MATTEL INC /DE/
Form DEF 14A
April 09, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Mattel, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notice of Annual Meeting

of Stockholders and

2015 Proxy Statement

Table of Contents

NOTICE OF THE 2015 ANNUAL MEETING OF STOCKHOLDERS

Mattel, Inc.

Notice of the 2015 Annual Meeting of Stockholders

WHERE: **Manhattan Beach Marriott**
1400 Parkview Avenue
Manhattan Beach, California 90266

WHEN: **Thursday, May 21, 2015**
9:00 a.m., Los Angeles time

The 2015 Annual Meeting of Stockholders of Mattel, Inc. (Mattel or the Company) will be held on May 21, 2015 at 9:00 a.m. (Los Angeles time) at the Manhattan Beach Marriott, 1400 Parkview Avenue, Manhattan Beach, California 90266 (Annual Meeting).

We will consider and act on the following items of business at the Annual Meeting:

1. **Election of the 10 director nominees named in the Proxy Statement. The nominees for election to our Board of Directors (Board) are Michael J. Dolan, Trevor A. Edwards, Dr. Frances D. Fergusson, Ann Lewnes, Dominic Ng, Vasant M. Prabhu, Dean A. Scarborough, Christopher A. Sinclair, Dirk Van de Put and Kathy White Loyd;**

2. **Advisory vote to approve named executive officer compensation (Say-on-Pay);**

3. **Approval of the Mattel, Inc. Amended and Restated 2010 Equity and Long-Term Compensation Plan;**

4. **Ratification of the selection of PricewaterhouseCoopers LLP as Mattel s independent registered public accounting firm for the year ending December 31, 2015;**

5. **Stockholder proposal regarding an independent Board Chairman, if properly presented; and**

6. **Such other business as may properly come before the Annual Meeting.**

The Proxy Statement accompanying this notice describes each of the items of business in more detail. The Board recommends a vote:

- **FOR** each of the 10 nominees for director named in the Proxy Statement;

- **FOR** the Say-on-Pay vote;

- **FOR** the approval of the Mattel, Inc. Amended and Restated 2010 Equity and Long-Term Compensation Plan;

- **FOR** the ratification of the selection of PriceWaterhouseCoopers LLP as Mattel s independent registered public accounting firm; and

- **AGAINST** the stockholder proposal regarding an independent Board Chairman, if properly presented.

If you were a holder of record of Mattel common stock at the close of business on March 27, 2015, you are entitled to notice of, and to vote at, the Annual Meeting.

Table of Contents

NOTICE OF THE 2015 ANNUAL MEETING OF STOCKHOLDERS

The Manhattan Beach Marriott is accessible to those who require special assistance. If you require special assistance, please call the hotel at (310) 546-7511. **Whether or not you expect to attend the Annual Meeting, please submit a proxy to vote as soon as possible in order that your shares will be represented at the Annual Meeting.**

By Order of the Board of Directors

Robert Normile

Secretary

El Segundo, California

April 9, 2015

Mattel, Inc.

PROXY STATEMENT

Table of Contents

Table of Contents

TABLE OF CONTENTS

PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider and you should read the entire Proxy Statement carefully before voting.

Meeting Information and Mailing of Proxy Materials

Date and Time:	May 21, 2015 at 9:00 a.m. (Los Angeles time)
Location:	Manhattan Beach Marriott, 1400 Parkview Avenue, Manhattan Beach, California 90266
Record Date:	March 27, 2015
Mailing Date:	On or about April 9, 2015, we will mail a Notice of Internet Availability of Proxy Materials to most stockholders and printed copies of our proxy materials to our other stockholders.

Voting Items and Board Recommendations

Matter	Our Board s Recommendation
Election of Ten (10) Director Nominees (page 10)	**FOR** each Director Nominee
Advisory Vote on the Compensation of Our Named Executive Officers (Say-on-Pay) (page 98)	**FOR**
Approval of the Mattel, Inc. Amended and Restated 2010 Equity and Long-Term Compensation Plan (page 100)	**FOR**
Ratification of PricewaterhouseCoopers LLP as Our Independent Accounting Firm for 2015 (page 114)	**FOR**
Stockholder Proposal Regarding Independent Board Chairman, if properly presented (page 115)	**AGAINST**

Table of Contents

PROXY SUMMARY

Board Nominees

Name	Director Since	Principal Occupation/ Key Experience	Independent	Mattel Committee Memberships
Michael J. Dolan	2004	Chief Executive Officer of Bacardi Limited	Yes	Compensation (Chair), Executive (Chair) and Governance and Social Responsibility
Trevor A. Edwards	2012	President, NIKE Brands of NIKE, Inc.	Yes	Compensation and Governance and Social Responsibility
Dr. Frances D. Fergusson	2006	Former President of Vassar College; Director at Pfizer Inc.	Yes	Executive, Finance and Governance and Social Responsibility (Chair)
Ann Lewnes	2015	Senior Vice President and Chief Marketing Officer of Adobe Systems Incorporated	Yes	Governance and Social Responsibility
Dominic Ng*	2006	Chairman of the Board and Chief Executive Officer of East West Bancorp, Inc. and East West Bank	Yes	Audit and Finance
Vasant M. Prabhu*	2007	Executive Vice President and Chief Financial Officer of Visa Inc.	Yes	Audit (Chair), Executive and Finance
Dean A. Scarborough	2007	Chairman of the Board and Chief Executive Officer of Avery Dennison Corporation	Yes	Compensation, Executive and Finance (Chair)
Christopher A. Sinclair	1996	Chairman of the Board and Chief Executive Officer of Mattel, Inc.	No	Equity Grant Allocation
Dirk Van de Put*	2011	President and Chief Executive Officer of McCain Foods Limited	Yes	Audit and Governance and Social Responsibility
Kathy White Loyd	2001	Executive in Residence and Faculty Member at the Bryan School of Business & Economics at the University of North Carolina Greensboro	Yes	Audit and Compensation

* Audit Committee Financial Expert

Independent Lead Director

Table of Contents

Governance Highlights

Governance highlights include:

- Other than our Chief Executive Officer (CEO), all independent directors (9 out of 10 directors);
- Annual election of directors, with majority of votes cast voting standard;
- Board membership marked by leadership, experience and diversity;
- Independent Lead Director and regular sessions of independent directors;
- Four active standing Board committees comprised solely of independent directors;
- Board oversight of risk management;
- CEO transition occurred (on January 25, 2015, Christopher A. Sinclair was appointed as our new Chairman of the Board and Interim CEO and on April 2, 2015, he was appointed as CEO); and
- Meaningful director and executive stock ownership guidelines.

Financial Highlights

At the Mattel family of companies, we design, manufacture and market a broad variety of toy products worldwide, which are sold to our retail customers and directly to consumers. As a global consumer goods company, we compete for executive talent with a large range of companies that are category leaders in the consumer products, apparel and fashion, food and beverage, retail, and entertainment and leisure industries. Our objectives are to grow our share in the marketplace, continue to improve our operating margins and create long-term stockholder value.

While we experienced a disappointing year in 2014, our financial discipline and success in driving efficiencies continued to deliver healthy margins and cash flow. In addition, we returned approximately $515 million to our stockholders through dividends. A summary of our 2014 financial results are as follows:

Worldwide net sales were down 7% percent from the prior year, with International gross sales down 7% and North American gross sales down 5%.

Operating income was approximately $654 million, compared to operating income of approximately $1.17 billion for 2013.

Earnings per share were $1.45 as compared to the prior year of $2.58.

Net cash flows from operating activities were approximately $889 million, an increase of approximately $191 million from 2013.

We paid annual total dividends of $1.52 per share during 2014, which reflects an increase of 6% from 2013, and we repurchased approximately 5 million shares of our common stock at a cost of approximately $177 million.

Our stock price decreased from $47.58 to $30.95 during 2014, reflecting a one-year Total Stockholder Return[(1)] (TSR) of -32% compared to our peer group one-year median TSR of 13%.

[(1)] TSR represents the annualized rate of return reflecting price appreciation plus reinvestment of monthly dividends and the compounding effect of dividends paid on reinvested dividends over such period.

Table of Contents

PROXY SUMMARY

We experienced three- and five-year TSR of 8% and 13%, respectively. This compares to our peer group three- and five-year median TSR of 20% and 17%, respectively.

For more details, please see our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the Securities and Exchange Commission (SEC).

In early 2015, the Board agreed on a series of management changes that it believes will strengthen Mattel going forward including:

On January 13, 2015, Richard Dickson was promoted from Chief Brands Officer to President, Chief Brands Officer.

On January 13, 2015, Timothy Kilpin was promoted from Executive Vice President International to President, Chief Commercial Officer.

On January 25, 2015, Bryan Stockton ceased to be the Chairman of the Board and CEO and his employment was terminated; on the same day, Christopher Sinclair, our Independent Lead Director, was appointed as Chairman of the Board and Interim CEO.

On April 2, 2015, Mr. Sinclair was appointed as CEO and Mr. Dickson was appointed as President and Chief Operating Officer.

In 2015 and beyond, we intend to utilize our unmatched portfolio of brands, global scale of infrastructure, capable management team and strong balance sheet to work towards revitalizing our business and to deepen our connection with children and parents around the world. In addition, we launched Funding Our Future, our cost savings program where we are looking to simplify our global operations through structural and process improvements and supply chain optimization.

Executive Compensation Highlights

Our executive compensation programs directly tie the amount of earned and realizable executive compensation to Company performance. As a result of our poor performance in 2014:

No merit-based salary increases were given to our named executive officers (NEOs) in 2014 or 2015;

No bonuses were earned or paid to our NEOs under our annual cash incentive plan, the Mattel Incentive Plan (MIP), for 2014 because we did not achieve our threshold goal for adjusted operating profit;

No performance-based restricted stock units (Performance Units) granted to our NEOs under our 2014-2016 Long-Term Incentive Program (LTIP) were earned for 2014 because the Company did not achieve our threshold goals under the annual net operating profit after tax, less capital charge and annual net sales performance measures;

Stock options granted to our NEOs in 2014 were underwater as of fiscal year end; and

Value of time-vesting restricted stock units (RSUs) granted to our NEOs in 2014 declined 12.2%, based on our stock price on the RSU grant date compared to our stock price at fiscal year end.

Table of Contents

Our strong pay-for-performance link is demonstrated by comparing Mr. Stockton s 2014 targeted compensation to the realizable value of his 2014 compensation as of December 31, 2014, when our stock price was $30.95 per share, as set forth below:

2014 Targeted Compensation	
2014 Targeted Annual Cash	**$2,875,000**
Base Salary	$1,150,000
Target Annual Incentive (MIP)(1)	$1,725,000
2014 LTI Grant Date Values(1)(2)	**$6,111,386**
Stock Options	$2,312,499
Stock Awards	$3,798,887
RSUs ($2,333,339)	
Performance Units ($1,465,548)	
Total 2014 Targeted Compensation	**$8,986,386**
2014 Realizable Compensation	
2014 Actual Annual Cash(2)	**$ 1,150,000**
Base Salary	$ 1,150,000
Actual Annual Incentive (MIP) Paid	$ 0
2014 LTI Realizable Values(3)	**$ 2,048,704**
Stock Options	$ 0
Stock Awards	$ 2,048,704
RSUs ($2,048,704)	
Performance Units ($0)	
Total 2014 Realizable Compensation	**$ 3,198,704**
% of Targeted Compensation	**36%**

(1) Reflects equity long-term incentive (LTI) amounts disclosed in the Grants of Plan-Based Awards in 2014 table on page 73. The grant date fair value of the 2014-2016 Performance Units is determined in accordance with FASB ASC Topic 718 based on probable outcome of the performance-related component for one-third of the granted Performance Units and estimated valuation of the market-related component using a Monte Carlo simulation.

(2) Reflects amounts disclosed in the Summary Compensation Table on page 69 for 2014.

Table of Contents

PROXY SUMMARY

(3) The value shown for the 2014 stock options reflects the intrinsic value of such options as of fiscal year end based on the difference between the $30.95 stock price and the option exercise price. If instead the Black Scholes value of the stock options was taken into account at year end, then such options would be valued at $1.3 million, resulting in Total 2014 Realizable Compensation of $4.5 million, or 50% of Targeted Compensation.

The value shown for 2014 RSUs reflects our stock price as of fiscal year end of $30.95.

The value of the Performance Units is zero because the Performance Units that could have been earned in 2014, representing one-third of the amount granted, were not earned due to our poor 2014 financial performance. The remaining granted Performance Units will be earned, if at all, based on our performance in 2015 and 2016.

Our strong pay-for-performance link also is demonstrated by the following:

A significant percentage of our NEOs compensation is in the form of variable or at risk pay in order to provide the greatest emphasis on long-term performance and stockholder alignment. For 2014, our equity-based awards and annual cash incentive opportunities represented between 72% and 88% of our NEOs compensation opportunities.

For 2014, our former CEO s total target direct compensation and long-term incentive compensation were below the median but above the 25th percentile of our comparator peer group, with base salary and target bonus at the median of our comparator peer group. Our NEOs total target direct compensation was in the median range overall.

We have a Compensation Recovery Policy (Clawback Policy) applicable to all executive officers and other direct reports to the CEO that permits our Compensation Committee to require forfeiture or reimbursement of certain cash and equity that was paid, granted or vested based upon the achievement of financial results that, when recalculated to include the impact of a material financial restatement, were not achieved, whether or not fraud or misconduct was involved.

We have Executive Severance Plans that limit benefits to a multiple of 2x base salary and annual incentive (or in the case of some executives, 1.5x) and no excise tax gross-ups. We also require double trigger (i.e., both a change of control and a qualified termination of employment) for equity acceleration in connection with a change of control.

We maintain meaningful stock ownership guidelines. Our guidelines were revised, effective January 1, 2014, to require stock ownership levels as a value of Mattel shares equal to a multiple of base salary (CEO at 6x, CFO at 4x and other NEOs at 3x and, as of January 29, 2015, certain NEOs at 4x due to promotions to higher job levels), consistent with market practices, and to include holding requirements if the target level ownerships are not met within the compliance deadline.

Our Compensation Committee retains a leading independent compensation consultant.

We have experienced strong say-on-pay support, with approximately 98% stockholder approval in 2014.

Corporate Information

Corporate Headquarters:	333 Continental Boulevard, El Segundo, California 90245-5012
Corporate Website:	www.corporate.mattel.com
Investor Relations Website:	http://investor.shareholder.com/mattel/
State of Incorporation:	Delaware
Stock Symbol:	Nasdaq: MAT

PRINCIPAL STOCKHOLDERS

As of March 27, 2015, the only persons known by Mattel to own beneficially, or to be deemed to own beneficially, 5% or more of Mattel s common stock were as follows.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent Owned(1)
BlackRock, Inc. 40 East 52nd Street New York, New York 10022	25,948,735(2)	7.67%
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	25,267,465(3)	7.47%
T. Rowe Price Associates, Inc. 100 East Pratt Street Baltimore, Maryland 21202	25,051,158(4)	7.40%

(1) The percentages shown are based on 338,340,597 shares of Mattel common stock outstanding as of March 27, 2015 and may differ from the percentages reflected in the filings referenced below.

(2) As reported in a Schedule 13G/A filed with the SEC on January 26, 2015 by BlackRock, Inc. The Schedule 13G/A states that BlackRock, Inc. has sole voting power as to 22,419,277 shares and sole dispositive power over all of the shares.

(3) As reported in a Schedule 13G/A filed with the SEC on February 11, 2015 by The Vanguard Group. The Schedule 13G/A states that The Vanguard Group has sole voting power as to 584,128 shares, shared dispositive power as to 552,492 shares and sole dispositive power as to 24,714,973 shares.

(4) As reported in a Schedule 13G filed with the SEC on February 12, 2015 by T. Rowe Price Associates, Inc. The Schedule 13G states that T. Rowe Price Associates, Inc. has sole voting power as to 7,457,693 shares and sole dispositive power over all of the shares.

Table of Contents

SECURITY OWNERSHIP OF MANAGEMENT AND THE BOARD

SECURITY OWNERSHIP OF MANAGEMENT AND THE BOARD

The following table sets forth information regarding the beneficial ownership of Mattel common stock as of March 27, 2015, the record date, by (i) each director and nominee for director, (ii) our NEOs, as described under the section Executive Compensation Compensation Discussion and Analysis and (iii) all current directors and executive officers of Mattel as a group.

Name of Beneficial Owner	Current Position with Mattel	Amount and Nature of Beneficial Ownership[(1)(2)]
Named Executive Officers		
Bryan G. Stockton	Former Chairman of the Board and CEO	1,722,859
Kevin M. Farr	Chief Financial Officer	832,656
Richard Dickson	President and Chief Operating Officer	25,182
Timothy J. Kilpin	President, Chief Commercial Officer	157,254
Robert Normile	Executive Vice President, Chief Legal Officer and Secretary	450,027
Geoff M. Massingberd	Chairman and President of MEGA Brands	279,994
Directors		
Michael J. Dolan	Director	98,992
Trevor A. Edwards	Director	4,449
Dr. Frances D. Fergusson	Director	25,374
Ann Lewnes	Director	0
Dominic Ng	Director	18,500
Vasant M. Prabhu	Director	23,374
Dean A. Scarborough	Director	23,967
Christopher A. Sinclair	Director, Current Chairman of the Board and CEO	61,542
Dirk Van de Put	Director	7,182
Kathy White Loyd	Director	10,760
All current Directors and Executive Officers, as a group (20 persons)		2,282,291[(3)]

(1) Each director and executive officer named above owns or controls, or may be deemed to beneficially own or control, less than 1.0% of Mattel common stock. Except as otherwise noted, the directors and executive officers named above have sole voting power and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable. There were 338,340,597 shares of Mattel common stock outstanding as of March 27, 2015.

Table of Contents

SECURITY OWNERSHIP OF MANAGEMENT AND THE BOARD

(2) Includes (i) shares which the individuals shown have the right to acquire upon vesting of RSUs, or upon exercise of vested stock options, as of March 27, 2015 or within 60 days thereafter, and (ii) shares held through the Mattel stock fund of the Mattel, Inc. Personal Investment Plan, a 401(k) tax-qualified savings plan, as set forth in the table below.

Name of Beneficial Owner	Stock Options	RSUs	401(k) Shares
Named Executive Officers			
Bryan G. Stockton	1,666,410		7,641
Kevin M. Farr	608,162		15,269
Richard Dickson	24,957		225
Timothy J. Kilpin	74,792		3,407
Robert Normile	344,631		13,454
Geoff M. Massingberd	178,958		
Directors			
Michael J. Dolan	21,000	3,701	
Trevor A. Edwards		3,701	
Dr. Frances D. Fergusson		3,701	
Ann Lewnes			
Dominic Ng	9,000		
Vasant M. Prabhu		3,701	
Dean A. Scarborough	12,000	3,701	
Christopher A. Sinclair	21,000	3,701	
Dirk Van de Put		3,701	
Kathy White Loyd		3,701	
All current Directors and Executive Officers, as a group (20 persons)	1,527,869	33,067	49,065

(3) The amount stated represents approximately 0.67% of the outstanding shares of Mattel common stock as of March 27, 2105.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

PROPOSAL 1 ELECTION OF DIRECTORS

The Board recommends that stockholders vote FOR each of the nominees named herein for election as directors.

Identifying and Evaluating Nominees for Director

The Board, acting through the Governance and Social Responsibility Committee, is responsible for identifying and evaluating candidates for membership on the Board. Mattel s Corporate Governance Guidelines (Guidelines) set forth the process for selecting candidates for director positions and the role of the Governance and Social Responsibility Committee in identifying potential candidates and screening them, with input from the Chairman of the Board.

Under the Guidelines, the Governance and Social Responsibility Committee is responsible for reviewing with the Board annually the skills and characteristics required of Board members given the current make-up of the Board and the perceived needs of the Board at that time. This review includes an assessment of the talents, skills, areas of expertise, experience, diversity and independence of the Board and its members. Any changes that may have occurred in any director s responsibilities, as well as such other factors as may be determined by the committee to be appropriate for review, are also considered.

The charter of the Governance and Social Responsibility Committee also sets forth the process by which the committee actively seeks individuals qualified to become Board members for recommendation to the Board. The committee, with input from the Chairman of the Board, screens candidates to fill vacancies on the Board, solicits recommendations from Board members as to such candidates, and considers recommendations for Board membership submitted by stockholders as described further below. Candidates whom the committee expresses interest in pursuing meet in person with at least two members of the Governance and Social Responsibility Committee before they are selected. The committee recommends to the Board the director nominees for each annual meeting of stockholders.

The Governance and Social Responsibility Committee also has adopted a Director Nominations Policy that describes the methodology for selecting the candidates who are included in the slate of director nominees recommended to the Board and the procedures for stockholders to follow in submitting nominations and recommendations of possible candidates for Board membership. This policy also identifies the following minimum qualifications that each nominee should possess:

- An outstanding record of professional accomplishment in his or her field of endeavor;
- A high degree of professional integrity, consistent with Mattel s values;
- Willingness and ability to represent the general best interests of all of Mattel s stockholders and not just one particular stockholder or constituency, including a commitment to enhancing stockholder value; and

Willingness and ability to participate fully in Board activities, including active membership on at least one Board committee and attendance at, and active participation in, meetings of the Board and the committee(s) of which he or she is a member, and no commitments that would, in the Governance and Social Responsibility Committee s judgment, interfere with or limit his or her ability to do so.

The Director Nominations Policy also lists the following additional skills, experiences and qualities that are desirable in nominees:

- Skills and experiences relevant to Mattel s business, operations or strategy. These skills and experiences might include, among other things, experience in senior management of a large, consumer products or multinational company, and/or senior level experience in one or more of the following areas: finance, accounting, law, strategy and business development, operations, sales, marketing, international business, information technology and/or public relations;

- Qualities that help the Board achieve a balance of a variety of knowledge, experience and capability on the Board and an ability to contribute positively to the collegial and collaborative culture among Board members; and

- Qualities that contribute to the Board s overall diversity diversity being broadly construed to mean a variety of opinions, perspectives, professional and personal experiences and backgrounds, as well as other differentiating characteristics.

Lastly, the Director Nominations Policy indicates that whether a nominee would be an independent director of Mattel also is considered in the context of the overall independence of Mattel s Board and the independence of the committees of the Board.

