



Hasbro Second Quarter 2013 Earnings
July 22, 2013



Safe Harbor

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Driving Brand Building Around the Blueprint

- **Focusing on our most important initiatives**
 - Franchise Brands growing
 - 3 of 4 product categories up
 - Innovation and new initiatives gaining traction
- **Capitalizing on convergence of digital and analog play**
 - Majority investment in Backflip Studios
 - New agreement with EA for mobile gaming on 8 core games brands
- **Content across all screens is driving brands**
 - Hasbro Studios television programming powering Franchise Brands
 - Significant boys entertainment planned: 2014, 2015 and beyond
 - New television and film entertainment behind ours and our partner brands



Second Quarter 2013 Snapshot

Hasbro is driving global brand building efforts across brand blueprint

- **Q2 Net revenues \$766 million, down 6% year-over-year**
 - Difficult comparisons in Boys category
 - Emerging markets continue to post strong growth: Up 24% year-over-year
- **Games, Girls and Preschool categories posted year-over-year gains**
 - Growth supported by investment in innovation and a focus on our top initiatives
 - Five out of seven Franchise Brands grew in the quarter
 - Girls and Games posted third consecutive quarter of YOY growth
- **Q2 Operating profit down 11% year-over-year (absent charges)**
 - Operating profit year-to-date, ex. restructuring charges, up 3% year-over-year despite revenue decline of 2% in same period
- **Q2 2013 adjusted EPS of \$0.29 per diluted shares**
- **Cost Savings initiative and savings targets remain on track**

* Q2 2013 includes pension charges of \$2.5M in Q2 2013.
Refer to slides 24-28 for a reconciliation of "As Reported" to "As Adjusted" financials



Second Quarter 2013 Revenues

(\$ Millions, Unaudited)



Growth in Girls, Games, and Preschool categories

Challenging comparisons in Boys category



Second Quarter 2013 Segment Revenues



U.S. and Canada
Growth in Girls, Games and Preschool categories; Decline in Boys; Retail inventories down

International
24% growth in emerging markets; Growth in Games, Girls & Preschool categories; Decline in Boys

Entertainment & Licensing
Comparisons challenged by timing of TV digital distribution revenues



Second Quarter 2013 Net Revenues By Region

(\$ millions)	2013	2012	% Change
U.S./Canada Segment	\$389	\$407	-4%
Europe	186	198	-6%
Latin America	83	83	0%
Asia Pacific	72	79	-10%
International Segment	340	360	-6%
Entertainment & Licensing	35	43	-18%
Global Operations	2	1	---
Total Net Revenues	\$766	\$811	-6%

Positive FX impact of \$1M in Q2 2013;
Emerging markets investments continue to pay off:
Up 24% year-over-year.
Gains in many countries including Russia, China and Brazil.



Second Quarter 2013 Net Revenues By Product Category

(\$ Millions)	2013	2012	% Change
Boys	\$ 254	\$ 389	-35%
Games	255	215	+19%
Girls	149	104	+43%
Preschool	108	103	+4%
Total	\$ 766	\$ 811	-6%

Growth in five of seven Franchise Brands:
MAGIC: THE GATHERING, MONOPOLY, MY LITTLE PONY, NERF &
PLAY-DOH grew in the quarter



Second Quarter 2013 Major Expense Items

(\$ millions)	2013	2012	% Change YOY	% of Q2 2013 Revenue
Cost of Sales	\$ 301	\$ 312	-4%	39.2%
Royalties	\$ 50	\$ 71	-29%	6.6%
Product Development	\$48	\$50	-4%	6.2%
Advertising	\$74	\$79	-7%	9.6%
Amortization of Intangibles	\$12	\$12	+5%	1.6%
Program Production Cost Amortization	\$10	\$10	+3%	1.3%
Selling, Distribution & Administration	\$195*	\$191	+2%	25.5%

