UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

[x] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended April 2, 2017

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number 1-6682

HASBRO, INC.
(Exact name of registrant as specified in its charter)

Rhode Island	05-0155090
(State of Incorporation)	(I.R.S. Employer Identification No.)

1027 Newport Avenue, Pawtucket, Rhode Island 02861
(Address of Principal Executive Offices, Including Zip Code)

(401) 431-8697
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [x]	Accelerated filer [ ]
Non-accelerated filer (Do not check if a smaller reporting company) [ ]	Smaller reporting Company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [x]

The number of shares of Common Stock, par value $.50 per share, outstanding as of April 24, 2017 was 125,003,385.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Thousands of Dollars Except Share Data)
(Unaudited)

	April 2, 2017	March 27, 2016	December 25, 2016
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,463,081	1,095,880	1,282,285
Accounts receivable, less allowance for doubtful accounts of $13,200, $31,100 and $16,800	676,945	670,663	1,319,963
Inventories	416,232	461,734	387,675
Prepaid expenses and other current assets	243,475	295,806	237,684
Total current assets	2,799,733	2,524,083	3,227,607
Property, plant and equipment, less accumulated depreciation of $392,900, $365,600 and $383,700	270,023	241,253	267,398
Other assets			
Goodwill	570,937	592,793	570,555
Other intangibles, net, accumulated amortization of $883,900, $850,000 and $876,000	238,069	272,116	245,949
Other	767,108	734,450	779,857
Total other assets	1,576,114	1,599,359	1,596,361
Total assets	$ 4,645,870	4,364,695	5,091,366
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 65,294	89,000	172,582
Current portion of long-term debt	349,814	-	349,713
Accounts payable	241,214	176,665	319,525
Accrued liabilities	545,492	502,708	776,039
Total current liabilities	1,201,814	768,373	1,617,859
Long-term debt	1,198,896	1,547,434	1,198,679
Other liabilities	393,516	402,346	389,388
Total liabilities	2,794,226	2,718,153	3,205,926
Redeemable noncontrolling interests	-	39,152	22,704
Shareholders' equity			
Preference stock of $2.50 par value. Authorized 5,000,000 shares; none issued	-	-	-
Common stock of $.50 par value. Authorized 600,000,000 shares; issued 209,694,630 at April 2, 2017, March 27, 2016, and December 25, 2016	104,847	104,847	104,847
Additional paid-in capital	1,008,737	906,211	985,418
Retained earnings	4,145,469	3,837,372	4,148,722
Accumulated other comprehensive loss	(197,171)	(164,353)	(194,570)
Treasury stock, at cost; 84,685,145 shares at April 2, 2017; 84,829,514 shares at March 27, 2016; and 85,207,677 shares at December 25, 2016	(3,210,238)	(3,076,687)	(3,181,681)
Total shareholders' equity	1,851,644	1,607,390	1,862,736
Total liabilities, redeemable noncontrolling interests and shareholders' equity	$ 4,645,870	4,364,695	5,091,366

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Thousands of Dollars Except Per Share Data)
(Unaudited)

	Quarter Ended	
	April 2, 2017	March 27, 2016
Net revenues	$ 849,663	831,180
Costs and expenses:		
Cost of sales	306,082	290,240
Royalties	64,380	69,969
Product development	62,586	57,164
Advertising	80,936	79,859
Amortization of intangibles	7,881	8,691
Program production cost amortization	5,570	6,186
Selling, distribution and administration	243,885	233,155
Total costs and expenses	771,320	745,264
Operating profit	78,343	85,916
Non-operating (income) expense:		
Interest expense	24,456	24,044
Interest income	(5,564)	(2,213)
Other (income) expense, net	(11,386)	4,872
Total non-operating expense, net	7,506	26,703
Earnings before income taxes	70,837	59,213
Income tax expense	2,238	12,242
Net earnings	68,599	46,971
Net loss attributable to noncontrolling interests	-	(1,780)
Net earnings attributable to Hasbro, Inc.	$ 68,599	48,751
Net earnings attributable to Hasbro, Inc. per common share:		
Basic	$ 0.55	0.39
Diluted	$ 0.54	0.38
Cash dividends declared per common share	$ 0.57	0.51

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings
(Thousands of Dollars)
(Unaudited)

