

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION**

*In re Mattel, Inc. Securities Litigation*

Case No. 2:19-CV-10860-MCS (PLAx)

**NOTICE OF (I) PENDENCY OF CLASS ACTION AND  
PROPOSED SETTLEMENT; (II) SETTLEMENT HEARING; AND  
(III) MOTION FOR ATTORNEYS' FEES AND LITIGATION EXPENSES**

***A Federal Court authorized this Notice. This is not a solicitation from a lawyer.***

**NOTICE OF PENDENCY OF CLASS ACTION:** Please be advised that your rights may be affected by the above-captioned securities class action (“Action”) pending in the United States District Court for the Central District of California (“Court”), if you purchased or otherwise acquired the common stock of Mattel, Inc. (“Mattel” or the “Company”) from August 2, 2017 to August 8, 2019, inclusive (the “Class Period”), and were damaged thereby.<sup>1</sup>

**NOTICE OF SETTLEMENT:** Please also be advised that the Court-appointed Lead Plaintiffs, DeKalb County Employees Retirement System (“DeKalb”) and New Orleans Employees’ Retirement System (“New Orleans,” and with DeKalb, “Lead Plaintiffs”), on behalf of themselves and the Class (as defined in ¶ 31 below), have reached a proposed settlement of the Action with Defendants (defined below) for **\$98,000,000.00** in cash that, if approved, will resolve all claims in the Action (“Settlement”).

**PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Class, your legal rights will be affected whether or not you act.**

**If you have questions about this Notice, the Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Clerk’s Office, Defendants, or Defendants’ Counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 79 below).**

1. **Description of the Action and the Class:** This Notice relates to the proposed Settlement of claims in a pending securities class action brought by investors against Mattel; certain of Mattel’s current and former executives; Mattel’s auditor, PricewaterhouseCoopers LLP (“PwC”), and one of PwC’s former partners. The Defendants are Mattel; Margaret H. Georgiadis, Mattel’s former Chief Executive Officer; Joseph J. Euteneuer, Mattel’s former Chief Financial Officer; and Kevin Farr, Mattel’s former Chief Financial Officer (collectively, the “Mattel Defendants”); PwC; and Joshua Abrahams, a former PwC audit partner. Lead Plaintiffs allege that Defendants violated the federal securities laws by making false and misleading statements and omissions about Mattel’s internal controls and financial results, including by allegedly concealing that the Defendants had made and then concealed misstatements in Mattel’s third and fourth quarter 2017 financial statements. A more detailed description of the Action is set forth in ¶¶ 11-30 below. The Settlement, if approved by the Court, will settle the claims of the Class, as defined in ¶ 31 below.

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<sup>1</sup> All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement dated November 23, 2021 (“Stipulation”), which is available at [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com).

2. **Statement of the Class’s Recovery:** Subject to Court approval, Lead Plaintiffs, on behalf of themselves and the Class, have agreed to settle the Action in exchange for a settlement payment of \$98,000,000.00 in cash (“Settlement Amount”) to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (“Settlement Fund”) less any: (i) Taxes; (ii) Notice and Administration Costs; (iii) Litigation Expenses awarded by the Court; (iv) attorneys’ fees awarded by the Court; and (v) other costs or fees approved by the Court) will be distributed in accordance with a plan of allocation approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Class. The proposed plan of allocation (“Plan of Allocation”) is attached hereto as Appendix A.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiffs’ damages expert’s estimate of the number of shares of Mattel common stock purchased or otherwise acquired during the Class Period that may have been affected by the alleged conduct at issue in the Action, and assuming that all Class Members elect to participate in the Settlement, the estimated average recovery per eligible share of Mattel common stock (before the deduction of any Court-approved fees, expenses, and costs as described herein) is approximately \$0.34 per share. **Class Members should note, however, that the foregoing average recovery per eligible share is only an estimate.** Class Members may recover more or less than this estimated amount depending on, among other factors: (i) when and the price at which they purchased/acquired shares of Mattel common stock; (ii) whether they sold their shares of Mattel common stock and, if so, when; and (iii) the total number and value of valid Claims submitted to participate in the Settlement. Distributions to Class Members will be made based on the Plan of Allocation attached hereto as Appendix A or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the amount of damages per share of Mattel common stock that would be recoverable if Lead Plaintiffs were to prevail at trial on the claims asserted against Defendants in the Action. Among other things, Defendants do not agree that they violated the federal securities laws or that, even if liability could be established, any damages were suffered by any members of the Class as a result of their alleged conduct.

5. **Attorneys’ Fees and Expenses Sought:** Lead Counsel has not received any payment of attorneys’ fees for its representation of the Class in the Action and has advanced the funds to pay expenses incurred to prosecute this Action with the expectation that if it were successful in recovering money for the Class, it would receive fees and be paid for their expenses from the Settlement Fund, as is customary in this type of litigation. Prior to the final Settlement Hearing, Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP (“BLB&G”), will apply to the Court for an award of attorneys’ fees on behalf of all Plaintiffs’ Counsel in an amount not to exceed 25% of the Settlement Fund.<sup>2</sup> In addition, Lead Counsel will apply for Litigation Expenses incurred by Plaintiffs’ Counsel in connection with the institution, prosecution, and resolution of the Action, in an amount not to exceed \$1,500,000, which amount may include a request for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. The estimated average cost per eligible share of Mattel common stock, if the Court approves Lead Counsel’s attorneys’ fees and Litigation Expenses application, is approximately \$0.09 per share. **Please note that this amount is only an estimate.**

6. **Identification of Attorneys’ Representatives:** Lead Plaintiffs and the Class are represented by John Rizio-Hamilton, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, New York, NY 10020, 1-800-380-8496, settlements@blbglaw.com.

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<sup>2</sup> Plaintiffs’ Counsel are Lead Counsel and Block & Leviton LLP, counsel for additional named plaintiff Houston Municipal Employees Pension System.

7. **Reasons for the Settlement:** Lead Plaintiffs’ principal reason for entering into the Settlement is the immediate cash benefit for the Class without the risk or the delays inherent in further litigation. The substantial cash benefit provided under the Settlement must be considered against the risk that a smaller recovery—or no recovery at all—might be achieved after a motion for summary judgment, a trial of the Action, and the likely appeals that would follow a trial, a process that could be expected to last several years. Defendants deny that Lead Plaintiffs have asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing, or damages whatsoever, or any infirmity in the defenses that Defendants have, or could have asserted. Defendants are entering into this Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation.