In performing its role in the annual nomination process, the Governance and Social Responsibility Committee reviews the composition of the Board in light of the committee s assessment of the needs of the Board for additional or replacement Board members, Mattel s current business structure, operations and financial condition, challenges facing Mattel, the Board s performance and inputs from stockholders and other key constituencies, and evaluates director nominees against the criteria for nominees set forth in the Director Nominations Policy, including such criteria related to diversity. The committee intends to review the Director Nominations Policy periodically, and anticipates that modifications may be necessary or advisable from time to time as Mattel s needs and circumstances evolve, and as applicable legal or listing standards change. Accordingly, the Governance and Social Responsibility Committee may amend the Director Nominations Policy from time to time, in which case the most current version will be available in the Corporate Governance section of Mattel s corporate website.

Stockholder Nominations

The Governance and Social Responsibility Committee will consider stockholder nominations of possible candidates for Board membership that are properly submitted pursuant to the advance notice provisions of Mattel s Bylaws and applicable law, as well as recommendations made by stockholders, as described below. In evaluating such nominations and recommendations, the Governance and Social Responsibility Committee applies the same criteria as are used for evaluating candidates generally, as described above.

Any stockholder of Mattel may nominate one or more persons for election as a director of Mattel at an annual meeting of stockholders if the stockholder complies with the timing and other requirements for such nomination contained in the advance notice provisions of Mattel s Bylaws and applicable law. The notice should be sent to: Secretary, Mail Stop M1-1516, Mattel, Inc., 333 Continental Boulevard, El Segundo, CA 90245-5012.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

Any stockholder of Mattel may also recommend one or more persons for nomination by the Board for election as a director by sending to the Governance and Social Responsibility Committee the name of such recommended nominee, as well as a detailed statement explaining why such stockholder is making such recommendation. Any such recommendation must include all information required by Mattel s Bylaws and applicable law. Such recommendation should be sent to: Governance and Social Responsibility Committee, c/o Secretary, Mail Stop M1-1516, Mattel, Inc., 333 Continental Boulevard, El Segundo, CA 90245-5012. See the Deadline for Future Proposals, Nominations and Recommendations by Stockholders Recommendations of Director Candidates section of this Proxy Statement for a description of the procedures that are required to be followed. Mattel s Bylaws and the Director Nominations Policy are available on Mattel s corporate website at http://corporate.mattel.com/about-us/relatedlinks.aspx.

The Nominees

The authorized number of directors is currently set at 10 and the Board currently consists of 10 members. Dr. Andrea L. Rich passed away in July 2014, and Mr. Stockton ceased service as a director in January 2015. Ann Lewnes was appointed to serve as a director as of February 1, 2015. Based upon recommendations of the Governance and Social Responsibility Committee, the Board has nominated the following 10 members for election to the Board at the Annual Meeting to serve until the next annual meeting of stockholders and until their respective successors have been duly elected and qualified, or until their earlier resignation or removal:

Michael J. Dolan	**Dominic Ng**	**Dirk Van de Put**
Trevor A. Edwards	**Vasant M. Prabhu**	**Kathy White Loyd**
Dr. Frances D. Fergusson	**Dean A. Scarborough**	
Ann Lewnes	**Christopher A. Sinclair**	

All of the nominees are currently directors and each nominee has consented to being named in this Proxy Statement as a nominee for election as a director and agreed to serve as a director, if elected.

If you properly submit your proxy, unless you subsequently give instructions to the contrary, the proxy holders will cast your votes for the election of the nominees listed above. If, before the Annual Meeting, any nominee becomes unavailable to serve, the Board may identify a substitute for such nominee and treat votes for the unavailable nominee as votes for the substitute. We presently believe that each of the nominees named above will be available to serve.

No nominee has any current arrangement or understanding with Mattel or, to Mattel s knowledge, any other person or persons, pursuant to which any nominee was or is to be selected as a director or nominee. None of the nominees has any familial relationship to any other nominee or to any executive officer of Mattel.

The Board, upon recommendation of the Governance and Social Responsibility Committee, selected a slate of nominees whose experiences, qualifications, attributes and skills in, among other things, leadership of large corporations, consumer products, international business, marketing and advertising, financial management and operations, information technology, commercial banking, investment banking, including mergers and acquisitions and business development, accounting, community outreach, corporate governance and public policy, led the Board to conclude that these persons should serve as our directors at this time. The Board also selected nominees with experience gained from past service with Mattel and situations confronting other companies that are comparable to those situations confronting Mattel.

Table of Contents

PROPOSAL 1   ELECTION OF DIRECTORS

For each nominee who is standing for election, set forth below is his or her name, age, tenure as a director of Mattel, and a description of his or her principal occupation, other business experience, public company and other directorships held during the past five years and educational degrees. The specific experiences, qualifications, attributes and skills that led the Board to conclude that each nominee should serve as a director at this time are described below.

MICHAEL J. DOLAN

Age: 68

Director Since: 2004

Mattel Committee Memberships:

Compensation Committee (Chair)

Executive Committee (Chair)

Governance and Social Responsibility Committee

Mr. Dolan has served as Chief Executive Officer of Bacardi Limited, the largest privately held spirits company in the world, since November 2014. From May 2014 to November 2014, he served as Interim Chief Executive Officer of Bacardi. From November 2011 to May 2014, he served as Chairman of the Board and Chief Executive Officer of IMG Worldwide, a global leader in sports, fashion and media entertainment. Prior to that, Mr. Dolan served at IMG as President and Chief Operating Officer, from April 2011 to November 2011, and before that as Executive Vice President and Chief Financial Officer, from April 2010 to April 2011. He served as Executive Vice President and Chief Financial Officer of Viacom, Inc., a leading global entertainment content company, from May 2004 to December 2006. Mr. Dolan served as Senior Advisor to Kohlberg Kravis Roberts & Co., a leading private equity firm with substantial investments in many large consumer retail companies, from October 2004 to May 2005. Prior to that, he served in the following positions with Young & Rubicam, Inc., a marketing and communications company: Chairman of the Board and Chief Executive Officer (2001 to 2003), Vice Chairman and Chief Operating Officer (2000 to 2001) and Vice Chairman and Chief Financial Officer (1996 to 2000). Mr. Dolan holds bachelor s and master s degrees from Fordham University, an MBA from Columbia University, and a Ph.D. from Cornell University.

Other Directorships/Advisory Affiliations

Mr. Dolan has served on the Board of Directors of Bacardi Limited (since 2009), where he served on the Audit Committee until 2014, the Board of Directors of the March of Dimes (since 2013) and the Board of Directors of Northside Center for Child Development (since 2003). Mr. Dolan has served as Chairman of the Board of America s Choice, Inc., a developer of research-based school improvement solutions (2004 to 2010).

Key Experience/Director Qualifications

As a currently serving Chief Executive Officer of a large global company, Mr. Dolan brings to Mattel s Board leadership, finance, global retail and branding, strategic marketing and operations experience. Mr. Dolan also brings to Mattel s Board a valuable perspective on the entertainment industry through his experience as the former Chief Executive Officer of IMG, which is important to Mattel since many of its most popular toys are derived from licensed entertainment properties. Also, Mr. Dolan s long tenure with Young & Rubicam enables him to provide unique insights to Mattel, which is a large purchaser of advertising, in the areas of advertising and brand building. Mr. Dolan has gained valuable experience as the former Chief Financial Officer of IMG, Viacom and Young & Rubicam, where he dealt with complex accounting principles and judgments, internal controls, financial reporting rules and regulations, and evaluating the financial results and financial reporting processes of large companies. Mr. Dolan s extensive business experience across a variety of industries and service on multiple boards make him well suited to be Mattel s Independent Lead Director and to chair each of Mattel s Compensation Committee and Executive Committee, and make him an important contributor to Mattel s Governance and Social Responsibility Committee, on which he serves as a member.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

TREVOR A. EDWARDS

Age: 52

Director Since: 2012

Mattel Committee Memberships:

Compensation Committee

Governance and Social Responsibility Committee

Mr. Edwards has served as President, NIKE Brands of NIKE, Inc., the world s leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities, since July 2013. From August 2006 through June 2013, Mr. Edwards served as Vice President, Global Brand & Category Management of NIKE. Mr. Edwards served as Vice President, Global Brand Management of NIKE from September 2002 to August 2006, and before that, as Vice President, U.S Brand Marketing from 2000 to 2002, and as Vice President, EMEA Marketing from 1999 to 2000. He was the Director of Marketing for Europe from 1997 to 1999 and the Director of Marketing for the Americas from 1995 to 1997. During his career at NIKE, Mr. Edwards has led some of the brand s most significant break-through innovations, including spearheading the creation of NIKE+. In addition, he helped transform the digital landscape and position NIKE as a leader in the use of social media to connect with consumers globally. Mr. Edwards began his career at The Goldman Sachs Group, Inc. and has also held management positions at Colgate-Palmolive Company. Mr. Edwards holds a bachelor s degree in business and an MBA from Baruch College, City University of New York.

Other Directorships/Advisory Affiliations

Mr. Edwards has served on the boards of the following non-profit entities: NIKE Foundation (since 2005) and Management Leadership for Tomorrow (since 2008).

Key Experience/Director Qualifications

Mr. Edwards brings to Mattel s Board, the Governance and Social Responsibility Committee and the Compensation Committee on which he serves as a member, two decades of marketing and global brand management experience from a large, public company. His leadership, strategy and management skills in overseeing category business units globally and all brand management functions, including digital and advertising, sports marketing, brand design, public relations and retail marketing, provide a unique perspective on Mattel s key goals and strategies for growth.

DR. FRANCES D. FERGUSSON

Dr. Fergusson served as President of Vassar College from 1986 to 2006. From 1982 to 1986, Dr. Fergusson was Provost and Vice President for academic affairs at Bucknell University. Dr. Fergusson received in 2011 the Harvard Medal for her outstanding service to the University. Dr. Fergusson holds a bachelor s degree from Wellesley College and master s and Ph.D. degrees from Harvard University.

Age: 70

Director Since: 2006

Mattel Committee Memberships:

Executive Committee

Finance Committee

Governance and Social Responsibility Committee (Chair)

Other Directorships/Advisory Affiliations

Dr. Fergusson has served on the Board of Directors of Pfizer Inc. (since 2009), where she is Chair of the Regulatory and Compliance Committee, and served on the Compensation and Science & Technology Committees, the Ringling Foundation (since 2014), where she is Chair of the Strategic Planning Committee and served on the Executive Committee, The Getty Trust (since 2007), where she is Chair of the Governance Committee and served on the Finance Committee, The School of American Ballet (since 2007), where she served on the Strategic Planning Committee, and Second Stage Theatre (since 2006), where she served on the Executive Committee. She has served on the Board of Directors of Wyeth Pharmaceuticals (2005-2009), where she served as Chair of the Nominating and Governance Committee and served on the Corporate Issues and Science & Technology Committees. She was a director of HSBC Bank USA (1990-2008) and was on the Executive Committee and served as Chair of the Human Resources and Compensation Committee. Dr. Fergusson also has served on the boards of the following non-profit entities: The Mayo Clinic (1988-2002, Chair 1998-2002), Harvard University Board of Overseers (2002-2008, President 2007-2008), Vassar College

Table of Contents

(President and Chair of the Executive Committee, 1986-2006), National Humanities Center (2006-2012), Foundation for Contemporary Arts (2006-2012) and The Noguchi Foundation (1997-2007).

Key Experience/Director Qualifications

As the former President of a major educational institution, Dr. Fergusson provides to Mattel s Board her extensive general and financial management, leadership and strategic planning experience. Dr. Fergusson also brings to Mattel s Governance and Social Responsibility Committee, on which she serves as Chair, as well as the Executive Committee and the Finance Committee, on which she serves as a member, her broad experience serving on the Boards of many large, highly-regarded for-profit and non-profit entities.

ANN LEWNES

Age: 53

Director Since: 2015

Mattel Committee Memberships:

Governance and Social Responsibility Committee

Ms. Lewnes has served as Senior Vice President and Chief Marketing Officer of Adobe Systems Incorporated, a diversified software company that provides digital marketing and digital media solutions, since November 2006. Prior to Adobe, Ms. Lewnes was employed with Intel Corporation, a leading semiconductor manufacturing company that designs, manufactures and sells integrated digital technology platforms worldwide, for more than 20 years, serving most recently as Vice President, Sales & Marketing, from January 2000 to November 2006. In 2000, she was elected to the American Advertising Federation s Hall of Achievement. In 2010, she was honored with a Changing The Game Award by the Advertising Women of New York. Ms. Lewnes holds a bachelor s degree from Lehigh University.

Other Directorships/Advisory Affiliations

Ms. Lewnes has served on the Board of Directors of the Advertising Council (since 2009), where she served on the Executive Committee, and the Board of Directors of the Adobe Foundation since 2009, where she served as Secretary.

Key Experience/Director Qualifications

As a global media and marketing leader in the technology industry, Ms. Lewnes provides Mattel s Board with strong leadership in branding, advertising, technology and financial management marketing. She brings to Mattel s Board and the Governance and Social Responsibility Committee experience in driving strategic growth and global demand at two public, technology companies as well as her experience serving on the boards of non-profit entities. At Adobe, Ms. Lewnes is responsible for Adobe s corporate brand, corporate communications and integrated marketing efforts worldwide and has spearheaded the transformation of the company s global marketing efforts to be digital-first and data-driven. At Intel, Ms. Lewnes played a key role globally positioning the business and products to consumers, business professionals and key computer channels.

Table of Contents

PROPOSAL 1   ELECTION OF DIRECTORS

DOMINIC NG

Age: 56

Director Since: 2006

Mattel Committee Memberships:

Audit Committee

Finance Committee

Mr. Ng has served as Chairman of the Board and Chief Executive Officer of East West Bancorp, Inc. and East West Bank, one of the largest banks based in California, since 1992, and served as President from 1992 to 2009. Prior to that, Mr. Ng was President of Seyen Investment, Inc., from 1990 to 1992, and before that Mr. Ng spent a decade practicing as a certified public accountant with Deloitte & Touche LLP. From 2005 to 2011, Mr. Ng served as a director of the Los Angeles Branch of the Federal Reserve Bank of San Francisco. Mr. Ng transformed East West Bank from a small savings and loan association based in Los Angeles into a full service commercial bank with over 130 locations worldwide. Ranked in the top 10 of the 100 Best Banks in America by Forbes for four consecutive years (2010-2013) and rated among the 25 largest U.S. banks by market capitalization, East West Bank is a leading commercial bank that is widely known as the financial bridge between the United States and Greater China. Mr. Ng holds a bachelor s degree from the University of Houston, an honorary doctor of law degree from Occidental College and an honorary fellowship from Lingnan University in Hong Kong.

Other Directorships/Advisory Affiliations

Mr. Ng has served on the Board of Trustees of the University of Southern California (since 2014), and on the Board of Directors of the Committee of 100, an international, non-profit, non-partisan, membership organization that promotes constructive relations between the people of the United States and Greater China (since 2011). He also was Chairman of the Committee of 100 (2011-2014). Mr. Ng has served on the boards of the following non-profit entities and government organizations: the United Way of Greater Los Angeles (2006-2014), The Bowers Museum (2004-2014), Pacific Council on International Policy (2010-2013), California Bankers Association (2002-2010), Federal Reserve Bank of San Francisco Los Angeles Branch (2005-2010), Los Angeles Mayor s Trade Advisory Council as Co-Chair(2009-2011), and Southern California Committee for 2016 Olympic Games (2006-2010).

Key Experience/Director Qualifications

As a certified public accountant, Mr. Ng has gained valuable experience dealing with complex accounting principles and judgments, internal controls, financial reporting rules and regulations, and evaluating financial results and financial reporting processes of large companies. Mr. Ng brings all of this experience to Mattel s Audit Committee where he serves, along with Messrs. Prabhu and Van de Put, as one of the Committee s three Audit Committee Financial Experts, and to the Finance Committee, on which he also serves as a member. Mr. Ng s extensive experience conducting business in China is extremely valuable to Mattel because of Mattel s large manufacturing presence in China. Mr. Ng also brings to Mattel s Board extensive business and governmental connections in the State of California and the City of Los Angeles, where Mattel is headquartered.

VASANT M. PRABHU

Age: 55

Director Since: 2007

Mattel Committee Memberships:

Audit Committee (Chair)

Executive Committee

Finance Committee

Mr. Prabhu has served as Executive Vice President and Chief Financial Officer of Visa Inc., the world s largest consumer payments technology company, since February 2015. From May 2014 to February 2015, he served as Chief Financial Officer of NBCUniversal, one of the world s leading media and entertainment companies. From March 2010 to May 2014, he served as Vice Chairman and Chief Financial Officer of Starwood Hotels and Resorts Worldwide, Inc. (Starwood), one of the world s largest hotel and leisure companies. From 2004 to March 2010, he served as Executive Vice President and Chief Financial Officer of Starwood. From 2000 to 2003, Mr. Prabhu served as Executive Vice President and Chief Financial Officer of Safeway, Inc. From 1998 to 2000, Mr. Prabhu served as President of the Information and Media Group of McGraw-Hill. Mr. Prabhu served as Senior Vice President Finance & Chief Financial Officer of Pepsi International from 1992 to 1998. Mr. Prabhu holds a bachelor s degree in Engineering from the Indian Institute of Technology, Mumbai, India, and an MBA in Marketing and Finance from the University of Chicago.

Other Directorships/Advisory Affiliations

Mr. Prabhu has served on the Board of Directors of the U.S. India Business Counsel (2013-2014). Mr. Prabhu has served as a director and member of the Audit and Compensation Committees of the Board of Directors of Knight Ridder (2003 2006).

Key Experience/Director Qualifications

As Chief Financial Officer of a number of large public companies, Mr. Prabhu has extensive experience dealing with complex accounting principles and judgments, internal controls, financial reporting rules and regulations, and evaluating financial results and financial reporting processes of large companies. Mr. Prabhu brings this experience to Mattel s Audit Committee, where he serves both as Chair, and along with Messrs. Ng and Van de Put, as one of the Committee s three Audit Committee Financial Experts. He also brings this experience to the Finance Committee and Executive Committee, on which he serves as a member. As Senior Vice President Finance & Chief Financial Officer of Pepsi International, Mr. Prabhu was responsible for the company s franchise and had oversight of operations in more than 100 countries. His global management and finance experience are also important to Mattel given its significant international operations.

DEAN A. SCARBOROUGH

Mr. Scarborough has served as Chief Executive Officer of Avery Dennison Corporation (Avery), an industry leader that develops innovative identification and decorative solutions for businesses and consumers worldwide, since May 2005, and has served as Chairman of the Board of Avery since April 2010. In addition, he served as President of Avery from May 2000 through October 2014. From 2000 to May 2005, Mr. Scarborough served as President and Chief Operating Officer of Avery. He also has served on Avery s Board of Directors since May 2000. Mr. Scarborough holds a bachelor s degree from Hiram College and an MBA from the University of Chicago.

Age: 59

Director Since: 2007

Mattel Committee Memberships:

Compensation Committee

Executive Committee

Finance Committee (Chair)

Other Directorships/Advisory Affiliations

As discussed above, Mr. Scarborough has served as Chairman of the Board of Avery since 2010 and a director of Avery since 2000.

Key Experience/Director Qualifications

As a currently-serving Chief Executive Officer of a large public company, Mr. Scarborough brings to Mattel s Board deep management, brand building, leadership, finance, global retail and operations experience that makes him an important contributor to the Board, the Compensation Committee and the Executive Committee on which he serves as a member and the Finance Committee on which he serves as Chair. He has extensive experience in retail and distribution channels, enabling Mr. Scarborough to provide valuable perspective and insights in these areas. He also brings to Mattel s Board his experience serving on the Board of Directors of another large public company. Mr. Scarborough is a prominent member of the Los Angeles business community, where Mattel is headquartered.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

CHRISTOPHER A. SINCLAIR

Age: 64

Director Since: 1996

Mattel Committee Memberships:

Equity Grant Allocation Committee

Mr. Sinclair has served as Chief Executive Officer of Mattel, Inc. since April 2015, and has served as Chairman of the Board of Mattel since January 2015. He also served as Interim Chief Executive Officer of Mattel from January 2015 to April 2015. Prior to assuming the role of Chairman of the Board and Interim Chief Executive Officer, Mr. Sinclair served as the Independent Lead Director, Chairman of the Audit Committee and Chairman of the Executive Committee since 2011. From 2002-2008, he served as Executive Chairman of Scandent Holdings, an information technology investment company. From 2005 to 2009, he also served as Executive Chairman of Cambridge Solutions Corporation, Ltd., a leader in providing information technology and business process outsourcing services. He also served as a Managing Director of Manticore Partners, LLC, a venture capital advisory firm, from 2000 to 2005, as an Operating Partner of Pegasus Capital Advisors, LP, a private equity firm, from 2000 to 2002, and as Chairman of the Board and Chief Executive Officer of Caribiner International, Inc. from 1999 to 2000. Prior to that, he served as President and Chief Executive Officer of Quality Food, Inc., Chairman and Chief Executive Officer of Pepsi-Cola Company and President and Chief Executive Officer of PepsiCo Foods & Beverages International and Pepsi-Cola International for more than five years. Mr. Sinclair holds a bachelor s degree in Business Administration from the University of Kansas and an MBA from the Tuck School of Business at Dartmouth College.

Other Directorships/Advisory Affiliations

In addition to the directorships listed above, Mr. Sinclair has served on the Board of Directors of Reckitt Benckiser Group plc (since February 2015), where he served on the Nominating and Audit Committees, and has previously served on the Board of Directors of Foot Locker, Inc. (1995-2008), where he served on the Finance and Compensation Committees, and Perdue Farms (1992-2000). While serving on the Board of Directors of Cambridge Solutions Corporation, Ltd. (2005-2009), he served on the Compensation and Audit Committees.

Key Experience/Director Qualifications

Mr. Sinclair brings to Mattel s Board invaluable management, leadership and strategic experience across a variety of industries, and during his tenure as a director of Mattel, he has gained a deep understanding of Mattel s business and the toy industry and its cycles. He was responsible for building Pepsi-Cola s international business, and as a result, he also brings substantial global business experience to Mattel s Board. As a former Chief Executive Officer of a large, multinational, multibrand consumer products company like Pepsi-Cola, Mr. Sinclair also gained front-line exposure to many of the issues facing a public company like Mattel, particularly on the operational, financial and corporate governance fronts, making Mr. Sinclair an important contributor to the Board. As noted above, Mr. Sinclair has extensive board experience, having served on the boards of numerous companies, including a number of emerging market growth ventures such as The Water Initiative (since 2008) and Biovittoria, Ltd. (2009-2014).