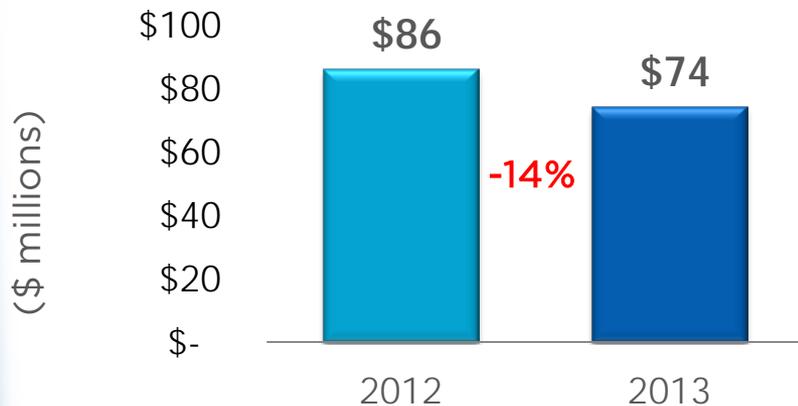
* Excludes pension charges of \$2.5M in Q2 2013.

Refer to slide 24 for a reconciliation of "As Reported" to "As Adjusted" financials

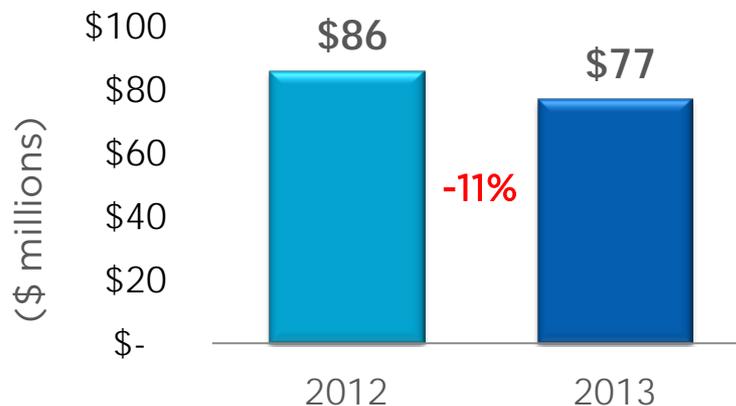


Second Quarter 2013 Operating Profit

As Reported Quarterly Operating Profit



Adjusted Quarterly Operating Profit



• Lower revenue base in Q2 2013
• \$2.5M pre-tax partial pension settlement charges associated with restructuring actions

• Growth in underlying operating profit margin of U.S. & Canada segment



Second Quarter 2013 Segment Operating Profit



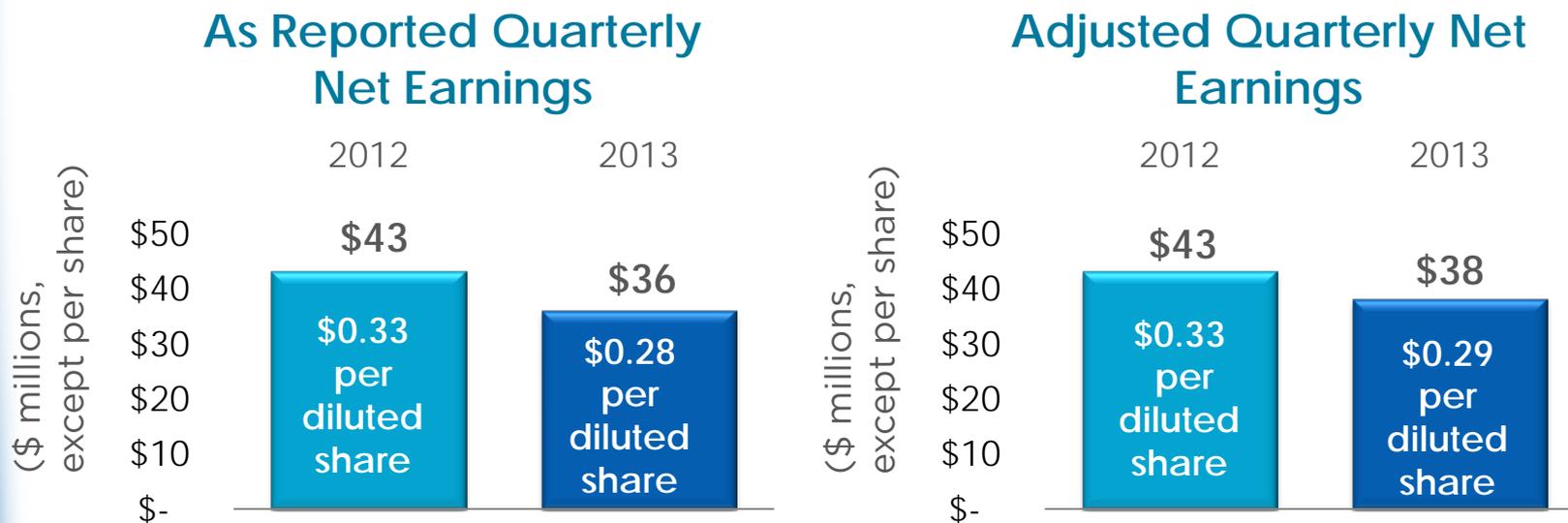
U.S. and Canada
OP margin improved to 15.2% from 15.0% last year; Favorable product mix – continued growth in MAGIC: THE GATHERING