<b>YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:</b>	
<b>SUBMIT A CLAIM FORM POSTMARKED (IF MAILED), OR ONLINE, NO LATER THAN JUNE 8, 2022.</b>	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Class Member and you remain in the Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs’ Claims (defined in ¶ 42 below) that you have against Defendants and the other Defendants’ Releasees (defined in ¶ 43 below), so it is in your interest to submit a Claim Form.
<b>EXCLUDE YOURSELF FROM THE CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN APRIL 11, 2022.</b>	If you exclude yourself from the Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that may allow you to ever be part of any other lawsuit against Defendants or Defendants’ Releasees concerning the Released Plaintiffs’ Claims.
<b>OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN APRIL 11, 2022.</b>	If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the requested attorneys’ fees and Litigation Expenses, you may object by writing to the Court and explaining why you do not like them. You cannot object unless you are a member of the Class and do not exclude yourself from the Class.
<b>ATTEND A HEARING ON MAY 2, 2022 AT 9:00 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN APRIL 11, 2022.</b>	Filing a written objection and notice of intention to appear by April 11, 2022 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the request for attorneys’ fees and Litigation Expenses at the Settlement Hearing on May 2, 2022 at 9:00 a.m. (see ¶¶ 69-70 below for details). If you submit a written objection, you may (but you do not have to) participate in the hearing and, at the discretion of the Court, speak to the Court about your objection.
<b>DO NOTHING.</b>	If you are a member of the Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Action.

**These rights and options – and the deadlines to exercise them – are further explained in this Notice. Please Note: The date and time of the Settlement Hearing – currently scheduled for May 2, 2022 at 9:00 a.m. – is subject to change without further notice to the Class. It is also within the Court’s discretion to decide to hold the hearing telephonically without further notice to the Class. If you plan to attend the hearing, you should check the Settlement website, [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com), or with Lead Counsel as set forth above to confirm that no change to the date and/or time of the hearing has been made.**

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## WHY DID I GET THIS NOTICE?

8. The Court authorized that this Notice be sent to you because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired shares of Mattel common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Class Member, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead Plaintiffs and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you (if you are a Class Member) might be affected, and how to exclude yourself from the Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and Lead Counsel’s motion for an award of attorneys’ fees and Litigation

Expenses (“Settlement Hearing”). See ¶¶ 69-70 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Action, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time.

## WHAT IS THIS CASE ABOUT?

11. Mattel is a global toy-manufacturing company. At all relevant times, Mattel common stock traded on NASDAQ under the ticker symbol “MAT.” Mattel is a Delaware corporation with its headquarters located in El Segundo, California.

12. On August 8, 2019, Mattel announced that it “was made aware of an anonymous whistleblower letter” and, as a result, would initiate an investigation related to the “matters set forth in the letter.” Mattel also announced that “[t]o provide the Company with an opportunity to investigate the matters set forth in the letter, the offering of the Company’s 6.00% Senior Notes due 2027 that was scheduled to close on August 8, 2019 has been terminated.”

13. On October 29, 2019, Mattel announced the conclusions of the investigation and that the Company would be restating its quarterly financial data for the three and nine months ended September 30, 2017 as reported in Mattel’s third quarter 2017 Form 10-Q and the three months ended December 31, 2017 as reported in Mattel’s 2017 Form 10-K, and that those financial statements “should no longer be relied upon due to material misstatements.” Mattel also announced that “the Company has concluded that its internal control over financial reporting as of December 31, 2018 was not effective and that Management’s Report on Internal Control on Financial Reporting as of December 31, 2018 should also no longer be relied upon.” In addition, Mattel issued a press release announcing that Joseph Euteneuer, the Company’s Chief Financial Officer, would leave Mattel after a transition period of up to six months. Finally, Mattel announced that PwC had replaced Joshua Abrahams, the lead engagement partner for the Mattel account, and certain other members of its audit team for its audit engagement with Mattel.

14. On November 12, 2019, Mattel filed an amended annual report with restated financial results for the year 2018 on Form 10-K/A. PwC similarly restated its audit report in its “Report of Independent Registered Public Accounting Firm” contained in the annual report.

15. On December 24, 2019, a class action complaint was filed in the United States District Court for the Central District of California (the “Court”), captioned *Houston Municipal Employees Pension System v. Mattel, Inc., et al.*, Case No. 2:19-cv-10860.

16. On January 31, 2020, a class action complaint was filed in the Court, captioned *New Orleans Employees’ Retirement System v. Mattel, Inc., et al.*, Case No. 2:20-cv-01056.

17. On April 20, 2020, the Honorable André Birotte Jr. ordered that the cases be consolidated and the master docket recaptioned as *In re Mattel, Inc. Securities Litigation*, Master File No. 2:19-cv-10860 (C.D. Cal.) (the “Action”); appointed DeKalb and New Orleans as Lead Plaintiffs; and approved Lead Plaintiffs’ selection of Bernstein Litowitz Berger & Grossmann LLP as Lead Counsel for the Class.

18. On May 29, 2020, Lead Plaintiffs and additional named Plaintiff Houston Municipal Employees Pension System served and filed their Amended Class Action Complaint for Violations of the Federal Securities Laws (the “Complaint”) asserting claims against Mattel, Margaret H. Georgiadis, Joseph J. Euteneuer, Kevin Farr, and PwC under Section 10(b) of the Securities Exchange Act of 1934 (the

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“Exchange Act”) and Rule 10b-5 promulgated thereunder, and against Georgiadis, Euteneuer, Farr, and Joshua Abrahams under Section 20(a) of the Exchange Act. Among other things, the Complaint alleged that Defendants made materially false and misleading statements about Mattel’s internal controls and financial results, including by allegedly concealing that the Defendants had made and then concealed misstatements in Mattel’s third and fourth quarter 2017 financial statements. The Complaint further alleged that the price of Mattel common stock was artificially inflated as a result of Defendants’ allegedly false and misleading statements and declined when the truth was allegedly revealed.

19. On July 28, 2020, the Defendants served and filed their motions to dismiss the Complaint, which were fully briefed by November 5, 2020.

20. On October 1, 2020, while these motions were pending, the case was transferred from Judge André Birotte Jr. to Judge Mark C. Scarsi for all further proceedings.

