

MARVEL ENTERPRISES, INC.

**Offer to Exchange
Shares of
8% Cumulative Convertible Exchangeable Preferred Stock**

The offer to exchange will expire at 5:00 p.m., New York City time, on Monday, November 18, 2002, unless extended pursuant to the terms hereof (the "Expiration Date"). Holders of shares of 8% Cumulative Convertible Exchangeable Preferred Stock must validly tender those shares on or prior to the Expiration Date in order to be eligible to have those shares exchanged for shares of our common stock.

We are offering to exchange newly issued shares of our common stock, par value \$0.01 per share (the "Common Shares" or "Common Stock"), for any and all outstanding shares of our 8% Cumulative Convertible Exchangeable Preferred Stock, par value \$0.01 per share (the "Preferred Shares" or "Preferred Stock"), at an exchange ratio of 1.39 Common Shares for each Preferred Share tendered. Each Preferred Share currently is convertible at the option of the holder into 1.039 Common Shares.

We will accept Preferred Shares validly tendered for exchange and not withdrawn as of the Expiration Date, upon the terms and conditions set forth herein and in the accompanying Letter of Transmittal (the "Letter of Transmittal"). This Offer to Exchange is not subject to any minimum on the number of Preferred Shares tendered. This Offer to Exchange and the Letter of Transmittal together constitute the "Offer to Exchange."

See "Risk Factors" beginning on page 6 and "Material United States Federal Income Tax Consequences" beginning on page 23 for a discussion of certain factors that you should consider in connection with the Offer to Exchange.

You may direct questions and requests for assistance or additional copies of this Offer to Exchange, the Letter of Transmittal, the Notice of Guaranteed Delivery and other related documents to D.F. King & Co., Inc. (the "Information Agent") at the address and telephone numbers set forth on the last printed page of this Offer to Exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved this transaction or determined if this document is accurate or complete.

We are not, and our Board of Directors and employees, the Exchange Agent and the Information Agent are not, making any recommendation to you as to whether you should tender or refrain from tendering your Preferred Shares. You must make the decision whether to tender your Preferred Shares and, if so, how many Preferred Shares to tender.

The date of this Offer to Exchange is October 7, 2002.

IMPORTANT INFORMATION REGARDING THE OFFER

We are not aware of any jurisdiction where making the Offer to Exchange is not in compliance with applicable law. If we become aware that the Offer to Exchange is not in compliance with any jurisdiction's valid applicable law, we will make a good faith effort to comply with such law. If with our good faith efforts, we cannot comply with such law, the Offer to Exchange will not be made to (nor will tenders be accepted from or on behalf of) the holders of Preferred Shares residing in such jurisdiction.

You should rely only on the information incorporated by reference or provided in this Offer to Exchange. We have not authorized anyone to provide you with different information. You should not assume that the information in this Offer to Exchange or any supplement is accurate as of any date other than the date on the cover of this Offer to Exchange. By tendering your Preferred Shares, you represent that you are basing your decision solely on this Offer to Exchange and your own examination of our company and the terms of the proposed exchange, including the merits and risks involved.

The contents of this Offer to Exchange should not be construed as legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor as to such matters.

CAUTION AS TO UNAUTHORIZED STATEMENTS

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER YOU SHOULD TENDER OR REFRAIN FROM TENDERING PREFERRED SHARES UNDER THE OFFER TO EXCHANGE. WE HAVE NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER TO EXCHANGE OTHER THAN THOSE CONTAINED IN THIS OFFER TO EXCHANGE OR IN THE LETTER OF TRANSMITTAL. DO NOT RELY ON ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATIONS, IF GIVEN OR MADE, AS HAVING BEEN AUTHORIZED BY US.

TABLE OF CONTENTS

	Page
Summary	1
Business Overview.....	3
Financial Information.....	4
Risk Factors	6
Caution as to Forward-Looking Statements.....	8
Special Factors Relating to the Offer to Exchange	9
Management.....	11
Reasons for the Offer to Exchange	12
Use of Proceeds.....	12
The Offer to Exchange.....	12
Description of Our Preferred Stock	21
Description of Our Common Stock	22
Market for Common Stock and Preferred Stock.....	23
Material United States Federal Income Tax Consequences.....	23
Certain Securities Laws Considerations	24
Interests of Directors and Officers	25
Security Ownership of Certain Beneficial Owners and Management	25
Agreements Involving Our Securities.....	28
Certain Legal Matters; Regulatory Approvals	30
Fees and Expenses	30
Independent Auditors.....	31
Incorporation of Certain Documents by Reference	31
Miscellaneous	31
Where You Can Find More Information.....	33

SUMMARY

This general summary is solely for your convenience. You should read the entire Offer to Exchange and the related Letter of Transmittal before you decide whether to participate in the Offer to Exchange.

Overview of the Offer to Exchange	We will offer to all holders of our Preferred Shares the right to tender those shares in exchange for our Common Shares, at an exchange ratio of 1.39 Common Shares for each Preferred Share tendered (the "Exchange Ratio"). For each of their Preferred Shares that is exchanged in this offer, our preferred holders will receive 0.351 Common Shares more than they are entitled to receive pursuant to the existing conversion rights of the Preferred Stock.
Expiration Date	Monday, November 18, 2002, at 5:00 p.m., New York City time, unless we extend the Offer to Exchange.
Preferred Shares to be Exchanged	Shares of our 8% Cumulative Convertible Exchangeable Preferred Stock, currently convertible at the option of the holder into 1.039 Common Shares.
Number of Shares to be Exchanged	<p>All of our Preferred Shares outstanding, specifically being 20,807,242 shares, as of October 4, 2002.</p> <p>There is no minimum number of shares that must be tendered.</p> <p>Fractional shares will not be issued. In the event that a fractional Common Share becomes issuable upon consummation of the Offer to Exchange, the aggregate number of Common Shares issuable to the participant will be rounded upward or downward to the nearest whole share.</p> <p>36,300,093 Common Shares in the aggregate were outstanding as of October 4, 2002. Approximately 28.9 million additional Common Shares will be issued to the extent we are able to exchange all of the Preferred Shares for newly issued Common Shares.</p>
Significant Conditions	We are not obligated to exchange any of the Preferred Shares if the New York Stock Exchange closing price for our Common Stock on any trading day prior to the Expiration Date exceeds \$11.55 per share.

Exchange Date	We will exchange your Preferred Shares for Common Shares under the Offer to Exchange promptly after the Offer to Exchange expires.
Exchange Agent	American Stock Transfer & Trust Company
Information Agent	D.F. King & Co., Inc.
Withdrawal Rights	You may withdraw tendered Preferred Shares at any time prior to the Expiration Date, or if we have not yet accepted your Preferred Shares for exchange, after the expiration of 40 business days from the commencement of the Offer to Exchange (October 7, 2002).
Federal Income Tax Consequences	The Offer to Exchange will qualify as a reorganization for federal income tax purposes. Accordingly, you will not recognize gain or loss on the receipt of Common Shares in exchange for the face amount of your Preferred Shares. However, to the extent that Common Shares are received for accrued but unpaid dividends on Preferred Shares, this portion will be treated as the payment of a dividend distribution, but only to the extent that the fair market value of the aggregate Common Shares received in the exchange exceeds the aggregate issue price of the Preferred Shares surrendered.
Reasons for the Offer to Exchange	We are making this Offer to Exchange because it will reduce or eliminate the fixed dividend burden imposed by the Preferred Shares and the eventual obligation to redeem the outstanding Preferred Shares, it is likely to be accretive to our earnings per Common Share, it will simplify our capital structure and will likely improve our Common Stock liquidity and thereby promote additional investor interest.

For a complete description of the rights and preferences of the Preferred Shares and the Common Shares, see "Description of Our Preferred Stock," "Description of Our Common Stock" and "Certain Securities Laws Considerations."

BUSINESS OVERVIEW

We are one of the world's most prominent character-based entertainment companies, with a proprietary library of over 4,700 characters. We operate in the licensing, comic book publishing and toy businesses in both domestic and international markets. Our library of characters includes Spider-Man, X-Men, Captain America, Fantastic Four and The Incredible Hulk and is one of the oldest and most recognizable collections of characters in the entertainment industry. Our characters have been developed through a long history of comic book plots and storylines that give each of them their own personality, context and depth. In addition, our characters exist in the "Marvel Universe," a fictitious universe that provides a unifying historical and contextual background for the characters and storylines. The "Marvel Universe" concept permits us to use some of our more popular characters to enhance the exposure of our lesser-known characters. Our business is divided into three integrated and complementary operating divisions: Marvel Licensing, Marvel Publishing and Toy Biz.

- **Marvel Licensing.** Marvel Licensing licenses our characters for use in a wide variety of consumer products, including apparel, interactive games, electronics, stationery and back-to-school, seasonal gifts and novelties, footwear, collectibles and advertising. Marvel Licensing also receives fees from the sale of licenses to a variety of media, including television programs, feature films, destination-based entertainment and on-line media.
- **Marvel Publishing.** Marvel Publishing's primary target market for its comic books has been teenagers and young adults in the 13 to 23 year-old age group. Established readership of Marvel Publishing's comic books also extends to readers in their mid-thirties. Marvel Publishing's comic book publications are distributed through three channels: (i) to comic book specialty stores on a non-returnable basis, (ii) to traditional retail outlets on a returnable basis and (iii) on a subscription sales basis.
- **Toy Biz.** Toy Biz designs, develops, markets and distributes a limited line of toys to the worldwide marketplace. Our primary products are based upon Spider-Man: The Movie and the movie trilogy Lord of the Rings. Toy Biz also does the design, development, marketing and sales services for Toy Biz Worldwide, a unaffiliated company that has the worldwide license to produce action figures and accessories and certain other toys based upon all Marvel characters, other than Spider-Man: The Movie. The Spectra Star division of Toy Biz designs, produces and sells kites in both mass market stores and specialty hobby shops.

For additional information about us, see "Financial Information" and the documents incorporated by reference.

FINANCIAL INFORMATION

Historical Financial Information

The following summary historical financial information has been derived from, and should be read in conjunction with, the related consolidated financial statements and other financial information presented in the following reports, incorporated herein by reference:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed with the Securities and Exchange Commission on April 1, 2002;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, filed with the Securities and Exchange Commission on May 15, 2002; and
- our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, filed with the Securities and Exchange Commission on August 14, 2002.