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

DIRK VAN DE PUT

Age: 54

Director Since: 2011

Mattel Committee Memberships:

Audit Committee

Governance and Social Responsibility Committee

Mr. Van de Put has served as President and Chief Executive Officer of McCain Foods Limited, an international leader in the frozen food industry, since July 2011. From May 2010 to July 2011, he served as Chief Operating Officer of McCain Foods, and he has served on the Board of Directors of McCain Foods since May 2010. From September 2009 to May 2010, he served as President of the Global Over-the-Counter, Consumer Health division of Novartis AG, a world leader in innovative healthcare products. From 2007 to 2009, he served as President of the Americas division at Groupe Danone, a leader in the food industry in packaged water, dairy and baby food products. Mr. Van de Put served as President of the Latin America division at Groupe Danone from 1998 to 2007. In 1998, Mr. Van de Put served as President of the Caribbean division of The Coca-Cola Company and served as Vice President of the Value Chain Management, Brazil division of The Coca-Cola Company from 1997 to 1998. Mr. Van de Put holds a doctorate in veterinary medicine from the University of Ghent and an MBA from the University of Antwerp.

Other Directorships/Advisory Affiliations

Mr. Van de Put serves on the Board of Directors of the Consumer Goods Forum, a worldwide organization that represents hundreds of consumer product good companies and grocery retailers (since 2013).

Key Experience/Director Qualifications

As a currently-serving President, Chief Executive Officer and member of the Board of Directors of a large, multinational corporation, Mr. Van de Put has invaluable management, finance, leadership, international, global retail and operations expertise. Mr. Van de Put contributes to Mattel s Board extensive and diversified management experience in large public and private companies in the global retail and consumer packaged goods industries. Mr. Van de Put also brings all of this experience to Mattel s Audit Committee where he serves, along with Messrs. Prabhu and Ng, as one of the Committee s three Audit Committee Financial Experts, and to the Governance and Social Responsibility Committee, where he also serves as a member.

KATHY WHITE LOYD

Ms. White Loyd has served as Executive in Residence and Faculty Member at the Bryan School of Business & Economics at the University of North Carolina Greensboro since August 2013. She founded both the Horizon Institute of Technology (in 2002) and Rural Sourcing, Inc. (in 2003) to support information technology education and outreach. Ms. White Loyd served as Executive Vice President, e-business and Chief Information Officer of Cardinal Health, Inc. from 1999 to 2003, where she was responsible for directing the company s strategic use of information systems and the e-business organization. From 1996 to 1999, Ms. White Loyd was Senior Vice President and Chief Information Officer for Allegiance Corporation, which merged with Cardinal Health, Inc. in 1999. From 1981 to 1991, she was a tenured professor of information technology at the Bryan School of Business at the University of North Carolina. Ms. White Loyd holds a bachelor s degree in Business Education and an MBA from Arkansas State University, and an Ed.D. in Business Education from the University of Memphis.

Age: 65

Director Since: 2001

Mattel Committee Memberships:

Audit Committee

Compensation Committee

Other Directorships/Advisory Affiliations

Ms. White Loyd has served on the Board of Directors of Novell, Inc. (2003-2010), where she was a member of the Compensation and Corporate Governance Committees. She also served on the Board of the University of North Carolina Educational Foundation (2005-2009).

Key Experience/Director Qualifications

As a former Chief Information Officer and an information management leader, Ms. White Loyd provides Mattel s Board with unique insights into the strategic use of information technology as a competitive advantage. Such experience as well as her public company experience make Ms. White Loyd an important contributor to the Board and the Audit Committee and Compensation Committee, on which she serves as a member.

Recommendation

THE BOARD RECOMMENDS A VOTE FOR EACH OF THE NOMINEES NAMED HEREIN FOR ELECTION AS DIRECTORS.

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Director Independence

Nasdaq requires each Nasdaq-listed company to have a board of directors comprised of at least a majority of independent directors. Generally, under Nasdaq rules, a director qualifies as independent if the director is not an executive officer or employee of the listed company and, as affirmatively determined by the Board, has no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. Nasdaq rules specify a number of categories of relationships between a director and a listed company that would make a director ineligible to be independent. Mattel s Board has adopted Corporate Governance Guidelines that include provisions regarding qualifications for director independence. The Corporate Governance Guidelines are available on Mattel s corporate website at http://corporate.mattel.com/about-us/guide.aspx. These provisions incorporate Nasdaq s categories of relationships between a director and a listed company that would make a director ineligible to be independent.

In accordance with Nasdaq rules and Mattel s Corporate Governance Guidelines, the Board has affirmatively determined that each of the current directors of Mattel, except Christopher A. Sinclair, our CEO, has no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and is independent within the meaning of both Mattel s and Nasdaq s director independence standards, as currently in effect. Furthermore, the Board has determined that each of the members of our Audit Committee, Compensation Committee, and Governance and Social Responsibility Committee is independent within the meaning of Nasdaq director independence standards applicable to members of such committees. The Audit Committee members also meet the specific membership criteria for members of audit committees under the applicable Nasdaq and SEC rules. The Compensation Committee members also qualify as non-employee directors and outside directors within the meaning of Section 16 of the Securities and Exchange Act of 1934, as amended (Exchange Act) and the Internal Revenue Code, respectively.

In making these determinations, the Board considered, among other things, ordinary course commercial relationships with companies at which Board members then served as executive officers (including Adobe Systems Incorporated and Avery Dennison Corporation). The aggregate annual amounts involved in these commercial transactions were less than the greater of $200,000 or 5% of the annual consolidated gross revenues of these companies, and our Board members were not deemed to have a direct or indirect material interest in those transactions. The Board has determined that none of these relationships are material and that none of these relationships impair the independence of any non-employee director.

Board Meetings

During 2014, the Board held six meetings. No director attended less than 75% of the aggregate of all Board meetings and all meetings held by any committee of the Board on which he or she served.

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Policy Regarding Attendance of Directors at the Annual Meeting of Stockholders

Each member of Mattel s Board is expected, but not required, to attend Mattel s annual meeting of stockholders. There were 11 directors at the time of the 2014 Annual Meeting of Stockholders and all 11 directors attended the meeting.

Board Committees

Our Board has established six principal committees: the Audit Committee, the Governance and Social Responsibility Committee, the Compensation Committee, the Executive Committee, the Finance Committee and the Equity Grant Allocation Committee. Each of the Audit Committee, the Governance and Social Responsibility Committee and the Compensation Committee has a written charter that is reviewed annually and revised as appropriate. A copy of each of these committees current charter is available on our website at http://corporate.mattel.com/about-us/bios.aspx.

The current chairs and members of the committees are identified in the following table:

Director	Audit Committee	Governance and Social Responsibility Committee	Compensation Committee	Executive Committee	Finance Committee	Equity Grant Allocation Committee
Non-Employee Directors						
Michael J. Dolan*		M	C	C		
Trevor A. Edwards		M	M			
Dr. Frances D. Fergusson		C		M	M	
Ann Lewnes		M				
Dominic Ng	M				M	
Vasant M. Prabhu	C			M	M	
Dean A. Scarborough			M	M	C	
Dirk Van de Put	M	M				
Kathy White Loyd	M		M			
Employee Director						
Christopher A. Sinclair						M

C Chair

M Member

* Independent Lead Director

Audit Committee

Mattel s Audit Committee is chaired by Mr. Prabhu and includes Mr. Ng, Mr. Van de Put and Ms. White Loyd as members. Throughout 2014, Mr. Sinclair also served as a member and Chair of the Audit Committee. Upon his appointment as Interim CEO in January 2015, Mr. Sinclair ceased to be a member and Chair of the Audit Committee. The Board has determined that each member of the Audit Committee meets the SEC and Nasdaq independence requirements for members of audit committees. The Board has further determined that each member of the Audit Committee satisfies the financial sophistication requirements of the Nasdaq listing standards, and that Mr. Prabhu, the Chair of the Audit Committee, and Messrs. Ng and Van de Put are all Audit Committee Financial Experts, as such term is defined under SEC rules.

During 2014, the Audit Committee held 12 meetings.

The purpose of the Audit Committee is to provide assistance to the Board in fulfilling the Board s oversight responsibilities regarding:

- The quality and integrity of Mattel s financial reports;
- The independence, qualifications and performance of Mattel s independent registered public accounting firm;
- The performance of Mattel s internal audit function; and
- Mattel s compliance with legal and regulatory requirements.

The Audit Committee has the sole authority to appoint or replace the independent registered public accounting firm. The committee is directly responsible for the compensation and oversight of the work of the independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. The independent registered public accounting firm reports directly to the committee.

The Audit Committee meets periodically, in separate executive sessions, with management, the Chief Legal Officer, the senior internal auditing officer and the independent registered public accounting firm. The committee may request any officer or employee of Mattel, Mattel s outside counsel or Mattel s independent registered public accounting firm to attend a meeting of the committee or to meet with any members of, or consultants to, the committee. The committee has the authority to retain independent legal, accounting or other advisors, to the extent it deems necessary or appropriate.

Additional duties and responsibilities of the Audit Committee are outlined in the committee s charter and include the following:

- To pre-approve audit services, internal-control-related services and permitted non-audit services to be performed for Mattel by its independent registered public accounting firm;
- To meet with the independent registered public accounting firm and management in connection with each annual audit to discuss the scope of the audit and the procedures to be followed;
- To review and discuss Mattel s quarterly and annual financial statements with management, the independent registered public accounting firm and the internal audit group;

To discuss with management and the independent registered public accounting firm Mattel s practices with respect to risk assessment, risk management and critical accounting policies;

To review periodically with the Chief Legal Officer the implementation and effectiveness of Mattel s compliance and ethics programs; and

To discuss periodically with the independent registered public accounting firm and the senior internal auditing officer the adequacy and effectiveness of Mattel s accounting and financial controls, and consider any recommendations for improvement of such internal control procedures.

Governance and Social Responsibility Committee

Mattel has a Governance and Social Responsibility Committee chaired by Dr. Fergusson that includes Messrs. Dolan, Edwards and Van de Put and Ms. Lewnes as members. All of the members of the committee are independent directors.

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

During 2014, the Governance and Social Responsibility Committee held four meetings.

The primary purposes of the Governance and Social Responsibility Committee are:

- To assist the Board by identifying individuals qualified to become Board members, consistent with the criteria approved by the Board, and to select, or to recommend that the Board select, the director nominees for the next annual meeting of stockholders;
- To assist the Board in evaluating potential executive candidates in succession planning;
- To develop and recommend to the Board the Corporate Governance Guidelines applicable to Mattel;
- To lead the evaluation of the Board s performance;
- To evaluate, and make recommendations to the Board regarding, the independence of the Board members;
- To recommend to the director nominees for each committee to the Board;
- To assist the Board with oversight and review of social responsibility matters such as sustainability, corporate citizenship, community involvement, diversity and equal opportunity matters, global manufacturing principles, public policy matters and environmental, health and safety issues; and
- To provide oversight with regard to philanthropic activities.

The committee also works closely with the CEO and other members of Mattel s management to assure that the Company is governed effectively and efficiently, and has additional authority and responsibilities as specified in its charter.

Compensation Committee

Mattel has a Compensation Committee chaired by Mr. Dolan that includes Mr. Edwards, Mr. Scarborough and Ms. White Loyd as members. All of the members of the committee are independent directors. We intend that the members also qualify as outside directors within the meaning of Section 162(m) of the Internal Revenue Code and as non-employee directors within the meaning of the SEC s Rule 16b-3.

During 2014, the Compensation Committee held eight meetings.

The purpose of the Compensation Committee is to develop, evaluate and, in certain instances, approve or determine the compensation plans, programs and practices of Mattel. The committee has the authority to undertake and may exercise all of the powers of the Board with respect to the specific responsibilities listed in the committee s charter, including:

- Approving all forms of compensation to be provided to the CEO and all other executives who are subject to Section 16 of the Exchange Act;
- Annually reviewing and approving corporate goals and objectives relevant to the CEO, and reviewing and evaluating the CEO s performance;
- Administering Mattel s short- and long-term incentive programs and equity compensation plans;
- Reviewing the form and amount of non-employee Boards compensation; and
- Assessing material risks associated with our compensation structure, programs, plans and practices generally.

In performing its duties, the Compensation Committee reports and, as appropriate, makes recommendations to the Board regarding executive compensation programs and practices. The Compensation Committee also informs the non-management directors of the Board of its decisions regarding compensation for the CEO and other senior executives and, at times, refers its decisions to the Board for ratification.

The Compensation Committee has access to, and in its discretion may meet with, any officer or other employee of Mattel or its subsidiaries. The committee meets at least once each calendar year without the CEO present and often has executive sessions where no Mattel officer or employee is present. The committee has the authority to retain independent legal or other advisors, to the extent it deems necessary or appropriate.

The Compensation Committee may, in its discretion, use a compensation consultant or other professional or expert to provide data and advice to the committee regarding the compensation of executives of Mattel and to assist the committee in performing its other responsibilities. The retention and, where appropriate, termination of any such compensation consultant are at the Compensation Committee s sole discretion, and such decisions are made without the participation of any officer or other member of Mattel management. The Compensation Committee, in its sole discretion, approves the fees to the compensation consultant and any other terms related to the consultant s engagement. The terms of the Compensation Committee s charter require its compensation consultant to be independent, meaning it is free from any relationship with Mattel or its officers or other members of management that the committee determines, in its sole discretion, would interfere in the exercise of the independent judgment of the compensation consultant. In determining the independence of the compensation consultant, the terms of the Compensation Committee s charter require it to consider the nature and extent of any services provided by the consultant to Mattel or to any executive or management of Mattel, other than at the committee s discretion, and such other factors as the committee is required to consider pursuant to Nasdaq standards in effect from time to time.

The Compensation Committee has retained Frederic W. Cook & Co., Inc. (Cook & Co.) as its independent compensation consultant since August 2007 to provide the committee with advice and guidance on the design of our executive compensation programs and the evaluation of our executive compensation. Cook & Co. has not performed and does not currently provide any services to management or Mattel. Each year the Compensation Committee reviews the independence of the compensation consultants and other advisors who provide advice to the Compensation Committee, employing the independence factors specified in the Nasdaq listing standards. The Compensation Committee has determined that Cook & Co. is independent within the meaning of the committee s charter and Nasdaq listing standards, and the work of Cook & Co. for the committee does not raise any conflicts of interest. Cook & Co. attends Compensation Committee meetings when invited and meets with the Compensation Committee without management. Cook & Co. provides the Compensation Committee with third-party data and analysis and advice and expertise on competitive compensation practices and trends, executive compensation plan and program design, and proposed executive and director compensation. Cook & Co. reports directly to the Compensation Committee and, as directed by the Compensation Committee, works with management and the Chairman of the Compensation Committee. In 2014, Cook & Co. assisted the Compensation Committee on the following matters:

Analyzing and advising on:

the base salaries, target and actual annual incentives, bonus leverage, long-term incentives, target and actual total direct compensation and all other compensation for our former CEO and his direct reports as compared to the compensation of their counterparts at our comparator peer companies;

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

- our annual incentive plan design, provisions and practices; and
- our long-term incentive design, provisions and practices;

- Reviewing and advising regarding our comparator peer companies;
- Evaluating the specific elements of compensation of our former CEO and his direct reports;
- Assessing if our compensation structure, programs and practices present any risk;
- Reviewing and advising on our 2014 Proxy Statement;
- Providing executive compensation regulatory and legislative updates; and
- Advising regarding institutional advisers voting policies and market trends.

The Compensation Committee retains its authority over, and is responsible for, all compensation decisions.

Other Board Committees

Mattel has an **Executive Committee** chaired by Mr. Dolan that includes Dr. Fergusson, Mr. Prabhu and Mr. Scarborough as members. Mr. Sinclair served as Chair of the Executive Committee throughout 2014 until his appointment as Interim CEO in January 2015 upon which he ceased to be a member and Chair of the committee. During 2014, the Executive Committee held no meetings. The Executive Committee may exercise all the powers of the Board, subject to limitations of applicable law, between meetings of the Board.

Mattel has a **Finance Committee** chaired by Mr. Scarborough that includes Dr. Fergusson, Mr. Ng and Mr. Prabhu as members. During 2014, the Finance Committee held five meetings. The committee s primary functions are to advise and make recommendations to the Board with regard to Mattel s use of available capital, including but not limited to dividends to stockholders, mergers and acquisitions and stock repurchase programs.

Mattel has an **Equity Grant Allocation Committee** with Mr. Sinclair as the current sole member since January 2015. The sole member of the Equity Grant Allocation Committee during 2014 was Mr. Stockton, our former CEO. The Equity Grant Allocation Committee s primary function is to exercise the limited authority delegated to the committee by the Board and the Compensation Committee with regard to making annual and off-cycle equity compensation grants under Mattel s 2010 Equity and Long-Term Compensation Plan to employees below the executive leadership job level.

Board Leadership Structure

The Board believes that one of its most important responsibilities is to evaluate and determine the most appropriate Board leadership structure for the Company so that it can provide effective, independent oversight of management and facilitate its engagement in, and understanding of, the business of the Company. To carry out this responsibility, Mattel s corporate governance documents empower the Board to select its leadership structure, and the Board evaluates its structure periodically as well as when warranted by specific circumstances, such as the appointment of a new CEO. As part of its evaluation, the Board assesses which structure is in the best interests of the Company and its stockholders, and retains the authority to select a different leadership structure, including separating the positions of Chairman and CEO, when they believe it is appropriate. This governance structure allows the Board maximum flexibility to determine the best leadership structure to support the business.

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

The Board continues to believe that it is best for Mattel and its stockholders to have the same individual serve as Chairman and CEO. This promotes decisive, unified leadership as well as clarity with respect to responsibility and accountability. Furthermore, a combined Chairman and CEO acts as an effective bridge between management and the Board, encouraging, along with the Independent Lead Director, strong information flows so that both groups act with a common purpose. This structure also facilitates short-term crisis management and long-term strategic planning. The CEO has an in-depth knowledge of the Company s operations, as well as the industries and markets in which Mattel competes. As such, the Board believes that the CEO, rather than an outside director, will be in the best position to bring valuable insights, business issues, market opportunities and risks to the Board s attention for review and deliberation. Most importantly, combining the roles of Chairman and CEO builds a cohesive corporate culture, allowing Mattel to speak with a single voice both inside and outside the Company.

The Board also continues to recognize the importance of strong independent Board leadership. Mattel s Corporate Governance Guidelines require that the independent directors select an Independent Lead Director when the Chairman is not independent. The Board believes that the Independent Lead Director provides the same independent leadership, oversight and benefits for the Company and Board that would be provided by an independent Chairman. The Independent Lead Director s duties include the following significant responsibilities:

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;

- Serves as liaison between the Chairman and the independent directors;

- Approves information sent to the Board;

- Approves meeting agendas for the Board;

- Approves schedules of meetings to assure that there is sufficient time for discussion of all agenda items;

- Has the authority to call meetings of the independent directors; and

- If requested by major stockholders, ensures that he is available for consultation and direct communication.

Consistent with its commitment to effective, independent oversight of management, following Mr. Stockton s termination of employment on January 25, 2015, Mr. Sinclair was appointed as Chairman and Interim CEO, and on April 2, 2015, he was appointed as CEO. Previously, Mr. Sinclair had served as an independent director on the Board since 1996 and as Independent Lead Director and Chair of the Audit Committee and Executive Committee since 2011. The Board believes that the most effective Board leadership structure at the present time is for Mr. Sinclair, an experienced director with a history of overseeing the Company s management, to serve as both Chairman and CEO.

Furthermore, because Mattel s business is complex and its products are sold throughout the world, the Board believes Mr. Sinclair s experience in leading global, multi-brand, consumer-focused companies makes him particularly well suited to lead the Company. The independent directors of the Board also have appointed Mr. Dolan to serve as the Board s Independent Lead Director. Mr. Dolan has served as an independent director on the Board since 2004 and serves as Chair of the Compensation Committee and the Executive Committee, and as a member of the Governance and Social Responsibility Committee. The Board believes that Mr. Dolan s extensive business experience across a variety of industries and service on multiple boards of directors make him well qualified to serve as Independent Lead Director of the Company. The Board believes that the appointment of Mr. Sinclair as Chairman and CEO and Mr. Dolan as Independent Lead Director strikes the optimal balance between unified leadership and effective, independent oversight for the Company at this time.

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Board Risk Oversight

Role of Full Board in Risk Oversight

The full Board is responsible for overseeing Mattel s ongoing assessment and management of risks impacting Mattel s business. The Board engages in risk oversight throughout the year as a matter of course in fulfilling its role of overseeing management and business operations and specifically focuses on risks facing Mattel each year at a regularly scheduled Board meeting. The Board relies on Mattel s management to identify and report on material risks, and relies on each of the Board s committees to oversee management of specific risks related to each committee s function.

Role of Management in Risk Oversight

Consistent with their role as active managers of Mattel s business, our senior executive officers play the most active role in risk management, and the Board looks to such officers to keep the Board apprised on an ongoing basis about risks impacting Mattel s business and how such risks are being managed. Each year as part of Mattel s risk evaluation process performed by its internal audit team, Mattel s most senior executive officers, including the Chief Legal Officer, provide input regarding material risks facing the business group or function that each manages. These risks are reviewed with the Audit Committee, as part of seeking its approval of the internal audit plan for the next year, and later presented to the full Board along with a discussion of Mattel s strategy for managing these risks. Since much of the Board s risk oversight occurs at the committee level, Mattel believes that this annual process is important to ensure that all directors are aware of Mattel s most material risks.

Role of Board Committees in Risk Oversight

The Board s committees assist the full Board in overseeing many of the risks facing Mattel s business.

The Audit Committee discusses with management Mattel s material financial reporting and accounting risks and the steps management has taken to monitor and control such risks, including Mattel s risk assessment and risk management policies and procedures. The Audit Committee is also responsible for overseeing Mattel s compliance risk, which includes risk relating to compliance with laws and regulations, policies and procedures.

The Compensation Committee oversees any risks presented by Mattel s compensation programs and practices, including those that may relate to pay mix, range and sensitivity of performance-based variable plans, selection of performance measures, the goal setting process, and the checks and balances on the payment of compensation. See Compensation Risk Review for a more detailed description of the Compensation Committee s review of potential pay risk.