21. On January 26, 2021, the Court entered an order denying Defendants’ motions to dismiss the Complaint.

22. Following the Court’s order denying the motions to dismiss, discovery in the Action commenced. Defendants and third parties produced a total of over 675,000 pages of documents to Lead Plaintiffs, and Lead Plaintiffs produced nearly 48,000 pages of documents to Defendants in response to their requests. The depositions of representatives for Lead Plaintiffs were taken, and over 15 more depositions were noticed.

23. On April 30, 2021, Lead Plaintiffs and additional named Plaintiff Houston Municipal Employees Pension System served and filed their motion for class certification and supporting papers (the “Class Certification Motion”).

24. On June 24, 2021, the Parties participated in a full-day mediation session via Zoom with the Honorable Layn R. Phillips. The mediation did not result in an agreement to settle the Action.

25. On July 12, 2021, Defendants served and filed their memorandums of law and supporting papers in opposition to Lead Plaintiffs’ Class Certification Motion. On August 30, 2021, Lead Plaintiffs served and filed their reply memorandum of law and supporting papers in further support of the Class Certification Motion. Supplemental briefing on the Class Certification Motion continued through September 15, 2021.

26. On October 6, 2021, the Court entered an Order Granting Plaintiffs’ Motion for Class Certification (“Class Certification Order”).

27. On October 20, 2021, the Mattel Defendants filed a petition, pursuant to Rule 23(f) of the Federal Rules of Civil Procedure (the “Rule 23(f) Petition”), for leave to appeal the Court’s Class Certification Order to the United States Court of Appeals for the Ninth Circuit. The Rule 23(f) Petition was pending when the agreement to settle was reached and subsequently voluntarily dismissed.

28. On October 28, 2021, following extensive settlement negotiations that were assisted by Judge Phillips, the Parties reached an agreement in principle to settle the Action in return for a cash payment that Defendants Mattel and PwC would cause to be paid of \$98,000,000 for the benefit of the Class. The agreement was based on a mediator’s recommendation made by Judge Phillips.

29. On November 23, 2021, the Parties entered into a Stipulation and Agreement of Settlement (the “Stipulation”), which sets forth the full terms and conditions of the Settlement. The Stipulation can be viewed at [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com).

30. On January 18, 2022, the Court preliminarily approved the Settlement, authorized notice of the Settlement to potential Class Members and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement.

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**HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT?  
WHO IS INCLUDED IN THE CLASS?**

31. If you are a member of the Class, you are subject to the Settlement, unless you timely request to be excluded from the Class. The Class certified by the Court consists of:

**all persons and entities who purchased or otherwise acquired the common stock of Mattel from August 2, 2017 to August 8, 2019, inclusive, and who were damaged thereby.**

The Class includes a subclass (“PwC SubClass”) consisting of

**all persons and entities who purchased or otherwise acquired the common stock of Mattel from February 27, 2018 to August 8, 2019, inclusive, and who were damaged thereby.**

Excluded from the Class and PwC Subclass are (i) Defendants; (ii) Mattel’s and PwC’s affiliates and subsidiaries; (iii) the officers and directors of Mattel and PwC and their subsidiaries and affiliates at all relevant times; (iv) members of the immediate family of any excluded person; (v) heirs, successors, and assigns of any excluded person or entity; and (vi) any entity in which any excluded person has or had a controlling interest. Also excluded from the Class and PwC Subclass are any persons and entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court. *See* “What If I Do Not Want To Be A Member Of The Class? How Do I Exclude Myself,” on page 12 below.

**Please note: Receipt of this Notice does not mean that you are a Class Member or that you will be entitled to receive proceeds from the Settlement.**

**If you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Claim Form that is being distributed with this Notice and the required supporting documentation postmarked (if mailed), or online, no later than June 8, 2022.**

**WHAT ARE LEAD PLAINTIFFS’ REASONS FOR THE SETTLEMENT?**

32. Lead Plaintiffs and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the significant expense and length of the continued proceedings that would be necessary to pursue their claims against Defendants through the completion of discovery, appeal of the certification of the class, summary judgment, trial, and appeals, as well as the substantial risks they would face in establishing liability and damages.

33. Defendants have argued, and would continue to argue, that they did not violate the federal securities laws. Among other things, Defendants would continue to argue that they did not act with “scienter,” or fraudulent intent, when they made the alleged misstatements.

34. Lead Plaintiffs also faced risks relating to loss causation and damages. Defendants would continue to argue at summary judgment and at trial, that Lead Plaintiffs could not prove damages or establish a causal connection between the alleged misrepresentations and the losses investors allegedly suffered, as required by law.

35. In sum, there were a number of very significant risks attendant to the continued prosecution of the Action, including the risk of zero recovery. The Settlement eliminates these risks. It also eliminates the risk and costs attendant with the delay inherent in further litigation.

36. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Class, Lead Plaintiffs and Lead Counsel believe that the proposed Settlement is fair, reasonable, and

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adequate, and in the best interests of the Class. Lead Plaintiffs and Lead Counsel believe that the Settlement provides a favorable result for the Class, namely \$98,000,000.00 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Action would produce a smaller, or no, recovery after full discovery, an appeal of the class certification motion, summary judgment, trial, and appeals, possibly years in the future.

### **WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?**

37. If there were no Settlement, and Lead Plaintiffs failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiffs nor the other members of the Class would recover anything from Defendants. Also, if Defendants were successful in establishing any of their defenses either at summary judgment, at trial, or on appeal, the Class could recover less than the amount provided in the Settlement, or nothing at all.

### **HOW ARE CLASS MEMBERS AFFECTED BY THE ACTION AND THE SETTLEMENT?**

38. As a Class Member, you are represented by Lead Plaintiffs and Lead Counsel, unless you enter an appearance through counsel of your own choice and at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” on page 12 below.

39. If you are a Class Member and do not wish to remain a Class Member, you must exclude yourself from the Class by following the instructions in the section entitled, “What If I Do Not Want To Be A Member Of The Class? How Do I Exclude Myself?,” on page 12 below.

40. If you are a Class Member and you wish to object to the Settlement, the Plan of Allocation, and/or Lead Counsel’s application for attorneys’ fees and Litigation Expenses, and if you do not exclude yourself from the Class, you may present your objections by following the instructions in the section entitled, “When And Where Will The Court Decide Whether To Approve The Settlement?,” on page 12 below.