International
Primarily due to lower revenue and timing of certain expenses in the quarter

Entertainment and Licensing
Reflects lower revenue and challenging comparisons to TV digital distribution revenues



Second Quarter 2013 Net Earnings



Adjusted 2013 net earnings of \$38.3M or \$0.29 per diluted share

- Excludes pre-tax partial pension settlement charges of \$2.5M, or \$0.01 per diluted share

Non-operating expense decreased \$3.6M

- Hub Network gain of \$131K in Q2 2013 vs. loss of \$2.4M in Q2 2012

Underlying tax rate of 27.4%

Average diluted shares 132.0M in both years



Second Quarter 2013 Key Cash Flow & Balance Sheet Data

(\$ millions)	2013	2012	Notes
Cash and Cash Equivalents	\$1,022	\$780	
Depreciation	\$24	\$24	
Amortization of Intangibles	\$12	\$12	
Television Program Spending	\$11	\$11	
Capex	\$30	\$27	Primarily product tooling and facilities
Dividends	\$52	\$47	Next payment on August 15, 2013
Stock Repurchase	\$35	\$5	771,211 shares at average cost of \$45.82
Operating Cash Flow (Q2) (Trailing Twelve Months)	\$298 \$632	\$201 \$468	Continued strong cash generation
Accounts Receivable	\$641	\$651	DSOs at 75 days – growth in markets with longer payment terms
Inventory	\$360	\$417	Inventory down in US, Canada and developed Europe – up in emerging markets and Wizards of the Coast
Total Debt	\$1,585		\$432M now current



Post-Q2 Items



BACKFLIP
STUDIOS

- Acquired 70% of Backflip Studios on July 8, 2013
 - Paid \$112M – funded through short-term borrowings
 - Results to be consolidated into Hasbro P&L as of Q3 2013
 - Revenue and expenses will be in the Entertainment & Licensing segment
 - Revenues will be classified in Games