We also are incorporating by reference into this Offer to Exchange all of our filings made with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from the date hereof until the Expiration Date.

The information incorporated herein by reference is considered to be part of this Offer to Exchange and later information that we file with the SEC will automatically update and supersede this information.

Unaudited Pro Forma Financial Information
(in thousands, except per share data)

The following unaudited pro forma information presents the effects of the Offer to Exchange assuming that 20,807,242 Preferred Shares, representing all of our Preferred Shares outstanding as of October 4, 2002, are exchanged for Common Shares at an exchange ratio of 1 Preferred Share for 1.39 Common Shares as if the exchange occurred at the beginning of the respective periods for the unaudited statement of operations data and unaudited other data, and as if the exchange occurred as of June 30, 2002 for the unaudited balance sheet data. The pro forma results do not include costs of this Offer to Exchange or a dividend charge that we will incur as a result of the Offer to Exchange of approximately \$54 million, which relates to the difference, at an assumed price of \$7.40 per share of Common Stock, between the value of the Common Stock exchanged in the Offer to Exchange if all of our Preferred Shares are exchanged and the value of the shares that were issuable under the conversion terms of the Preferred Stock.

	<u>Six Months Ended</u>		<u>Year Ended</u>	
	<u>June 30, 2002</u>		<u>December 31, 2001</u>	
	<u>Actual</u>	<u>Pro Forma</u>	<u>Actual</u>	<u>Pro Forma</u>
	(in thousands, except per share and ratio amounts)			
Statement of Operations Data:				
Revenues	\$128,161	\$128,161	\$181,224	\$181,224
Operating income	29,758	29,758	1,618	1,618
Net income - (1)	4,580	4,580	5,265	5,265
Preferred dividends	8,136	--	16,034	--
Net (loss) income attributable to common stockholders	(\$3,556)	\$4,580	(\$10,769)	\$5,265
Other Data:				
Ratio of earnings to combined fixed charges	1.05	1.87	0.08	0.12
(Loss) income per share - basic	(\$0.10)	\$0.07	(\$0.31)	\$0.08
(Loss) income per share - diluted	(\$0.09)	\$0.07	(\$0.31)	\$0.08

	<u>June 30, 2002</u>	
	<u>Actual</u>	<u>Pro Forma</u>
	(in thousands, except per share amounts)	
Balance Sheet Data:		
Stockholders' equity	\$54,013	\$258,311
Other Data:		
Book value per common share	\$1.49	\$3.99

- (1) Included in net income during the six-month period ended June 30, 2002 is a non-cash charge of approximately \$4.6 million upon the adoption of SFAS 142 "Goodwill and Other Intangible Assets" recorded effective January 1, 2002, and in 2001 an extraordinary gain from early extinguishment of debt of approximately \$32.7 million.

RISK FACTORS

You should read the following for a discussion of certain risks and other conditions relating to the Offer to Exchange, our business and operations and our structure.

By participating in the Offer to Exchange, you will give up the special rights of a holder of preferred stock. The holders of Preferred Shares have various rights which are better than the rights of holders of Common Stock. Those rights include the right to receive dividends at the rate of 8% per year, the right to have the Preferred Shares redeemed in 2011 at \$10.00 per share plus all accrued and unpaid dividends, the right to 1.039 votes per share on matters that are put before our stockholders for a vote, the right to vote as a separate class on mergers and certain other transactions, and the right to receive a preferential payment of \$10.00 per share plus accrued and unpaid dividends if we merge or liquidate. You will lose these rights if your Preferred Shares are exchanged in the Offer to Exchange.

By participating in the Offer to Exchange, you will not receive any accrued dividends on your Preferred Shares for the period since September 30, 2002. Dividends on the Preferred Shares accrue at the rate of 8% per year. If you exchange your Preferred Shares in the Offer to Exchange, you will forfeit the dividend which has accrued on your Preferred Shares since September 30, 2002, the last record date for dividends on the Preferred Shares.

By participating in the Offer to Exchange, you will give up the seniority that you have over holders of Common Stock. Holders of Preferred Shares are entitled to receive dividends and other distributions before holders of Common Stock are entitled to receive them, including any distributions that might be made in bankruptcy. If you exchange your Preferred Shares in the Offer to Exchange, you will no longer have that seniority over holders of Common Stock.

After the Offer to Exchange, there may be a limited trading market for the Preferred Shares. The Preferred Shares do not now trade on any exchange and to the extent that Preferred Shares are tendered and accepted for exchange pursuant to the Offer to Exchange, the trading volume of the Preferred Shares that remain outstanding could be more limited than before. The extent of the market for the Preferred Shares and the availability of market quotations will depend upon the number of holders of the Preferred Shares remaining at such time, the interest in maintaining a market in the Preferred Shares on the part of securities firms and other factors. As a result, there can be no assurance that there will be any trading market for the Preferred Shares after consummation of the Offer to Exchange. Reduced trading volume also may make the trading price of Preferred Shares that are not exchanged in the Offer to Exchange more volatile. In addition, after the Offer to Exchange, we may determine that it is no longer in our interest to maintain the registration of the remaining Preferred Shares under the Exchange Act. If the Preferred Shares cease to be registered under the Exchange Act, holders of Preferred Shares may lose certain protections that are provided to them by that act.

We may under certain conditions forcibly convert or redeem your Preferred Shares. We have the right to convert each of the Preferred Shares into 1.039 Common Shares, in tranches of up to 5,000,000 shares per occasion, if the closing price per Common Share exceeds \$11.55 per share for ten consecutive trading days. If the closing price per Common Share permits it, we may forcibly convert Preferred Shares in this manner, and your shares may be converted at an exchange ratio, 1.039, that is lower than what you would have received had you participated in the Offer to Exchange. In addition, we may continue to pay dividends on Preferred Shares until October 1, 2011 (the date on which we are required to redeem the Preferred Shares), but we have the right to redeem all, but not less than all, the Preferred Shares at a price per share of \$10 plus accrued dividends at any time prior to that date. We are currently restricted from redeeming any of our equity under the terms of the agreements governing our indebtedness, but if we were to repay our indebtedness or obtain a waiver of the provisions that restrict

these kinds of redemptions, we may redeem all of the Preferred Shares prior to October 1, 2011. If you decide not to participate in the Offer to Exchange on the basis that dividends will continue to be paid on the Preferred Shares, and we forcibly convert your Preferred Shares or redeem your Preferred Shares, you will lose the right to receive dividends on your Preferred Shares sooner than you anticipate.

If you do not participate in the Offer to Exchange, your ownership percentage and voting power may be diluted. Consummation of the Offer to Exchange will result in holders of Preferred Shares acquiring a higher percentage of our ownership and voting power than they possessed prior to the Offer to Exchange, resulting in the dilution of the ownership and voting power of common stockholders and preferred stockholders who do not participate.

We may not be able to successfully implement our business strategy. A decrease in the level of media exposure or popularity of our characters may result in declining revenues from products based on those characters. If movies or television programs based upon Marvel characters that are scheduled to be released are not successful, or the timing of releases and the decisions to proceed with feature films and television series based upon Marvel characters are delayed or canceled, our ability to obtain new licenses for motion pictures or television shows may be substantially diminished.

Our success depends on future consumer acceptance. Our new and existing toy products are subject to changing consumer preferences. Most of our toy products can be successfully marketed for only a limited period. In particular, toys based on feature films are in general successfully marketed for only a year or two following the film's release. Existing product lines might not retain their current popularity or new products developed by us might not meet with the same success as our current products. We might not accurately anticipate future trends or be able to successfully develop, produce and market products to take advantage of market opportunities presented by those trends. Part of our strategy is to make toys based on the anticipated success of feature film releases and TV show broadcasts. If these releases and broadcasts are not successful, we may not be able to sell these toys profitably, if at all.

We are dependent on the continued financial stability of our major licensees. We are dependent upon the royalties we receive as a result of our licensing efforts. If one or more of our major licensees were to become bankrupt or insolvent, we might not receive all, or even any, of the license royalties owed to us. In addition, the financial instability of a licensee may reduce its promotional efforts, resulting in reduced sales of licensed products and reduced royalty revenue for us. The loss of royalty revenue could have a material adverse effect on our business.

We rely on our major customers. The retail toy business is highly concentrated. The 5 largest customers for our toy products accounted in the aggregate for approximately 56% of our total toy sales in 2001. An adverse change in, or termination of, our relationship with one or more of our major customers could have a material adverse effect on us. Each of our five top toy customers also uses, to some extent, inventory management systems which shift a portion of their inventory risk onto us. Our production of excess products to meet anticipated retailer demand could result in markdowns and increased inventory carrying costs for us on even our most popular items. If we fail to anticipate a high demand for our products, however, we face the risk that we may be unable to provide adequate supplies of popular toys to retailers in a timely fashion, particularly during the Christmas season, and may consequently lose sales.

We may not be successful in defending our intellectual property. We believe that our library of proprietary characters as well as our "Marvel" trade name represent our most valuable assets. Our commercial success depends partly upon our ability to maintain our intellectual property rights in the United States and in approximately 55 foreign countries. Increased competition could result from the piracy of our trademarks which would adversely affect our business. Litigation may be necessary to

enforce our trademarks and trade names. The defense or prosecution of intellectual property proceedings is costly and may cause a diversion of our management resources.

We compete against larger, stronger entities. The industries in which we compete are highly competitive. Marvel Licensing competes with a diverse range of entities that own intellectual property rights in characters, Marvel Publishing competes with over 500 publishers in the United States and Toy Biz competes with many larger toy companies in the design and development of new toys, the procurement of licenses and for adequate retail shelf space for its products. Many of these competitors have greater financial and other resources than us. We cannot assure you that we will be able to compete successfully in these markets.

We may need additional financing but be unable to obtain it. The terms of our indebtedness require us to comply with various financial and other covenants. We may not be able to comply with these covenants and be required to repay the entire facility before the scheduled date. If we are unable to obtain the funds we need to repay the existing facility, it could significantly harm us.

Our toy business is seasonal. Our annual operating performance depends, in large part, on our sales of toys during the relatively brief Christmas selling season. Unlike many industries, the toy industry tends to be seasonal. We expect that our toy business will continue to experience a significant seasonal pattern for the foreseeable future. This seasonal pattern requires accurate forecasting of demand for our products during the Christmas selling season.