	Quarter Ended	
	April 2, 2017	March 27, 2016
Net earnings	$ 68,599	46,971
Other comprehensive earnings (loss):		
Foreign currency translation adjustments	24,673	12,140
Net losses on cash flow hedging activities, net of tax	(23,317)	(15,786)
Unrealized holding (losses) gains on available-for-sale securities, net of tax	(31)	1,680
Reclassifications to earnings, net of tax:		
Net gains on cash flow hedging activities	(5,374)	(17,561)
Unrecognized pension and postretirement amounts	1,448	1,175
Total other comprehensive loss, net of tax	(2,601)	(18,352)
Comprehensive earnings	65,998	28,619
Comprehensive loss attributable to noncontrolling interests	-	(1,780)
Comprehensive earnings attributable to Hasbro, Inc.	$ 65,998	30,399

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Thousands of Dollars)
(Unaudited)

	Three Months Ended	
	April 2, 2017	**March 27, 2016**
Cash flows from operating activities:		
Net earnings	$ 68,599	46,971
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of plant and equipment	27,702	25,126
Amortization of intangibles	7,881	8,691
Program production cost amortization	5,570	6,186
Deferred income taxes	13,428	9,466
Stock-based compensation	10,844	11,973
Change in operating assets and liabilities net of acquired and disposed balances:		
Decrease in accounts receivable	660,253	547,154
Increase in inventories	(21,377)	(73,238)
Increase in prepaid expenses and other current assets	(7,200)	(32,032)
Program production costs	(11,738)	(11,619)
Decrease in accounts payable and accrued liabilities	(342,533)	(218,471)
Other	499	(6,928)
Net cash provided by operating activities	411,928	313,279
Cash flows from investing activities:		
Additions to property, plant and equipment	(30,243)	(31,218)
Other	(781)	3,626
Net cash utilized by investing activities	(31,024)	(27,592)
Cash flows from financing activities:		
Net repayments of other short-term borrowings	(107,336)	(75,526)
Purchases of common stock	(19,312)	(33,710)
Stock-based compensation transactions	9,743	8,153
Dividends paid	(63,404)	(57,406)
Payments related to tax withholding for share-based compensation	(31,391)	(13,600)
Other	-	762
Net cash utilized by financing activities	(211,700)	(171,327)
Effect of exchange rate changes on cash	11,592	4,770
Increase in cash and cash equivalents	180,796	119,130
Cash and cash equivalents at beginning of year	1,282,285	976,750
Cash and cash equivalents at end of period	$ 1,463,081	1,095,880
Supplemental information		
Cash paid during the period for:		
Interest	$ 31,446	31,066
Income taxes	$ 31,571	34,332

See accompanying condensed notes to consolidated financial statements.

(1) Basis of Presentation

In the opinion of management, the accompanying unaudited interim financial statements contain all normal and recurring adjustments necessary to present fairly the financial position of Hasbro, Inc. and all majority-owned subsidiaries ("Hasbro" or the "Company") as of April 2, 2017 and March 27, 2016, and the results of its operations and cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Actual results could differ from those estimates.

The quarter ended April 2, 2017 was a 14-week period. The quarter ended March 27, 2016 was a 13-week period.

The results of operations for the quarter are not necessarily indicative of results to be expected for the full year, nor were those of the comparable 2016 period representative of those actually experienced for the full year 2016.

These condensed consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company filed audited consolidated financial statements for the fiscal year ended December 25, 2016 in its Annual Report on Form 10-K, which includes all such information and disclosures and, accordingly, should be read in conjunction with the financial information included herein.

The Company's accounting policies are the same as those described in Note 1 to the Company's consolidated financial statements in its Annual Report on Form 10-K for the fiscal year ended December 25, 2016 with the exception of the accounting policy related to stock compensation. During the first quarter of 2017, the Company adopted Accounting Standards Update (“ASU”) 2016-09, Improvements to Employee Share-Based Payment Accounting. The ASU includes provisions intended to simplify how share-based payments are accounted for and presented in the financial statements including:

- Prospectively, the requirement to record all of the tax effects related to share-based payments at settlement through the income statement. During the first quarter of 2017, excess tax benefits of $13,994 were recorded to income tax expense.
- A requirement that all tax-related cash flows resulting from share-based payments be reported as operating activities on the statement of cash flows. Previously, these amounts were reported as a cash inflow from financing activities. The Company elected to apply this requirement of the standard retrospectively. Accordingly, the cash flow statement for the quarter ended March 27, 2016 has been restated to include $6,056 of cash flows from excess tax benefits, previously included as financing activities, in operating activities with other income tax cash flows. For the first quarter of 2017 excess tax benefits of $13,994 were reported as operating activities.
- A requirement that all cash payments made to taxing authorities on the employees’ behalf for withheld shares shall be presented as financing activities in the statements of cash flows. Prior to adoption of ASU 2016-09, these cash flows were included as operating activities. This change was required to be applied on a retrospective basis and as a result, the Company has restated the consolidated statement of cash flows for the quarter ended March 27, 2016. This change resulted in payments of $13,600 for the quarter ended March 27, 2016 being included in financing activities. For the first quarter of 2017, such payments amounted to $31,391.

- Entities are permitted to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards choosing either to estimate forfeitures as previously required or recognize forfeitures as they occur. The Company elected to change its method of accounting for forfeitures from estimating the number of stock-based awards expected to vest, to accounting for forfeitures as they occur which resulted in a one-time charge, net of tax, of $0.7 million to retained earnings. Based upon the Company's history of forfeitures, it is not expected that this election will have a material impact on its financial statements going forward however, as any impact will be based on future forfeitures, the actual impact could differ from the Company's expectation.

Through 2016, the Company had one investment with a redeemable noncontrolling interest which was the Company's 70% majority interest in Backflip Studios, LLC ("Backflip"). During the first quarter of 2017, the Company acquired the remaining 30% of Backflip for no additional consideration, making it a wholly-owned subsidiary of the Company.

(2) Earnings Per Share

Net earnings per share data for the quarters ended April 2, 2017 and March 27, 2016 were computed as follows:

	2017		2016	
Quarter	**Basic**	**Diluted**	**Basic**	**Diluted**
Net earnings attributable to Hasbro, Inc.	$ 68,599	68,599	48,751	48,751
Average shares outstanding	125,182	125,182	125,266	125,266
Effect of dilutive securities:				
Options and other share-based awards	-	2,047	-	1,682
Equivalent Shares	125,182	127,229	125,266	126,948
Net earnings attributable to Hasbro, Inc. per common share	$ 0.55	0.54	0.39	0.38

For the quarters ended April 2, 2017 and March 27, 2016, options and restricted stock units totaling 638 and 492, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been antidilutive.

(3) Other Comprehensive Earnings (Loss)

Components of other comprehensive earnings (loss) are presented within the consolidated statements of comprehensive earnings. The following table presents the related tax effects on changes in other comprehensive earnings (loss) for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended	
	April 2, 2017	**March 27, 2016**
Other comprehensive earnings (loss), tax effect:		
Tax benefit on cash flow hedging activities	$ 5,310	3,256
Tax benefit (expense) on unrealized holding gains	18	(953)
Reclassifications to earnings, tax effect:		
Tax (benefit) expense on cash flow hedging activities	(369)	1,749
Tax benefit on unrecognized pension and postretirement amounts reclassified to the consolidated statements of operations	(822)	(667)
Total tax effect on other comprehensive earnings	$ 4,137	3,385

Changes in the components of accumulated other comprehensive loss for the quarters ended April 2, 2017 and March 27, 2016 are as follows:

		Pension and Postretirement Amounts	Gains (Losses) on Derivative Instruments	Unrealized Holding (Losses) Gains on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Total Accumulated Other Comprehensive Earnings (Loss)
2017						
Balance at December 25, 2016	$	(118,401)	51,085	1,424	(128,678)	(194,570)
Current period other comprehensive earnings (loss)		1,448	(28,691)	(31)	24,673	(2,601)
Balance at April 2, 2017	$	(116,953)	22,394	1,393	(104,005)	(197,171)
2016						
Balance at December 27, 2015	$	(102,931)	79,317	1,258	(123,645)	(146,001)
Current period other comprehensive earnings (loss)		1,175	(33,347)	1,680	12,140	(18,352)
Balance at March 27, 2016	$	(101,756)	45,970	2,938	(111,505)	(164,353)

At April 2, 2017, the Company had remaining net deferred gains on foreign currency forward contracts, net of tax, of $40,301 in accumulated other comprehensive loss ("AOCE"). These instruments hedge payments related to inventory purchased in the first quarter of 2017 or forecasted to be purchased during the remainder of 2017 and, to a lesser extent, 2018 through 2021, intercompany expenses expected to be paid or received during 2017 and 2018, cash receipts for sales made at the end of the first quarter of 2017 or forecasted to be made in the remainder of 2017 and, to a lesser extent, 2018 through 2019. These amounts will be reclassified into the consolidated statements of operations upon the sale of the related inventory or recognition of the related sales or expenses.