41. If you are a Class Member and you do not exclude yourself from the Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment (“Judgment”). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiffs and each of the other Class Members, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Plaintiffs’ Claim (as defined in ¶ 42 below) against Defendants and the other Defendants’ Releasees (as defined in ¶ 43 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Plaintiffs’ Claims against any of the Defendants’ Releasees.

42. “Released Plaintiffs’ Claims” means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law or any other law, rule, or regulation, at law or in equity, whether class or individual in nature (including, but not limited to, any claims for damages (whether compensatory, special, incidental, consequential, punitive, exemplary or otherwise), injunctive relief, declaratory relief, rescission or rescissionary damages, interest, attorneys’ fees, expert or consulting fees, costs, expenses, or any other form of legal or equitable relief whatsoever), that Lead Plaintiffs or any other member of the Class: (i) asserted in the Complaint, or (ii) could have asserted in any forum that arise out of, are based upon, or relate to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or



referred to in the Complaint and that relate to the purchase or acquisition of Mattel common stock during the Class Period. Released Plaintiffs' Claims do not include: (i) claims asserted in any ERISA or derivative action, including *In re Mattel, Inc. Stockholder Deriv. Litig.*, Case No. 20-cv-488-CFC (D. Del.) (consolidated into which are *Lombardi v. Kreiz, et al.*, Case No. 17-cv-1842-CFC (D. Del.) and *Chagnon v. Kreiz, et al.*, Case No. 21-00892-CFC (D. Del.)); *In re Mattel Inc. Stockholder Derivative Litigation*, Case No. 2021-0417-JRS (Del. Ch.) (consolidated into which are *Anderson v. Georgiadis, et al.*, C.A. 2021-0441-JRS (Del. Ch.) and *Armon v. Euteneuer, et al.*, C.A. 2021-562-JRS (Del. Ch.)); *In re Mattel, Inc. Stockholder Derivative Demand Refusal Litigation*, Case No. 2021-0782-JRS (Del. Ch.) (consolidated into which are *Shumacher v. Kreiz, et al.*, C.A. 2021-0902-JRS (Del. Ch.) and *Mizell v. PricewaterhouseCoopers LLP, et al.*, C.A. 2021-0933-JRS (Del. Ch.)); *Behrens v. Euteneuer, et al.*, Case No. 2021-0996-JRS (Del. Ch.); and *City of Pontiac Police & Fire Ret. Sys. v. PricewaterhouseCoopers LLP, et al.*, Case No. 2:21-cv-08498 (C.D. Cal.); (ii) claims relating to the enforcement of the Settlement; or (iii) any claims of any person or entity who or which submits a request for exclusion that is accepted by the Court.

43. "Defendants' Releasees" means Defendants and their present and former parents, subsidiaries, divisions, joint ventures, affiliates, and present and former employees, members, partners, principals, agents, officers, directors, controlling shareholders, attorneys, advisors, accountants, auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, insurers, reinsurers, related or affiliated entities, predecessors, successors, Immediate Family Members, estates, heirs, executors, trusts, trustees, administrators, agents, and representatives, in their capacities as such.

44. "Unknown Claims" means any Released Plaintiffs' Claims that any Lead Plaintiff or any other Class Member does not know or suspect to exist in his, her or its favor at the time of the release of such claims, and any Released Defendants' Claims that any Defendant does not know or suspect to exist in his, her or its favor at the time of the release of such claims, which, if known by him, her or it, might have affected his, her or its decision(s) with respect to this Settlement. With respect to any and all Released Claims, the Parties stipulate and agree that, upon the Effective Date of the Settlement, Lead Plaintiffs and Defendants shall expressly waive, and each of the other Class Members shall be deemed to have waived, and by operation of the Judgment or the Alternate Judgment, if applicable, shall have expressly waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiffs and Defendants acknowledge, and each of the other Class Members shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

45. Pursuant to the Judgment, or the Alternate Judgment, if applicable, without further action by anyone, upon the Effective Date of the Settlement, Defendants, on behalf of themselves, and their respective heirs, executors, administrators, predecessors, successors, and assigns, in their capacities as such, shall be deemed to have, and by operation of law and of the judgment shall have, fully, finally, and forever compromised, settled, released, resolved, relinquished, waived, and discharged each and every Released Defendants' Claim (as defined in ¶ 46 below) against Lead Plaintiffs and the other Plaintiffs' Releasees (as defined in ¶ 47 below), and shall forever be barred and enjoined from prosecuting any or all of the Released Defendants' Claims against any of the Plaintiffs' Releasees. This release shall not apply to any person or entity who or which submits a request for exclusion from the Class that is accepted by the Court.

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46. “Released Defendants’ Claims” means all claims and causes of action of every nature and description, whether known claims or Unknown Claims, whether arising under federal, state, common or foreign law, that arise out of or relate in any way to the institution, prosecution, or settlement of the claims asserted in the Action against Defendants. Released Defendants’ Claims do not include: (i) any claims relating to the enforcement of the Settlement; or (ii) any claims against any person or entity who or which submits a request for exclusion from the Class that is accepted by the Court.

47. “Plaintiffs’ Releasees” means Lead Plaintiffs, all other plaintiffs in the Action, and all other Class Members, and their respective present and former parents, subsidiaries, divisions, joint ventures, affiliates, and present and former employees, members, partners, principals, agents, officers, directors, controlling shareholders, attorneys, advisors, accountants, auditors, financial or investment advisors or consultants, banks or investment bankers, personal or legal representatives, insurers, coinsurers, reinsurers, related or affiliated entities, predecessors, successors, Immediate Family Members, estates, heirs, executors, trusts, trustees, administrators, agents, and representatives, in their capacities as such.

### HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

48. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Class and you must timely complete and return the Claim Form with adequate supporting documentation *postmarked (if mailed), or submitted online at [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com), no later than June 8, 2022*. A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator, [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com), or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-877-379-5987, or by emailing the Claims Administrator at [info@MattelSecuritiesLitigation.com](mailto:info@MattelSecuritiesLitigation.com). **Please retain all records of your ownership of and transactions in Mattel common stock, as they may be needed to document your Claim.** If you request exclusion from the Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

### HOW MUCH WILL MY PAYMENT BE?

49. At this time, it is not possible to make any determination as to how much any individual Class Member may receive from the Settlement.