There are various operational and financial risks associated with our manufacturing. A large number of our toy products are manufactured in China, which subjects us to risks of currency exchange fluctuations, transportation delays and interruptions, and political and economic disruptions. Our ability to obtain products from our Chinese manufacturers is dependent upon the United States' trade relationship with China. The imposition of trade sanctions on China could result in significant supply disruptions or higher merchandise costs to us. We might not be able to find alternate sources of manufacturing outside China on acceptable terms even if we want or need to. Our inability to find those alternate sources could have a material adverse effect on us.

Management and significant stockholders can exercise influence over us, and may increase their stock ownership if they participate in the Offer to Exchange. A majority of the voting power of our stock is held by a small number of stockholders who can determine the outcome of most stockholder votes. Examples of stockholder votes include those for the election of directors, changes in our Certificate of Incorporation and Bylaws and approving certain mergers or other similar transactions, such as a sale of all or substantially all of our assets.

CAUTION AS TO FORWARD-LOOKING STATEMENTS

Except for historical information, matters discussed in this Offer to Exchange or statements incorporated by reference contain "forward-looking" information, as that term is used in Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Forward-looking statements may relate to, among other things, future performance generally, business development activities, future capital expenditures, financing sources and availability and the effects of regulation and competition.

When we use the words "believe," "intend," "expect," "may," "will," "should," "anticipate" or their negatives or other similar expressions, the statements that include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties, we are making forward-looking statements.

We warn you that forward-looking statements are only predictions. Actual events or results may differ as a result of risks that we face, including those set forth in the section of this Offer to Exchange called "Risk Factors." Those are representative of factors that could affect the outcome of the forward-looking statements.

SPECIAL FACTORS RELATING TO THE OFFER TO EXCHANGE

In addition to the other information set forth herein, holders of Preferred Shares should carefully consider the following:

Special Committee of the Board of Directors

Our Board of Directors established a special committee of independent directors (the "Special Committee") whose purpose was to determine the advisability of an exchange offer, including evaluating its fairness and structuring its terms.

Members of the Special Committee discussed the possibility of the Offer to Exchange with Isaac Perlmutter, Morgan Stanley & Co. Incorporated ("Morgan Stanley") and Whippoorwill Associates, Incorporated ("Whippoorwill") to ascertain their interest in participating in an exchange offer of Common Stock for Preferred Stock. Mr. Perlmutter is one of our directors and executive officers, as well as the holder of 28.0% of our total outstanding Preferred Shares and, when combined with his Common Stock holdings, 27.7% of our voting shares overall. Morgan Stanley owns 16.6% of the Preferred Shares outstanding and 8.7% of our total voting power. Whippoorwill owns 9.9% of the Preferred Shares outstanding and 3.7% of our total voting power. Mr. Perlmutter, Morgan Stanley and Whippoorwill were parties to a Stockholders' Agreement which was terminated on October 4, 2002 but pursuant to which a majority of the members of our Board of Directors, including Mr. Perlmutter and Shelley Greenhaus, were designated. Mr. Greenhaus is the President and Managing Director of Whippoorwill. See "Security Ownership of Certain Beneficial Owners and Management".

The Special Committee also retained Thomas Weisel Partners LLC ("Thomas Weisel Partners") to provide it with certain financial advisory services in connection with the Offer to Exchange and render a fairness opinion with respect thereto. Thomas Weisel Partners is a nationally recognized merchant bank providing investment banking, institutional brokerage, private client services, private equity and asset management primarily focused on the growth sectors of the economy. Thomas Weisel Partners did not participate in any negotiations with Mr. Perlmutter, Morgan Stanley, Whippoorwill or any other holder of Preferred Stock or their representatives. In addition, Thomas Weisel Partners will not solicit any acceptance of the Offer to Exchange.

On October 4, 2002, Thomas Weisel Partners rendered an opinion (the "Fairness Opinion") to the Special Committee that, as of the date of the Fairness Opinion and based upon and subject to the various assumptions and considerations set forth therein, the exchange ratio to be offered to the holders of our Preferred Stock pursuant to the Offer to Exchange is fair, from a financial point of view, to the holders of our Common Stock, other than the holders of our Common Stock who also hold our Preferred Stock.

The Fairness Opinion is directed to the Special Committee in its consideration of the Offer to Exchange and is not a recommendation to any of our stockholders as to how such stockholder should act with respect to the Offer to Exchange. Further, the Fairness Opinion addresses only the financial fairness of the Exchange Ratio to the holders of our Common Stock, other than the holders of our Common Stock who also hold our Preferred Stock, and does not address the relative merits of the Offer to Exchange and any alternatives to the Offer to Exchange, our underlying decision to proceed with or effect the Offer to Exchange, or any other aspect of the Offer to Exchange.

In connection with rendering the Fairness Opinion, Thomas Weisel Partners, among other things: reviewed certain financial and other data with respect to us; compared us from a financial point of view with certain other companies in the entertainment industry which Thomas Weisel Partners deemed to be relevant; considered the financial terms, to the extent publicly available, of selected issuer equity exchange offers that Thomas Weisel Partners deemed to be comparable, in whole or in part, to the Offer to Exchange; reviewed and discussed with representatives of our management certain information of a business and financial nature regarding us; made inquiries regarding and discussed the Offer to Exchange and other matters related thereto with our counsel; and performed such other analyses and examinations as Thomas Weisel Partners deemed appropriate.

In connection with its review, Thomas Weisel Partners did not assume any obligation independently to verify the foregoing information and relied on its being accurate and complete in all material respects. With respect to the financial forecasts for Marvel provided to Thomas Weisel Partners by our management, upon management's advice and with the Special Committee's consent, Thomas Weisel Partners assumed for purposes of its opinion that the forecasts had been reasonably prepared on a basis reflecting management's best available estimates and judgments at the time of preparation as to the future financial performance of Marvel and that such forecasts provided a reasonable basis upon which Thomas Weisel Partners could form its opinion. Thomas Weisel Partners also assumed that there had been no material changes in our assets, financial condition, results of operations, business or prospects since the respective dates of our last financial statements made available to Thomas Weisel Partners. Thomas Weisel Partners assumed that the Offer to Exchange will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act, the Exchange Act and all other applicable federal and state statutes, rules and regulations. In addition, Thomas Weisel Partners did not assume responsibility for making an independent evaluation, appraisal or physical inspection of any of our assets or liabilities (contingent or otherwise), nor was Thomas Weisel Partners furnished with any such appraisals. Finally, Thomas Weisel Partners' opinion was based on economic, monetary and market and other conditions as in effect on, and the information made available to Thomas Weisel Partners as of, the date of the Fairness Opinion. Accordingly, although subsequent developments may affect the Fairness Opinion, Thomas Weisel Partners did not assume any obligation to update, revise or reaffirm the Fairness Opinion.

Thomas Weisel Partners further assumed with the Special Committee's consent that the Offer to Exchange will be consummated in accordance with the terms described in a draft of this Offer to Exchange, dated October 3, 2002, without waiver by us of any of the conditions to our obligations thereunder.

Thomas Weisel Partners did not express an opinion regarding the price at which our Common Stock or Preferred Stock may trade at any future time. In addition, Thomas Weisel Partners noted that the number of shares of Common Stock to be issued by us to the holders of our Preferred Stock in the Offer to Exchange is based upon a fixed exchange ratio and, accordingly, the market value of the Common Stock to be issued by us may vary significantly.

In structuring the terms of the Offer to Exchange, the Special Committee considered the rights and preferences of the Preferred Shares, including: the dividend rate; the relative preferences and other terms of the Common Shares; the fact that acceptance of the Offer to Exchange is not mandatory; recent market prices for our Common Stock and Preferred Stock; the assumed pro forma effect of the Offer to Exchange on our consolidated capitalization; the United States federal income tax consequences of the Offer to Exchange on us and on the holders of our Preferred Stock; its discussions with significant holders of Preferred Stock; and the Fairness Opinion of Thomas Weisel Partners.

For the following reasons the Special Committee approved the Offer to Exchange after determining that the Offer to Exchange is in our best interest and the interests of our stockholders: it will reduce or eliminate the fixed dividend burden imposed by the Preferred Shares and the eventual obligation to redeem the outstanding Preferred Shares; it is likely to be accretive to the common stockholders; it will simplify our capital structure and is likely to increase the liquidity of, and investor interest in, the Common Stock; it is fair to holders of our Common Stock from a financial point of view; and it is favorable to the holders of Preferred Stock, who will receive liquid Common Shares at a premium over the rate at which they could convert their Preferred Shares.

Determining Whether or Not to Tender

The Special Committee is not making any recommendation to holders of Preferred Shares with respect to the Offer to Exchange and has not authorized any person to make any such recommendations.

The decision to tender Preferred Shares pursuant to the Offer to Exchange should be made by holders of Preferred Shares after considering the value of the Preferred Shares they are tendering, the value of the Common Shares they are ultimately receiving, individual investment objectives and other factors affecting such holders individually, including any federal, state, local or foreign tax consequences of tendering Preferred Stock. Holders of Preferred Stock should consider the current market price of the Common Shares as well as their view of the future market price of the Common Shares. Holders of Preferred Stock are urged to evaluate carefully all information contained in this Offer to Exchange and to consult their own financial and tax advisors to make their own decisions concerning whether to tender Preferred Shares in the Offer to Exchange. See "Risk Factors," "Description of Our Preferred Stock," "Description of Our Common Stock," "Market for Common Stock and Preferred Stock" and "Material United States Federal Income Tax Consequences."