The Finance Committee oversees risks relating to capital allocation and deployment, including Mattel s credit facilities and debt securities, capital expenditures, dividend policy, and mergers and acquisitions. The Finance Committee also oversees third party risks, which includes risks arising from customers, suppliers, subcontractors, creditors, debtors, counterparties in hedging transactions and others.

The Governance and Social Responsibility Committee oversees and reviews with management risks relating to: succession planning, environmental and health and safety compliance, sustainability, corporate citizenship, community involvement, diversity, equal opportunity, philanthropy and charitable contributions, stockholder proposals dealing with governance or social responsibility matters and public policy and governmental relations.

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Code of Conduct

Our Board has adopted a Code of Conduct, which is a general statement of Mattel s standards of ethical business conduct. The Code of Conduct applies to all of our employees, including our CEO and our Chief Financial Officer. Certain provisions of the Code of Conduct also apply to members of the Board in their capacity as Mattel s directors. The Code of Conduct covers topics including, but not limited to, conflicts of interest, confidentiality of information and compliance with laws and regulations. We intend to disclose any future amendments to certain provisions of our Code of Conduct, and any waivers of provisions of the Code of Conduct required to be disclosed under the SEC rules or Nasdaq listing standards, on our website at http://corporate.mattel.com/about-us/ethics.aspx.

Communications with the Board

The independent directors of Mattel have unanimously approved a process by which stockholders of Mattel and other interested persons may send communications to any of the following: (i) the Board, (ii) any committee of the Board, (iii) the independent lead director or (iv) the independent directors. Such communications should be submitted in writing by mailing them to the relevant addressee at the following address:

[Addressee]

c/o Secretary, Mail Stop M1-1516

Mattel, Inc.

333 Continental Boulevard

El Segundo, CA 90245-5012

Any such communications will be relayed to the Board members who appear as addressees, except that the following categories of communications will not be so relayed, but will be available to Board members upon request:

- Communications concerning company products and services;
- Solicitations;
- Matters that are entirely personal grievances; and

Communications about litigation matters.

Table of Contents

THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Corporate Governance Documentation and How to Obtain Copies

Mattel is committed to having solid standards of corporate governance. Current copies of the following materials related to Mattel s corporate governance standards and practices are available publicly on Mattel s corporate website at http://corporate.mattel.com/about-us/corporate-governance.aspx.

Board of Directors Amended and Restated Guidelines on Corporate Governance;

Information on Board and Committee membership and biographies of Board members;

Audit Committee Charter;

Compensation Committee Charter;

Governance and Social Responsibility Committee Charter;

Code of Conduct;

Restated Certificate of Incorporation;

Amended and Restated Bylaws;

Director Nominations Policy;

Audit Committee Complaint Procedure;

Policy on Adoption of a Shareholder Rights Plan; and

Golden Parachute Policy.

A copy of any or all of these documents may also be obtained, free of charge, by mailing a request in writing to:

Secretary, Mail Stop M1-1516

Mattel, Inc.

333 Continental Boulevard

El Segundo, CA 90245-5012

Table of Contents

DIRECTOR COMPENSATION

The following table shows the compensation of the non-employee members of our Board for 2014. Ms. Lewnes was elected as a new director of Mattel, effective February 1, 2015. As her service to Mattel did not commence until after the fiscal year end, Ms. Lewnes is not included in the table or narrative disclosures below.

Name[1]	Fees Earned or Paid in Cash[2]	Stock Awards[3]	All Other Compensation[4]	Total
Michael J. Dolan	$ 120,000	$ 129,998	$ 20,000	$ 269,998
Trevor A. Edwards	$ 100,000	$ 129,998	$ 24,000	$ 253,998
Dr. Frances D. Fergusson	$ 110,000	$ 129,998	$ 22,650	$ 262,648
Dominic Ng	$ 110,000	$ 129,998	$ 30,000	$ 269,998
Vasant M. Prabhu	$ 110,000	$ 129,998	$ 30,000	$ 269,998
Dr. Andrea L. Rich[5]	$ 100,000	$ 129,998		$ 229,998
Dean A. Scarborough	$ 110,000	$ 129,998	$ 30,000	$ 269,998
Christopher A. Sinclair	$ 170,000	$ 129,998	$ 16,250	$ 316,248
Dirk Van de Put	$ 110,000	$ 129,998	$ 15,000	$ 254,998
Kathy White Loyd	$ 110,000	$ 129,998	$ 22,000	$ 261,998

(1) During 2014, Mr. Stockton, as CEO and a member of the Board, did not receive any additional compensation for serving as a director other than the amounts attributed to him for recommended grants and matching charitable contributions under the director programs described below. All of his compensation for his services to Mattel is shown in the Summary Compensation Table.

(2) For Messrs. Edwards, Ng, Scarborough and Van de Put, some or all amounts shown were deferred under the Mattel, Inc. Deferred Compensation Plan for Non-Employee Directors (Director DCP). Mr. Edwards deferred some amounts into the phantom stock account and Mr. Scarborough deferred all amounts into the phantom stock account. See the narrative disclosure below for details.

(3) In 2014, each of our non-employee directors received an annual equity grant of 3,341 RSUs. Amounts shown represent the grant date fair value of such shares, computed in accordance with FASB ASC Topic 718, based on our closing stock price of $38.91 on the grant date of May 16, 2014. The actual value that a director may realize from an award is contingent upon the satisfaction of the conditions to vesting in that award. Thus, there is no assurance that the value eventually realized by the director will correspond to the amount shown.

Table of Contents

DIRECTOR COMPENSATION

The table below shows the aggregate number of stock awards and option awards outstanding for each non-employee director as of December 31, 2014. Stock awards consist of unvested RSUs and vested but deferred RSUs. Directors may elect to further defer payment until a later date under the Director DCP, which would result in a deferral of taxable income to the director. Option awards consist of exercisable and unexercisable stock options.

Name	Aggregate Stock Awards Outstanding as of December 31, 2014	Aggregate Option Awards Outstanding as of December 31, 2014
Michael J. Dolan	9,652	21,000
Trevor Edwards	10,400	
Dr. Frances D. Fergusson	9,652	
Dominic Ng	24,825	9,000
Vasant M. Prabhu	9,652	
Dr. Andrea L. Rich[5]		
Dean A. Scarborough	21,059	12,000
Christopher A. Sinclair	9,652	21,000
Dirk Van de Put	9,652	
Kathy White Loyd	24,825	

(4) The All Other Compensation column shows the amount of gifts made by the Mattel Children s Foundation pursuant to the Board of Directors Recommended Grants Program and the Gift Matching Program for the applicable director. Subject to certain limitations, each director may recommend that the Mattel Children s Foundation make gifts of up to a total of $15,000 per year (and up to an additional $10,000 if the director matches the Mattel Children s Foundation contribution dollar-for-dollar up to such additional amount) to one or more non-profit public charities that help fulfill the Foundation s mission of serving children in need. The Mattel Children s Foundation also will match up to $5,000 for any gifts that the director makes on his or her own, subject to certain limitations. The programs may not be used to satisfy any pre-existing commitments of the director or any member of the director s family.

(5) Dr. Rich passed away on July 28, 2014.

Narrative Disclosure to Director Compensation Table

Non-employee directors received an annual retainer of $100,000, and each non-employee committee chair received an additional annual retainer, the amount of which differed depending upon the committee, as follows: Audit Committee, $20,000; Compensation Committee, $20,000; and all other committees, $10,000. The independent lead director received an additional $30,000 annual retainer. Further, each member of the Audit Committee received an additional annual retainer of $10,000. Directors had the option to receive either all or a portion of their annual retainer in the form of shares of Mattel common stock or to defer receipt under the Director DCP.

During 2014, non-employee directors also received annual grants of RSUs, with a fixed grant value of $130,000. Each RSU represents a contingent right to receive one share of Mattel common stock. These RSUs have quarterly ratable vesting schedules but the non-employee director generally will receive actual shares of Mattel common stock in settlement of the vested RSUs on the earlier of the third anniversary of the grant date or the date his or her directorship terminates. We reserve the right to settle the units in cash equal to the fair market value of the stock, but do not anticipate doing so. The RSUs have dividend equivalent rights, meaning that for the period before the RSUs are settled in shares or forfeited, we will pay the grantee cash equal to the cash dividends that he or she would have received if the units had been an equivalent number of actual shares of Mattel common stock. The directors may also elect to further defer the receipt of the shares under the Director DCP and if they do so, dividend equivalents are also deferred under the Director DCP in the form of shares.

If a non-employee director leaves our Board, the consequences for the RSUs depend on the circumstances of such departure:

- If the departure occurs as a result of death, disability or retirement at age 55 or greater with five or more years of service, the RSUs vest in full;

- If the departure is for cause, all of the RSUs will be forfeited; and

- In all other circumstances, the unvested RSUs will be forfeited.

Under the general terms of the 2010 Equity and Long-Term Compensation Plan, upon a change of control, any RSUs granted thereunder that are not assumed or substituted therefor by the acquirer in a change of control would vest in full upon the change of control.

The Director DCP allows directors to defer common stock underlying their annual RSU grants and amounts deferred are maintained in account balances that are deemed invested in one or more of a number of externally managed institutional funds. Prior to 2009, directors had the option of choosing between deemed investments in (i) a common stock equivalent or phantom stock account or (ii) an interest-bearing account with the same crediting rate as that available under the DCP. Similar to the DCP, the directors accounts do not have any above-market earnings or preferential earnings as defined in applicable SEC rules and regulations since the crediting rate investment option will always be set annually lower than the 120% of the applicable federal long-term rate, with compounding, and the rate of return for the externally managed institutional funds and the phantom stock accounts track the actual rate of return on the externally managed funds and investments in Mattel common stock.

Distribution of amounts deferred under the Director DCP may be paid in a lump sum or 10 annual installments, with payment made or commencing upon a director s termination of service with the Board or upon the director achieving a specified age not to exceed 72. As of December 31, 2014, the following directors had the following aggregate balances of phantom stock units in the Stock Equivalent Account of the Director DCP, including deferred vested and unvested RSUs: Mr. Edwards, 1,680; Mr. Ng, 45,492; Dr. Rich, 16,384; Mr. Scarborough, 34,680; and Ms. White Loyd, 27,783.

Mattel reimburses directors for their expenses incurred while traveling on Board business and permits directors to use Company-selected aircraft when traveling on Board business, as well as commercial aircraft, charter flights and non-Mattel private aircraft. These expenses are not considered perquisites, as they are limited to business use. In the case of travel by a non-Mattel private aircraft, the amount reimbursed is generally limited to variable costs or direct operating costs relating to travel on Mattel Board business and generally does not include fixed costs such as a portion of the flight crew s salaries, monthly management fee, capital costs or depreciation.

Table of Contents

DIRECTOR COMPENSATION

Non-Employee Director Stock Ownership

The Board has adopted guidelines regarding non-employee director stock ownership. These guidelines currently state that, within five years after joining the Board, non-employee members of the Board should attain a target minimum level of stock ownership of five times the annual cash retainer paid to each member. The annual cash retainer is currently $100,000. For this purpose, stock holdings are valued at the greater of actual cost or current market value. Directors who have deferred any of their cash compensation into investments in Mattel stock equivalent accounts in the Director DCP receive credit for such amounts, valued at the current market value. In August 2010, our Board increased the target minimum level stock ownership guideline from three times to five times the annual cash retainer. Each of our Board members (other than the newest members of our Board, Mr. Van de Put, Mr. Edwards and Ms. Lewnes) has met the target minimum stock ownership level. Mr. Van de Put has until December 1, 2016, Mr. Edwards has until March 14, 2017 and Ms. Lewnes has until February 1, 2020, to meet the target minimum level of stock ownership.

Table of Contents

AUDIT MATTERS

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission (SEC) or subject to Regulations 14A or 14C of the Securities Exchange Act of 1934, as amended (Exchange Act), or the liabilities of Section 18 of the Exchange Act. The Report of the Audit Committee shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent Mattel specifically incorporates it by reference.

The Audit Committee s responsibility is to assist the Board in its oversight of:

- the quality and integrity of Mattel s financial reports;
- the independence, qualifications and performance of PricewaterhouseCoopers LLP (PwC), Mattel s independent registered public accounting firm;
- the performance of Mattel s internal audit function; and
- the compliance by Mattel with legal and regulatory requirements.

Management of Mattel is responsible for Mattel s consolidated financial statements as well as Mattel s financial reporting process, disclosure controls and procedures, and internal control over financial reporting.

PwC is responsible for performing an integrated audit of Mattel s annual consolidated financial statements and of its internal control over financial reporting.

In this context, the Audit Committee has reviewed and discussed with management, the senior internal auditing officer of Mattel and PwC, the audited financial statements of Mattel as of and for the year ended December 31, 2014 and Management s Report on Internal Control Over Financial Reporting. Management has confirmed to the Audit Committee that, as required by Section 404 of the Sarbanes-Oxley Act, management has evaluated the effectiveness of Mattel s internal control over financial reporting using the framework in *Internal Control Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The scope of management s evaluation of the effectiveness of internal control over financial reporting does not include any internal controls of MEGA Brands Inc., a corporation incorporated under the laws of Canada (MEGA Brands), which was acquired on April 30, 2014. This exclusion is in accordance with the SEC s general guidance that a recently acquired business may be omitted from the scope of the assessment in the year of acquisition. MEGA Brands, excluding acquired intangible assets, represented less than 3% of Mattel s total assets as of December 31, 2014 and less than 5% of Mattel s total net sales for the year ended December 31, 2014. Based on this evaluation, management concluded that Mattel s internal control over financial reporting was effective as of December 31, 2014.

PwC has expressed its opinion that:

Mattel s consolidated financial statements present fairly, in all material respects, its financial position as of December 31, 2014 and 2013, and its results of operations and cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America; and

Table of Contents

REPORT OF THE AUDIT COMMITTEE

Mattel has maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control Integrated Framework* issued by COSO. The scope of PwC s audit of internal control over financial reporting excludes certain elements of internal control over financial reporting of MEGA Brands, which was acquired on April 30, 2014.

In addition, Mattel s Chief Executive Officer and Chief Financial Officer reviewed with the Audit Committee, prior to filing with the SEC, the certifications that were filed pursuant to the requirements of the Sarbanes-Oxley Act and the disclosure controls and procedures management has adopted to support the certifications. The Audit Committee periodically meets in separate executive sessions with management, the Chief Legal Officer, the senior internal auditing officer and PwC. Each of the Chief Financial Officer, the Chief Legal Officer, the senior internal auditing officer and PwC has unrestricted access to the Audit Committee.

The Audit Committee has discussed with PwC the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees , as adopted by the Public Company Accounting Oversight Board (the PCAOB). In addition, the Audit Committee has received the written disclosures and the letter from PwC required by the PCAOB regarding the firm s independence from Mattel, and the Audit Committee has also discussed with PwC the firm s independence from Mattel.

The Audit Committee has also considered whether PwC s provision of non-audit services to Mattel is compatible with maintaining the firm s independence from Mattel.

The members of the Audit Committee are not engaged in the accounting or auditing profession and, consequently, are not experts in matters involving accounting or auditing, including the subject of auditor independence. As such, it is not the duty of the Audit Committee to plan or conduct audits or to determine that Mattel s consolidated financial statements fairly present Mattel s financial position, results of operations and cash flows and are in conformity with accounting principles generally accepted in the United States of America and applicable laws and regulations. Each member of the Audit Committee is entitled to rely on:

- the integrity of those persons within Mattel and of the professionals and experts (such as PwC) from which the Audit Committee receives information;

- the accuracy of the financial and other information provided to the Audit Committee by such persons, professionals or experts absent actual knowledge to the contrary; and

- representations made by management or PwC as to any information technology services of the type described in Rule 2-01(c)(4)(ii) of Regulation S-X and other non-audit services provided by PwC to Mattel.

Based on the reports and discussions described above, the Audit Committee recommended to the Board that the audited financial statements be included in Mattel s Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC.

AUDIT COMMITTEE

Vasant M. Prabhu (Chair)

Dominic Ng

Dirk Van de Put

Kathy White Loyd

March 25, 2015

Table of Contents

FEES INCURRED FOR SERVICES BY PRICEWATERHOUSECOOPERS LLP

The following table summarizes the fees accrued by Mattel for audit and non-audit services provided by PricewaterhouseCoopers LLP during fiscal years 2014 and 2013:

Fees	2014	2013
Audit fees[1]	$ 7,991,000	$ 7,303,000
Audit-related fees[2]	$ 137,000	$ 212,000
Tax fees[3]	$ 2,255,000	$ 1,926,000
All other fees		
Total	$ 10,383,000	$ 9,441,000

(1) Audit fees consisted of fees for professional services provided in connection with the integrated audit of Mattel s annual consolidated financial statements and the audit of internal control over financial reporting, the performance of interim reviews of Mattel s quarterly unaudited financial information, comfort letters, consents and statutory audits required internationally.

(2) Audit-related fees consisted primarily of the audits of employee benefit plans for 2014 and the audits of employee benefits plans and agreed upon procedures engagement for 2013.

(3) Tax fees principally included (i) tax compliance and preparation fees (including fees for preparation of original and amended tax returns, claims for refunds and tax payment-planning services) of $690,000 for 2014 and $783,000 for 2013, and (ii) other tax advice, tax consultation and tax planning services of $1,565,000 for 2014 and $1,143,000 for 2013.

The Audit Committee charter provides that the Audit Committee pre-approves all audit services and permitted non-audit services to be performed for Mattel by its independent registered public accounting firm, subject to the *de minimis* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act.

In addition, consistent with SEC rules regarding auditor independence, the Audit Committee has adopted a Pre-Approval Policy, which provides that the Audit Committee is required to pre-approve the audit and non-audit services performed by our independent registered public accounting firm. The Pre-Approval Policy sets forth procedures to be used for pre-approval requests relating to audit services, audit-related services, tax services and all other services and provides that:

The term of the pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period or the services are specifically associated with a period in time;

The Audit Committee may consider the amount of estimated or budgeted fees as a factor in connection with the determination of whether a proposed service would impair the independence of the registered public accounting firm;

Requests or applications to provide services that require separate approval by the Audit Committee are submitted to the Audit Committee by both the independent registered public accounting firm and the Chief Financial Officer or Corporate Controller, and must include a joint statement as to whether, in their view, the request or application is consistent with the rules of the SEC on auditor independence;

The Audit Committee may delegate pre-approval authority to one or more of its members, and if the Audit Committee does so, the member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting; and

FEES INCURRED FOR SERVICES BY PRICEWATERHOUSECOOPERS LLP

The Audit Committee does not delegate to management its responsibilities to pre-approve services performed by the independent registered public accounting firm.

All services provided by our independent registered public accounting firm in 2014 were pre-approved in accordance with the Audit Committee s Pre-Approval Policy.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Our executive compensation programs directly tie the amount of earned and realizable compensation to Company performance. 2014 was a disappointing and challenging year for Mattel with declining net sales, operating income, earnings per share and total stockholder returns. As of result of our poor performance in 2014:

- No merit-based salary increases were given to our NEOs in 2014 or 2015;
- No bonuses were earned or paid to our NEOs under our MIP for 2014 because we did not achieve our threshold goal for adjusted operating profit;
- No Performance Units granted to our NEOs under our 2014-2016 LTIP were earned for 2014 because we did not achieve our threshold goals under the annual net operating profit after tax, less capital charge and annual net sales performance measures;
- Stock options granted to our NEOs in 2014 were underwater as of fiscal year end; and
- Value of the time-vesting RSUs granted to our NEOs in 2014 declined 12.2%, based on our stock price on the RSU grant date compared to our stock price at fiscal year end.

In the case of Mr. Stockton, our former Chairman of the Board and CEO, our pay-for-performance link caused his 2014 realizable compensation to decline to only 36% of his 2014 targeted compensation. On January 25, 2015, Mr. Stockton ceased to be Chairman of the Board and CEO of the Company and his employment was terminated, and Mr. Sinclair, one of our independent directors, was appointed as Chairman of the Board and Interim CEO. On April 2, 2015, Mr. Sinclair was appointed as CEO.

Our fiscal year 2014 NEOs were:

Name	Position (as of December 31, 2014)
Bryan G. Stockton	Chairman of the Board & CEO (on January 25, 2015, Mr. Stockton ceased to be Chairman of the Board and CEO and his employment was terminated)
Kevin M. Farr	Chief Financial Officer
Richard Dickson	Chief Brands Officer (on May 20, 2014, Mr. Dickson commenced employment with us as Chief Brands Officer; on January 13, 2015, he was promoted to President, Chief Brands

	Officer; on April 2, 2015, he was promoted to President and Chief Operating Officer)
Timothy J. Kilpin	Executive Vice President, International (on May 15, 2014, Mr. Kilpin transitioned from Executive Vice President, Global Brands Team Boys and Girls to Executive Vice President International; on January 13, 2015, he was promoted to President, Chief Commercial Officer)
Robert Normile	Executive Vice President, Chief Legal Officer & Secretary
Geoff M. Massingberd	Chairman and President of MEGA Brands, Inc. (on April 30, 2014, in connection with our acquisition of MEGA Brands Inc., Mr. Massingberd transitioned from Executive Vice President, International to Chairman and President of MEGA Brands, which is a non-executive officer position for SEC purposes)

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

2014 Financial Performance

Our 2014 financial performance was below expectations, with

declining sales, operating profit and stock price.

Financial Measure	2014	2013	Percentage Change
Net Sales	$6.02 billion	$ 6.48 billion	-7%
Operating Income	$654 million	$ 1.17 billion	-44%(1)
Earnings per share (EPS)	$1.45	$2.58	-44%(2)
Net cash flow from operations	$889 million	$ 698 million	27%

(1) The decline in operating income was primarily driven by lower sales volume, lower gross margin and reduced leverage on advertising and promotion expenses and selling, general and administrative expenses due to lower sales volume.

(2) The decrease in EPS was driven by lower operating income, partially offset by lower income tax expense and share count.

During 2014, our stock price decreased from $47.58 to $30.95 (from December 31, 2013 to December 31, 2014), reflecting a one-year TSR of -32% compared to our peer group one-year median TSR of 13%.

Our three- and five-year TSR was 8% and 13%, respectively. This compares to our peer group three- and five-year median TSR of 20% and 17%, respectively.

We continued, however, to provide returns to our stockholders through

increased dividends and stock repurchases.