50. Pursuant to the Settlement, Defendants Mattel and PwC shall cause to be paid \$98,000,000.00 in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the “Settlement Fund.” If the Settlement is approved by the Court and the Effective Date occurs, the “Net Settlement Fund” (that is, the Settlement Fund less (i) any Taxes; (ii) any Notice and Administration Costs; (iii) any Litigation Expenses awarded by the Court; (iv) any attorneys’ fees awarded by the Court; and (v) any other costs or fees approved by the Court) will be distributed to Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

51. The Net Settlement Fund will not be distributed to Class Members unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

52. Neither Defendants, the Defendants’ Releasees, nor any other person or entity who or which paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court’s order or Judgment approving the Settlement becomes Final. Defendants

and the other Defendants' Releasees shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the Plan of Allocation.

53. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

54. Unless the Court otherwise orders, any Class Member who fails to submit a Claim Form postmarked (if mailed), or online, on or before June 8, 2022 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the Releases given. This means that each Class Member releases the Released Plaintiffs' Claims (as defined in ¶ 42 above) against the Defendants' Releasees (as defined in ¶ 43 above) and will be permanently barred and enjoined from bringing any action, claim, or other proceeding of any kind against the Defendants' Releasees with respect to the Released Plaintiffs' Claims whether or not such Class Member submits a Claim Form.

55. Participants in and beneficiaries of any employee retirement and/or benefit plan covered by ERISA ("ERISA Plan") should NOT include any information relating to shares of Mattel common stock purchased/acquired through the ERISA Plan in any Claim Form they submit in this Action. They should include ONLY those eligible shares of Mattel common stock purchased/acquired during the Class Period outside of an ERISA Plan. Claims based on any ERISA Plan's purchases/acquisitions of Mattel common stock during the Class Period may be made by the plan's trustees.

56. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Class Member.

57. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

58. Only Class Members will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities who are excluded from the Class by definition or who exclude themselves from the Class pursuant to an exclusion request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only security that is included in the Settlement is Mattel common stock.

**59. Appendix A to this Notice sets forth the Plan of Allocation for allocating the Net Settlement Fund among Authorized Claimants, as proposed by Lead Plaintiffs. At the Settlement Hearing, Lead Counsel will request the Court approve the Plan of Allocation. The Court may modify the Plan of Allocation, or approve a different plan of allocation, without further notice to the Class.**

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE CLASS SEEKING?  
HOW WILL THE LAWYERS BE PAID?**

60. Plaintiffs' Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Class; nor have Plaintiffs' Counsel been paid for their litigation expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiffs' Counsel in an amount not to exceed 25% of the Settlement Fund. At the same time, Lead Counsel also intends to apply for payment from the Settlement Fund of Plaintiffs' Counsel's Litigation Expenses and may apply for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiffs directly related to their representation of the Class, in a total amount not to exceed \$1,500,000. The Court will determine the amount of any award of attorneys' fees or Litigation Expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

**WHAT IF I DO NOT WANT TO BE A MEMBER OF THE CLASS?  
HOW DO I EXCLUDE MYSELF?**

61. Each Class Member will be bound by all determinations and judgments in this lawsuit related to the Settlement, whether favorable or unfavorable, unless such person or entity mails or delivers a written request for exclusion addressed to: *Mattel Securities Litigation*, EXCLUSIONS, c/o JND Legal Administration, P.O. Box 91434, Seattle, WA 98111. The request for exclusion must be **received no later than April 11, 2022**. You will not be able to exclude yourself from the Class after that date.

62. Each request for exclusion must: (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity “requests exclusion from the Class in *In re Mattel, Inc. Securities Litigation*, No. 2:19-cv-10860 (C.D. Cal.)”; (iii) state the number of shares of Mattel common stock that the person or entity requesting exclusion (A) owned as of the opening of trading on August 2, 2017 and (B) purchased/acquired and/or sold during the Class Period (from August 2, 2017 through August 8, 2019, inclusive), as well as the date, number of shares, and price of each such purchase/acquisition and sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative.

63. A request for exclusion from the Class will exclude you from both the Class and the PwC Subclass (if you would have otherwise been a member). You cannot remain in the Class but exclude yourself from the PwC Subclass, nor remain in the PwC Subclass but otherwise exclude yourself from the Class.

64. A request for exclusion shall not be valid and effective unless it provides all the information called for in ¶ 62 and is received within the time stated above, or is otherwise accepted by the Court.

65. If you do not want to be part of the Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs’ Claim against any of the Defendants’ Releasees. Excluding yourself from the Class is the only option that allows you to be part of any other current or future lawsuit against Defendants or any of the other Defendants’ Releasees concerning the Released Plaintiffs’ Claims. If you exclude yourself from the Class, Defendants and the other Defendants’ Releasees will have the right to assert any and all defenses they may have to any claims that you may seek to assert.

66. If you ask to be excluded from the Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

67. Defendants have the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Class in an amount that exceeds an amount agreed to by Lead Plaintiffs and Defendants.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE  
SETTLEMENT? DO I HAVE TO COME TO THE HEARING?  
MAY I SPEAK AT THE HEARING IF I DON’T LIKE THE SETTLEMENT?**

68. **Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.**

69. **Please Note:** The date and time of the Settlement Hearing may change without further written notice to the Class. In addition, the COVID-19 pandemic is a fluid situation that creates the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference,

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or otherwise allow Class Members to appear at the hearing by phone, without further written notice to the Class. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Class Members must or may participate by phone or video, it is important that you monitor the Court’s docket and the Settlement website, [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com), before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement website, [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com). If the Court requires or allows Class Members to participate in the Settlement Hearing by telephone or video conference, the information for accessing the telephone or video conference will be posted to the Settlement website, [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com).**

70. The Settlement Hearing will be held on **May 2, 2022 at 9:00 a.m.**, before the Honorable Mark C. Scarsi, at the United States District Court for the Central District of California, in Courtroom 7C of the First Street Courthouse, 350 W. First Street, Los Angeles, California 90012, for the following purposes: (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Class, and should be finally approved by the Court; (b) to determine whether a Judgment substantially in the form attached as Exhibit B to the Stipulation should be entered dismissing the Action with prejudice against Defendants; (c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (d) to determine whether the motion by Lead Counsel for attorneys’ fees and Litigation Expenses should be approved; and (e) to consider any other matters that may properly be brought before the Court in connection with the Settlement. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel’s motion for an award of attorneys’ fees and Litigation Expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Class.