MANAGEMENT

Directors and Executive Officers

The following table sets forth information about our directors and executive officers as of the date of this Offer to Exchange:

Directors

Avi Arad	Director, and Chief Creative Officer of the Company, and President and Chief Executive Officer of our Marvel Studios Division
F. Peter Cuneo	Director, and President and Chief Executive Officer
Sid Ganis	Director
Shelley F. Greenhaus	Director

James F. Halpin	Director
Morton E. Handel	Director (Chairman of the Board of Directors)
Lawrence Mittman	Director
Isaac Perlmutter	Director, and Vice Chairman

Executive Officers

Allen S. Lipson	Chief Executive Officer – designate Executive Vice President, Business and Legal Affairs and Secretary
Alan Fine	President and Chief Executive Officer of our Toy Biz Division
William Jemas, Jr.	President of Publishing, New Media and Consumer Products
Richard E. Ungar	President of Marvel Characters Group
Kenneth P. West	Executive Vice President and Chief Financial Officer

REASONS FOR THE OFFER TO EXCHANGE

We are making the Offer to Exchange at this time because our Preferred Shares bear dividends at a rate of 8% per annum which we are prohibited from paying in cash by the agreements governing our indebtedness, and which would be a significant cash drain even if they could be paid in cash. As a result, we have historically paid the dividends in additional Preferred Shares and intend to do so for the foreseeable future. This dividend requirement reduces the earnings attributable to our Common Stock, thereby reducing our earnings per share of Common Stock. Even though the Exchange Ratio is greater than the ratio at which the Preferred Shares presently can be converted in Common Shares, the Offer to Exchange will reduce or eliminate the required dividend payments on the Preferred Shares exchanged, and thereby reduce or eliminate the impact on earnings per share associated with those dividends. In addition, since we are required to redeem all Preferred Shares still outstanding on October 1, 2011 in cash, completing the Offer to Exchange will reduce or eliminate the burden that this cash redemption would impose upon us. Finally, we seek to simplify our capital structure and improve the liquidity of our Common Stock and thereby enhance its attractiveness to investors.

USE OF PROCEEDS

We will not receive any cash proceeds from this Offer to Exchange. Preferred Shares surrendered in exchange for Common Shares will be retired and returned to the pool of authorized but unissued Preferred Shares.

THE OFFER TO EXCHANGE

This Offer to Exchange and the related Letter of Transmittal are being mailed to record holders of Preferred Shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on our stockholder lists or, if applicable, who are listed as participants in a

clearing agency's security position listing for subsequent transmittal to beneficial owners of Preferred Shares.

Number of Shares

Upon the terms and subject to the conditions of this Offer to Exchange, we will exchange all of the Preferred Shares outstanding, or such lesser number of Preferred Shares as are validly tendered and not withdrawn prior to the Expiration Date, for Common Shares at an exchange ratio of 1.39 (0.351 per share more than the preferred holders are entitled to pursuant to the conversion rights of the Preferred Stock). Provided that all of the outstanding Preferred Stock is exchanged for Common Stock, an additional 28.9 million shares of Common Stock will be issued in the Offer to Exchange.

We will not issue fractional shares. In the event that a fractional Common Share becomes issuable upon consummation of the Offer to Exchange, the aggregate number of Common Shares issuable to the participant will be rounded upward or downward to the nearest whole share.

Expiration Date

The term "Expiration Date" means 5:00 p.m., New York City time, on Monday, November 18, 2002, unless and until we, in our sole discretion, extend the period of time during which the Offer to Exchange will remain open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer to Exchange shall expire. See "– Extension of the Tender Period; Termination; Amendment," below.

Procedures for Tendering Preferred Shares

A holder who wishes to tender Preferred Shares for exchange pursuant to the Offer to Exchange must transmit a properly completed and duly executed Letter of Transmittal, or a facsimile thereof, together with any required signature guarantees, or, in the case of a book-entry transfer, agent's message, and any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either:

- certificates for such Preferred Shares must be received by the Exchange Agent prior to the Expiration Date, along with the Letter of Transmittal;
- a timely confirmation of a book-entry transfer of Preferred Shares into the Exchange Agent's account at The Depository Trust Company ("DTC" or the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date; or
- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, Preferred Shares, or the book-entry confirmation, as the case may be, the Letter of Transmittal and other required documents must be received by the Exchange Agent at the address set forth on the last printed page of this Offer to Exchange prior to 5:00 p.m., New York City time, on the Expiration Date.

Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

DTC has authorized DTC participants that hold Preferred Shares on behalf of beneficial owners of Preferred Shares through DTC to tender their Preferred Shares as if they were holders. To effect a tender of Preferred Shares, DTC participants should either: (1) complete and sign the Letter of Transmittal (or a manually signed facsimile thereof), have the signature thereon guaranteed if required by the instructions to the Letter of Transmittal and mail or deliver the Letter of Transmittal (or the manually signed facsimile) to the Exchange Agent; or (2) transmit their acceptance to DTC through the DTC Automated Tender Offer Program for which the transaction will be eligible and follow the procedures for book-entry transfer set forth in "-Book-Entry Transfer."

The tender by a stockholder will constitute an agreement between that stockholder and us in accordance with the terms and subject to the conditions contained in this Offer to Exchange and in the Letter of Transmittal.

The method of delivery of Preferred Shares, agent's message and all other required documents is at your election. If you deliver your Preferred Shares by mail, we recommend registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. Please send all certificates representing Preferred Shares, Letters of Transmittal and agent's messages to the Exchange Agent for the Offer to Exchange, at the address set forth on the last printed page of this Offer to Exchange. Please do not send these materials to us.

Any beneficial owner whose Preferred Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and who wishes to tender, should contact the registered holder promptly and instruct the registered holder to tender on the beneficial owner's behalf. If the beneficial owner wishes to tender on his own behalf, the owner must, prior to completing and executing the Letter of Transmittal and delivering the beneficial owner's Preferred Shares, either make appropriate arrangements to register ownership of the Preferred Shares in that owner's name or obtain a properly completed stock power from the registered holder. The transfer of registered ownership may take considerable time.

If the Letter of Transmittal is signed by a person other than the registered holder of any Preferred Shares listed therein, these Preferred Shares must be endorsed or accompanied by a properly completed stock power and signed by the registered holder as the registered holder's name appears on the Preferred Share certificates.

If the Letter of Transmittal or Preferred Shares or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing, unless waived by us. Evidence satisfactory to us of their authority so to act must be submitted with the Letter of Transmittal.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed by an Eligible Institution unless the Preferred Shares tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal, or
- for the account of an Eligible Institution.

In the event that signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantee must be by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-5 under the Exchange Act (an "Eligible Institution").

We will determine all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered Preferred Shares in our sole discretion, which determination shall be final and binding. We reserve the absolute right to reject any and all Preferred Shares not properly tendered or any Preferred Shares, our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular Preferred Shares. Our interpretation of the terms and conditions of the Offer to Exchange, including the instructions in the Letter of Transmittal, shall be final and binding on all parties. Unless waived, any defects or irregularities in connection with the tender of Preferred Shares must be cured within the time as we shall determine. Neither we, the Exchange Agent nor any other person shall incur any liability for failure to give notice of any defect or irregularity with respect to any tender of Preferred Shares. Tenders of Preferred Shares will not be deemed to have been made until such defects or irregularities have been cured or waived. Any Preferred Shares received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will not be deemed to have been properly tendered. Any Preferred Shares received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering stockholder, unless otherwise provided in the Letter of Transmittal, promptly following the Expiration Date.

Conditions

Notwithstanding any other provision of this Offer to Exchange, we shall not be required to accept for exchange any Preferred Shares tendered, and may terminate or amend the Offer to Exchange or may postpone the acceptance for exchange of any Preferred Shares tendered, if at any time on or before the expiration of the Offer to Exchange, any of the following events shall have occurred which, in our reasonable judgment, makes it inadvisable to proceed with the Offer to Exchange or with such exchange:

- the New York Stock Exchange closing price for the Common Stock on any trading day prior to the Expiration Date exceeds \$11.55 per share;
- any action or proceeding is instituted or threatened in any court or by or before any governmental agency with respect to the Offer to Exchange, or any material adverse development has occurred in any existing action or proceeding with respect to us or any of our subsidiaries, which, in our reasonable judgment, might materially impair our ability to proceed with the Offer to Exchange;
- any change or any development involving a prospective change in our business or our financial affairs or in that of any of our subsidiaries has occurred which, in our reasonable judgment, makes it impracticable or inadvisable to proceed with the Offer to Exchange;
- any law, statute, rule or regulation is proposed, adopted or enacted, which, in our reasonable judgment, might materially impair our ability to proceed with the Offer to Exchange;

- there shall have occurred: (1) the declaration of any banking moratorium or suspension of payments with respect to banks in the United States; (2) any general suspension of trading in, or limitation on prices for, securities on any United States national securities exchange or in the over-the-counter market; (3) the commencement of a war, armed hostilities or any other national or international crisis directly or indirectly involving the United States; (4) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which might affect, the extension of credit by banks or other lending institutions in the United States; (5) any significant decrease in the market value of the Preferred Stock or Common Stock or in the general level of market prices of equity securities in the United States or abroad; (6) any material change in the general political, market, economic or financial conditions in the United States or abroad; or (7) in the case of any of the foregoing existing at the time of the commencement of the Offer to Exchange, a material acceleration or worsening thereof; and, as a result of any such occurrence, we in our reasonable judgment have determined that it is inadvisable to proceed with the Offer to Exchange; or
- any governmental approval has not been obtained, which approval we, in our reasonable judgment, shall deem necessary for the consummation of the Offer to Exchange as contemplated hereby.

The foregoing conditions may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part. With the exception of those dependant on the receipt of necessary governmental approvals, all of the foregoing conditions must be satisfied or waived on or before the Expiration Date. Our failure at any time to exercise our right to terminate, amend or postpone the Offer to Exchange shall not be deemed a waiver of that right, but shall be deemed an ongoing right that may be asserted at any time on or before the expiration of the Offer to Exchange. Any determination by us concerning the foregoing conditions shall be final and binding on all parties.

If we determine in our reasonable discretion that any of the conditions are not satisfied, we may:

- refuse to accept the Preferred Shares and return all tendered shares to the tendering holders;
- extend the Offer to Exchange and retain all Preferred Shares tendered prior to the expiration of the Offer to Exchange, subject, however, to the rights of holders to withdraw their tendered shares (see "-Withdrawal of Tenders"); or
- waive the unsatisfied conditions with respect to the Offer to Exchange and accept all properly tendered Preferred Shares that have not been withdrawn. If such a waiver constitutes a material change to the Offer to Exchange, we will promptly disclose this waiver by means of an Offer to Exchange supplement that will be distributed to the record holders of Preferred Shares. We will also extend the Offer to Exchange for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the record holders, if the Offer to Exchange would otherwise expire during such five to ten business day period.

Acceptance of Preferred Shares for Exchange; Delivery of Common Shares

For purposes of the Offer to Exchange, we shall be deemed to have accepted properly tendered Preferred Shares for exchange when, as and if we have given oral or written notice thereof to the Exchange Agent.

