialing 800-254-5933 or 973-409-9255, access code: 72638441. Additionally, a webcast of the call can be accessed at <http://www.russberrie.com/investorrelations/> or at www.earnings.com. A replay of the call will be available through November 18, 2008, by dialing 800-642-1687 or 706-645-9291, access code: 72638441. In addition, the webcast of the call will be archived online shortly after the conference call for 90 days.

About Russ Berrie and Company, Inc.

Russ Berrie and Company, Inc. and its subsidiaries engage in the design, development and distribution of branded products through its Infant & Juvenile segment and Gift segment. Its design-led products are sold primarily through mass market, toy, specialty, food, drug and independent retailers worldwide.

The Infant & Juvenile segment is composed of four wholly-owned subsidiaries: Kids Line, LLC; Sassy, Inc.; LaJobi, Inc; and CoCaLo, Inc. The Kids Line division designs and markets infant bedding and related nursery accessories. The Sassy division offers products and collections such as infant development toys, teething, feeding, bathing and baby care products. LaJobi is a leading designer, manufacturer, marketer and distributor of branded infant furniture and related products. CoCaLo is a leading manufacturer and distributor of infant bedding and accessory products under the brands of CoCaLo Baby, CoCaLo Couture and CoCaLo Naturals. The businesses also license brands for select categories and markets including Disney®, Leap Frog™, Carter’s®, Graco® for cribs and Serta® for crib mattresses.

The Gift segment encompasses seasonal and everyday plush and other gift products. The Gift segment markets its products primarily under the RUSS® and APPLAUSE® brand names and also produces product in select markets and categories under licenses that include Shining Stars®, Raggedy Ann™, Curious George™, Simpsons™ and a variety of other well-recognized trademarks.

More information about the Company can be found at: www.russberrie.com.

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)

RUSS BERRIE AND COMPANY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Share and Per Share Data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2008	2007	2008	2007
Net sales	\$ 108,075	\$ 100,928	\$ 271,692	\$ 246,715
Cost of sales	<u>69,080</u>	<u>60,569</u>	<u>173,636</u>	<u>146,661</u>
Gross profit	38,995	40,359	98,056	100,054
Selling, general and administrative expenses	<u>29,015</u>	<u>27,132</u>	<u>92,296</u>	<u>79,270</u>
Operating income	9,980	13,227	5,760	20,784
Other expenses	<u>(1,797)</u>	<u>(716)</u>	<u>(4,774)</u>	<u>(3,007)</u>
Income before income tax provision	8,183	12,511	986	17,777
Income tax (benefit) provision	<u>(22)</u>	<u>(1,796)</u>	<u>2,920</u>	<u>559</u>
Net income (loss)	<u>\$ 8,205</u>	<u>\$ 14,307</u>	<u>\$ (1,934)</u>	<u>\$ 17,218</u>
Net income (loss) per share:				
Basic	<u>\$ 0.39</u>	<u>\$ 0.68</u>	<u>\$ (0.09)</u>	<u>\$ 0.82</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.67</u>	<u>\$ (0.09)</u>	<u>\$ 0.81</u>
Weighted average shares:				
Basic	<u>21,300,000</u>	<u>21,157,000</u>	<u>21,300,000</u>	<u>21,105,000</u>
Diluted	<u>21,310,000</u>	<u>21,318,000</u>	<u>21,300,000</u>	<u>21,257,000</u>

RUSS BERRIE AND COMPANY, INC.
CONDENSED CONSOLIDATED BALANCE SHEET DATA
(Dollars in Thousands)
(Unaudited)

	<u>September 30, 2008</u>	<u>December 31, 2007</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,620	\$ 21,925
Accounts receivable, net.....	78,288	64,077
Inventories, net	65,033	59,069
Other current assets	5,429	5,419
Long-term assets.....	<u>236,522</u>	<u>191,018</u>
Total assets	<u>\$ 398,892</u>	<u>\$ 341,508</u>
Short-term debt.....	\$ 29,538	\$ 23,344
Other current liabilities.....	70,542	64,013
Long-term liabilities	<u>96,785</u>	<u>49,512</u>
Total liabilities	<u>196,865</u>	<u>136,869</u>
Total shareholders' equity	<u>202,027</u>	<u>204,639</u>
Total liabilities and shareholders' equity	<u>\$ 398,892</u>	<u>\$ 341,508</u>