71. Any Class Member who or which does not request exclusion may object to the Settlement, the Plan of Allocation, and/or Lead Counsel’s motion for an award of attorneys’ fees and Litigation Expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk’s Office at the United States District Court for the Central District of California at the address set forth below as well as serve copies on Lead Counsel and Defendants’ Counsel at the addresses set forth below **on or before April 11, 2022**.

Clerk’s Office	Lead Counsel	Defendants’ Counsel
United States District Court Central District of California First Street Courthouse 350 W. 1st Street Los Angeles, CA 90012	Bernstein Litowitz Berger & Grossmann LLP John Rizio-Hamilton, Esq. 1251 Avenue of the Americas New York, NY 10020	Munger, Tolles & Olson LLP John W. Spiegel, Esq. 350 South Grand Avenue, Fiftieth Floor Los Angeles, CA 90071  Wilmer Cutler Pickering Hale & Dorr Timothy J. Perla, Esq. 60 State Street Boston, MA 02109

You must also **email** the objection and any supporting papers on or before April 11, 2022 to [settlements@blbglaw.com](mailto:settlements@blbglaw.com), [john.spiegel@mto.com](mailto:john.spiegel@mto.com), and [timothy.perla@wilmerhale.com](mailto:timothy.perla@wilmerhale.com).

72. Any objections, filings, and other submissions by the objecting Class Member: (a) must identify the case name and docket number, *In re Mattel, Inc. Securities Litigation*, Case No. 2:19-cv-10860 (C.D. Cal.); (b) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (c) must state with specificity the grounds for the Class Member’s objection,

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including any legal and evidentiary support the Class Member wishes to bring to the Court's attention and whether the objection applies only to the objector, to a specific subset of the Class, or to the entire Class; and (d) must include documents sufficient to prove membership in the Class, including the number of shares of Mattel common stock that the objecting Class Member (A) held as of the opening of trading on August 2, 2017 and (B) purchased/acquired and/or sold during the Class Period (from August 2, 2017 through August 8, 2019, inclusive), as well as the date, number of shares, and price of each such purchase/acquisition and sale. The objecting Class Member must provide documentation establishing membership in the Class through copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from the objector's broker containing the transactional and holding information found in a broker confirmation slip or account statement.

**73. You may not object to the Settlement, Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses if you exclude yourself from the Class or if you are not a member of the Class.**

74. You may submit an objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless (i) you first submit a written objection in accordance with the procedures described above and (ii) you first submit your notice of appearance in accordance with the procedures described below; unless the Court orders otherwise.

75. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses, and if you timely submit a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 71 above so that it is **received on or before April 11, 2022**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

76. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Representative Defendants' Counsel at the addresses set forth in ¶ 71 above so that the notice is **received on or before April 11, 2022**.

**77. Unless the Court orders otherwise, any Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for an award of attorneys' fees and Litigation Expenses. Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.**

#### **WHAT IF I BOUGHT SHARES OF MATTEL COMMON STOCK ON SOMEONE ELSE'S BEHALF?**

78. If you purchased or otherwise acquired Mattel common stock during the period from August 2, 2017 through August 8, 2019, inclusive, for the beneficial interest of a person or entity other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form ("Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names, mailing addresses, and, if available, email addresses, of all such beneficial owners to *Mattel Securities Litigation*, c/o JND Legal Administration, P.O. Box 91434, Seattle, WA 98111. If you choose the second

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option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of this Notice and the Claim Form may be obtained from the Settlement website, [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com), by calling the Claims Administrator toll-free at 1-877-379-5987, or by emailing the Claims Administrator at [info@MattelSecuritiesLitigation.com](mailto:info@MattelSecuritiesLitigation.com).

**CAN I SEE THE COURT FILE?  
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

79. This Notice contains only a summary of the terms of the Settlement. For the terms and conditions of the Settlement, please see the Stipulation available at [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com). Copies of any related orders entered by the Court and certain other filings in this Action will be also posted on this website. More detailed information about the matters involved in this Action can be obtained by accessing the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system <https://ecf.cacd.uscourts.gov>, or by visiting, during regular office hours, the Office of the Clerk, United States District Court for the Central District of California, First Street Courthouse, 350 W. First Street, Los Angeles, CA 90012. Additionally,

All inquiries concerning this Notice and the Claim Form should be directed to:

*Mattel Securities Litigation*  
c/o JND Legal Administration  
P.O. Box 91434  
Seattle, WA 98111  
1-877-379-5987  
[info@MattelSecuritiesLitigation.com](mailto:info@MattelSecuritiesLitigation.com)  
[www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com)

and/or

John Rizio-Hamilton, Esq.  
Bernstein Litowitz Berger & Grossmann  
LLP  
1251 Avenue of the Americas  
New York, NY 10020  
1-800-380-8496  
[settlements@blbglaw.com](mailto:settlements@blbglaw.com)

**PLEASE DO NOT CALL OR WRITE THE COURT, THE CLERK'S OFFICE, DEFENDANTS,  
OR DEFENDANTS' COUNSEL REGARDING THIS NOTICE.**

Dated: February 8, 2022

By Order of the Court  
United States District Court  
for the Central District of California

## APPENDIX A

### **Proposed Plan of Allocation of Net Settlement Fund Among Authorized Claimants**

1. The Plan of Allocation (the “Plan”) set forth herein is the plan that is being proposed to the Court for approval by Lead Plaintiffs after consultation with their damages expert. The Court may approve the Plan with or without modification, or approve another plan of allocation, without further notice to the Class. Any Orders regarding a modification to the Plan will be posted on the website [www.MattelSecuritiesLitigation.com](http://www.MattelSecuritiesLitigation.com). No Defendant, nor any other Defendants’ Releasees, shall have any involvement with or liability, obligation or responsibility whatsoever for the application of the Plan of Allocation.

2. The objective of the Plan is to equitably distribute the Net Settlement Fund among those Class Members who suffered economic losses as a result of the alleged violations of the federal securities laws set forth in the Complaint. The calculations made pursuant to the Plan are not intended to be estimates of, nor indicative of, the amounts that Class Members might have been able to recover after a trial. Nor are these calculations intended to be estimates of the amounts that will be paid to Authorized Claimants pursuant to the Settlement. The computations under the Plan are only a method to weigh the claims of Claimants against one another for the purposes of making a *pro rata* allocation of the Net Settlement Fund.