In all cases, the issuance of Common Shares for Preferred Shares that are accepted for exchange pursuant to the Offer to Exchange will be made only after timely receipt by the Exchange Agent of certificates for the Preferred Shares or a timely book-entry confirmation of these Preferred Shares into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal or agent's message and all other required documents. If any tendered Preferred Shares are not accepted for any reason set forth in the terms and conditions of the Offer to Exchange, or if Preferred Shares are submitted for a greater principal amount than the stockholder desires to exchange, these unaccepted or non-exchanged Preferred Shares will be returned without expense to the tendering stockholder of these Preferred Shares (or, in the cases of Preferred Shares tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility, pursuant to the book-entry transfer procedures described below). These non-exchanged Preferred Shares will be credited to an account maintained with such Book-Entry Transfer Facility promptly after the Expiration Date.

Book-Entry Transfer

The Exchange Agent will establish a new account or utilize an existing account with respect to the Preferred Shares at DTC promptly after the date of this Offer to Exchange. Any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of Preferred Shares may make a book-entry tender of Preferred Shares by causing DTC to transfer such Preferred Shares into the Exchange Agent's account in accordance with DTC's procedures for such transfer. However, although the tender of Preferred Shares may be effected through book-entry transfer into the Exchange Agent's account at DTC, the Letter of Transmittal, or a manually signed facsimile thereof, properly completed and validly executed, with any required signature guarantees, or an agent's message in lieu of the Letter of Transmittal, and any other required documents, must, in any case, be received by the Exchange Agent at its address set forth on the last printed page of this Offer to Exchange on or prior to the Expiration Date, or the guaranteed delivery procedures described below must be complied with in a timely manner. The confirmation of a book-entry transfer of Preferred Shares into the Exchange Agent's account at DTC as described above is referred to herein as a "Book-Entry Confirmation." Delivery of documents to DTC does not constitute delivery to the Exchange Agent.

The term "agent's message" means a message transmitted by DTC to, and received by, the Exchange Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering the Preferred Shares stating:

- the aggregate principal amount of Preferred Shares that have been tendered by the participant;
- that this participant has received and agrees to be bound by the term of the Letter of Transmittal; and
- that we may enforce such agreement against the participant.

Guaranteed Delivery Procedures

Stockholders who wish to tender their Preferred Shares and whose Preferred Shares are not immediately available; who cannot deliver their Preferred Shares, the Letter of Transmittal or any other required documents to the Exchange Agent prior to the Expiration Date; or who cannot complete the procedure for book-entry transfer on a timely basis, may effect a tender if:

- the tender is made through an Eligible Institution;
- prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, setting forth the name and address of the stockholder, the certificate number(s) of the Preferred Shares and the principal amount of Preferred Shares tendered, stating that the tender is being made thereby and guaranteeing that, within 3 New York Stock Exchange trading days after the Expiration Date, the Letter of Transmittal (or facsimile thereof) or, in the case of a book-entry transfer, an agent's message, together with the certificate(s) representing the Preferred Shares, or a book-entry confirmation, as the case may be, and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent; and
- such properly completed and executed Letter of Transmittal (or facsimile thereof) or, in the case of a book-entry transfer, an agent's message, as well as the certificate(s) representing all tendered Preferred Shares in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the Letter of Transmittal are received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date.

Lost or Missing Certificate

If you desire to tender Preferred Shares pursuant to this Offer to Exchange, but the certificates representing such Preferred Shares have been mutilated, lost, stolen or destroyed, you should write to or telephone the Exchange Agent at the addresses or telephone numbers listed on the last printed page of this Offer to Exchange, about procedures for obtaining replacement certificates for such Preferred Shares, arranging for indemnification or about any other matter that requires handling by the Exchange Agent.

Withdrawal of Tenders

Except as otherwise provided herein, tenders of Preferred Shares may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date.

To withdraw a tender of Preferred Shares in the Offer to Exchange, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date.

You also have the right to withdraw your tendered Preferred Shares at any time after the expiration of 40 business days from the commencement of the Offer to Exchange, which is December 5, 2002, if we have not yet accepted your Preferred Shares for exchange at that time.

Any notice of withdrawal must:

- specify the name of the person having deposited the Preferred Shares to be withdrawn (the "Depositor");
- identify the Preferred Shares to be withdrawn (including the certificate numbers and principal amounts of such Preferred Shares);
- be signed by the stockholder in the same manner as the original signature on the Letter of Transmittal by which such Preferred Shares were tendered (including any required signature guarantees) or be accompanied by documents of transfer sufficient to have the trustee with respect to the Preferred Shares register the transfer of these Preferred Shares into the name of the person withdrawing the tender; and
- specify the name in which any of the Preferred Shares are to be registered, if different from that of the Depositor.

If certificates representing Preferred Shares have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing stockholder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless the stockholder is an Eligible Institution. If Preferred Shares have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Preferred Shares and otherwise comply with the procedures of the Book-Entry Transfer Facility. We will determine in our sole discretion all questions as to the validity, form and eligibility (including time of receipt) of those notices, which determination shall be final and binding on all parties. Any Preferred Shares so withdrawn will be deemed not to have been validly tendered for purposes of the Offer to Exchange and no Common Stock will be issued with respect thereto unless the Preferred Shares so withdrawn are validly retendered. Properly withdrawn Preferred Shares may be retendered by following one of the procedures described above.

Any Preferred Shares that have been tendered but that are not accepted for exchange due to withdrawal, rejection of tender or termination of the Offer to Exchange will be returned promptly after withdrawal, rejection of tender or termination of the Offer to Exchange to the stockholder of the Preferred Shares, without cost to the stockholder. In the case of Preferred Shares tendered by book-entry transfer into the Exchange Agent's account at the book-entry transfer facility pursuant to the book-entry transfer procedures described above, the Preferred Shares will be credited to an account maintained with such book-entry transfer facility for the Preferred Shares.

Exchange Agent; Information Agent

We have appointed American Stock Transfer & Trust Company as the Exchange Agent for the Offer to Exchange. All completed Letters of Transmittal and agent's messages should be directed to the Exchange Agent at the address set forth on the last printed page of this Offer to Exchange.

Delivery of a Letter of Transmittal or agent's message to an address other than the address listed herein or transmission of instructions by facsimile other than as set forth herein is not valid delivery of the Letter of Transmittal or agent's message.

We have appointed D.F. King & Co., Inc. as the Information Agent for the Offer to Exchange. All questions regarding the procedures for tendering in the Offer to Exchange and requests for assistance

in tendering your Preferred Shares can be directed to the Exchange Agent or the Information Agent at one of the telephone numbers or the address on the last printed page of this Offer to Exchange.

Requests for additional copies of this Offer to Exchange, the Letter of Transmittal or other exchange offer materials, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, our 2001 Annual Report on Form 10-K and our 2000 Annual Report on Form 10-K, or any of the other documents incorporated by reference herein, may be directed either to the Exchange Agent or to the Information Agent at one of the telephone numbers and addresses listed on the last printed page of this Offer to Exchange.

All deliveries, correspondence and questions sent or presented to the Exchange Agent or the Information Agent relating to the Offer to Exchange should be directed to one of the addresses or telephone numbers set forth on the last printed page of this Offer to Exchange.

The Information Agent may request brokers, dealers, commercial banks, trust companies and other nominees to forward this Offer to Exchange and related materials to beneficial owners of Preferred Stock, and holders may contact such parties for assistance concerning the Offer to Exchange.

Extension of the Tender Period; Termination; Amendment

We expressly reserve the absolute right, in our sole discretion:

- to delay accepting any Preferred Shares, to extend the Offer to Exchange or, if in our reasonable judgment, any of the conditions described above under the caption "-Conditions" are not satisfied, to terminate the Offer to Exchange or waive any condition set forth in the Offer to Exchange, by giving oral or written notice of this delay, extension, termination or waiver to the Exchange Agent;
- to amend the terms of the Offer to Exchange in any manner, any such amendment to be followed promptly by a public announcement thereof; and
- to terminate the Offer to Exchange and not accept for exchange Preferred Shares tendered pursuant thereto.

Our reservation of the right to delay the exchange of Preferred Shares is limited by Rule 13e-4(f)(5) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the Preferred Shares tendered promptly after termination or withdrawal of the Offer to Exchange.

Any waiver, amendment or modification will apply to all Preferred Shares tendered, regardless of when or in what order such Preferred Shares were tendered. Any extension or termination of the Offer to Exchange or any amendment or modification of the terms set forth in the Offer to Exchange, will be followed promptly by public announcement thereof, such announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date, unless otherwise required by applicable law or regulation.

If we materially change the terms of the Offer to Exchange or the information concerning the Offer to Exchange, we will extend the Offer to Exchange to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) promulgated under the Exchange Act. These rules provide certain minimum periods during which an offer must remain open following material changes in the terms of the Offer to Exchange or information concerning the Offer to Exchange. We will promptly disclose such amendment by means of

an Offer to Exchange supplement that will be distributed to record holders of Preferred Shares, and extend the Offer to Exchange for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure to the registered holders, if the Offer to Exchange would otherwise expire during such five to ten business day period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, termination or amendment of the Offer to Exchange, except as required by applicable law, we have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a timely release to Business Wire, for further dissemination to leading financial and general news organizations, including Associated Press, Dow Jones and Reuters.

Accounting Treatment

The exchange of Common Stock for Preferred Stock will be treated as an induced conversion for accounting purposes under U.S. GAAP. An "induced conversion" is considered to occur when the conversion privileges, pursuant to the original terms of the instrument, are changed or additional consideration is offered to security holders for the purpose of inducing prompt conversion of the security. As a result of the "induced conversion," a dividend charge will be incurred representing the difference between the value of the Common Stock issued in the Offer to Exchange, and the value of the shares that were issuable under the original conversion terms of the Preferred Stock.

Regulatory Approvals

We do not believe that the receipt of any material federal or state regulatory approvals will be necessary in connection with the Offer to Exchange.

Other

Participation in the Offer to Exchange is voluntary and holders of Preferred Shares should carefully consider whether to accept the terms and conditions of the Offer to Exchange. Holders of the Preferred Shares are urged to consult their financial and tax advisors in making their own decisions on what action to take with respect to the Offer to Exchange.