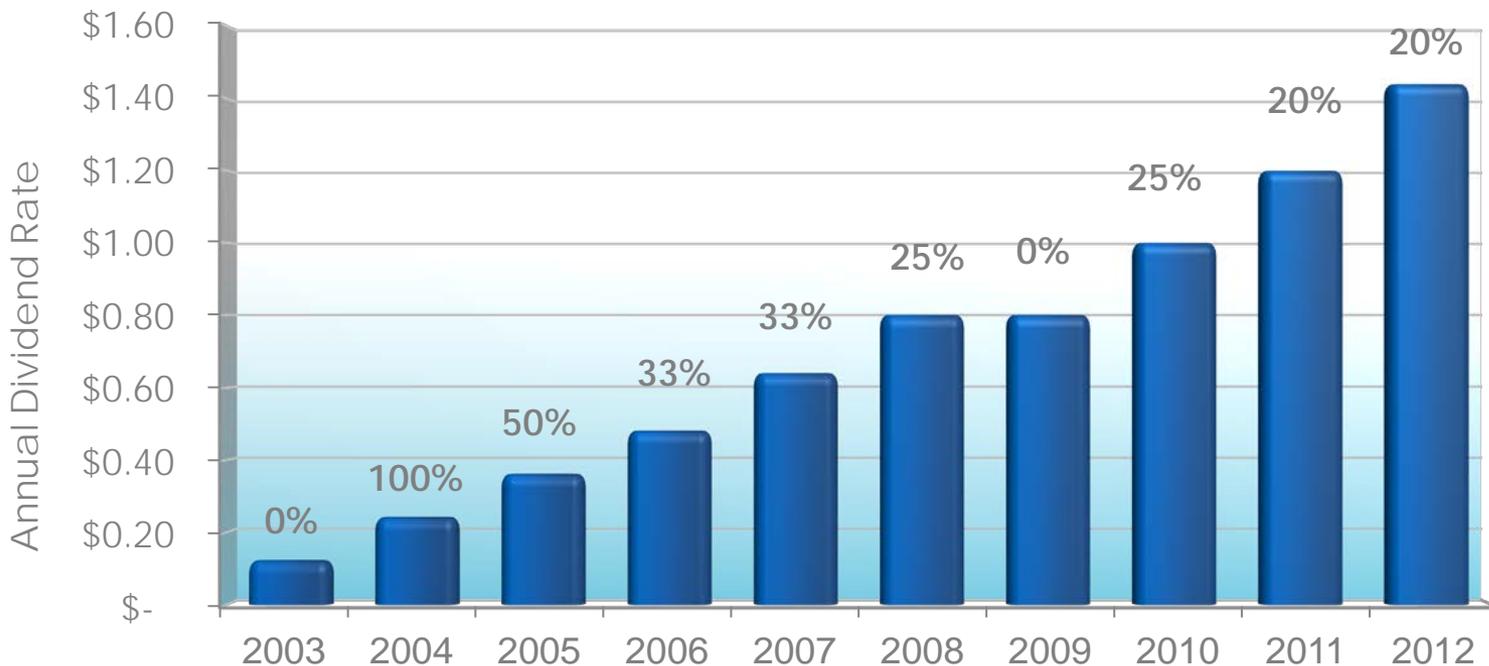
- Expanded Strategic Merchandising Relationship with Disney



- Aligned terms of Marvel and Lucasfilm agreements
 - Up to \$225M in guaranteed payments to Disney related to Star Wars. \$75M paid in Q3 2013. Remainder due in accordance with the planned releases of the new Star Wars sequel films.
- Extended global rights to Marvel characters through 2020
 - Guarantee additional \$80 million in royalties to Disney, contingent on Marvel theatrical releases.
- Additional Cash Payments
 - \$50M royalty advance due Marvel in late July 2013
(based on previous agreement)
 - \$25M royalty payment due to Hub Network in Nov. 2013₁₄