In addition to foreign currency forward contracts, the Company entered into hedging contracts on future interest payments related to the long-term notes due in 2021 and 2044. At the date of debt issuance, these contracts were terminated and the fair value on the date of settlement was deferred in AOCE and is being amortized to interest expense over the life of the related notes using the effective interest rate method. At April 2, 2017, deferred losses, net of tax of $17,907 related to these instruments remained in AOCE. For the quarters ended April 2, 2017 and March 27, 2016, losses of $484 and $450, respectively, were reclassified from AOCE to net earnings.

Of the amount included in AOCE at April 2, 2017, the Company expects net gains of approximately $5,555 to be reclassified to the consolidated statements of operations within the next 12 months. However, the amount ultimately realized in earnings is dependent on the fair value of the hedging instruments on the settlement dates.

(4) Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and certain accrued liabilities. At April 2, 2017, March 27, 2016 and December 25, 2016, the carrying cost of these instruments approximated their fair value. The Company's financial instruments at April 2, 2017, March 27, 2016 and December 25, 2016 also include certain assets and liabilities measured at fair value (see Notes 6 and 8) as well as long-term borrowings. The carrying costs which are equal to the outstanding principal amounts, and fair values of the Company's long-term borrowings as of April 2, 2017, March 27, 2016 and December 25, 2016 are as follows:

	April 2, 2017			March 27, 2016		December 25, 2016	
	Carrying Cost		Fair Value	Carrying Cost	Fair Value	Carrying Cost	Fair Value
6.35% Notes Due 2040	$	500,000	597,150	500,000	560,900	500,000	584,850
6.30% Notes Due 2017		350,000	357,385	350,000	370,965	350,000	361,900
5.10% Notes Due 2044		300,000	306,570	300,000	287,610	300,000	297,600
3.15% Notes Due 2021		300,000	305,490	300,000	302,880	300,000	300,450
6.60% Debentures Due 2028		109,895	125,390	109,895	122,456	109,895	123,984
Total long-term debt	$	1,559,895	1,691,985	1,559,895	1,644,811	1,559,895	1,668,784
Less: Current portion		350,000	357,385	-	-	350,000	361,900
Less: Deferred debt expenses		10,999	-	12,461	-	11,216	-
Long-term debt	$	1,198,896	1,334,600	1,547,434	1,644,811	1,198,679	1,306,884

Current portion of long-term debt at April 2, 2017 and December 25, 2016 of $349,814 and $349,713, respectively, as shown on the consolidated balance sheet represents the $350,000 principal of 6.30% notes less $186 and $287, respectively, of deferred debt expenses.

The fair values of the Company's long-term debt are considered Level 3 fair values (see Note 6 for further discussion of the fair value hierarchy) and are measured using the discounted future cash flows method. In addition to the debt terms, the valuation methodology includes an assumption of a discount rate that approximates the current yield on a similar debt security. This assumption is considered an unobservable input in that it reflects the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that this is the best information available for use in the fair value measurement.

(5) Income Taxes

The Company and its subsidiaries file income tax returns in the United States and various state and international jurisdictions. In the normal course of business, the Company is regularly audited by U.S. federal, state and local and international tax authorities in various tax jurisdictions.

The Company is no longer subject to U.S. federal income tax examinations for years before 2012. With few exceptions, the Company is no longer subject to U.S. state or local and non-U.S. income tax examinations by tax authorities in its major jurisdictions for years before 2009. The Company is currently under income tax examination in several U.S. state and local and non-U.S. jurisdictions.

(6) Fair Value of Financial Instruments

The Company measures certain financial instruments at fair value. The fair value hierarchy consists of three levels: Level 1 fair values are based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access; Level 2 fair values are those based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities; and Level 3 fair values are based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Accounting standards permit entities to measure many financial instruments and certain other items at fair value and establish presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar assets and liabilities. The Company has elected the fair value option for certain available-for-sale investments. At April 2, 2017, March 27, 2016 and December 25, 2016, these investments totaled $23,603, $22,665 and $23,571, respectively, and are included in prepaid expenses and other current assets in the consolidated balance sheets. The Company recorded net gains of $631 and $83 on these investments in other (income) expense, net for the quarters ended April 2, 2017 and March 27, 2016, respectively, related to the change in fair value of such instruments.