DESCRIPTION OF OUR PREFERRED STOCK

The following is a summary of the principal terms and conditions of our shares of our 8% Cumulative Convertible Exchangeable Preferred Stock, par value \$0.01 per share, as provided in our Restated Certificate of Incorporation, as amended.

Preferred Shares Outstanding	20,807,242 preferred shares (as of October 4, 2002)
Dividends	Cumulative dividends equal to 8% per annum of the Liquidation Preference (as defined below), payable at the option of the Board of Directors in cash, additional shares of Preferred Stock or in any combination thereof.
Restriction on Dividends on Common Stock	No dividends may be declared or paid on shares of Common Stock while there are any shares of Preferred Stock outstanding, except for certain spin-offs, certain stock dividends or the grant of rights to purchase stock that is junior in rights and preferences to the Preferred Stock ("Junior Stock").

Optional Redemption	The Preferred Stock is redeemable at our option at any time at a price per share equal to the Liquidation Preference, plus accrued and unpaid dividends, whether or not declared, to the redemption date.
Mandatory Redemption	The Preferred Stock is mandatorily redeemable by us on October 1, 2011, at a price per share equal to the Liquidation Preference plus all accrued but unpaid dividends, whether or not declared, to the redemption date.
Note Exchange	With the approval of a majority of the voting power of the Preferred Stock, the Preferred Stock is exchangeable for 8% Convertible Subordinated Voting Debentures due 2011 at the aggregate principal amount equal to the sum of the Liquidation Preference and any accrued and unpaid dividends on the Preferred Stock to be exchanged.
Liquidation Preference	\$10.00 per share, plus accrued and unpaid dividends, prior to any payment in respect of Junior Stock.
Conversion Rights	Holders may convert each share of Preferred Stock into 1.039 shares of Common Stock at any time.
Forced Conversion	We have the right to convert up to 5,000,000 shares of Preferred Stock each time the Common Stock trades at a price per share exceeding \$11.55 for ten consecutive trading days.
Voting Rights	Each holder of Preferred Stock is entitled to a number of votes equal to the largest number of whole shares of Common Stock into which that holder's share of Preferred Stock are then convertible. The Preferred Stock votes as a single class with the Common Stock on all matters submitted to stockholders. A majority of the Preferred Stock voting together as a separate class must approve certain merger, sale or exchange transactions. So long as any Preferred Stock is outstanding, we cannot redeem or purchase Junior Stock or consummate certain purchase transactions through a subsidiary. The approval of two-thirds of the outstanding voting power of the Preferred Stock is necessary to authorize or issue any stock that is senior to or on parity with the Preferred Stock.

As of October 4, 2002, each Preferred Share had accumulated unpaid dividends of \$0.01.

DESCRIPTION OF OUR COMMON STOCK

We are authorized to issue 250,000,000 shares of Common Stock of which 36,300,093 shares were outstanding on October 4, 2002. All shares of Common Stock have equal rights to participate in the distribution of assets in the event of a liquidation of Marvel, subject to the preferences established on the Preferred Stock. Each holder of Common Stock is entitled to one vote for each share held on all matters submitted to a vote of the stockholders. Common Stock carries no conversion, preemptive or subscription rights and is not subject to redemption. All outstanding shares of Common Stock are fully paid and

nonassessable. Although holders of Common Stock are entitled to receive any dividends declared thereon by the Board of Directors out of legally available funds, we have never paid a cash dividend on our Common Stock and are prohibited from doing so by the terms of the agreements governing our indebtedness. As a result, we do not anticipate paying any dividends in the foreseeable future.

MARKET FOR COMMON STOCK AND PREFERRED STOCK

Our Common Stock currently trades on the NYSE under the symbol "MVL". Our Preferred Stock does not trade on an exchange. The price ranges presented below for Common Stock represent high and low sale prices for each quarter, as reported by the NYSE. There is no established trading market for the Preferred Stock. Any trading in shares of Preferred Stock takes place in privately-negotiated transactions among holders, or transactions through market makers, that are not generally reported. Sales prices for some of these transactions are reported to, and made available by, FactSet Research Systems Inc., which is the source for the high and low sales price information set forth below. This information may not reflect all sales that have occurred during the periods in question, and we are unaware of any publicly-available source for high or low bid quotations.

	<u>Common Stock</u> <u>Market Prices</u>		<u>Preferred Stock</u> <u>Market Prices</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<u>2000</u>				
Fourth Quarter	\$3.38	\$1.25	\$5.53	\$1.56
<u>2001</u>				
First Quarter	\$3.00	\$1.31	\$3.36	\$1.44
Second Quarter	3.84	1.71	5.77	1.56
Third Quarter	4.25	1.75	5.29	1.63
Fourth Quarter	4.38	2.15	4.81	1.44
<u>2002</u>				
First Quarter	\$8.50	\$3.46	\$8.65	\$3.12
Second Quarter	9.38	4.50	14.42	4.81
Third Quarter	7.42	3.97	8.82	3.92
Fourth Quarter (through October 4, 2002)	7.52	6.76	7.95	7.10

As of October 4, 2002, there were 1,164 record holders of Common Shares and 78 record holders of Preferred Shares.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain United States ("U.S.") federal income tax consequences to holders of Preferred Shares who exchange their Preferred Shares for Common Shares pursuant to the Offer to Exchange. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or different interpretations. Tax consequences that are different from or in addition to those described herein may apply to holders of Preferred Shares who are subject to special treatment under the U.S. federal income tax laws, such as non-U.S. persons, tax-exempt organizations, financial institutions, insurance companies, broker-dealers, holders who hold their Preferred Shares as part of a

hedge, straddle, wash sale, synthetic security, conversion transaction or other integrated investment comprised of Preferred Shares and one or more other investments, and persons who acquired their shares in compensatory transactions. This discussion does not address non-U.S. or state or local tax considerations.

The summary of U.S. federal income tax consequences below is for general information only. This discussion is not a substitute for an individual analysis of the tax consequences of the exchange to a holder of Preferred Shares. Each holder of Preferred Shares should consult a tax adviser regarding the particular federal, state, local and non-U.S. tax consequences of the exchange in light of such holder's own situation.

The exchange will qualify as a reorganization under section 368(a)(1)(E) of the Code. Accordingly, the following U.S. federal income tax consequences will occur:

- we will not recognize gain or loss as a result of the Offer to Exchange;
- you will not recognize gain or loss upon the receipt of Common Stock solely in exchange for the face amount of your Preferred Shares pursuant to the Offer to Exchange. However, you will be treated as having received a distribution on the Preferred Shares to the extent Common Stock is received for accrued but unpaid dividends on the Preferred Shares. Common Stock is deemed received for accrued and unpaid dividends only to the extent that the fair market value of the aggregate Common Stock received in the exchange exceeds the aggregate issue price of the Preferred Shares surrendered. Any deemed distribution for accrued dividends will be treated as a taxable dividend (to the extent of our accumulated or current earnings and profits, if any), then as a tax-free return of capital to the extent of your basis in your Preferred Shares, and thereafter as capital gain;
- the aggregate tax basis of the Common Shares received by you in exchange for your Preferred Shares will be the same as the aggregate tax basis of the Preferred Shares surrendered in exchange therefore, increased by any taxable amounts realized for accrued and unpaid dividends on the Preferred Shares; and
- the holding period of the Common Shares received tax free by you in exchange for your Preferred Shares will include the holding period of the Preferred Shares surrendered, provided that such Preferred Shares are held as capital assets at the effective time of the exchange. The Common Stock received for accrued and unpaid dividends will have a new holding period commencing on the date of the exchange.

CERTAIN SECURITIES LAWS CONSIDERATIONS

All of the 20,807,242 Preferred Shares outstanding as of October 4, 2002, were either issued by us in 1998 pursuant to a plan of reorganization whereby 7.9 million Preferred Shares were issued to certain of our creditors and 9 million Preferred Shares were issued to investors in a private offering that was not registered pursuant to the Securities Act of 1933, as amended (the "Securities Act") or any state securities laws or were issued as dividends on those Preferred Shares since that time. The Common Shares to be issued in the Offer to Exchange are being offered pursuant to an exemption from the registration requirements of the Securities Act under Section 3(a)(9) of the Securities Act. Section 3(a)(9) provides for an exemption from registration for any security exchanged by an issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. When securities are exchanged for other securities of an issuer

under Section 3(a)(9), the securities received in essence assume the character of the exchanged securities for purposes of the Securities Act. Accordingly, the Common Shares issued in the Offer to Exchange to persons or entities not affiliated with Marvel who tender shares that are not "restricted shares" within the meaning of Rule 144 under the Securities Act will not be deemed to be "restricted securities" within the meaning of Rule 144 under the Securities Act, and such shares will be freely tradeable by such non-affiliated persons or entities. If you tender Preferred Shares that are "restricted securities" within the meaning of Rule 144 under the Securities Act, the Common Shares you receive in the Offer to Exchange will not be freely tradeable and any resale would have to comply with applicable exemptions under the securities laws, including without limitation, Rule 144(k) under the Securities Act.

INTERESTS OF DIRECTORS AND OFFICERS

Our officers or affiliates who are also holders of Preferred Shares will receive the Offer to Exchange and will be eligible to tender their Preferred Shares on the same basis as any other holder of Preferred Shares. Isaac Perlmutter, Morgan Stanley & Co. Incorporated and Whippoorwill Associates, Incorporated have indicated to us that they currently intend to tender all of their Preferred Shares in the Offer to Exchange. See "Special Factors Relating to the Offer to Exchange—Special Committee of the Board of Directors" and "Security Ownership of Certain Beneficial Owners and Management."

We are not otherwise aware of any intention to tender or consideration of tendering Preferred Shares on the part of directors, officers or affiliates. Neither we, nor any subsidiary of ours nor, to the best of our knowledge, any of our directors or executive officers, nor any affiliates of any of the foregoing, had any transactions in Preferred Shares during the 60 business days prior to the date hereof.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of Common Stock and Preferred Stock as of October 4, 2002 (based on 36,300,093 shares of Common Stock outstanding on that date), by (i) each person known by us to be the beneficial owner of 5% or more of our outstanding Common Stock or Preferred Stock (based, in part, upon copies of all Schedules 13D and 13G filed with the SEC); (ii) each of our directors; (iii) each of our executive officers; and (iv) all of our executive officers and directors as a group.