While we experienced a disappointing and challenging year in 2014, our financial discipline and our focus on successfully driving efficiencies continued to deliver healthy margins and cash flow, which enabled us to:

Pay total annual dividends in 2014 of $1.52 per share (an increase of 6% from 2013); and

Repurchase approximately 5 million shares of our common stock at a cost of approximately $177 million, which was a decrease from $469 million in 2013.

Our corporate objectives for 2014 were to grow our share in the global marketplace, continue to improve our operating margins and create long-term stockholder value.

To achieve these objectives, management established the following strategies:

- **Deliver consistent growth** by investing in our core brands, optimizing entertainment partnerships, building new franchises, and working to expand and leverage our international footprint;

- **Optimize operating margins** through sustaining gross margins of about 50% over the long-term, and delivering on cost savings initiatives; and

- **Generate significant cash flow** and continue our disciplined, opportunistic and value-enhancing deployment of capital.

We designed our incentive programs to encourage management to achieve these objectives by employing performance goals relating to net sales, operating profit, free cash flow, gross profit and TSR.

In 2015 and beyond, we intend to utilize our unmatched portfolio of brands, global scale of infrastructure, capable management team, and strong balance sheet to work towards revitalizing our business and to deepen our connection with children and parents around the world. In addition, we launched Funding Our Future, our cost savings program where we are looking to simplify our global operations through structural and process improvements and supply chain optimization.

Annual Cash and Equity-Based Long-Term Incentives Are Linked to Our Performance

As a result of our poor 2014 financial performance, we did not meet our threshold performance goals and accordingly no incentive compensation was earned by our NEOs under our MIP or LTIP for 2014.

The strong linkage between pay and performance is demonstrated by comparing Mr. Stockton s 2014 targeted compensation to his 2014 realizable compensation as of December 31, 2014 when our stock price was $30.95 per share.

2014 Targeted Compensation	
2014 Targeted Annual Cash	**$2,875,000**
Base Salary	$1,150,000
Target Annual Incentive (MIP)(1)	$1,725,000
2014 LTI Grant Date Values(1)(2)	**$6,111,386**
Stock Options	$2,312,499
Stock Awards	$3,798,887
RSUs ($2,333,339)	
Performance Units ($1,465,548)	
Total 2014 Targeted Compensation	**$8,986,386**
2014 Realizable Compensation	
2014 Actual Annual Cash(2)	**$1,150,000**
Base Salary	$1,150,000
Actual Annual Incentive (MIP) Paid	$ 0
2014 LTI Realizable Values(3)	**$2,048,704**
Stock Options	$ 0
Stock Awards	$2,048,704
RSUs ($2,048,704)	
Performance Units ($0)	
Total 2014 Realizable Compensation	**$3,198,704**
% of Targeted Compensation	**36%**

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

(1) Reflects amounts disclosed in the Grants of Plan-Based Awards in 2014 table on page 73. The grant date fair value of the 2014-2016 Performance Units is determined in accordance with FASB ASC Topic 718 based on probable outcome of the performance-related component for one-third of the granted Performance Units and estimated valuation of the market-related component using a Monte Carlo simulation.

(2) Reflects amounts disclosed in the Summary Compensation Table on page 69 for 2014.

(3) The value shown for the 2014 stock options reflects the intrinsic value of such options as of fiscal year end based on the difference between the $30.95 stock price and the option exercise price. If instead the Black Scholes value of the stock options was taken into account at year end, then such options would be valued at $1.3 million, resulting in Total 2014 Realizable Compensation of $4.5 million or 50% of Targeted Compensation.

The value shown for 2014 RSUs reflects our stock price as of fiscal year end of $30.95.

The value of the Performance Units is zero because the Performance Units that could have been earned in 2014, representing one-third of the amount granted, were not earned due to our poor 2014 financial performance. The remaining granted Performance Units will be earned, if at all, based on our performance in 2015 and 2016.

Total Direct Compensation Targeted Against the Median of Our Peer Group

Mr. Stockton s 2014 total target direct compensation and

LTIs were below the market median.

The Compensation Committee annually evaluates the overall competitiveness of our NEOs total direct compensation. For 2014, Mr. Stockton s total target direct compensation and equity-based long-term incentives (LTIs) were below the median but above the 25th percentile of our comparator peer group, with base salary and annual target bonus at the median of our comparator peer group. Our NEOs total target direct compensation was in the median range overall, with individual variances appropriately based on experience, performance, future potential and internal equity.

We are a global consumer goods company and as such we compete for executive talent with, and our comparator peer group is made up of, a large range of companies that are category leaders in the consumer products, apparel and fashion, entertainment and leisure, food and beverage, and retail industries. Our comparator peer companies are comparable to us in their orientation, business model, size (as measured by revenue, net income growth, employees and market capitalization) and global scale and reach. Mattel s revenues, total employees and market cap value are in the median range of our peer group.

Strong Say-On-Pay Support

In 2014, our stockholders approved the compensation

of our NEOs with approximately 98% approval.

In light of the overwhelming support of our say-on-pay stockholder advisory vote of 98% in 2014, our Compensation Committee made no significant changes to the overall design of our compensation programs as a result of the most recent say-on-pay stockholder advisory vote. Our Compensation Committee, however, believes it is important, particularly in financially challenging times, to ensure comprehensive understanding of stockholder concerns. We value stockholder input and will continue to address the concerns of our stockholders regarding our executive compensation programs.

Strong Governance and Best Practices

We are committed to having strong governance standards with respect to our compensation programs and practices that are mindful of the concerns of our stockholders.

What We Do

ü ***Clawback Policy*** Our Clawback Policy that is applicable to all executive officers and other direct reports to the CEO permits our Compensation Committee **to require forfeiture or reimbursement** of certain cash and equity that was paid, granted or vested based upon the achievement of financial results that, when recalculated to include the impact of a material financial restatement, were not achieved, whether or not fraud or misconduct was involved.

ü ***Best Practices Executive Severance Plans*** In addition to our Mattel, Inc. Executive Severance Plan (the Severance Plan) that is applicable to Messrs. Stockton, Farr and Normile, our Compensation Committee adopted the Mattel, Inc. Executive Severance Plan B (Severance Plan B) in May 2014 that is applicable to Messrs. Dickson, Kilpin and Massingberd. These plans provide consistent benefits among the participants for such plans and reflect current compensation best practices and trends, which include:

- **Double-trigger** equity acceleration upon a change of control for all equity awards (i.e., trigger requires both a change of control and a qualifying termination of employment);

- Under the Severance Plan, severance benefit levels set at a **multiple of 2x** the sum of base salary plus annual incentive;

- Under the Severance Plan B, severance benefit levels set at a **multiple of 1x** base salary plus annual incentive, with an additional 0.5x of base salary plus annual incentive in the event the executive has not found employment by the first anniversary of the termination of employment date; and

- Bonuses for the year of termination based on **actual performance**.

ü ***Meaningful Stock Ownership Guidelines*** Our guidelines align the long-term interests of our CEO and his direct reports with those of our stockholders and discourage excessive risk-taking. Our guidelines require stock ownership levels as a value of Mattel shares equal to a multiple of base salary **(CEO at 6x, CFO at 4x and other NEOs at 3x and, as of January 29, 2015, certain NEOs at 4x due to promotions to higher job levels),** consistent with market practices, and include holding requirements if the target level ownerships are not met within the compliance deadline.

ü ***Independent Compensation Consultant*** Our Compensation Committee engages its own **independent** compensation consultant, Cook & Co., who does not provide services to the Company, to advise on executive and director compensation matters.

ü ***Annual Risk Assessment*** Based on our annual risk assessment, our compensation programs **do not present any risk** that is reasonably likely to have a material adverse effect on the Company.

ü ***Annual Comparator Peer Group Review*** Our Compensation Committee, in conjunction with Cook & Co., reviews the makeup of our comparator peer group annually and makes adjustments to the composition of the group as it deems appropriate.

What We Do Not Do

Ñ ***No Excise Tax Gross-Ups*** We do not provide any gross-ups of excise taxes on severance or other payments in connection with a change of control.

Ñ ***No Poor Pay Tax Gross-Up Practices on Perquisites and Benefits*** We do not provide tax gross-up payments other than in the limited circumstances for business-related relocations (and related international tax compliance) that are under our control, are at our direction, benefit our business operations and are generally available to other employees.

Ñ ***No Hedging or Pledging Permitted*** We generally do not permit our Board members, officers and employees to engage in hedging transactions or to pledge or use Mattel shares as collateral for loans.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

ELEMENTS OF COMPENSATION

Guiding Principles, Philosophy and Objectives

In the consumer products market where we compete for talent, base salary, annual cash incentive, equity-based LTIs, benefits and perquisites, and severance and change-of-control benefits are all components of a competitive and effective overall executive compensation package.

The following are the guiding principles of our executive compensation programs:

- Pay for performance;
- Financial interests of NEOs aligned with the financial interests of our stockholders; and
- Strong governance and best practices aligned with concerns of our stockholders.

The table below lists the elements of our executive compensation programs and how they relate to our philosophy and objectives. Each element is designed to be competitive within the consumer products market in order to attract and retain high caliber executive leadership as well as to provide responsible and balanced incentives.

Element of Compensation	Philosophy and Objective
Base Salary	Provide fixed income for financial certainty and stability Reward individual performance
Annual Cash Incentive	Incentivize and motivate executives to achieve our short-term business and financial objectives Hold executives accountable for performance against financial performance goals Promote team orientation by encouraging participants in all areas of the Company to work together to achieve common Company goals Directly link pay opportunity to Company performance

Equity-Based Long-Term Incentives Performance Units Stock Options Time-Vesting RSUs	Incentivize and motivate executives to achieve key short-term and long-term business strategies and financial objectives Align executives interests with stockholders interests Foster a long-term focus to increase stockholder value Encourage executive stock ownership Reward stock price appreciation
Benefits and Perquisites	Provide for safety and wellness of executives Provide income security for retirement Enable enhancement of executive productivity
Severance and Change-of-Control Benefits	Provide income security Allow our executives to continue to focus their attention on our business operations in the face of the potentially disruptive impact of a proposed change-of-control transaction and to assess takeover bids objectively without regard to the potential impact on their own job security

Table of Contents

Our Compensation Committee has designed and developed our executive compensation programs so that a significant percentage of annual compensation is performance-based and at risk, with a significant percentage delivered in the form of equity, rather than cash, which promotes alignment with stockholders interests and creates incentives for long-term performance. The chart below shows the 2014 total targeted direct compensation mix for Mr. Stockton as our CEO in 2014 and the average 2014 total targeted direct compensation for the other NEOs.

* Total Targeted Direct Compensation is the sum of annual base salary, annual incentive (MIP) target, annual LTI targeted value (i.e., annualized 2014-2016 LTIP grant value, plus annual grant value of stock options and time-vesting RSUs see table on page 53).

Base Salary

Our Compensation Committee reviews the base salaries of our CEO and his direct reports at its first meeting of each year. Our CEO typically provides our Compensation Committee with his recommendation regarding merit increases to the base salary for each of these executives other than himself. Merit increases to base salaries are driven primarily by our CEO s evaluation of individual performance, market competitive factors and our corporate merit budget. Our CEO s base salary is determined by our Compensation Committee in an executive session with input from Cook & Co., without the presence of our CEO.

Given our emphasis on performance-based compensation, in light of 2013 financial performance, our CEO recommended, and our Compensation Committee determined, that none of our NEOs would receive a merit increase in base salary for 2014.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

In April 2014, Mr. Massingberd s base salary increased to $715,000 from $625,000, in connection with his transition from our Executive Vice President, International to Chairman and President of MEGA Brands, and in May 2014, Mr. Kilpin s base salary increased to $650,000 from $600,000, in connection with his transition from our Executive Vice President, Global Brands Team Boys & Girls to Executive Vice President, International.

Our Compensation Committee determined these base salary increases based on market competitiveness, each of their experience and the value each is expected to add to the new role.

Effective as of May 20, 2014, in connection with Mr. Dickson s hiring, our Compensation Committee determined Mr. Dickson s annual base salary of $735,000 based on the duties and responsibilities of the new position, his individual experience and qualifications, his prior salary and market competitiveness.

In light of our poor performance in 2014, our Compensation Committee determined there would be no merit-based salary increases in 2015 for our NEOs.

Annual Cash Incentive

The MIP, our annual cash incentive plan, provides our NEOs and approximately 11,000 other global employees with the opportunity to earn annual cash incentive compensation based on achievement of our short-term financial and business objectives. The MIP:

- Links pay to performance and puts a meaningful portion of compensation at risk based on Company and business group financial success;
- Provides a competitive level of targeted annual compensation to attract and retain key talent;
- Promotes team orientation by encouraging all areas of Mattel to work together to achieve common Company goals; and
- Provides appropriate reward leverage and risk for threshold to maximum performance.

The target MIP opportunities for 2014 were set at the same level as in 2013 for all of our NEOs, other than Mr. Dickson, who commenced employment with us in 2014. Our Compensation Committee determined Mr. Dickson s target MIP opportunity for 2014 based on his responsibilities in the Division Leadership job level and internal equity. The following table shows the target MIP opportunities for 2014, expressed as a percentage of base salary, for each of our NEOs and the actual amounts earned by each of our NEOs for 2014 (based on an earnout of 0%).

Name	2014 Target MIP Opportunity as a % of Base Salary	2014 Earned MIP Amount
Bryan G. Stockton	150%	$0
Kevin M. Farr	70%	$0
Richard Dickson	70%	$0
Timothy J. Kilpin	70%	$0
Robert Normile	65%	$0
Geoff M. Massingberd	70%	$0

Table of Contents

Under the MIP, actual annual incentives payable to our NEOs may be between 0% and 200% of the executive s target MIP opportunity, based on our attainment of the pre-established financial performance goals. Our Compensation Committee believes that it is important to have our corporate executives annual incentives tied to overall Company results and have business group leaders annual incentives additionally tied to the performance of the business groups that they manage and for which they are accountable. As a result, the annual incentive opportunity in 2014 for each of Messrs. Stockton (CEO), Farr (CFO) and Normile (EVP, Chief Legal Officer and Secretary) is 100% based on Company performance. Mr. Dickson was hired as our Chief Brands Officer effective May 20, 2014, and his annual incentive opportunity was 50% based on Worldwide (WW) Mattel Brands performance and 50% based on Company performance.

Given the transition of Mr. Massingberd from Executive Vice President, International to Chairman and President of MEGA Brands effective April 30, 2014, and of Mr. Kilpin from Executive Vice President, Global Brands Team Boys & Girls to Executive Vice President, International effective May 15, 2014, their performance measures were based on the divisions over which they had responsibility and the applicable time period during which they held that responsibility, as set forth below:

Name	Performance Measures	
Timothy J. Kilpin	1/1/2014 to 5/14/2014 36.7% 50% Company 35% GBT Boys & Girls Division 15% WW Mattel Brands	5/15/2014 to 12/31/2014 63.3% 50% Company 35% International Division 15% WW Mattel Brands
Geoff M. Massingberd	1/1/2014 to 4/29/2014 32.6% 50% Company 35% International Division 15% WW Mattel Brands	4/30/2014 to 12/31/2014 67.4% 50% Company 50% MEGA Brands

Our Compensation Committee believes the structure of our MIP is market competitive and encourages behavior that benefits the Company and the business group or corporate function over which the executive has primary responsibility.

Company Performance Measures and Results

At its March 2014 meeting, our Compensation Committee set the 2014 annual performance measures under the MIP, which measures were based on objective criteria. In order to focus our annual incentives on multiple performance measures that each drive stockholder value, our Compensation Committee historically has employed three Company-wide performance measures under the MIP that emphasize profitability in absolute terms and as a percentage of revenue and cash management. For 2014, the Compensation Committee continued to employ these measures and added Net Sales as an additional modifier to the MIP performance measures to focus management on revenue growth. In making this determination, the Compensation Committee reviewed Cook & Co s analysis of the potential impact of this change on operating profits. The four financial measures under the 2014 MIP, and their associated weightings and modifier effects, are set forth in the following table.

Measure (weighting/modifier effect)	Definition	Purpose
Adjusted Operating Profit (75% weighting)	Adjusted operating income, plus/minus non-operating income/expense	Plans and measures the core operating performance of our business and its profitability in absolute terms Ensures stockholders are participating in our earnings

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Measure (weighting/modifier effect)	Definition	Purpose
Adjusted Free Cash Flow (25% weighting)	Adjusted cash flows from operating activities, less capital expenditures, such as purchases of tools, dies, molds, and other property, plant and equipment	Evaluates the effectiveness of our operations at generating cash that is available to finance our operations Enhances stockholder returns through quarterly dividends and share repurchases
Gross Profit as a Percentage of Net Sales (modifies from 79% to 119% of percentage earned)	Gross profit dollars as a percentage of net sales	Measures the strength of our brands in the market place and the underlying strength of our operating performance Measures our overall ability to price for innovation and input costs
Adjusted Net Sales (modifies from 95% to 105% of percentage earned)	Net sales, adjusted to remove the impact of certain adjustments to reported GAAP amounts and adjustments associated with a merger and acquisition	Emphasizes the business focus on revenue growth, with the appropriate linkage to gross margin

The payouts under the MIP are based on the aggregate weighted performance percentage earned under the Adjusted Operating Profit and Adjusted Free Cash Flow goals, which payout percentage is increased or decreased based on the two separate modifiers of Gross Profit as a Percentage of Net Sales and Adjusted Net Sales. For any annual cash incentive to be payable under the MIP, however, the Company s adjusted operating profit must be greater than the threshold performance goal established by our Compensation Committee at the beginning of the year for that measure. The following table sets forth the operation of the MIP based on threshold, target and maximum performance under the objective performance measures. Linear interpolation between the threshold and target level and between the target and maximum level are applied for each measure.

Adjusted Operating Profit	Adjusted Free Cash Flow	Total % Earned Before Multiplier	Gross Profit as a Percentage of Net Sales	Adjusted Net Sales
% Earned	**% Earned**		**Effect of Multiplier**	**Effect of Multiplier**

After 75% Weighting	**After 25% Weighting**			
Threshold 30%	Threshold 10%	40%	Threshold 79% of % earned	Threshold 95% of % earned
Target 75%	Target 25%	100%	Target no change	Target no change
Maximum 120%	Maximum 40%	160%	Maximum 119% of % earned	Maximum 105% of % earned

Presuming the adjusted operating profit threshold goal is achieved, performance under the MIP can result in percentages earned ranging from 22.5% at threshold (adjusted operating profit is at threshold performance and actual adjusted free cash flow is below threshold) to 200% at maximum, determined as follows:

Threshold percentage: threshold adjusted operating profit percentage earned of 30% x 75% weighting (based on lowest gross profit as a percentage of net sales multiplier of 79% x lowest adjusted net sales multiplier of 95%) = 22.5% threshold earnout.

Maximum percentage: maximum adjusted operating profit percentage and adjusted free cash flow percentage earned of 120% + 40% = 160% earned x (maximum gross profit as a percentage of net sales multiplier of 119%) = 190.4% x (maximum adjusted net sales multiplier of 105%) = 200% maximum earnout.

In March 2014, our Compensation Committee approved threshold, target and maximum performance goals for 2014 under the MIP and, given the anticipated acquisition of MEGA Brands, expressly reserved the right to adjust such goals due to the costs and the impact on our financials associated with a material acquisition, when such information became available. Following our strategic acquisition of MEGA Brands, our Compensation Committee approved in August 2014 adjustments to the 2014 performance goals under the MIP to reflect the acquisition. As initially approved by our Compensation Committee in March 2014, each of the performance measures under the MIP had threshold goals that exceeded actual results for 2013 for such measures. As a result of the strategic acquisition of MEGA Brands, the 2014 goals for each of the performance measures, other than net sales, were adjusted downward to reflect acquisition and integration costs, amortization of intangible assets and the impact of any income or expense associated with determining the fair value of assets and liabilities, while the net sales goals were increased to reflect the expected increase in sales from the MEGA Brands acquisition.

The table below shows the actual levels achieved in 2014 under our MIP relative to the 2014 adjusted financial performance goals approved by our Compensation Committee in August 2014. No amounts were earned for 2014 under the MIP, as the adjusted operating profit measure did not achieve threshold performance.

Company Measure[1]	**Threshold** *(millions)*	**Target** *(millions)*	**Maximum** *(millions)*	**2014 Actual** *(millions)*	**Weighted Performance Earnout %**
Adjusted Operating Profit[1] (75%)	$ 1,107	$ 1,179	$ 1,251	$ 642	0%
Adjusted Free Cash Flow[2] (25%)	$ 660	$ 760	$ 860	$ 882	0%[3]
Combined earned performance percentage (before Multipliers)	40%	100%	160%	0%	**0%**
Gross Profit % of Net Sales[4] (Multiplier)	51.9%	52.7%	53.5%	49.9%	Multiplier (by 79%)
Adjusted Net Sales[5] (Multiplier)	$ 6,605	$ 6,775	$ 6,934	$ 6,024	Multiplier (by 95%)
Total Company Performance Earnout					**0%**

(1) Prior to adjustment in August 2014, threshold, target and maximum goals were (in millions): $1,179, $1,247 and $1,316, respectively.

(2) Prior to adjustment in August 2014, threshold, target and maximum goals were (in millions): $749, $849 and $949, respectively.

(3) Earnout % is 0 because the Adjusted Operating Profit threshold was not achieved.

(4) Prior to adjustment in August 2014, threshold, target and maximum goals were: 53.2%, 54.0% and 54.8%, respectively.

(5) Prior to adjustment in August 2014, threshold, target and maximum goals were (in millions): $6,329, $6,492 and $6,644, respectively.

The table above reflects the goals and actual amounts as adjusted from GAAP consistent with the plan parameters and Compensation Committee approvals. As in past years, in order to improve alignment with stockholders interests and ensure that events outside the control of management do not unduly influence the achievement of the performance measures, actual results are adjusted for the impact of the adoption of new accounting pronouncements, impact of specified strategic initiatives, expenses and unusual items.

COMPENSATION DISCUSSION AND ANALYSIS

In 2014, actual results for these measures were adjusted for litigation costs and resolution of legal disputes, foreign exchange, severance payments, acquisition and integration-related expenses and adjustments and higher than planned cash tax payments.