At April 2, 2017, March 27, 2016 and December 25, 2016, the Company had the following assets and liabilities measured at fair value in its consolidated balance sheets (excluding assets for which the fair value is measured using net asset value per share):

			Fair Value Measurements Using:	
		Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
April 2, 2017					
Assets:					
Available-for-sale securities	$	3,687	3,687	-	-
Derivatives		56,017	-	56,017	-
Total assets	$	59,704	3,687	56,017	-
Liabilities:					
Derivatives	$	20,595	-	20,595	-
Option agreement		28,710	-	-	28,710
Total liabilities	$	49,305	-	20,595	28,710
March 27, 2016					
Assets:					
Available-for-sale securities	$	6,109	6,109	-	-
Derivatives		69,720	-	69,720	-
Total assets	$	75,829	6,109	69,720	-
Liabilities:					
Derivatives	$	3,932	-	3,932	-
Option agreement		27,920	-	-	27,920
Total liabilities	$	31,852	-	3,932	27,920
December 25, 2016					
Assets:					
Available-for-sale securities	$	3,736	3,736	-	-
Derivatives		87,894	-	87,894	-
Total assets	$	91,630	3,736	87,894	-
Liabilities:					
Derivatives	$	11,309	-	11,309	-
Option agreement		28,770	-	-	28,770
Total Liabilities	$	40,079	-	11,309	28,770

Available-for-sale securities include equity securities of one company quoted on an active public market.

The Company's derivatives consist of foreign currency forward contracts. The Company used current forward rates of the respective foreign currencies to measure the fair value of these contracts. The option agreement included in other liabilities at April 2, 2017, March 27, 2016 and December 25, 2016, is valued using an option pricing model based on the fair value of the related investment. Inputs used in the option pricing model include the volatility and fair value of the underlying company which are considered unobservable inputs as they reflect the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that this is the best information available for use in the fair value measurement. There were no changes in these valuation techniques during the three-month period ended April 2, 2017.

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Company's financial instruments which use significant unobservable inputs (Level 3):

	2017	2016
Balance at beginning of year	$ (28,770)	(28,360)
Gain from change in fair value	60	440
Balance at end of first quarter	$ (28,710)	(27,920)

In addition to the above, the Company has three investments for which the fair value is measured using net asset value per share. At April 2, 2017, March 27, 2016 and December 25, 2016, these investments had fair values of $23,603, $22,665 and $23,571, respectively. Two of the investments have net asset values that are predominantly based on underlying investments which are traded on an active market and are redeemable within 45 days. The third investment invests in hedge funds which are generally redeemable on a quarterly basis with 30 – 90 days' notice.

(7) Pension and Postretirement Benefits

The components of the net periodic cost of the Company's defined benefit pension and other postretirement plans for the quarters ended April 2, 2017 and March 27, 2016 are as follows:

	Quarter Ended			
	Pension		Postretirement	
	April 2, 2017	March 27, 2016	April 2, 2017	March 27, 2016
Service cost	$ 952	998	172	132
Interest cost	4,725	4,606	295	294
Expected return on assets	(6,281)	(5,507)	-	-
Net amortization and deferrals	2,694	2,132	-	-
Net periodic benefit cost	$ 2,090	2,229	467	426

During the three months ended April 2, 2017, the Company made cash contributions to its defined benefit pension plans of approximately $700 in the aggregate. The Company expects to contribute approximately $27,900 during the remainder of fiscal 2017.

(8) Derivative Financial Instruments

Hasbro uses foreign currency forward contracts to mitigate the impact of currency rate fluctuations on firmly committed and projected future foreign currency transactions. These over-the-counter contracts, which hedge future currency requirements related to purchases of inventory, product sales and other cross-border transactions not denominated in the functional currency of the business unit, are primarily denominated in United States and Hong Kong dollars, and Euros. All contracts are entered into with a number of counterparties, all of which are major financial institutions. The Company believes that a default by a single counterparty would not have a material adverse effect on the financial condition of the Company. Hasbro does not enter into derivative financial instruments for speculative purposes.

Cash Flow Hedges

The Company uses foreign currency forward contracts to reduce the impact of currency rate fluctuations on firmly committed and projected future foreign currency transactions. All of the Company's designated foreign currency forward contracts are considered to be cash flow hedges. These instruments hedge a portion of the Company's currency requirements associated with anticipated inventory purchases, product sales and other cross-border transactions in 2017 through 2021.

