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**RC2 Acquires Compass;
Expands RC2's Presence into the Infant and Toddler Travel Gear Category**

Oak Brook, IL – May 24, 2007 – RC2 Corporation (NASDAQ: RCRC), a leading designer, producer and marketer of innovative, high-quality infant, toy and collectible products, today announced it has completed the acquisition of substantially all of the assets of Compass (www.compassbaby.com) a privately-held, start-up developer and marketer of infant and toddler travel gear. RC2 funded the acquisition with existing cash. Other terms of the transaction were not disclosed. The Company expects that this transaction will not have a material impact on 2007 diluted earnings per share with EPS accretion expected in 2008.

Compass is best known for its folding toddler booster car seat sold at specialty and selected chain retailers. Compass has recently developed an infant travel system consisting of an integrated infant car seat and ultra light-weight stroller and is planning to soon complete the development of a new to market convertible car seat with a smart design which achieves a better fit for infants and toddlers in both rear-facing and front-facing positions. Key management, including Compass' president and co-founder John Riedl, has entered into employment arrangements with RC2. Prior to this acquisition, RC2 did not produce infant and toddler travel gear.

Curt Stoelting, CEO of RC2, said, "We are delighted to have completed the acquisition of Compass. Their existing and recently developed, innovative infant and toddler travel products are a great fit with our Learning Curve® brand which focuses on parenting and play solutions for families with children from birth through age 6. The acquired products and the new additions to our management team allow us to expand our presence into the growing infant and toddler travel gear category."

Company Description

RC2 Corporation (www.rc2.com) is a leading designer, producer and marketer of innovative, high-quality infant, toys and collectibles products. RC2's infant, toddler and preschool products are marketed under its Learning Curve (www.learningcurve.com) prenatal to preschool products brand which includes The First Years®, Lamaze, Play Town™, and Take Along by Learning Curve™ product lines as well as popular and classic licensed properties such as *Thomas & Friends*, *Bob the Builder*, *Winnie the Pooh*, John Deere, Nickelodeon and *Sesame Street*. RC2 markets its boys' toys and collectible products under the Johnny Lightning® (www.johnnylightning.com) and Ertl® (www.ertl.com) brands. RC2 reaches its target consumers through multiple channels of distribution supporting more than 25,000 retail outlets throughout North America, Europe, Australia, and Asia Pacific.

Forward Looking Statements

Certain statements contained in this release are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "may," "planned," "potential," "should," "will," "would" or the negative of those terms or other words of similar meaning. Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual results and future developments could differ materially from the results or developments expressed in, or implied by, these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the following: the Company may not be able to manufacture, source and ship new and continuing products on a timely basis; the Company is dependent upon timely shipping of product and unloading of product through West Coast ports as well as timely rail/truck delivery to the Company's warehouse and/or customers' warehouses; increases in the cost of raw materials used to manufacture the Company's products and increases in freight costs could increase the Company's cost of sales and reduce the Company's gross margins; currency exchange rate fluctuations, particularly in the Chinese Renminbi or the Hong Kong dollar, could increase the Company's expenses; customers and consumers may not accept the Company's products at prices sufficient for the Company to profitably recover development, manufacturing, marketing, royalty and other costs; the inventory policies of retailers, together with increased reliance by retailers on quick response inventory management techniques, may increase the risk of underproduction of popular items, overproduction of less popular items and failure to achieve tight shipping schedules; competition in the markets for the Company's products may increase significantly; the Company is dependent upon continuing licensing arrangements with owners of popular and classic licensed properties such as *Thomas & Friends*, *Bob the Builder*, *Winnie the Pooh*, John Deere and *Sesame Street*, vehicle manufacturers, agricultural equipment manufacturers, major race sanctioning bodies, race team owners, drivers, sponsors, agents and other licensors; the Company may experience unanticipated negative results of litigation; the Company relies upon a limited number of independently

owned factories located in China to manufacture a significant portion of its vehicle replicas and certain other products; the Company is dependent upon the continuing willingness of leading retailers to purchase and provide shelf space for the Company's products; and general economic conditions in the Company's markets. Such uncertainties and other operational matters are discussed further in the Company's quarterly and annual filings with the Securities and Exchange Commission. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this release or to update them to reflect events or circumstances occurring after the date of this release.