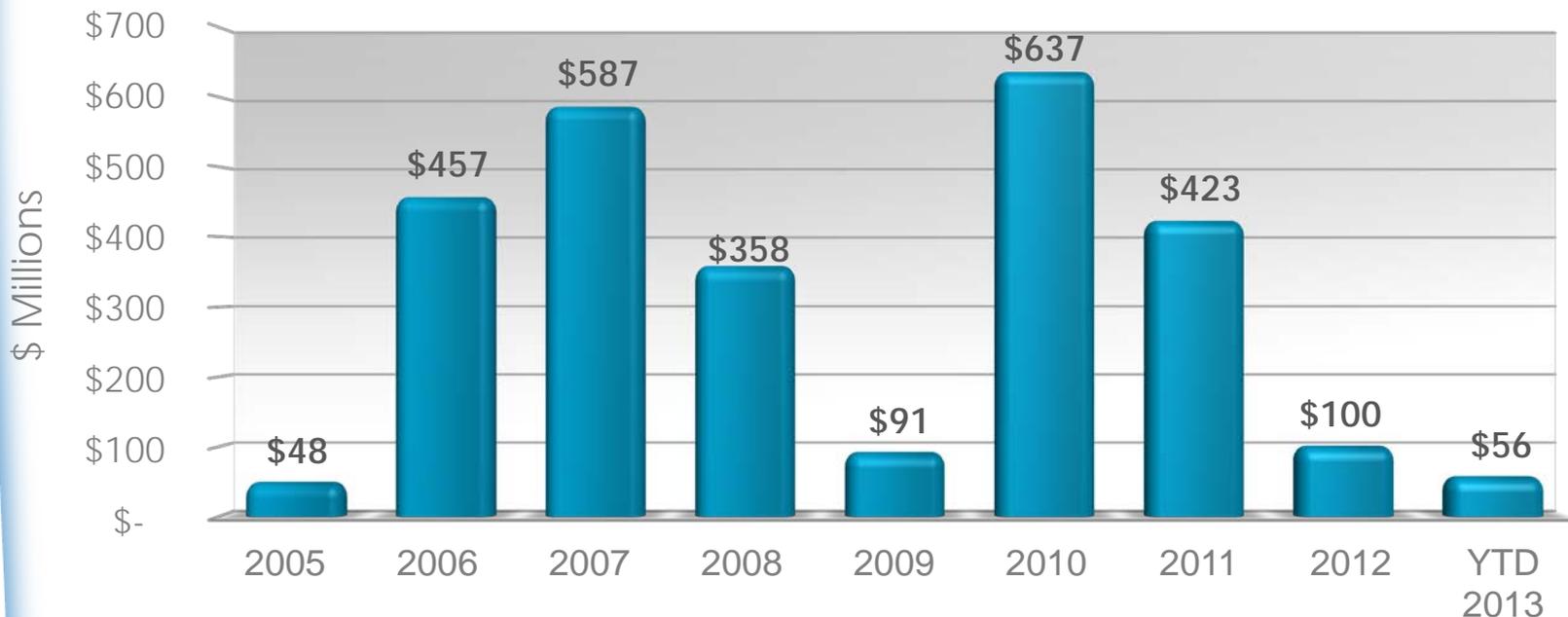
Dividends



- Announced 11% increase in quarterly dividend to \$0.40/share on February 7, 2013
- Next dividend payable August 15, 2013 to shareholders of record at the close of business August 1, 2013



Stock Buyback



- Delivering on stated commitment of returning cash to shareholders
- In second quarter 2013, repurchased 771,211 shares at a total cost of \$35.3 million and an average price of \$45.82
- \$71.8 million remains available as of end of Q2 2013 under current authorization



Entertainment Update: Television

- Shows airing in all major markets and countries
- Transformers Prime now airing in China after absence of 30 years
- Distribution on all formats, including digital and home entertainment
- Since inception, received 7 Daytime Emmy Awards for programming



- Seven consecutive quarters of growth ¹
- Launched several campaigns in the quarter to engage viewers and drive Network's ratings growth and online traffic
- Available in more than 72 million households



¹ Among Kids 2-11, Kids 6-11, Women 18-49, Adults 18-49, Persons 2+ and Households.



Holiday 2013 Engaging Across Consumer Segments

Boys

**TRANSFORMERS
CONSTRUCT
BOTS**

**N-STRIKE
ELITE**

**KRE-O
CREATE IT.**

Girls

**NERF
Rebelle**

Furby Boom!