3. In developing the Plan of Allocation, Lead Plaintiffs’ damages expert calculated the estimated amount of alleged artificial inflation in the per-share closing price of Mattel common stock which allegedly was proximately caused by Defendants’ alleged false and misleading statements and material omissions. In calculating this estimated alleged artificial inflation, Lead Plaintiffs’ damages expert considered the price changes in Mattel common stock on August 9, 2019, following the alleged corrective disclosure, adjusting for price changes on that day that were attributable to market or industry forces. Lead Plaintiffs’ damages expert calculates that the estimated alleged artificial inflation in the price of Mattel common stock during the Class Period was \$1.95 per share.

4. For losses to be compensable damages under the applicable laws (Sections 10(b) and 20(a) of the Exchange Act), the disclosure of the allegedly misrepresented information must be the cause of the decline in the price of Mattel common stock. In this case, Lead Plaintiffs allege that Defendants made false statements and omitted material facts during the period from August 2, 2017 through August 8, 2019, inclusive, which had the effect of artificially inflating the price of Mattel common stock. Lead Plaintiffs further allege that corrective information was released to the market after the close of trading on August 8, 2019, which removed the artificial inflation from the price of Mattel common stock on August 9, 2019.

5. Calculations of recognized loss amounts under the Plan of Allocation are based primarily on (a) the difference in the amount of alleged artificial inflation in the price of Mattel common stock at the time of purchase and the time of sale, or (b) the difference between the actual purchase price and sales price, whichever is less. A Class Member who purchased Mattel common stock during the Class Period must have held the shares until at least August 9, 2019 in order to have a recognized loss on that purchase.

6. Lead Plaintiffs settled claims in this Action against Mattel Defendants based on claims arising from purchases or acquisitions of Mattel common stock from August 2, 2017 through August 8, 2019, inclusive (the “Class Period”) and against PwC and Abrahams based on claims arising from purchases or acquisitions of Mattel common stock from February 27, 2018 through August 8, 2019, inclusive (the “PwC Subclass Period”).

7. The Net Settlement Fund will be divided into two parts, as follows: (a) \$86 million, less the proportional amount of all Court-approved attorneys’ fees, Litigation Expenses, Notice and Administration



Costs, or other expenses, will be allocated to a fund for payment of claims arising from purchases or acquisitions during the entire Class Period (the “Mattel Distribution Fund”); and (b) \$12 million, less the proportional amount of all Court-approved attorneys’ fees, Litigation Expenses, Notice and Administration Costs, or other expenses, will be allocated to a fund for payment of claims arising from purchases or acquisitions claims during the PwC Subclass Period (the “PwC Distribution Fund”).<sup>3</sup>

### **CALCULATION OF RECOGNIZED LOSS AMOUNTS**

8. For each share of Mattel common stock purchased or otherwise acquired from August 2, 2017 through August 8, 2019, inclusive, that is listed on the Claim Form and for which adequate documentation is provided, a “**Mattel Recognized Loss Amount**” will be calculated as set forth below in paragraph 9. In addition, if the Mattel common stock was purchased or otherwise acquired from February 27, 2018 through August 8, 2019, inclusive, a “**PwC Recognized Loss Amount**” will also be calculated as set forth below in paragraph 10.

9. For each share of Mattel common stock purchased or otherwise acquired from August 2, 2017 through August 8, 2019, inclusive, and:

- (a) sold prior to the close of trading on August 8, 2019, the **Mattel Recognized Loss Amount** is \$0;
- (b) sold from August 9, 2019 through the close of trading on November 6, 2019, the **Mattel Recognized Loss Amount** is *the least of*: (i) \$1.95; (ii) the purchase price *minus* the sale price; or (iii) the purchase price *minus* the average closing price between August 9, 2019 and the date of sale as stated in Table A;
- (c) held as of the close of trading on November 6, 2019, the **Mattel Recognized Loss Amount** is *the lesser of*: (i) \$1.95; or (ii) the purchase price *minus* \$10.85.<sup>4</sup>

If the Mattel Recognized Loss Amount for a given purchase or acquisition calculated above is negative, then the Mattel Recognized Loss Amount for that purchase or acquisition shall be zero.

10. For each share of Mattel common stock purchased or otherwise acquired from February 27, 2018 through August 8, 2019, inclusive, and:

- (a) sold prior to the close of trading on August 8, 2019, the **PwC Recognized Loss Amount** is \$0;
- (b) sold from August 9, 2019 through the close of trading on November 6, 2019, the **PwC Recognized Loss Amount** is *the least of*: (i) \$1.95; (ii) the purchase price *minus* the sale

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<sup>3</sup> Attorneys’ fees, Litigation Expenses, Notice and Administration Costs, and any other costs awarded by the Court will be deducted from the Mattel Distribution Fund and PwC Distribution Fund proportionally based on the size of the two funds.

<sup>4</sup> Pursuant to Section 21D(e)(1) of the Exchange Act, “in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market.” Consistent with the requirements of the Exchange Act, Recognized Loss Amounts are reduced to an appropriate extent by taking into account the closing prices of Mattel common stock during the “90-day look-back period,” from August 9, 2019 through November 6, 2019. The mean (average) closing price for Mattel common stock during this 90-day look-back period was \$10.85.

price; or (iii) the purchase price *minus* the average closing price between August 9, 2019 and the date of sale as stated in Table A;

- (c) held as of the close of trading on November 6, 2019, the **PwC Recognized Loss Amount** is *the lesser of*: (i) \$1.95; or (ii) the purchase price *minus* \$10.85.

If the PwC Recognized Loss Amount for a given purchase or acquisition calculated above is negative, then the PwC Recognized Loss Amount for that purchase or acquisition shall be zero.

### **ADDITIONAL PROVISIONS**

11. The Net Settlement Fund will be allocated among all Authorized Claimants whose Distribution Amount (defined in ¶ 18 below) is \$10.00 or greater.

12. **Calculation of Claimant's "Recognized Claims":** A Claimant's "Mattel Recognized Claim" will be the sum of his, her, or its Mattel Recognized Loss Amounts as calculated in paragraph 9 above with respect to all purchases or acquisitions of Mattel common stock during the Class Period. A Claimant's "PwC Recognized Claim" will be the sum of his, her, or its PwC Recognized Loss Amounts as calculated in paragraph 10 above with respect to all purchases or acquisitions of Mattel common stock during the PwC Subclass Period.