Business Group Performance Measures and Results

The annual incentive opportunity for Messrs. Massingberd and Kilpin were based in part on the performance of the Company, the International Division, and WW Mattel Brands, while Mr. Massingberd s incentive payout was also based in part on the performance of MEGA Brands, and Mr. Kilpin s also was based in part on the performance of the Global Brands Team Boys and Girls Division, each in the percentages and for the time periods set forth above in the table on page 47. The annual incentive opportunity for Mr. Dickson was based 50% on Company performance and 50% on WW Mattel Brands.

The performance measures for these business groups in 2014 were as follows:

International Division operating profit less working capital charge, times a multiplier based on the International Division s gross profit as a percentage of net sales, times a multiplier based on the International Division s adjusted net sales.

WW Mattel Brands and Global Brands Team Boys & Girls Division WW Mattel Brands operating profit less inventory charge, times a multiplier based on the applicable group s gross profit as a percentage of net sales, times a multiplier based on the applicable group s adjusted net sales.

MEGA Brands operating profit less working capital charge, times a multiplier based on MEGA Brand s gross profit as a percentage of net sales, times a multiplier based on MEGA Brand s adjusted net sales.

Threshold performance under each of the financial measures earns 40%, target performance earns 100% and maximum performance earns 160%, with the resulting percentage adjusted 79% to 119% of such percentage earned based on the gross profit as a percentage of the net sales multiplier for the applicable group, and further adjusted 95% to 105% of the resulting percentage earned based on the adjusted net sales multiplier for the applicable group. The following table sets forth the targets, after permitted adjustments, for each group s applicable operating profit, gross profit as a percentage of net sales and adjusted net sales measures and the performance percentage earned for that measure, which is then subject to the weightings above. No amounts were earned under the business group performance measures, as the Company adjusted operating profit measure did not achieve threshold performance, and achievement of threshold adjusted operating profit performance was a condition for earning any payout under the MIP for 2014.

Business Group	Target Operating	Target Gross	Target Adjusted	Earned %

	Profit (millions)	Profit % of Net Sales	Net Sales (millions)	
International[1]	$ 583	55.0%	$3,034	0%
WW Mattel Brands	$1,289	50.2%	$5,847	0%
GBT Boys & Girls	$1,059	55.1%	$3,897	0%
MEGA Brands	$ (5)	29.4%	$ 283	0%

[1] Prior to adjustment in August 2014, the International Division s target operating profit less working capital charge, applicable gross profit as a percentage of net sales and applicable adjusted net sales were approximately: $576 million, 55% and $2,949 million, respectively.

2015 MIP

For 2015, our Compensation Committee approved an annual incentive design under the MIP that is substantially similar to the design used in 2014, except that for executives in the executive leadership level and above, the earnout percent cannot exceed 100% of target unless Mattel s TSR is positive.

Signing Bonus Associated with New Hiring

From time to time, both as an inducement to retain the services of an executive candidate and in recognition of certain unique circumstances regarding opportunity costs and foregone compensation at prior employers, our Compensation Committee may determine to offer a signing bonus to an executive candidate. In 2014, following arms-length negotiations with Mr. Dickson in connection with his hiring, our Compensation Committee determined to offer Mr. Dickson a signing bonus of $300,000, subject to repayment if he voluntarily terminates employment or is terminated for cause within two years of his hire date.

Equity-Based Long-Term Incentives

Our LTIs are aimed at focusing our executives on achieving our key long-term financial goals and strategic objectives, while rewarding growth in stockholder value that is sustained over several years. We believe our equity-based long-term incentives align our executives interests with those of our stockholders and provide important retention value.

Our current portfolio approach to LTIs is comprised of the following three equity components:

- Performance Units granted every three years under our LTIP, with shares earned based on a performance-related component with annual financial performance goals for each year in the three-year performance cycle and a three-year relative TSR market-related component;

- Stock Options annual grants that have value only with stock price appreciation and continued service over time; and

- Time-vesting RSUs annual grants that put significant value at risk and are effective as an ownership and retention tool.

LTI Annual Target Value Approach

Our LTIP provides for awards every three years of Performance Units that are earned over the succeeding three-year performance cycle. In designing a program that grants Performance Units every three years (end to end), rather than annually (with overlapping cycles), the Compensation Committee determined that this structure: (i) aligns more closely with our three-year business planning cycle; (ii) provides greater retention value (as management does not experience a payout each year); and (iii) motivates management to maximize long-term value creation. The Compensation Committee allocates one-third of the grant date value of the Performance Units against the annual equity value granted to each NEO in each of the three years of the LTIP performance period, as if that one-third amount was actually granted in each such year. This one-third allocation of granted Performance Units per year of the three-year performance cycle enables meaningful comparison of equity compensation from year to year and against competitive market practice each year, and is consistent with required accounting treatment and proxy disclosure rules. Given that one-third of the total value of the Performance Units granted for the three-year performance cycle is allocated to the total LTI annual target value for each year of the three-year LTIP performance cycle, the remaining LTI annual target value for each year is divided equally into stock options and time-vesting RSUs. This approach provides consistent and predictable levels of value delivered and expense incurred.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

In March 2014, the Compensation Committee considered in detail the structure of the Company s proposed 2014-2016 LTIP including proposed target values of Performance Units per job level, and determined the target value of the Performance Units to be granted effective as of the March 2014 Compensation Committee meeting.

As in prior years, in May 2014 the Compensation Committee considered Cook & Co. s executive compensation competitiveness review, as well as the history, terms and proposed total LTI annual target values to be effective as of August 1, 2014, and approved the total LTI annual target value range for each job level with a set target and maximum amount. In the context of these ranges, the Compensation Committee approved the specific 2014 total LTI annual target and actual annual grant value for each NEO.

2014 LTI Grant Values

In March 2014, our Compensation Committee approved the award of Performance Units under the 2014-2016 LTIP with the awarded grant values set forth in the table below. The grant value of the Performance Units for Mr. Stockton was set at the same annual grant value as his Performance Units under the 2011-2013 LTIP during his years as CEO(1). The Compensation Committee increased the grant value of the Performance Units under the 2014-2016 LTIP for our other NEOs when compared to the grant values for the Performance Units under the 2011-2013 LTIP, to maintain market competitiveness and internal equity, and to reflect each of Mr. Kilpin s and Mr. Massingberd s new division leadership job level.

The grant date of Mr. Dickson s Performance Units under the 2014-2016 LTIP was the date of his hire on May 20, 2014, but the terms of his Performance Units are identical to the terms of the Performance Units granted to the other NEOs.

(1) Refers to the annual grant value of the Performance Units awarded to Mr. Stockton in 2012 due to his promotion to CEO in that year, resulting in an annual grant value allocation of $1,833,333 per year for 2012 and 2013.

Name	Awarded Grant Value of Performance Units under 2014-2016 LTIP *(thousands)*
Bryan G. Stockton	$ 5,500
Kevin M. Farr	$ 1,750
Richard Dickson	$ 1,200
Timothy J. Kilpin	$ 1,200
Robert Normile	$ 1,000
Geoff M. Massingberd	$ 1,200

In May 2014, the Compensation Committee determined to increase the total 2014 LTI annual grant values for our NEOs from 2013 levels, to maintain market competiveness and internal equity and to reflect responsibility levels and future contributions. Mr. Dickson s grant values were determined pursuant to arms-length negotiations and based on his experience, and intended as an inducement for him to join us.

The following table shows our NEOs 2014 annual grant values (which reflects one-third of the value of the Performance Units granted under the 2014-2016 LTIP allocated for 2014).

2014 LTI Annual Grant Values

Name	2014 Stock Options* (thousands)	2014 Time-Vesting RSUs (thousands)	2014 Performance Units* (annualized) (thousands)	2014 Total LTI Annual Grant Value (thousands)
Bryan G. Stockton	$ 2,333	$ 2,333	$ 1,833	$ 6,500
Kevin M. Farr	$ 700	$ 700	$ 583	$ 1,983
Richard Dickson	$ 400	$ 400	$ 400	$ 1,200
Timothy J. Kilpin	$ 400	$ 400	$ 400	$ 1,200
Robert Normile	$ 400	$ 400	$ 333	$ 1,133
Geoff M. Massingberd	$ 400	$ 400	$ 400	$ 1,200

* The intended grant values of the 2014 stock option and Performance Unit awards vary from the grant date fair values shown for such awards in the Summary Compensation Table and the Grants of Plan-Based Awards in 2014 table due to the differences in the valuation model used for accounting purposes. As explained in footnote (5) of the Grants of Plan-Based Award in 2014 table, the reported value of 2014 Performance Units varies more significantly from the annualized value of the 2014 Performance Units set forth above because the grant date value of the market-related component of the 2014 Performance Units must be fully taken into account in the year of grant.

In addition to the LTI annual grant values noted in the table above, our Compensation Committee approved (i) an additional grant of RSUs valued at $200,000 on April 30, 2014 to Mr. Massingberd in connection with his transition to Chairman and President of MEGA Brands, (ii) an additional grant of RSUs valued at $100,000 on May 15, 2014 to Mr. Kilpin in connection with his transition to Executive Vice President, International, and (iii) an additional grant of RSUs valued at $1,400,000 and stock options valued at $600,000 on May 20, 2014 to Mr. Dickson in connection with his hire.

Our Compensation Committee approves the methodology and assumptions used to determine equity awards granted each year. On the grant date, the value of each equity award is converted into shares or units, as follows:

When the Performance Units were awarded in March 2014 for the three-year performance cycle from 2014 through 2016, the total grant value was converted into a number of Performance Units based on a conversion price of $35.59, which was based on Mattel s closing stock price on the Compensation Committee approval date of March 26, 2014 adjusted by the fair market value of the TSR component as of March 26, 2014 using a Monte Carlo simulation (consistent with FASB ASC 718 and such adjustment for 2014 was a negative adjustment (see footnote (1) to the Summary Compensation Table for an explanation of the calculation of the adjustment)). The methodology and calculations were performed by an outside valuation specialist and reviewed and approved by the Compensation Committee and Cook & Co. The same conversion price is used for all grants under the 2014-2016 LTIP, regardless of the grant date.

Each year, the grant value for stock options is converted into the number of shares underlying the options to be granted by dividing the grant value of the options by the Black-Scholes valuation model percentage multiplied by the closing stock price on the grant date (i.e., August 1, 2014 for the 2014 annual grant).

Each year, the grant value for time-vesting RSUs is converted into the number of RSUs to be granted by dividing the grant value of the RSUs by the closing stock price on the grant date (i.e., August 1, 2014 for the 2014 annual grant).

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

LTI Components

The following describes the three components of our equity-based LTIs: Performance Units under the 2014-2016 LTIP, stock options and time-vesting RSUs.

Performance Units 2014-2016 LTIP

The measures under the 2014-2016 LTIP are designed to achieve the following objectives:

- Foster a long-term focus to improve operating profits while effectively deploying capital and ultimately creating value for stockholders;
- Encourage and reward executives for market share and top-line growth and drive performance consistent with investor expectations; and
- Align executives interests with stockholders interests.

Our LTIP provides for awards every three years of Performance Units that are earned over the three-year performance cycle. In March 2014, our Compensation Committee established the 2014-2016 LTIP and granted Performance Units with a performance cycle that began on January 1, 2014 and ends on December 31, 2016. If earned, the Performance Units are converted to shares of common stock, on a one for one basis after our Compensation Committee s determinations are made at the conclusion of the three-year performance cycle as to our performance under the pre-established annual financial performance measures and TSR adjustment.

The measures under the 2014-2016 LTIP are as set forth in the following table.

Measure/ Weighting		Definition	Results	Purpose
Performance-Related Component	**NOPAT-CC** (75% weighting)	Annual Net Operating Profit After Tax, Less a Capital Charge (NOPAT-CC). Adjusted for the impact of: (i) the adoption of new accounting pronouncements and	Measures financial performance annually Annual earnouts are averaged over the three-year performance cycle	Focuses executives on improving operating profits while effectively deploying capital and ultimately creating value for stockholders

		(ii) certain strategic initiatives and unusual items		
	Net Sales (25% weighting)	GAAP top-line item (No adjustment)	Measures performance annually Annual earnouts are averaged over the three-year performance cycle	Encourages and rewards executives for market share and top-line growth and drives performance consistent with investor expectations
Market-Related Component	**TSR** (Adjustment)	Ranking of Company s relative total stockholder return within the S&P 500	Measures over the three-year performance cycle	Provides an additional link between incentive pay and stockholders interests, encourages

Table of Contents

Measure/ Weighting	Definition	Results	Purpose
		Results in decrease or increase of performance percentage earned (of up to 50 percentage points up or down) under the performance-related component	long-term growth and measures our ability to outperform other companies

The financial performance goals for the performance-related component of the LTIP are set annually by our Compensation Committee in the first quarter of the year. Measuring our performance against annual goals improves the goal-setting and performance-measurement process by eliminating multi-year goals that are difficult to set. Under FASB ASC Topic 718, the grant date fair value of the financial performance measures under the 2014-2016 LTIP are determined annually based on the probable outcome of the financial performance goals established for that year under the LTIP, and this valuation is allocated to one-third of the granted Performance Units. This separate annual grant date fair value is reflected in the Summary Compensation Table for each separate year in the three-year performance cycle. The full grant date fair value of the three-year TSR adjustment, as a market-related component under the accounting rules, is shown in the Summary Compensation Table only in the first year of the performance cycle because FASB ASC Topic 718 requires that the grant date fair value of the TSR adjustment to be shown fully and only in the year of grant (2014 for the outstanding Performance Units). In accordance with the accounting rules, the grant date fair value of the TSR adjustment is determined in accordance with a Monte Carlo valuation and may be a negative or positive number.

Threshold level of NOPAT-CC performance must be achieved as a condition to any performance earnout percentage for that year s financial performance measures. Presuming NOPAT-CC threshold performance is achieved, the formula for determining the percentage earnout based on annual performance under the financial performance measures under the 2014-2016 LTIP is as follows:

NOPAT CC	+	Net Sales	=	Total % Earned Before TSR Adjustment
% Earned After 75% Weighting		**% Earned After 25% Weighting**		
Threshold 37.5%		Threshold 12.5%		50%
Target 75.0%		Target 25.0%		100%
Maximum 112.5%		Maximum 37.5%		150%

Linear interpolation applies to performance between threshold, target and maximum, with no earnout for performance below threshold.

At the end of the three-year performance cycle, the performance earnout percentages for each of the three years are averaged together.

The three-year average performance earnout percentage (Earnout Percentage) under the financial performance-related component is then adjusted based on our achievement of TSR relative to the TSR performance of companies in the S&P 500 for the three-year performance cycle, as follows:

- If our TSR is at or below the 25th percentile of the S&P 500, the Earnout Percentage is adjusted down 50 percentage points;

- If our TSR is at the 50th percentile, there is no change to the Earnout Percentage;

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

If our TSR is at or above the 75th percentile, the Earnout Percentage is increased by 50 percentage points; and

The adjustments for TSR levels achieved between the 25th, 50th and 75th percentiles are linearly interpolated. These TSR targets and point adjustments were established at the commencement of the 2014-2016 LTIP performance cycle.

At maximum performance of the performance-related component and maximum performance of TSR, the total earnout would equal 200% of the target Performance Units granted. Given the effects of the TSR adjustment, threshold performance on both of the financial measures could result in zero Performance Units earned, as the TSR adjustment could result in the 50 percentage points earned being deducted.

Following certification of the percentage of Performance Units earned, one share of our common stock is delivered for each Performance Unit that is earned.

The Performance Units under the 2014-2016 LTIP have dividend equivalent rights that are converted to shares of Mattel common stock only when and to the extent the underlying Performance Units are earned and paid in shares of Mattel common stock. Executives are entitled to receive dividend equivalents on shares actually earned at the end of the three-year performance cycle based upon satisfaction of the financial performance goals and the TSR adjustment. Dividend equivalents are assumed to be reinvested in shares as of the closing price on the ex-dividend date, and participate in future dividend distributions, for all dividends during the three-year performance cycle.

At the time that the goals are set by our Compensation Committee, it is substantially uncertain that they will be achieved. Based on historical performance and current economic conditions, although attainment of the target performance level is uncertain, it can reasonably be anticipated that threshold performance may be achieved. The target and maximum goals represent increasingly challenging levels of performance and take into account the overall market, Company strategy and delivery of returns to stockholders. In setting the 2014 financial performance goals in March 2014, our Compensation Committee set target NOPAT-CC and net sales goals for 2014 at amounts greater than 2013 actual results, employing these same principles. At the time of grant, given the anticipated acquisition of MEGA Brands, our Compensation Committee expressly reserved the right to adjust such goals due to the costs and impact on our financials associated with a material acquisition, when such information became available. Following our strategic acquisition of MEGA Brands, our Compensation Committee approved adjustments to the performance measures goals in August 2014 to reflect acquisition and integration costs, amortization of intangible assets and the impact of any income or expense associated with determining the fair value of assets and liabilities. As a result of these adjustments, the NOPAT-CC goals were reduced, while the net sales goals were increased to reflect the expected increase in sales from the MEGA Brands acquisition.

The following table shows the goals for annual NOPAT-CC (weighted 75%) and net sales (weighted 25%) set by our Compensation Committee to reflect the acquisition of MEGA brands, and our actual results for these measures.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Year	Measure	Threshold *(millions)*	Target *(millions)*	Maximum *(millions)*	Actual *(millions)*	Weighted Performance % Achieved
2014	NOPAT-CC[1] (75% weighting)	$ 248	$ 305	$ 362	$ (116)[3]	0%
	Net Sales[2] (25% weighting)	$ 6,605	$ 6,775	$ 6,934	$ 6,024	0%
	2014 Earnout					**0%**
2015	Approved annually by the Compensation Committee					
2016	Approved annually by the Compensation Committee					

(1) Prior to adjustment in August 2014, the threshold, target and maximum goals were (in millions): $326, $381 and $435, respectively.

(2) Prior to adjustment in August 2014, the threshold, target and maximum goals were (in millions): $6,329, $6,492 and $6,644, respectively.

(3) In 2014, actual results for the NOPAT-CC measure were adjusted for litigation costs and resolutions of legal disputes, acquisition and integration-related expenses and adjustments and severance payments.

As a result of our 2014 performance, no Performance Units were earned for the 2014 allocation under our 2014-2016 LTIP, resulting in a reduction in the maximum number of Performance Units that may be earned under the 2014-2016 LTIP as set forth in the table below.

2014-2016 LTIP Performance Cycle Payout Range

Name	Target Performance Units Awarded	Maximum Share Opportunity at Grant	Maximum Share Opportunity At January 1, 2015
Bryan G. Stockton	154,538	309,076	231,807(2)
Kevin M. Farr	49,171	98,342	73,757
Richard Dickson	33,717	67,434	50,576
Timothy J. Kilpin	33,717	67,434	50,576
Robert Normile	28,098	56,196	42,147
Geoff M. Massingberd	33,717	67,434	50,576

(1) These amounts do not factor in the dividend equivalent rights, as the amounts of the dividends paid on Mattel s common stock during the three-year performance cycle is unknown at this time.

(2) Since Mr. Stockton s employment terminated on January 25, 2015, the maximum share opportunity for him is now approximately 77,270 shares, which also reflects the proration of 12 months of the 36 month cycle pursuant to the terms of his Performance Unit Grant Agreement.

Stock Options and Time-Vesting RSUs Annual Grants

Included in our portfolio approach to equity-based LTIs, our Compensation Committee annually approves awards of:

Stock Options vest in three approximately equal annual installments on the first through third anniversaries of the grant date (33%, 33% and 34% respectively), and have a 10-year term. Stock options align the executives interests with stockholders interests by providing the opportunity for executives to realize value only when our stock price increases. Furthermore, if the stock price increases, the three-

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

year vesting period helps to retain executives. However, if our stock price does not increase, then the stock options provide no value to executives. Based on the closing price of our stock on December 31, 2014 of $30.95, all stock options granted since 2012 are underwater, with exercise prices exceeding such closing price.

Time-Vesting RSUs vest 50% on the second and third anniversary of the grant date for all grants prior to November 21, 2014. In November 2014, the Compensation Committee approved a vesting schedule change for time-vesting RSUs granted on or after November 21, 2014 to vest in three approximately equal annual installments on the first through third anniversaries of the grant date (33%, 33% and 34% respectively), to be consistent with our stock option vesting schedule and to align with market practice. In contrast to stock options, time-vesting RSUs have some value regardless of whether our stock price increases or decreases. Time-vesting RSUs help to secure and retain executives and instill an ownership mentality over the three-year vesting period. Moreover, the holders of time-vesting RSUs receive quarterly cash dividend equivalent payments.

In sum, while all three equity components of our LTIs link our executives pay to stockholder value, Performance Units and stock options put significant compensation value at risk in relation to increases in stockholder value, while time-vesting RSUs are particularly effective as a retention and stock ownership tool.

Special Grants Following 2014 Fiscal Year

On January 29, 2015, the Compensation Committee approved a one-time grant of RSUs valued at $1,500,000 to Mr. Sinclair, in connection with his assuming the role of Interim CEO. The special RSU grant to Mr. Sinclair will vest 100% on the first anniversary of the grant date, subject to continued service with the Company.

On January 29, 2015, the Compensation Committee also approved (i) a grant of RSUs valued at $500,000 to Mr. Farr given the importance of his role and contributions during the crucial transition period following Mr. Stockton s termination of employment and in light of the very competitive talent market and (ii) grants of RSUs valued at $750,000 and $350,000 to Mr. Dickson and Mr. Kilpin, respectively, in connection with Mr. Dickson s promotion to President, Chief Brands Officer and Mr. Kilpin s promotion to President, Chief Commercial Officer. The RSU grant to Mr. Farr will vest 66% on the second anniversary of the grant date and 34% on the third anniversary of the grant date, subject to continued service with the Company, to encourage long-term value creation. The RSU grants to Messrs. Dickson and Kilpin will vest 33% on the first anniversary of the grant date, 33% on the second anniversary of the grant date and 34% on the third anniversary of the grant date, in each case, subject to continued service with the Company, which is consistent with our stock option vesting schedule and aligns with market practice.

Benefits and Perquisites

Retirement Plans

Our NEOs participate in the same broadly-based benefit plans as our other U.S. employees. In addition, we provide NEOs certain executive benefits, which are not provided to other employees generally, to promote tax efficiency or to replace benefit opportunities that are not available to executives because of regulatory limits. These include:

The 2005 Supplemental Executive Retirement Plan (SERP), our supplemental, non-qualified pension plan for a select few senior executives, is intended to provide supplemental retirement income and additional security to covered participants, aids in retention and builds long-term commitment to Mattel. No new participants have been added to the SERP since 2001, and as a result, Messrs. Dickson, Kilpin and Massingberd do not participate in the SERP.