**my LITTLE PONY
Equestria Girls**

Preschool

**RESCUE BOTS
BEAM BOX
GAME SYSTEM**

Play-Doh PLUS

Games

**MONOPOLY
EMPIRE**

**OWN THE WORLD'S
TOP BRANDS
COMING FALL 2013**

**Twister
Dance Revue**

TELEPODS

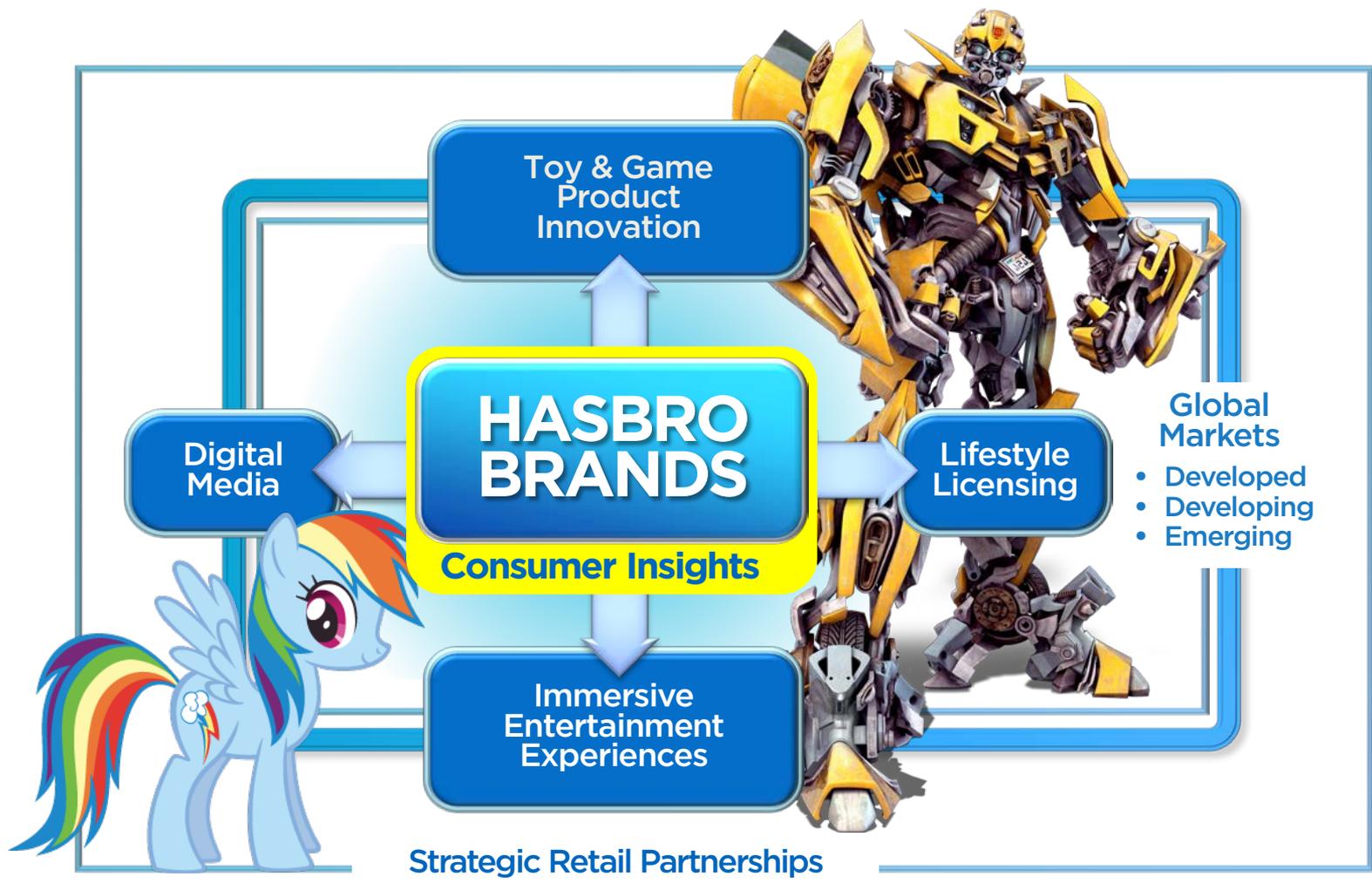
**ELEFUNG
& FRIENDS**

bop it!