Each share of Preferred Stock is convertible by its holder into 1.039 shares of Common Stock. Under the rules of the SEC, beneficial ownership of Preferred Stock constitutes beneficial ownership of 1.039 shares of Common Stock (the amount into which the shares of Preferred Stock are convertible). Beneficial ownership of Common Stock is shown in the main part of the table and the portion of that beneficial ownership traceable to beneficial ownership of Preferred Stock is set forth in the footnotes. Shares of Preferred Stock, shown unconverted, are also listed in the main part of the table.

Certain Beneficial Owners

Five Percent Stockholders, Directors and Executive Officers	Shares of Common Stock		Shares of Preferred Stock	
	Number Owned (1)	Percentage Owned	Number Owned	Percentage Owned
Morgan Stanley & Co. Incorporated (2)..... 1585 Broadway New York, New York 10036	5,098,607	12.8%	3,463,337	16.6%
Whippoorwill Associates, Incorporated, as agent of and/or general partner for certain institutions and funds (3)..... 11 Martine Avenue White Plains, New York 10606	2,149,194	5.6%	2,054,862	9.9%
Mark H. Rachesky, M.D. (4)..... c/o MHR Fund Management LLC 40 West 57th Street, 33rd Floor New York, New York 10019	2,610,062	6.7%	2,434,102	11.7%
Avi Arad (5)	5,210,000	13.9%		
F. Peter Cuneo (6).....	1,020,214	2.7%		
Alan Fine (7)	509,000	1.4%		
Sid Ganis (8).....	75,000	*		
Shelley F. Greenhaus (9)	85,000	*		
James F. Halpin (10)	105,000	*		
Morton E. Handel (11).....	136,000	*		
William Jemas, Jr. (12).....	231,667	*		
Allen S. Lipson (13)	302,667	*		
Lawrence Mittman (14).....	85,000	*		
Isaac Perlmutter (15)	24,647,262	48.4%	5,828,155	28.0%
Richard E. Ungar (16)	230,000	*		
Kenneth P. West.....	- -	*		
All current executive officers and directors as a group (13 persons) (17).....	32,636,810	59.7%	7,883,017	37.9%

* Less than 1%.

- (1) Includes shares of Common Stock issuable upon the conversion of shares of Preferred Stock at the conversion rate of 1.039 shares of Common Stock for each share of Preferred Stock.
- (2) Morgan Stanley shares dispositive power over these shares (which include shares of Common Stock underlying 3,463,337 shares of Preferred Stock) with its parent, Morgan Stanley Dean Witter & Co.
- (3) Pursuant to a Form 4 filed by Whippoorwill Associates, Inc. on July 10, 2002, and after giving effect to stock dividends paid to holders of Preferred Stock on July 1, 2002 and September 30, 2002, Whippoorwill may be deemed to beneficially own 2,149,194 shares of Common Stock (which include shares of Common Stock underlying 2,054,862 shares of Preferred Stock) because it has discretionary authority with respect to the investments of, and acts as agent for, the direct holders of the shares. Whippoorwill disclaims any beneficial ownership of Common Stock or Preferred Stock except to the extent of Whippoorwill's pecuniary interest in that stock, if any.
- (4) Pursuant to a Schedule 13G filed on November 12, 1999, by (i) MHR Institutional Partners LP, a Delaware limited partnership ("Institutional Partners"); (ii) MHRM Partners LP, a Delaware limited partnership ("MHRM"); (iii) MHR Capital Partners LP, a Delaware limited partnership ("Capital Partners"); (iv) MHR Institutional Advisors LLC, a Delaware limited liability company ("Institutional Advisors") and the general partner of Institutional Partners and MHRM; (v) MHR Advisors LLC, a Delaware limited liability company ("Advisors") and the general partner of Capital Partners; and (vi) Mark H. Rachesky, M.D., the managing member

of Institutional Advisors and Advisors, each having an office at 40 West 57th Street, 33rd Floor, New York, NY 10019. After giving effect to stock dividends paid to holders of Preferred Stock, figures include shares of Common Stock underlying 2,434,102 shares of Preferred Stock.

- (5) Figures include 1,060,000 shares of Common Stock subject to stock options granted pursuant to the Company's Stock Incentive Plan (the "Stock Incentive Plan") which are immediately exercisable.
- (6) Figures include 1,000,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.
- (7) Figures include 509,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.
- (8) Figures include 65,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.
- (9) Figures include 65,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable. Does not include shares held by various institutions and funds with respect to whose investments Whippoorwill has discretionary authority and for which Whippoorwill acts as agent. Mr. Greenhaus is the president and managing director of Whippoorwill. Mr. Greenhaus disclaims beneficial ownership of the shares of Common Stock and Preferred Stock owned by discretionary accounts managed by Whippoorwill as set forth above except to the extent of his pecuniary interest in that stock, if any.
- (10) Figures include 85,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.
- (11) Figures include 115,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.
- (12) Figures include 231,667 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.
- (13) Figures include 296,667 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable, or become exercisable within 60 days.
- (14) Figures include 65,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable
- (15) Figures include the following, all of which are immediately exercisable: (i) 30,000 shares of Common Stock subject to stock options granted to Mr. Perlmutter pursuant to the Stock Incentive Plan; (ii) options to purchase 3,950,000 shares of our Common Stock granted pursuant to the Stock Incentive Plan and the Employment Agreement between us and Mr. Perlmutter dated as of November 30, 2001; and (iii) warrants to purchase 4,603,309 shares of our Common Stock pursuant to the Warrant Agreement between us and Mr. Perlmutter dated as of November 30, 2001. Other shares over which Mr. Perlmutter may be deemed to have beneficial ownership are directly held as follows:

<u>Holder</u>	<u>Common Shares</u>	<u>Preferred Shares</u>
Zib Inc.	9,256,000	—
The Laura and Isaac Perlmutter Foundation Inc.	250,000	—
Object Trading Corp.	33,500	4,794,929
Classic Heroes, Inc.	—	317,056
Biobright Corporation	—	317,056
Tangible Media, Inc.	400,000	—
Isaac Perlmutter T.A.	49,000	399,114
Isaac Perlmutter	20,000	—

The sole stockholder of Zib Inc., a Delaware corporation, is Isaac Perlmutter T.A., a Florida trust (the "Perlmutter Trust"). Mr. Perlmutter is a trustee and the sole beneficiary of the Perlmutter Trust, and may revoke it at any time. Mr. Perlmutter is a director and the president of the Laura and Isaac Perlmutter Foundation Inc., a Florida not-for-profit corporation. Mr. Perlmutter is the sole stockholder of (i) Object Trading Corp., a Delaware corporation, (ii) Classic Heroes, Inc., a Delaware corporation, (iii) Biobright Corporation, a Delaware corporation, and (iv) Tangible Media, Inc., a Delaware corporation. Mr. Perlmutter may be deemed to possess (i) the power to vote and dispose of the shares of stock directly held by Zib Inc., Object Trading Corp., Classic Heroes, Inc., Biobright Corporation, Tangible Media, Inc. and the Perlmutter Trust, and (ii) the power to direct the vote and disposition of the shares of stock directly held by the Laura and Isaac Perlmutter Foundation Inc.

- (16) Figures include 230,000 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable, or become exercisable within 60 days.
- (17) Figures include 7,702,334 shares of Common Stock subject to stock options granted pursuant to the Stock Incentive Plan that are immediately exercisable.

AGREEMENTS INVOLVING OUR SECURITIES

We have entered into several agreements with respect to our securities, as described in further detail below.

Stockholders' Agreement

We and the following stockholders were parties to a Stockholders' Agreement (the "Stockholders' Agreement"), dated as of October 1, 1998:

- (i) Avi Arad, (ii) Isaac Perlmutter, (iii) Isaac Perlmutter T.A., a Florida trust (the "Perlmutter Trust"), (iv) The Laura and Isaac Perlmutter Foundation Inc., (v) Object Trading Corp., and (vi) Zib Inc. ("Zib") (collectively, the "Perlmutter/Arad Group");
- (i) Mark Dickstein, (ii) Dickstein & Company, L.P., (iii) Dickstein Focus Fund L.P., (iv) Dickstein International Limited, (v) Elyssa Dickstein, Jeffrey Schwarz and Alan Cooper as Trustees U/T/A/D 12/27/88, Mark Dickstein, Grantor, (vi) Mark Dickstein and Elyssa Dickstein, as Trustees of the Mark and Elyssa Dickstein Foundation, and (vii) Elyssa Dickstein (collectively, the "Dickstein Entities" and, together with the Perlmutter/Arad Group, the "Investor Group"); and
- (i) The Chase Manhattan Bank, (ii) Morgan Stanley & Co. Incorporated ("Morgan Stanley"), and (iii) Whippoorwill Associates, Incorporated ("Whippoorwill") as agent of and/or general partner for certain accounts and funds (the "Lender Group"). Each of the members of the Lender Group is one of the "Secured Lenders" referred to in the Fourth Amended Joint Plan of Reorganization proposed by those "Secured Lenders" and us in the bankruptcy matter of In Re: Marvel Entertainment Group, Inc. et al. (the "Plan"), and all of the "Secured Lenders" as that term is defined more broadly in the Plan are members of the "Plan Secured Lender Group".

Under the Stockholders' Agreement, its parties initially agreed to take such action as was reasonably in their power to cause the Board of Directors to include, subject to certain conditions, 6 directors designated by the Investor Group and five directors designated by the Lender Group. After July 1, 2000, decreases in beneficial ownership of capital stock by either the Investor Group or the Lender Group below certain pre-determined levels, including decreases that occurred prior to July 1, 2000, resulted in a decreased right to designate directors and a forfeiture of seats on the Board of Directors. We agreed with the Investor Group and the Lender Group that decreases in the beneficial ownership of capital stock by the Plan Secured Lender Group since October 1, 1998, resulted in the number of directors that the Lender Group had the right to nominate to decrease from 5 directors to 2 directors.

The Stockholders' Agreement was terminated by the parties on October 4, 2002.

Registration Rights Agreements

Mr. Dickstein and certain of his affiliates, Object Trading Corp. (an affiliate of Mr. Perlmutter), Whippoorwill as agent for and/or general partner for certain institutions and funds, Marvel and certain other parties are parties to a Registration Rights Agreement dated as of October 1, 1998 (the "October Registration Rights Agreement"). Mr. Arad, Mr. Perlmutter, certain affiliates of Mr. Perlmutter (other than Object Trading Corp.) and Marvel are parties to a Registration Rights Agreement dated as of

December 8, 1998 (the "December Registration Rights Agreement", and together with the October Registration Rights Agreement, the "Registration Rights Agreements").