The Mattel, Inc. Deferred Compensation and PIP Excess Plan (DCP), our non-qualified deferred compensation plan, provides our U.S.-based executives a mechanism to defer compensation in excess of the amounts that are permitted to be deferred under our tax-qualified, 401(k) savings plan (401(k) Plan). Together, the 401(k) Plan and the DCP allow participants to set aside amounts as tax-deferred savings for their retirement. Similar to the 401(k) Plan, the DCP provides for Company automatic contributions and matching contributions, both of which are at the same levels as the Company contributions in the 401(k) Plan, which is available to the general employee population. Our Compensation Committee believes the opportunity to defer compensation is a competitive benefit that enhances our ability to attract and retain talented executives while building plan participants long-term commitment to Mattel. The return on the deferred amounts is linked to the performance of market-based investment choices made available in the plan.

Pursuant to his letter agreement dated June 25, 2008, Mattel credits Mr. Massingberd s DCP account in the amount of 10% of his base salary each year until he reaches age 60.

Perquisites and other Personal Benefits

We offer the following perquisites to our NEOs to attract and retain key executive talent:

Car Allowance We provide our executives with a monthly car allowance, which is intended to cover expenses related to the lease, purchase, insurance and maintenance of their vehicle and to allow our executives to fulfill their job responsibilities that involve extensive regional travel to the offices of clients and business partners. We provide this allowance in lieu of tracking and providing mileage reimbursement to executives who use their vehicles more frequently for business. The monthly amount of the allowance is based on the executive s job level. In 2014, our Compensation Committee approved Mr. Massingberd s use of a company car in connection with his transition to Chairman and President of MEGA Brands and his Company-requested employment relocation from the United States to Canada. We believe that this benefit is reasonable to allow Mr. Massingberd to fulfill his job responsibilities, which involve extensive regional travel to the offices of clients and business partners.

Financial Counseling Services We provide financial counseling and tax return preparation service through a third-party financial service to assist with regulatory compliance and to provide guidance in managing complex investment, tax and legal matters. We believe that providing this service gives our executives a better understanding of their compensation and benefits and their value, allowing them to concentrate on the Company s future success.

Executive Physicals We provide annual executive physical examination and diagnostic service costs. We believe that the executive physicals help ensure the health of our executives and provides a retention tool at a reasonable cost to the Company.

Relocation Assistance   In circumstances where the Company is recruiting an executive candidate who would have to relocate to accept our job or promotion offer, we provide such executives with relocation assistance either through a one-time special mobility payment or pursuant to the Company s standard relocation program, which includes travel, shipping household goods, temporary housing and participation in a home sale program, to assist with the executive candidate s relocation costs. These payments and expenses benefit the Company, are business-related and are primarily to eliminate or lessen the expenses that the executive incurs as a direct result of the Company s request. The special

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

mobility payments and our relocation program are important tools for us to recruit and retain key management talent and allocate our talent as best fits the Company s objectives. Mr. Massingberd was provided relocation assistance in 2014 in connection with his relocation to Canada, including a special mobility payment of $200,000 and Mr. Dickson was paid a one-time lump sum special mobility payment of $200,000 in 2014, in connection with his hiring and relocation from New York to California. The special mobility payments to Messrs. Massingberd and Dickson are subject to repayment if the executive voluntarily terminates employment or is terminated for cause within two years of the relocation or hire date, as applicable.

Housing Reimbursement In 2014, our Compensation Committee approved housing and housing-related expense reimbursement payments for up to three years for Mr. Massingberd, in connection with his Company-requested relocation from United States to Canada pursuant to his transition to Chairman and President of MEGA Brands. We believe that this benefit is reasonable to assist him with his costs of maintaining his primary residence in the United States while he is working in Canada because Mr. Massingberd s employment relocation is a direct result of the Company s request.

No Poor Pay Tax Gross-Up Practices on Perquisites and Benefits

The Company generally does not provide tax gross-up payments to our executives in connection with perquisites and benefits. The Company in certain limited cases does provide tax gross-up payments for relocation expenses and related international tax compliance and tax equalization costs and payments because we believe such expenses benefit the Company, are business-related and are expenses that the executive incurs as a direct result of the Company s request, and this is generally available to other employees.

Severance, Change-of-Control Benefits and Related Matters

As of the end of fiscal year 2014, Messrs. Stockton, Farr and Normile participated in the Severance Plan and Messrs. Dickson, Kilpin and Massingberd participated in the Severance Plan B, which was adopted in May 2014 (the Severance Plan and the Severance Plan B collectively, the Executive Severance Plans). The Severance Plan B was adopted to provide continuity of benefits for certain senior executives in the senior job levels and eliminated individual agreements. In adopting the Severance Plan B, our Compensation Committee reviewed competitive data of severance benefits prepared by Cook & Co. Our Compensation Committee believes that the two-tier approach to the Executive Severance Plans is reflective of current compensation market practices and trends. Under the Executive Severance Plans, benefits are only provided if an executive s employment is terminated by Mattel without cause or, solely under the Severance Plan, by the executive for good reason. No benefits are provided under the Executive Severance Plans if there is only a change of control without a qualifying termination of employment. The Severance Plan provides a severance benefit multiple of two times base salary plus annual incentive and the Severance Plan B provides a severance benefit multiple of one times base salary plus annual incentive, with an additional 0.5x of base salary plus annual incentive in the event the executive has not found employment by the first anniversary of the termination of the employment date. The Executive Severance Plans do not provide for excise tax gross-ups.

Our Compensation Committee believes that these Executive Severance Plans are essential to fulfill our objective to recruit, retain and develop key, high-quality management talent in the competitive market because such arrangements provide reasonable protection to the executive in the event that he or she is not retained under specific circumstances.

Further, severance provisions in the Executive Severance Plans are intended to facilitate changes in the leadership team by setting terms for the termination of an NEO in advance, thus allowing a smooth transition of responsibilities when it is in the best interest of the Company. Change-of-control provisions in the Executive Severance Plans are intended to allow executives to focus their attention on our business operations in the face of the potentially disruptive impact of a proposed change-of-control transaction, to assess takeover bids objectively without regard to the potential impact on their own job security and to allow for a smooth transition in the event of a change of control of Mattel. These factors are especially important in light of the executives key leadership roles at Mattel.

See Potential Payments Upon Termination or Change of Control for a description of the benefits payable under the Executive Severance Plans. Mr. Stockton s termination of employment with the Company on January 25, 2015 qualified as a termination by Mattel without cause under the Severance Plan.

On March 10, 2015, the Company entered into a 12-month agreement with Mr. Stockton to provide consulting services. Under the agreement, Mr. Stockton will provide transition and advisory services to the Company, drawing upon his deep institutional knowledge of the Company and experience in the industry. In addition, Mr. Stockton will (i) consult with and advise the Company with respect to the Company s on-going operations, (ii) supply and verify factual and historical information in connection with various Company matters that require him to remain reasonably available, as needed by the Company, (iii) fully cooperate with the Company with respect to any proceedings that relates to or arises from any matter with which he was involved during his employment with the Company or that concerns any matter of which he has information or knowledge, (iv) provide services related to the Company s charitable undertakings, and (v) provide such other services as may be reasonably requested by the Chairman of the Board or his designee. During the term of the consulting agreement, Mr. Stockton is subject to a number of covenants in favor of the Company, including non-competition, non-solicitation, confidentiality and cooperation in proceedings. Mr. Stockton will receive $125,000 per month during the term of the consulting agreement, in consideration of and subject to his continued services through each payment date, his compliance with the terms and conditions of the consulting agreement and his execution and non-revocation of a general release of claims against the Company on or following the end of the consulting period.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

IMPORTANT POLICIES AND GUIDELINES

Stock Ownership Guidelines

We have had stock ownership guidelines for our NEOs and certain other senior executives since 2001. In July 2013, after consultation with Cook & Co. regarding market practices and review of Cook & Co. s recommendations, our Compensation Committee adopted revised stock ownership guidelines for our NEOs and other executives who report directly to our CEO, to be effective January 1, 2014. Under our new stock ownership guidelines for 2014, the targeted stock ownership is established as a value of Mattel shares equal to a multiple of base salary, as set forth below.

Name	Multiple of Salary Value as of 12/2014	Guideline Met as of 12/2014[(a)]
Bryan G. Stockton	6x	Yes
Kevin M. Farr	4x	Yes
Richard Dickson	3x	No(b)
Timothy J. Kilpin	3x	Yes
Robert Normile	3x	Yes
Geoff M. Massingberd	3x	Yes

(a) Generally, executive officers have five years from the later of the date the new target levels were established or the date of promotion or hiring to meet the guidelines. Thus, each NEO, other than Mr. Dickson, has until December 31, 2018 to meet these guidelines.

(b) Due to Mr. Dickson s recent hire date of May 20, 2014, he has until May 19, 2019 to meet these guidelines.

If the target level ownerships are not met within the compliance deadline, the new guidelines require the executive officers to retain 100% of after-tax shares acquired from equity awards until the guidelines are met. Our Compensation Committee believes that our guidelines align with best practices.

Shares counted toward ownership guidelines include: shares of Mattel stock directly owned, shares of Mattel stock beneficially owned, shares of Mattel stock held in the Mattel Stock Fund of Mattel s 401k retirement plan and phantom shares of Mattel stock held in the Mattel Stock Equivalent Fund of our DCP.

On January 29, 2015, the Compensation Committee approved an increase to the targeted stock ownership guidelines to a multiple of 4x of base salary for Messrs. Dickson and Kilpin in connection with their promotions. These increased ownership requirements must be met by December 31, 2019.

Insider Trading Policy

Mattel has an insider trading policy that, as implemented, generally prohibits Board members, officers and employees from engaging in short-term or speculative transactions in Mattel s shares, including short sales, transactions in publicly-traded options and other derivative securities, hedging transactions, holding Mattel shares in a margin account and pledging or using Mattel shares owned as collateral for loans.

Recoupment of Compensation

Our Clawback Policy requires, at the discretion of our Compensation Committee, forfeiture or reimbursement of certain cash and equity incentive compensation that was paid, granted or vested based on financial results that, when recalculated to include the impact of a material financial restatement, were not achieved. The Clawback Policy applies to incentive compensation paid, granted or vested, within three years preceding the material financial restatement, to all Section 16 officers and any other direct reports to the CEO. If the covered employee did not engage in misconduct in connection with the material financial restatement, our Compensation Committee may recover the excess incentive compensation determined based on the restated financials. If the covered employee engaged in misconduct in connection with the material financial restatement, our Compensation Committee may recover the full amount of incentive compensation paid, granted or vested based on financial results that were impacted by the restatement. Our Compensation Committee believes this policy encourages outstanding leadership, accountability and responsible management that benefits the growth of Mattel, and is aligned with good governance practices.

In order to better align executives long-term interests with those of Mattel and its subsidiaries and affiliates, our 2010 Equity and Long-Term Compensation Plan (2010 Plan) and our 2005 Equity Compensation Plan (2005 Plan) provide that, subject to certain limitations, Mattel may terminate outstanding grants, rescind exercises, payments or deliveries of shares pursuant to grants, and/or recapture proceeds of a participant s sale of shares of Mattel common stock delivered pursuant to grants if the participant violates specified confidentiality and intellectual property requirements or engages in certain activities against the interest of Mattel or any of its subsidiaries and affiliates. These provisions apply only to grants made to employees for services as such, and they do not apply to participants following any severance that occurs within 24 months after a change of control.

Our SERP provides that we can take back benefits from an executive who goes to work for one of our competitors or otherwise engages in behavior that is damaging to Mattel. The purpose of this provision is to impose appropriate limitations on the compensation that executives receive and retain if they choose to join a competitor, and to align the executives compensation with the value they deliver to Mattel, not to prevent executives from leaving Mattel to join a competitor, nor to punish executives who choose to do so.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE COMPENSATION PROCESS AND GOVERNANCE

We are committed to having strong governance standards with respect to our compensation programs and practices.

Roles and Expert Independent Advice

Independent Compensation Committee

Our executive compensation programs are designed and administered under the direction and control of our Compensation Committee. Our Compensation Committee is comprised solely of independent directors, who review and approve our overall executive compensation programs and practices and set the compensation of our senior executives.

Independent Compensation Consultant

Cook & Co. is our Compensation Committee s independent compensation consultant. Our Compensation Committee has determined that Cook & Co. is independent and does not have any conflicts of interests with the Company. Cook & Co. provides a number of services to our Compensation Committee throughout the year, and typically provides a comprehensive market analysis of our compensation programs in May of each year. We have planned this review for mid-year in order to take into account the compensation decisions made at the beginning of the year relating to executives past performance and the comparative data that is then available from SEC filings in order to better inform our Compensation Committee s decisions regarding equity awards to be granted in August of each year. See Board Committees Compensation Committee section of this Proxy Statement for detailed discussion of the services provided by Cook & Co. in 2014.

CEO and the Human Resources Department

While our Compensation Committee has overall responsibility for establishing the elements, level and administration of our executive compensation programs, our CEO and members of our Human Resources Department routinely participate in this process, providing requested data, presentations, analyses and proposals. Our CEO generally conducts the performance reviews of each of his direct reports and makes recommendations to our Compensation Committee regarding adjustments to base salary, target and actual annual incentives and equity LTI target and grant values for his direct reports and other senior executives. Our CEO s recommendations are one of the factors considered by our Compensation Committee in making its determinations. When appropriate, however, our Compensation Committee meets in an executive session without management, including when our CEO s compensation is being approved. In performing its duties, our Compensation Committee makes recommendations to our Board regarding the executive compensation programs and practices. Our Compensation Committee informs the non-management directors of our Board of its decisions regarding compensation for our CEO and his direct reports and other senior executives.

Table of Contents

Reviews and Process

Market Competitiveness Review

We evaluate the overall competitiveness of our executives total direct compensation annually. Certain components of our executives actual compensation are determined primarily by operational and business group financial performance, reflecting our pay-for-performance philosophy.

Annually, our Compensation Committee commissions Cook & Co. to perform a comprehensive market analysis of our executive compensation programs and total direct compensation, which is presented to our Compensation Committee in May. This market analysis is reviewed against the compensation decisions made earlier in the year by our Compensation Committee regarding base salaries and annual incentives and the decisions regarding the proposed annual equity award targets and grants to be made in August. In November 2013, Cook & Co. reviewed our comparator peer group and one company was removed for 2014 due to its acquisition. In May 2014, Cook & Co. evaluated our executive total direct compensation as compared to the executive total direct compensation at our 18-company comparator peer group (discussed below), based on information from their most recent SEC filings and a special Equilar survey where 13 of our peer group companies participated. Cook & Co. s May 2014 report included the base salaries, target and actual annual incentives, bonus leverage, target and actual LTIs, target and actual total direct compensation and all other compensation for our NEOs as compared to the compensation of their counterparts at our comparator peer companies. The report also provided an analysis of our annual incentive plan design, and found that our annual incentive plan structure is similar to those at our comparator companies with respect to performance measurement and plan leverage. Finally, the report provided an analysis of our LTI practices. It indicated that, similar to our equity-based LTIs, most of our comparator peer companies also have balanced long-term incentive programs, with two or more grant types.

Comparator Peer Group

As a global consumer goods company, we compete for executive talent with, and our comparator peer group is made up of, a large range of companies that are category leaders in the consumer products, apparel and fashion, food and beverage, retail, and entertainment and leisure industries. We consider Mattel to be a branded consumer goods company with franchise brands, and we recognize the value and importance of other category leaders to capture a diverse representation of the various markets and areas in which we compete for executive talent. Our Compensation Committee determined that it was appropriate to have a more diverse comparator peer group beyond toy companies, as there are not enough publicly-reporting toy companies, and those that are publicly-reporting companies are generally not comparable to us in size. Our comparator peer companies are comparable to us in their orientation, business model, size (as measured by revenue, net income growth, employees and market capitalization) and global scale and reach. Compensation paid by this comparator peer group generally is representative of the compensation we believe is required to attract, retain and motivate our executive talent. Our Compensation Committee, in conjunction with Cook & Co., reviews the makeup of this group annually and makes adjustments to the composition of the group as it deems appropriate.

The 2014 comparator peer group was designed to continue to fall between about one-third to three times our size, measured by revenue and market capitalization, and to position Mattel closer to the median under these measures. In addition, our Compensation Committee also considered whether the comparator peer companies had similar pay models and reasonable compensation practices, as well as whether the

COMPENSATION DISCUSSION AND ANALYSIS

companies were listed as peers of our other peer group companies. Pursuant to Cook & Co. s review of our comparator peer group, H. J. Heinz Company was removed for 2014 due to its acquisition. No other changes were made to our peer group. The 2014 comparator peer group was comprised of the following 18 companies:

Mattel s Comparator Peer Group for Executive Compensation as of May 2014		
Avon Products, Inc.	Gap, Inc.	L Brands, Inc. (formerly Limited Brands, Inc.)
Campbell Soup Company	General Mills, Inc.	Newell Rubbermaid, Inc.
The Clorox Company	Hasbro, Inc.	PVH Corp.
Coach, Inc.	The Hershey Company	Ralph Lauren Corporation
Energizer Holdings, Inc.	The J.M. Smucker Company	Tiffany & Co.
Estee Lauder Companies, Inc.	Kellogg Company	V.F. Corporation

Tally Sheets

As part of our Compensation Committee s annual compensation review process, our Human Resources Department prepares, and reviews with Cook & Co. and our Compensation Committee, comprehensive tally sheets illustrating the total compensation for the most recent two years of our CEO and his direct reports, which includes our NEOs. Although tally sheets do not drive individual executive compensation decisions, the tally sheets are used so that our Compensation Committee is aware of the total compensation of these executives. Total compensation includes the executives base salary, target and actual annual cash incentives, and equity-based LTI annual target and grant values (including Performance Units, stock options and time-vesting RSUs), perquisites, retirement benefits and other compensation. The tally sheets also show each executive s holdings of Mattel common stock, actual and estimated dividend equivalent payments, and accumulated value and unrealized gains under prior equity grants at various stock prices (realized and realizable pay). In conjunction with the review of tally sheets, our Compensation Committee reviews ten-year compensation histories of current and potential NEOs, and the potential severance and change-of-control benefits that would be payable to executives under the Executive Severance Plans.

Equity Grant Procedures

Our Compensation Committee approves all equity grants to all senior executives who are in the executive leadership job level and above in Mattel s compensation structure. For grants to employees below the executive leadership job level, our Board has delegated the authority to an Equity Grant Allocation Committee, subject to certain limitations, to approve annual and off-cycle equity compensation grants (such as grants to employees who are newly hired or newly promoted). Mr. Stockton was the sole member of the committee through 2014 and until he ceased being CEO of the Company on January 25, 2015. Mr. Sinclair, as the Interim CEO, became the sole member of the committee effective as of January 29, 2015.

Like other public companies, we seek to implement equity compensation grant procedures that are intended to comply with evolving best practices, taking into account accounting, tax and regulatory requirements, and have adopted the following procedures:

Annual Grants In May, our Compensation Committee reviews and approves the annual equity grant approach. Our Human Resources Department reviews with our Compensation Committee the equity

Table of Contents

compensation program s objectives, background, grant approach, grant process, and the proposed total pool of shares and value to be granted. Specific recommendations regarding the aggregate equity pool to be allocated to employees, the size and value of awards to be granted to employees per job level, and the recommended grants to be made to the executives at the executive leadership job level and above are presented to our Compensation Committee and reviewed by Cook & Co. Included in the May market competitive review conducted by Cook & Co. is an analysis of Mattel s equity practices, stockholder value transfer costs, share usage and potential dilution. At this May meeting, the Compensation Committee determines the total LTI annual target and grant values for our CEO and his direct reports.

Since 2005, the annual equity grant for employees (including our NEOs) has occurred on or about August 1st, with stock options having an exercise price equal to the closing price of Mattel common stock on such date. The 2014 annual equity grant timing was consistent with this practice, with the grants occurring on August 1st. At the end of July of each year, our Compensation Committee meets to confirm the methodology for converting the grant values to units or shares and to approve the annual equity target grant values for job levels below the executive leadership job level.

In May, our Compensation Committee also sets, subject to approval by our Board, the key parameters of the delegation of authority to the Equity Grant Allocation Committee for the annual grants and off-cycle grants to employees below the executive leadership job level.

Other Grants If there are proposed new hire or other off-cycle equity grants for consideration for executives in the executive leadership job level and above, our Compensation Committee will review proposed grants at its next scheduled meeting. If the equity grants are approved, the grant date is the date of such approval or, in certain circumstances, a date following the date of approval, such as the hire or promotion date.

For annual, new hire and other off-cycle grants to employees below the executive leadership job level, our Equity Grant Allocation Committee receives a report detailing proposed equity grants. The report lists the proposed grant values by employee name and position and whether the grant is within the equity grant parameters set by our Compensation Committee. Our Equity Grant Allocation Committee reviews the pre-circulated list of proposed grants presented to it and considers and acts upon the proposals by unanimous written consent. If the equity grants are approved, the grant date is the last trading day of the month following the month of hire or as indicated in the approval (and in all cases, is a date following the date of the unanimous written consent).

Our practice is to grant all of our stock options at an exercise price at least equal to the closing price of Mattel common stock on the grant date.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for compensation in excess of $1 million paid to our CEO and our three other most highly compensated NEOs employed at the end of the year (other than our Chief Financial Officer). Certain compensation is specifically exempt from the deduction limit to the extent that it does not exceed $1 million during any fiscal year or is performance-based as defined in Section 162(m) of the

Internal Revenue Code. Although we have plans that are intended to permit the award of deductible compensation under Section 162(m) of the Internal Revenue Code, our Compensation Committee does not necessarily limit executive compensation to the amount deductible under that provision. Rather, it considers the available alternatives and may exercise discretion to pay nondeductible compensation if our Compensation Committee believes other important considerations outweigh the tax considerations.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Mattel accounts for stock-based compensation in accordance with FASB ASC Topic 718, which requires Mattel to recognize compensation expense for share-based payments (including stock options and other forms of equity compensation). The impact of FASB ASC Topic 718 has been taken into account by our Compensation Committee in determining to use a portfolio approach to equity grants, including Performance Units, stock options and RSUs.