TETRIS



Hasbro's Branded Play Blueprint





Appendix



Second Quarter Income Statement

(\$ millions)	June 30, 2013	July 1, 2012
Net Revenues	\$ 766	\$ 811
Cost of Sales	301	312
Royalties	50	71
Product Development	48	50
Advertising	74	79
Amortization of Intangibles	12	12
Program Production Cost Amortization	10	10
Selling, Distribution & Administration	197	191
Operating Profit	\$ 74	\$ 86
Interest Expense	22	21
Other (Income) Expense, Net	1	4
Earnings Before Income Taxes	\$51	\$60
Income Taxes	15	17
Net Earnings	\$ 36	\$ 43
Diluted EPS	\$0.28	\$0.33



Second Quarter Balance Sheets

(\$ millions)	June 30, 2013	July 1, 2012
Cash and Cash Equivalents	\$1,022	\$780
Accounts Receivable	641	651
Inventories	360	417
Other Current Assets	343	298
Total Current Assets	2,366	2,146
Property, Plant & Equipment, Net	238	223
Other Assets	1,574	1,646
Total Assets	\$4,178	\$4,015
Short-term Borrowings	\$193	\$221
Current Portion of Long-term Debt	432	-
Payables & Accrued Liabilities	671	618
Total Current Liabilities	1,296	839
Long-term Debt	960	1,399
Other Liabilities	466	377
Total Liabilities	\$2,722	\$2,615
Total Shareholders' Equity	\$1,456	\$1,400
Total Liabilities & Shareholders' Equity	\$4,178	\$4,015



Condensed Cash Flow

(\$ millions)	YTD Q2 2013	YTD Q2 2012
Net Cash Provided by Operating Activities	\$ 298	\$ 201
Cash Flows from Investing Activities:		
Additions to Property, Plant and Equipment	(54)	(50)
Other	5	6
Net Cash Utilized by Investing Activities	(49)	(44)
Cash Flows from Financing Activities:		
Net (Repayments of) Proceeds from Short-term Borrowings	(31)	40
Purchases of Common Stock	(56)	(10)
Stock-based Compensation Transactions	72	41
Dividends Paid	(52)	(85)
Net Cash Utilized by Financing Activities	(67)	(14)
Effect of Exchange Rate Changes on Cash	(10)	(5)
Cash and Cash Equivalents at Beginning of Year	850	642
Cash and Cash Equivalents at End of Period	\$ 1,022	\$ 780



Supplemental Financial Data

Second Quarter Operating Profit, Excluding Restructuring Charges

(\$ thousands)

Quarter Ended June 30, 2013	As Reported	Less Restructuring	Excluding Restructuring	% Net Revenues
Net Revenues	\$766,342	\$ -	\$766,342	100.0%
Costs and Expenses:				
Cost of Sales	300,570	-	300,570	39.2%
Royalties	50,229	-	50,229	6.6%
Product Development	47,904	-	47,904	6.2%
Advertising	73,657	-	73,657	9.6%
Amortization of Intangibles	12,037	-	12,037	1.6%
Program Production Cost Amortization	10,309	-	10,309	1.3%
Selling, Distribution and Administration	197,548	(2,462)	195,086	25.5%
Operating Profit	\$ 74,088	\$ (2,462)	\$ 76,550	10.0%

Quarter Ended July 1, 2012	As Reported	Less Restructuring	Excluding Restructuring	% Net Revenues
Net Revenues	\$ 811,467	\$ -	\$ 811,467	100.0%
Costs and Expenses:				
Cost of Sales	311,984	-	311,984	38.5%
Royalties	70,893	-	70,893	8.7%
Product Development	50,113	-	50,113	6.2%
Advertising	79,297	-	79,297	9.8%
Amortization of Intangibles	11,501	-	11,501	1.4%
Program Production Cost Amortization	10,018	-	10,018	1.2%
Selling, Distribution and Administration	191,379	-	191,379	23.6%
Operating Profit	\$ 86,282	\$ -	\$ 86,282	10.6%



Supplemental Financial Data

Six Month Operating Profit, Excluding Restructuring Charges

(\$ thousands)