The terms of the December Registration Rights Agreement are substantially identical to those of the October Registration Rights Agreement. Under the terms of each of the Registration Rights Agreements, we agreed to file a shelf registration statement under the Securities Act registering the resale of all Common Shares and Preferred Stock issued to the stockholder parties thereto pursuant to the Plan, all Common Shares issuable upon conversion of those Preferred Shares, certain convertible debt securities that we may exchange for the Preferred Stock and the Common Stock issuable upon conversion thereof and all Common Shares otherwise owned by the stockholder parties to the respective Registration Rights Agreement as of the date thereof. The shelf registration statement will be amended to register the resale of Common Shares issued to the stockholder parties pursuant to the Offer to Exchange. The Registration Rights Agreements also give the stockholder parties thereto piggyback registration rights with respect to underwritten public offerings by us of our equity securities.

Agreement Relating to the Issuance and Delivery of Letters of Credit

In August 2001, we entered into an agreement (the "Substitution Agreement") with Object Trading Corp., a corporation wholly owned by Mr. Perlmutter, pursuant to which Object Trading Corp. agreed to have new letters of credit issued to replace approximately \$12.4 million of the \$17.5 million of letters of credit outstanding under our credit agreement with Citibank, N.A. then in effect (the "Citibank Credit Agreement"), along with an additional letter of credit for \$3.4 million in connection with the appeal of an adverse litigation decision. The replacement letters of credit were required to be delivered by us to licensors of intellectual property that we used in the manufacture of various toys and in connection with certain advertising commitments relating to the toy business. In accordance with the Substitution Agreement, Object Trading Corp. obtained the replacement letters of credit from HSBC Bank USA ("HSBC") which, pursuant to the terms of the Substitution Agreement, would remain in effect until the earlier of the date Marvel was able to close a new bank financing on terms approved by the Board of Directors or November 30, 2001. No fee was payable by us to Object Trading Corp. under the Substitution Agreement, but we agreed thereunder to reimburse Object Trading Corp. for all out-of-pocket costs and expenses incurred by it in connection with opening and maintaining the replacement letters of credit, and for the amount of any payments made by Object Trading Corp. to reimburse HSBC in the event any of the replacement letters of credit were drawn upon. We also granted Object Trading Corp. a first security interest in the same assets that were granted as security under the Citibank Credit Agreement. The Substitution Agreement terminated when we consummated the necessary financing on November 30, 2001 and thereby replaced the replacement letters of credit, which had not been drawn upon.

Guaranty; Warrant Agreement; Registration Rights Agreement; Notes Purchase Agreement

In connection with our establishment of an \$80 million senior credit facility with HSBC Bank USA (the "Credit Facility") on November 30, 2001, Mr. Perlmutter agreed to guaranty the payment of our obligations under the Credit Facility in an amount equal to 25% of all principal obligations relating to the Credit Facility plus an amount, not to exceed \$10 million, equal to the difference between (i) the amount of cash in a reserve account required to be maintained by us as security for the Credit Facility, and (ii) the actual amount on deposit in such cash reserve account at the end of each fiscal quarter; provided that the aggregate amount guarantied by Mr. Perlmutter will not exceed \$30 million (the "Credit Guaranty").

In consideration of the Credit Guaranty and Mr. Perlmutter's guaranty up to a maximum of \$4,365,000 of Marvel's obligations under its lease for its executive offices (the "Office Guaranty"), Marvel and Mr. Perlmutter entered into (i) a warrant agreement (the "Warrant Agreement"), pursuant to

which we granted Mr. Perlmutter warrants to purchase up to a maximum of five million Common Shares on or before November 30, 2006, at an initial exercise price per share equal to \$3.11 (the "Warrants"), subject to stockholder approval, and (ii) a registration rights agreement, pursuant to which we gave Mr. Perlmutter certain registration rights with respect to the Common Shares issuable to him under the Warrant Agreement. We also agreed to purchase a total of approximately \$43 million in principal amount of our Senior Notes (the "Notes") at an average price of 53% of the face amount of the Notes held by Mr. Perlmutter pursuant to a Notes Purchase Agreement dated as of November 30, 2001. Mr. Perlmutter had purchased those Notes with personal funds. In December 2001, we purchased the Notes from Mr. Perlmutter and in January 2002, our stockholders approved the issuance of the Warrants to Mr. Perlmutter. Pursuant to the terms of the Warrant Agreement, the Warrants are currently exercisable with respect to 4,603,309 Common Shares, reflecting Mr. Perlmutter's actual contingent liability pursuant to the Credit Guaranty and the Office Guaranty.

CERTAIN LEGAL MATTERS; REGULATORY APPROVALS

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our acquisition of Preferred Stock as contemplated herein or of any approval or other action by any government or governmental, administrative, or regulatory authority or agency, domestic or foreign, that would be required for the acquisition or ownership of Preferred Stock by Marvel as contemplated herein. Should any such approval or other action be required, we presently contemplate that such approval or other action will be sought. We are unable to predict whether we will be required to delay the acceptance for exchange of or exchange of Preferred Stock tendered pursuant to the Offer to Exchange pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions, or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Marvel's obligations under the Offer to Exchange to accept for exchange and exchange Preferred Shares are subject to certain conditions. See "The Offer to Exchange-Conditions".

FEES AND EXPENSES

The Exchange Agent for the Offer to Exchange is American Stock Transfer & Trust Company. The Information Agent for the Offer to Exchange is D.F. King & Co., Inc. We have not retained any dealer manager or other agent to solicit tenders with respect to the Offer to Exchange.

We will pay the Exchange Agent and the Information Agent reasonable and customary compensation for their services in connection with the Offer to Exchange, plus reimbursement for out-of-pocket expenses. We will indemnify the Exchange Agent against certain liabilities and expenses in connection therewith, including liabilities under the federal securities laws.

For advising the Special Committee in its evaluation of the Offer to Exchange, and rendering the Fairness Opinion, the Special Committee paid Thomas Weisel Partners \$75,000, agreed to reimburse Thomas Weisel Partners for its out-of-pocket expenses and agreed to indemnify Thomas Weisel Partners against certain liabilities.

We will not pay fees or commissions to any broker, dealer or other person for soliciting tenders of Preferred Stock pursuant to the Offer to Exchange. We will, however, upon request through the Information Agent, reimburse brokers, dealers and commercial banks for customary mailing and handling expenses incurred by such persons in forwarding the Offer to Exchange and related materials to the beneficial owners of Preferred Stock held by any such person as a nominee or in a fiduciary capacity. No

broker, dealer, commercial bank or trust company has been authorized to act as our agent for purposes of the Offer to Exchange.

We will pay or cause to be paid all stock transfer taxes, if any, on the exchange of Preferred Stock except as otherwise provided in Instruction 6 in the Letter of Transmittal. All fees and expenses attributable to the Offer to Exchange will be paid by us.

INDEPENDENT AUDITORS

Our annual consolidated financial statements and the related financial statement schedule incorporated by reference hereto from our Annual Report of Form 10-K for the year ended December 31, 2001, and from our Annual Report of Form 10-K for the year ended December 31, 2000, have been audited by Ernst & Young LLP, independent auditors, as stated in their reports also incorporated by reference herein.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We are incorporating by reference into this Offer to Exchange the following of our documents:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2001;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002; and
- our Quarterly Report on Form 10-Q for the quarter ended June 30, 2002.

We also are incorporating by reference into this Offer to Exchange all of our filings made with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from the date hereof until the Expiration Date.

The information incorporated herein by reference is considered to be part of this Offer to Exchange and later information that we file with the SEC will automatically update and supersede this information.

You may obtain a copy of these filings at no cost by writing or telephoning us at:

Marvel Enterprises, Inc.
10 East 40th Street
New York, NY 10016
Telephone: (212) 576-4000
Attention: Secretary

MISCELLANEOUS

We are not aware of any jurisdiction where the making of the Offer to Exchange is not in compliance with applicable law. If we become aware of any jurisdiction where the making of the Offer to Exchange is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, the Offer to Exchange will not be made to (nor will tenders be accepted from or on behalf of) the holders of Preferred Stock residing in such jurisdiction. In any jurisdiction where the securities or blue sky laws of which require the Offer to Exchange to be made by a licensed broker or dealer, the Offer to Exchange shall be deemed to be

made on our behalf by one or more registered brokers or dealers license under the laws of such jurisdiction.

Pursuant to Rule 13e-4 of the General Rules and Regulations under the Exchange Act, we have filed with the SEC an Issuer Tender Offer Statement on Schedule TO that contains additional information with respect to the Offer to Exchange. Such Schedule TO, including the exhibits and any amendments thereto, may be examined, and copies may be obtained, at the same places and in the same manner as is set forth under the caption "Where You Can Find More Information."

No person has been authorized to give any information or make any representation on our behalf in connection with the offer other than those contained in this Offer to Exchange or in the Letter of Transmittal. If given or made, such information or representation must not be relied upon as having been authorized by us.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549 or at the SEC's regional offices located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511 and 233 Broadway, New York, New York 10279. You may obtain further information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public over the Internet at the SEC's website at <http://www.sec.gov>.

The Information Agent for the Offer to Exchange is:

D.F. King & Co., Inc.
77 Water Street
20th Floor
New York, NY 10005
Banks and Brokerage Firms, Please Call: (212) 269-5550
All Others Call Toll-free: (800) 269-6427

The Exchange Agent for the Offer to Exchange is:

AMERICAN STOCK TRANSFER & TRUST COMPANY

By Mail:

59 Maiden Lane
New York, NY 10038
(800) 937-5449
(718) 921-8200

Facsimile Transmission:

(for Eligible Institutions only)
(718) 234-5001

By Hand or Overnight Courier:

59 Maiden Lane
New York, NY 10038
(800) 937-5449
(718) 921-8200

For Confirmation Telephone:

(800) 937-5449
(718) 921-8200

Additional copies of the Offer to Exchange, the Letter of Transmittal or other tender offer materials may be obtained from the Information Agent or the Exchange Agent and will be furnished at our expense. Questions and requests for assistance may be directed to the Information Agent as set forth above. Holders also may contact their local broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer to Exchange.