Table of Contents

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table sets forth information concerning total compensation earned or paid to our NEOs for service in 2014, 2013 and 2012, with the exception of (i) Mr. Dickson, whose total compensation is shown only for 2014, the year in which he commenced employment with us, and (ii) Mr. Kilpin, whose total compensation is shown only for 2014 and 2013, the years in which he was deemed an NEO.

Name, rincipal ion in 2014 nd Year	Salary ($)	Bonus ($)(2)	Stock Awards(1) ($)	Option Awards(1) ($)	Non-Equity Incentive Plan Compensation(2) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(3) ($)	All Other Compensation(4) ($)	Total ($)
n G. Stockton								
f Executive Officer								
2014	$ 1,150,000		$ 3,798,887	$ 2,312,499	$ 0	$ 2,379,422	$ 217,783	$ 9,858,5
2013	$ 1,150,000		$ 4,975,422	$ 1,835,416	$ 1,242,000	$ 6,141,705	$ 193,558	$ 15,538,1
2012	$ 1,150,000		$ 5,374,966	$ 2,545,760	$ 2,592,330	$ 5,385,970	$ 212,745	$ 17,261,7
n M. Farr								
f Financial Officer								
2014	$ 750,000		$ 1,166,287	$ 693,750	$ 0	$ 1,218,393	$ 145,017	$ 3,973,4
2013	$ 750,000		$ 1,360,584	$ 675,770	$ 378,000		$ 141,211	$ 3,305,5
2012	$ 745,673		$ 1,218,425	$ 678,647	$ 910,350	$ 3,224,511	$ 132,453	$ 6,910,0
ard Dickson								
f Brands Officer								
2014	$ 455,096	$ 300,000	$ 2,112,674	$ 1,061,974	$ 0		$ 269,374	$ 4,199,1
othy J. Kilpin								
utive Vice President, International								
2014	$ 631,644		$ 819,754	$ 396,430	$ 0		$ 109,773	$ 1,957,6
2013	$ 600,000	$ 75,000	$ 709,414	$ 367,083	$ 261,240		$ 107,618	$ 2,120,3
ert Normile								
utive Vice President, Chief Legal Officer & Secretary								

2014	$ 580,000	$ 666,480	$ 396,430	$ 0	$ 1,004,189	$ 107,896	$ 2,754,9
2013	$ 580,000	$ 823,706	$ 367,083	$ 271,440		$ 103,377	$ 2,145,6
2012	$ 576,538	$ 728,975	$ 368,645	$ 653,718	$ 2,306,797	$ 102,240	$ 4,736,9
f M. Massingberd							
rman and President of MEGA Brands							
2014	$ 685,658	$ 919,763	$ 396,430	$ 0		$ 1,010,486	$ 3,012,3
2013	$ 625,000	$ 823,706	$ 367,083	$ 331,625		$ 174,804	$ 2,322,2
2012	$ 625,000	$ 728,975	$ 368,645	$ 697,531		$ 163,247	$ 2,583,3

(1) Stock Awards and Option Awards

Amounts shown represent the grant date fair value of RSUs and options granted in the year indicated as computed in accordance with FASB ASC Topic 718. The actual value, if any, that an executive may realize from an award is contingent upon the satisfaction of the conditions to vesting in that award, and for options, upon the excess of the stock price over the exercise price, if any, on the date the award is exercised. Thus, there is no assurance that the value, if any, eventually realized by the executive will correspond to the amount shown.

Table of Contents

EXECUTIVE COMPENSATION TABLES

For a discussion of the assumptions made in the valuation of options granted in 2014, see Note 7 to Mattel s Consolidated Financial Statements for 2014 contained in the Form 10-K filed with the SEC on February 25, 2015. Amounts shown under the Stock Awards column for 2014 include the grant date fair value for time-vesting RSUs granted on August 1, 2014 and for the Performance Units under the 2014-2016 LTIP granted on March 26, 2014, with the exception of Mr. Dickson s Performance Units, which were granted on his hire date of May 20, 2014. RSUs are valued based on the closing price of our common stock on the date of grant.

The Performance Units under the 2014-2016 LTIP have a three-year performance cycle from January 1, 2014 through December 31, 2016. The number of Performance Units earned is based on the financial measures of NOPAT-CC and net sales (collectively, the performance-related component), each measured against annual goals for each year in the three-year performance cycle, which results in a performance earnout for each year that is then averaged over the three-year period. This average is then adjusted up or down based on our TSR relative to the TSR performance of companies in the S&P 500 over the full three-year performance cycle (the market-related component) to determine the number of Performance Units earned. Of the one-third Performance Units eligible to be earned, no Performance Units were earned for 2014.

For 2014, the year of grant, the Performance Units are valued, in accordance with FASB ASC Topic 718, based upon the closing stock price on the date of grant and the probable outcome of the annual performance-related component for 2014, plus the full grant date value for the TSR market-related component. The grant date value of the Performance Units is consistent with the estimate of aggregate compensation cost to be recognized over the three-year period determined as of the grant date under FASB ASC Topic 718. Because the performance-related component is based on separate measurements of our performance for each year in the three-year performance cycle, FASB ASC Topic 718 requires the grant date value to be calculated with respect to one-third of the total Performance Units in each year of the three-year performance cycle. The full grant date value of the market-related component is included in the valuation of the Performance Units only in 2014, the year of grant, and is determined using a Monte Carlo valuation model on the grant date. The grant date value of the market-related component on March 26, 2014 was -$3.57 per Performance Unit, resulting in a reduction to the total grant date fair value of the Performance Units. The negative value of the market-related component reflected the fact that the TSR calculation covers the three-year period commencing January 1, 2014 and as of the grant date on March 26, 2014, our TSR was below the 50th percentile.

Table of Contents

EXECUTIVE COMPENSATION TABLES

The table below sets forth the initial grant date value determined in accordance with FASB ASC Topic 718 principles established each year for the performance-related component of these awards (i) based upon the probable, or target, outcome of the performance-related component for that year, and (ii) based upon achieving the maximum level of performance under the performance-related component for that year. Also set forth below is the grant date value for the market-related component, or the TSR adjustment, determined upon grant in 2014, and which is not subject to probable or maximum outcome assumptions. See Compensation Discussion and Analysis Elements of Compensation Equity-Based Long-Term Incentives for a more complete description of the LTIP.

Name and Year	Probable (Target) Outcome of Performance-Related Component Grant Date Value[(a)]	Maximum Outcome of Performance-Related Component Grant Date Value[(a)]	Market-Related Component Grant Date Value
Bryan G. Stockton			
2014	$2,017,249	$3,025,873	$(551,701)
Kevin M. Farr			
2014	$ 641,832	$ 962,748	$(175,540)
Richard Dickson			
2014	$ 433,039	$ 649,558	$(120,370)
Timothy J. Kilpin			
2014	$ 440,119	$ 660,178	$(120,370)
Robert Normile			
2014	$ 366,773	$ 550,160	$(100,310)
Geoff M. Massingberd			
2014	$ 440,119	$ 660,178	$(120,370)

(a) Reflects the grant date value of one-third of the target Performance Units awarded (and allocated to 2014 performance).

(2) Bonus and Non-Equity Incentive Plan Compensation

Amounts shown under Non-Equity Incentive Plan Compensation represent the performance-based annual cash compensation earned under the MIP, our annual cash incentive plan. Amount shown under Bonus for Mr. Dickson for 2014 represents a signing bonus in connection with his hire. See Compensation Discussion and Analysis Elements of Compensation Annual Cash Incentive for a more detailed discussion.

(3) Change in Pension Value and Nonqualified Deferred Compensation Earnings

Amounts shown represent the increase in the pension benefits that our NEOs have accrued under the 2005 Supplemental Executive Retirement Plan, as amended and restated effective January 1, 2009, during the applicable year. For example, the amounts shown for 2014 are determined by subtracting (i) the present value of each executive s accrued benefits as of December 31, 2013 from (ii) the present value of the executive s accrued benefits as of

December 31, 2014, which are shown in the 2014 Pension Benefits table below, and are computed as explained in the narrative disclosure to the 2014 Pension Benefits table.

No amount is included with respect to nonqualified deferred compensation earnings because there were no above-market earnings on nonqualified deferred compensation.

(4) All Other Compensation

The dollar amounts for each perquisite and each other item of compensation shown in the All Other Compensation column and in this footnote represent Mattel s incremental cost of providing the

Table of Contents

EXECUTIVE COMPENSATION TABLES

perquisite or other benefit to our NEOs, in each case without taking into account the value of any income tax deduction for which Mattel is eligible. See Compensation Discussion and Analysis Elements of Compensation Benefits and Perquisites for additional discussions on these benefits. Amounts include the following perquisites and other items of compensation provided to our NEOs in 2014.

All Other Compensation	Bryan G. Stockton	Kevin M. Farr	Richard Dickson	Timothy J. Kilpin	Robert Normile	Geoff M. Massingberd
Car allowance/reimbursement[a]	$ 24,000	$ 24,000	$ 15,000	$ 24,000	$ 24,000	$ 24,000
Relocation[b]			$ 200,000			$ 524,453
Other perquisites[c]	$ 55,783	$ 31,017	$ 13,585	$ 16,456	$ 17,642	$ 5,311
Total Perquisites	$ 79,783	$ 55,017	$ 228,585	$ 40,456	$ 41,642	$ 539,764
Contributions to 401(k) Plan	$ 29,714	$ 29,714	$ 17,467	$ 27,238	$ 28,600	$ 29,714
Contributions to DCP	$ 108,286	$ 60,286	$ 23,322	$ 42,079	$ 37,654	$ 52,259
Additional Obligatory Contributions to DCP[d]						$ 62,500
Tax gross-up[e]						$ 312,249
Total All Other Compensation	$ 217,783	$ 145,017	$ 269,374	$ 109,773	$ 107,896	$ 1,010,486

[a] Represents the amount of the monthly car allowance. The amount of car allowance is based on the executive s job level, and is intended to cover all automobile expenses and mileage reimbursement.

[b] For Mr. Massingberd, the amount includes housing, Company car, special mobility payment ($200,000) and other assignment-related expense reimbursement payments (including non-resident Canadian taxes of $277,303) in connection with his Company-requested relocation from the United States to Canada pursuant to his transition to Chairman and President of MEGA Brands. For Mr. Dickson, the amount represents a special mobility payment.

[c] Amounts include the following perquisites that may be offered to our NEOs: financial counseling and tax return preparation services, physical examination, home security system, premium on excess liability insurance, and personal use of country club membership. Incremental costs to Mattel for these items were determined as the actual amounts credited to, paid to or on behalf of the executive or the portion of costs allocated to the executive s personal use of a perquisite. For Mr. Stockton, the amount also includes $25,000 for recommended grants and matching charitable contributions, under the programs described in the Director Compensation section in this Proxy Statement.

[d] Pursuant to Mr. Massingberd s letter agreement dated June 25, 2008, Mattel will provide Mr. Massingberd with an additional retirement benefit equal to 10% of his base salary each year of employment with us until he reaches age 60, which is credited annually to his account under the DCP.

[e] The tax gross-up of $312,249 to Mr. Massingberd was with respect to the tax reimbursements under Mattel s tax equalization program (consistent with Mattel s standard relocation program), in connection with Mr. Massingberd s relocation from the United States to Canada.

Narrative Disclosure to Summary Compensation Table

Letter Agreement

Certain of Mr. Massingberd s compensation reflected in the Summary Compensation Table is provided pursuant to a letter agreement with Mr. Massingberd dated April 30, 2014 (the Massingberd Letter Agreement), which was entered into at the time he transferred to his new position as Chairman and

Table of Contents

EXECUTIVE COMPENSATION TABLES

President of MEGA Brands and relocated from California to Canada and supersedes his then existing agreement dated June 25, 2008. The Massingberd Letter Agreement provides for continuation of benefits, perquisites and programs, such as: a supplemental retirement Company contribution provided under his original agreement (as detailed in footnote (d) to the All Other Compensation table above and footnote (6) to the 2014 Nonqualified Deferred Compensation table below) and financial counseling services. Relocation benefits are newly provided, including Company-paid housing costs for up to three years and a Company car. The Massingberd Letter Agreement also provides for severance pay under certain circumstances; however, such severance pay provisions were superseded by Severance Plan B in 2014, when Mr. Massingberd executed a participation letter agreement to participate in Severance Plan B benefits. The Severance Plan B is discussed further under the Potential Payments Upon Termination or Change of Control section below.

Certain of Mr. Dickson s compensation reflected in the Summary Compensation Table is provided pursuant to Mr. Dickson s letter agreement dated May 16, 2014 (Dickson Letter Agreement), which was entered into at the time he was hired into the position of Chief Brands Officer. The Dickson Letter Agreement provides for a monthly car allowance and financial counseling services.

Grants of Plan-Based Awards in 2014

The following table shows information about the non-equity incentive awards and equity-based awards to our NEOs in 2014.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units[3]	All Other Option Awards: Number of Securities Underlying Options[4]		Gra Date Mark Value Stock Opti Award
ne and nt Date	Committee Action Date	Threshold	Target	Maximum	Threshold	Target	Maximum			Exercise or Base Price of Option Awards	
n G. Stockton											
26/14	03/26/14	$ 388,125	$ 1,725,000	$ 3,450,000							
26/14	03/26/14				57,952	154,538	309,076				$ 1,465
01/14	05/15/14							66,194			$ 2,333
01/14	05/15/14								520,833	$ 35.25	$ 2,312
n M. Farr											
26/14	03/26/14	$ 118,125	$ 525,000	$ 1,050,000							
26/14	03/26/14				18,439	49,171	98,342				$ 466
01/14	05/15/14							19,858			$ 699
01/14	05/15/14								156,250	$ 35.25	$ 693
ard Dickson											
20/14	05/15/14	$ 115,763	$ 514,500	$ 1,029,000							

20/14	05/15/14				12,644	33,717	67,434				$ 312
20/14	05/15/14							36,335			$ 1,399
20/14	05/15/14								75,630	$ 38.53	$ 665
01/14	05/15/14							11,348			$ 400
01/14	05/15/14								89,286	$ 35.25	$ 396
othy J. Kilpin											
26/14	03/26/14	$ 102,375	$ 455,000	$ 910,0000							
26/14	03/26/14				12,644	33,717	67,434				$ 319
14/14	02/25/14							2,577			$ 99
01/14	05/15/14							11,348			$ 400
01/14	05/15/14								89,286	$ 35.25	$ 396

Table of Contents

EXECUTIVE COMPENSATION TABLES

ame and -rant Date	Committee Action Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units[3]	All Other Option Awards: Number of Securities Underlying Options[4]	Exercise or Base Price of Option Awards	Grant Date Fai Market Value of Stock an Option Awards(
		Threshold	Target	Maximum	Threshold	Target	Maximum				
obert Normile											
03/26/14	03/26/14	$ 84,825	$ 377,000	$ 754,000							
03/26/14	03/26/14				10,537	28,098	56,196				$ 266,46
08/01/14	05/15/14							11,348			$ 400,01
08/01/14	05/15/14								89,286	$ 35.25	$ 396,43
eoff M. Massingberd											
03/26/14	03/26/14	$ 112,613	$ 500,500	$ 1,001,000							
03/26/14	03/26/14				12,644	33,717	67,434				$ 319,74
04/30/14	03/26/14							5,100			$ 199,99
08/01/14	05/15/14							11,348			$ 400,01
08/01/14	05/15/14								89,286	$ 35.25	$ 396,43

(1) The awards shown represent the potential value of annual incentive awards that could be earned for fiscal 2014 (and paid in 2015) under the MIP for each NEO presuming threshold performance (22.5% of target MIP opportunity), target performance (100% of target MIP opportunity) and maximum performance (200% of target MIP opportunity). Please see Compensation Discussion and Analysis Elements of Compensation Annual Cash Incentive for a more complete description of the MIP. No amounts were earned under the MIP in 2014.

(2) Amounts shown represent the Performance Units under the 2014-2016 LTIP granted under the 2010 Plan in 2014 that may be earned at the end of the three-year performance cycle from January 1, 2014 through December 31, 2016. Our Performance Units are awarded every three years. The Performance Units are earned based on our annual performance under annual NOPAT-CC and net sales goals (collectively, the performance-related component) for each year in the three-year performance cycle, which results in performance earnouts for each year that are averaged together over the three-year period. This three-year average performance earnout percentage is then adjusted based on our achievement of TSR relative to the TSR performance of companies in the S&P 500 over the full three-year performance cycle (market-related component) to determine the number of Performance Units earned. The earnout percentage may range from 0% to 200% of the target Performance Units granted, with a range of 37.5% earned at threshold performance and 150% earned at maximum performance under the financial performance-related component, and upward or downward adjustment of up to 50 percentage points based on our TSR performance under the market-related component. Threshold level of NOPAT-CC performance must be achieved as a condition to any performance earnout percentage for that year s performance-related component; therefore, the threshold performance earnout percentage of 37.5% shown represents the minimum number of Performance Units that would be earned if the threshold level of NOPAT-CC is achieved, although the number of Performance Units actually earned may be lower based on any applicable adjustment for the market-related (TSR) component. The maximum number of Performance Units reflects 200% of the Performance Units earned at maximum performance of both of the financial performance-related component (150%) plus an additional 50% earned with respect to maximum achievement of the market-related (TSR) component. Of the one-third Performance Units eligible to be earned, no Performance Units were earned for 2014.

Mr. Dickson was awarded Performance Units upon his hiring on May 20, 2014. Mr. Dickson s Performance Units have the same terms and conditions as the Performance Units granted to the other NEOs in March 2014.

Please see the section Compensation Discussion and Analysis Elements of Compensation Equity-Based Long-Term Incentives LTI Components Performance Units 2014-2016 LTIP for a detailed discussion of the Performance Units.

(3) The awards shown are time-vesting RSUs granted under our 2010 Plan that vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date, subject to continued service with the Company.

(4) The awards shown are stock options granted under our 2010 Plan that vest 33% on the first anniversary of the grant date, 33% on the second anniversary of the grant date and 34% on the third anniversary of the grant date, subject to continued service with the Company.

(5) Amounts shown represent the fair market value per share as of the grant date of the award determined pursuant to FASB ASC Topic 718 multiplied by the number of shares. The RSUs grant date fair value is based on the closing price of our common stock on August 1, 2014, the date of grant ($35.25 per share). The stock options grant date fair value is calculated based on the Black-Scholes valuation model. For a discussion of the assumptions made in the valuation reflected in this column, see Note 7 to Mattel s Consolidated Financial Statements for 2014 contained in the Form 10-K filed with the SEC on February 25, 2015.

Because the performance-related component of the Performance Units under the 2014-2016 LTIP is based on the average of our financial performance for each year of the three-year performance cycle, under SEC and accounting rules the grant date fair value for 2014 shown in the table is based on the probable outcome of the performance-related component for 2014, as measured on the grant date in 2014, and applied to one-third of the Performance Units granted. In addition, since the Performance Units were awarded in 2014, FASB ASC Topic 718 requires inclusion of the full grant date fair value of the market-related (TSR) component on the date the Performance Units were awarded in 2014. The grant date value of the market-related component on March 26, 2014 was -$3.57 per unit, resulting in downward adjustments.

Regardless of the value of our equity awards on the grant date, the value realized will depend on the market value of Mattel s common stock on a date in the future when the RSUs vest, the stock options are exercised and the Performance Units, if any, are earned.

Table of Contents

EXECUTIVE COMPENSATION TABLES

Outstanding Equity Awards at 2014 Year-End

The following table shows the outstanding equity-based awards that were held by our NEOs as of December 31, 2014.

	Option Awards				Stock Awards			
Name and Grant Date for Options(1)	Number of Securities Underlying Unexercised Options Exercisable(1)	Securities Underlying Unexercised Options Unexercisable(1)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)	Equity Incentive Plan Awards: # of Unearned Shares, Units or Other Rights That Have Not Vested(4)	Equity Incenti Plan Awards: Market or Payout Value of Unearned Shares, Units o Other Rights That Have Not Vested(3)
					Time-Vesting RSUs		Performance Units	
Bryan G. Stockton(5)								
					149,012	$ 4,611,921	57,952	$ 1,793,614
08/01/2014		520,833	$ 35.25	08/01/2024				
08/01/2013	69,524	139,046	$ 42.70	08/01/2023				
08/01/2012	163,513	84,235	$ 34.76	08/01/2022				
01/03/2012	81,169	40,584	$ 27.76	01/03/2022				
08/01/2011	142,207		$ 26.38	08/01/2021				
08/02/2010	83,857		$ 21.50	08/02/2020				
07/31/2009	108,401		$ 17.58	07/31/2019				
08/01/2008	105,541		$ 20.48	08/01/2018				
08/01/2007	37,500		$ 23.58	08/01/2017				
08/01/2006	50,000		$ 17.94	08/01/2016				
08/01/2005	50,000		$ 18.71	08/01/2015				
Kevin M. Farr								
					45,376	$ 1,404,387	18,439	$ 570,687
08/01/2014		156,250	$ 35.25	08/01/2024				
08/01/2013	25,598	51,194	$ 42.70	08/01/2023				
08/01/2012	60,202	31,014	$ 34.76	08/01/2022				
08/01/2011	115,188		$ 26.38	08/01/2021				
08/02/2010	83,857		$ 21.50	08/02/2020				
07/31/2009	108,401		$ 17.58	07/31/2019				
08/01/2008	105,541		$ 20.48	08/01/2018				

08/01/2007	46,875		$ 23.58	08/01/2017				
08/01/2006	62,500		$ 17.94	08/01/2016				
Richard Dickson								
					47,683	$ 1,475,789	12,644	$ 391,332
08/01/2014		89,286	$ 35.25	08/01/2024				
05/20/2014		75,630	$ 38.53	05/20/2024				

Table of Contents

EXECUTIVE COMPENSATION TABLES

Name and Grant Date for Options(1)	Option Awards: Number of Securities Underlying Unexercised Options Exercisable(1)	Number of Securities Underlying Unexercised Options Unexercisable(1)	Option Exercise Price(1)	Option Expiration Date	Stock Awards: Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested(3)	Equity Incentive Plan Awards: # of Unearned Shares, Units or Other Rights That Have Not Vested(4)	Equity Incenti Plan Awards: Market or Payout Value o Unearned Shares, Units o Other Rights That Have Not Vested(3)
					Time-Vesting RSUs		Performance Units	
Timothy J. Kilpin								
					26,828	$ 830,327	12,644	$ 391,332
08/01/2014								