Six Months Ended June 30, 2013	As Reported	Less Restructuring	Excluding Restructuring	% Net Revenues
Net Revenues	\$ 1,430,036	\$ -	\$ 1,430,036	100.0%
Costs and Expenses:				
Cost of Sales	568,142	(8,493)	559,649	39.1%
Royalties	99,621	-	99,621	7.0%
Product Development	95,089	(3,515)	91,574	6.4%
Advertising	140,791	-	140,791	9.9%
Amortization of Intangibles	23,453	-	23,453	1.7%
Program Production Cost Amortization	16,032	-	16,032	1.1%
Selling, Distribution and Administration	402,193	(19,380)	382,813	26.7%
Operating Profit	\$ 84,715	\$ (31,388)	\$ 116,103	8.1%

Six Months Ended July 1, 2012	As Reported	Less Restructuring	Excluding Restructuring	% Net Revenues
Net Revenues	\$ 1,460,317	\$ -	\$ 1,460,317	100.0%
Costs and Expenses:				
Cost of Sales	569,020	(2,764)	566,256	38.8%
Royalties	123,327	-	123,327	8.4%
Product Development	95,039	(2,479)	92,560	6.4%
Advertising	144,342	-	144,342	9.9%
Amortization of Intangibles	22,156	-	22,156	1.5%
Program Production Cost Amortization	13,156	-	13,156	0.9%
Selling, Distribution and Administration	391,269	(5,887)	385,382	26.4%
Operating Profit	\$ 102,008	\$ (11,130)	\$ 113,138	7.7%



Supplemental Financial Data

Restructuring Charges by Segment

	Quarter Ended		Six Months Ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
(\$ thousands)				
U.S. and Canada Segment	\$ --	\$ --	\$ --	\$ 2,444
International Segment	--	--	--	1,628
Entertainment and Licensing Segment	--	--	1,729	555
Global Operations Segment	--	--	--	4,307
Corporate and Eliminations	2,462	--	29,659	2,196
Total Restructuring Charges	\$ 2,462	\$ --	\$ 31,388	\$11,130



Supplemental Financial Data

Major Segment Results, Excluding Restructuring

(\$ thousands)	YTD 2013 Operating Profit			YTD 2012 Operating Profit		
	As Reported	Less Restructuring	Adjusted, Ex. Restructuring	As Reported	Less Restructuring	Adjusted, Ex. Restructuring
U.S. and Canada Segment	\$ 96,747	\$ -	\$ 96,747	\$75,339	\$ 2,444	\$ 77,783
International Segment	\$ 10,288	\$ -	\$ 10,288	\$24,767	\$ 1,628	\$ 26,395
Entertainment and Licensing Segment	\$ 8,997	\$ 1,729	\$ 10,726	\$15,930	\$ 555	\$16,485

NOTE: There were no restructuring charges included in the reported amounts for the quarter ended July 1, 2012.



Supplemental Financial Data

Net Earnings and EPS Excluding Restructuring Charges

(\$ thousands, except per share amounts)	Quarter Ended			
	June 30, 2013	Diluted Per Share Amount	July 1, 2012	Diluted Per Share Amount
Net Earnings, as reported	\$ 36,480	\$ 0.28	\$ 43,427	\$ 0.33
Restructuring charges, net of tax	1,790	0.01	-	-
Net earnings, as adjusted	\$38,270	\$ 0.29	\$ 43,427	\$ 0.33

(\$ thousands, except per share amounts)	Six Months Ended			
	June 30, 2013	Diluted Per Share Amount	July 1, 2012	Diluted Per Share Amount
Net Earnings, as reported	\$ 29,809	\$ 0.23	\$ 40,848	\$ 0.31
Restructuring charges, net of tax	20,567	0.16	7,675	0.06
Net earnings, as adjusted	\$ 50,376	\$ 0.39	\$ 48,523	\$ 0.37



Cost Savings Initiative

2013 Cost Savings Expectations

(\$ millions)	2013
2013 Expectations, Prior to Pension Charges	
Full-Year Charges	\$30 to \$35M
Full-Year Gross Savings	\$45 to \$48M
Full-Year Net Savings	\$13 to \$15M

Note: Pre-tax pension charges in Q2 2013 were \$2.5M. Pension charges could be an additional \$8M in rest of 2013. Ultimate amount dependent on the type of benefit payments pension participants request during the remainder of 2013.