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Maker of Frisbee, Hula Hoop sold to Hong Kong distributor

SAN FRANCISCO (AP) — Wham-O, the maker of vintage toys like the Frisbee, Slip'N Slide and Hula Hoop, has been sold to a Hong Kong distributor that's trying to build a one-stop shop for outdoor fun.



Kids demonstrate Hula Hoop techniques on *Art Linkletter's House Party* show in 1958.

AP file

Financial terms weren't disclosed, but Cornerstone Overseas Investment is paying less than the \$80 million price that Wham-O's previous owners, the Charterhouse Group, sought when it put the toymaker on the sales block in 2004, said James Rybakoff, an investment banker representing Cornerstone.

The deal closed last week, but wasn't announced until Thursday.

Charterhouse paid \$20 million to acquire Wham-O in 1997 and hired new management to revive a venerable toy line that had been neglected during the three years the company was owned by industry giant Mattel.

The turnaround boosted Wham-O's annual sales from \$18 million eight years ago to an estimated \$80 million in 2005, but Cornerstone believes there's room for plenty more growth.

"We are going to give (Wham-O) the octane that it has never had," said Rybakoff, who represented Cornerstone in the negotiations. "Wham-O is a fantastic international name, but it hasn't really been sold overseas a lot."

Cornerstone plans to change that by expanding into markets like Brazil and South Africa.

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As part of the international expansion, Cornerstone is negotiating to buy two other toymakers specializing in outdoor recreation, Rybakoff said. He declined to identify the acquisition candidates.

The new owners own or control five Chinese factories with a total of 20,000 to 25,000 workers, providing ample manpower to increase production of Wham-O's toys, which also include Superball, Boogie Board and Hacky Sack.

"Our brands aren't considered hot because they are so old, but they are still cool," said Mojde Esfandiari, Wham-O's president. She hopes to double Wham-O's sales during the next two to three years under Cornerstone's ownership.

This marks the fourth change in Wham-O's ownership since Rich Knerr and Spud Melin founded the company in 1948. Wham-O became ingrained in pop culture a few years later when it bought the rights to the Pipco Flying Saucer, which was later named the Pluto Platter before finally landing on the Frisbee brand in 1958.

Although Esfandiari will remain Wham-O's president, Cornerstone plans to bring in a new chief executive within the next six months, Rybakoff said. Most of Wham-O's roughly 300 workers are expected to be retained.

Cornerstone is run by Jeff Hsieh, who recently ended a 4½-year partnership with Marvel Entertainment that required him to pay a minimum of \$20 million for the licensing rights to toys based on comic-book heroes like Spider-Man, the Fantastic Four and Captain America.

Marvel canceled its contract with Hsieh's Toy Biz Worldwide a year before its scheduled December 2006 expiration to clear the way for a new \$205 million licensing deal with Hasbro.

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