13. **FIFO Matching:** If a Class Member has more than one purchase/acquisition or sale of Mattel common stock during the Class Period, all purchases/acquisitions and sales shall be matched on a First In, First Out ("FIFO") basis. Class Period sales will be matched first against any holdings at the beginning of the Class Period, and then against purchases/acquisitions in chronological order, beginning with the earliest purchase/acquisition made during the Class Period.

14. **"Purchase/Sale" Prices:** For the purposes of calculations under this Plan of Allocation, "purchase price" means the actual price paid, excluding all fees, taxes, and commissions, and "sale price" means the actual amount received, not deducting any fees, taxes, and commissions.

15. **"Purchase/Sale" Dates:** Purchases, acquisitions, and sales of Mattel Shares will be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. However, the receipt or grant by gift, inheritance, or operation of law of Mattel common stock during the Class Period shall not be deemed an eligible purchase, acquisition, or sale for the calculation of a Claimant's Recognized Loss Amounts, nor shall the receipt or grant be deemed an assignment of any claim relating to the stock unless (i) the donor or decedent purchased or acquired the Mattel common stock during the Class Period; (ii) the instrument of gift or assignment specifically provides that it is intended to transfer such rights; and (iii) no Claim was submitted by or on behalf of the donor, on behalf of the decedent, or by anyone else with respect to those shares.

16. **Short Sales:** The date of covering a "short sale" is deemed to be the date of purchase of the Mattel common stock. The date of a "short sale" is deemed to be the date of sale of the Mattel common stock. In accordance with the Plan, however, the Mattel Recognized Loss Amount and PwC Recognized Loss Amount on "short sales" is zero.

17. **Shares Purchased/Sold Through the Exercise of Options:** Option contracts to purchase or sell Mattel common stock are not securities eligible to participate in the Settlement. With respect to Mattel common stock purchased or sold through the exercise of an option, the purchase/sale date of the Mattel common stock is the exercise date of the option, and the purchase/sale price is the exercise price of the option.

18. **Determination of Distribution Amount:** The Mattel Distribution Fund and PwC Distribution Fund will be distributed to Authorized Claimants on a *pro rata* basis based on the relative size of their Mattel Recognized Claims and PwC Recognized Claims, respectively. Specifically, a "**Distribution**

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**Amount**” will be calculated for each Authorized Claimant, which will be (a) the Authorized Claimant’s Mattel Recognized Claim divided by the total Mattel Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Mattel Distribution Fund; *plus* (b) the Authorized Claimant’s PwC Recognized Claim divided by the total PwC Recognized Claims of all Authorized Claimants, multiplied by the total amount in the PwC Distribution Fund.

19. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

20. After the initial distribution of the Net Settlement Fund, the Claims Administrator will make reasonable and diligent efforts to have Authorized Claimants cash their distribution checks. To the extent any monies remain in the Net Settlement Fund after the initial distribution, if Lead Counsel, in consultation with the Claims Administrator, determines that it is cost-effective to do so, the Claims Administrator, no less than seven (7) months after the initial distribution, will conduct a further distribution of the funds remaining after payment of any unpaid fees and expenses incurred in administering the Settlement, including for such distribution, to Authorized Claimants who have cashed their initial distributions and who would receive at least \$10.00 from such distribution. Additional distributions to Authorized Claimants who have cashed their prior checks and who would receive at least \$10.00 on such additional distributions may occur thereafter if Lead Counsel, in consultation with the Claims Administrator, determines that additional distributions, after the deduction of any additional fees and expenses incurred in administering the Settlement, including for such additional distributions, would be cost-effective. At such time as it is determined that further re-distribution of funds remaining in the Net Settlement Fund is not cost-effective, the remaining balance will be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s), to be recommended by Lead Counsel and approved by the Court.

21. Payment pursuant to the Plan of Allocation, or such other plan of allocation as may be approved by the Court, will be conclusive against all Claimants. No person or entity shall have any claim against Lead Plaintiffs, Lead Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, or Defendants’ Releasees and/or their respective counsel, arising from distributions made substantially in accordance with the Stipulation, the Plan of Allocation, or any order of the Court.

**TABLE A**  
**90-Day Look-Back Table for Mattel Shares**  
**(Average Closing Price: August 9, 2019 – November 6, 2019)**

<b>Sale Date</b>	<b>Average Closing Price from August 9, 2019 through Date</b>	<b>Sale Date</b>	<b>Average Closing Price from August 9, 2019 through Date</b>
8/9/2019	\$11.31	9/25/2019	\$10.56
8/12/2019	\$11.16	9/26/2019	\$10.57
8/13/2019	\$11.27	9/27/2019	\$10.59
8/14/2019	\$11.22	9/30/2019	\$10.61
8/15/2019	\$11.13	10/1/2019	\$10.63
8/16/2019	\$11.06	10/2/2019	\$10.63
8/19/2019	\$11.00	10/3/2019	\$10.64
8/20/2019	\$10.93	10/4/2019	\$10.65
8/21/2019	\$10.90	10/7/2019	\$10.66
8/22/2019	\$10.82	10/8/2019	\$10.67
8/23/2019	\$10.70	10/9/2019	\$10.67
8/26/2019	\$10.58	10/10/2019	\$10.68
8/27/2019	\$10.47	10/11/2019	\$10.70
8/28/2019	\$10.38	10/14/2019	\$10.72
8/29/2019	\$10.32	10/15/2019	\$10.73
8/30/2019	\$10.29	10/16/2019	\$10.75
9/3/2019	\$10.24	10/17/2019	\$10.76
9/4/2019	\$10.21	10/18/2019	\$10.76
9/5/2019	\$10.19	10/21/2019	\$10.78
9/6/2019	\$10.17	10/22/2019	\$10.77
9/9/2019	\$10.17	10/23/2019	\$10.76
9/10/2019	\$10.19	10/24/2019	\$10.75
9/11/2019	\$10.22	10/25/2019	\$10.74
9/12/2019	\$10.28	10/28/2019	\$10.73
9/13/2019	\$10.32	10/29/2019	\$10.73
9/16/2019	\$10.36	10/30/2019	\$10.75
9/17/2019	\$10.41	10/31/2019	\$10.77
9/18/2019	\$10.44	11/1/2019	\$10.79
9/19/2019	\$10.48	11/4/2019	\$10.81
9/20/2019	\$10.51	11/5/2019	\$10.83
9/23/2019	\$10.53	11/6/2019	\$10.85
9/24/2019	\$10.55		