At April 2, 2017, March 27, 2016 and December 25, 2016, the notional amounts and fair values of the Company's foreign currency forward contracts designated as cash flow hedging instruments were as follows:

	April 2, 2017		March 27, 2016		December 25, 2016	
Hedged transaction	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Inventory purchases	$ 974,235	35,711	1,277,977	69,748	945,728	60,520
Sales	423,828	1,083	82,072	258	290,181	9,775
Royalties and Other	324,008	(1,345)	270,207	(4,077)	198,849	1,633
Total	$ 1,722,071	35,449	1,630,256	65,929	1,434,758	71,928

The Company has a master agreement with each of its counterparties that allows for the netting of outstanding forward contracts. The fair values of the Company's foreign currency forward contracts designated as cash flow hedges are recorded in the consolidated balance sheets at April 2, 2017, March 27, 2016 and December 25, 2016 as follows:

	April 2, 2017	March 27, 2016	December 25, 2016
Prepaid expenses and other current assets			
Unrealized gains	$ 23,241	53,774	34,265
Unrealized losses	(3,204)	(6,890)	(2,075)
Net unrealized gain	$ 20,037	46,884	32,190
Other assets			
Unrealized gains	$ 39,032	26,454	51,839
Unrealized losses	(3,052)	(3,618)	(792)
Net unrealized gains	$ 35,980	22,836	51,047
Accrued liabilities			
Unrealized gains	$ 9,041	1,900	8,481
Unrealized losses	(28,591)	(3,086)	(19,790)
Net unrealized loss	$ (19,550)	(1,186)	(11,309)
Other liabilities			
Unrealized gains	$ 149	1,349	-
Unrealized losses	(1,167)	(3,954)	-
Net unrealized loss	$ (1,018)	(2,605)	-

Net gains on cash flow hedging activities have been reclassified from other comprehensive earnings (loss) to net earnings for the quarters ended April 2, 2017 and March 27, 2016 as follows:

	Quarter Ended	
	April 2, 2017	March 27, 2016
Statements of Operations Classification		
Cost of sales	$ 9,874	15,698
Sales	541	98
Other	31	7
Net realized gains	$ 10,446	15,803

In addition, (losses) gains of $(4,958) and $3,957 were reclassified to earnings as a result of hedge ineffectiveness for the quarters ended April 2, 2017 and March 27, 2016, respectively.

Undesignated Hedges

The Company also enters into foreign currency forward contracts to minimize the impact of changes in the fair value of intercompany loans due to foreign currency changes. The Company does not use hedge accounting for these contracts as changes in the fair values of these contracts are substantially offset by changes in the fair value of the intercompany loans. As of April 2, 2017, March 27, 2016 and December 25, 2016 the total notional amounts of the Company's undesignated derivative instruments were $62,806, $88,862 and $268,308, respectively.

At April 2, 2017, March 27, 2016 and December 25, 2016, the fair values of the Company's undesignated derivative financial instruments were recorded in the consolidated balance sheets as follows:

	April 2, 2017	March 27, 2016	December 25, 2016
Prepaid expenses and other current assets			
Unrealized gains	$ -	-	5,854
Unrealized losses	-	-	(1,197)
Net unrealized gain	$ -	-	4,657
Accrued liabilities			
Unrealized gains	$ 289	321	-
Unrealized losses	(316)	(462)	-
Net unrealized loss	$ (27)	(141)	-
Total unrealized (loss) gain, net	$ (27)	(141)	4,657

The Company recorded net gains of $3,581 and $3,255 on these instruments to other (income) expense, net for the quarters ended April 2, 2017 and March 27, 2016, respectively, relating to the change in fair value of such derivatives, substantially offsetting gains and losses from the change in fair value of intercompany loans to which the contracts relate.

For additional information related to the Company's derivative financial instruments see Notes 4 and 6.

(9) Segment Reporting

Hasbro is a global play and entertainment company with a broad portfolio of brands and entertainment properties spanning toys, games, licensed products ranging from traditional to high-tech and digital, and film and television entertainment. The Company's segments are (i) U.S. and Canada, (ii) International, (iii) Entertainment and Licensing, and (iv) Global Operations.

The U.S. and Canada segment includes the marketing and selling of action figures, arts and crafts and creative play products, electronic toys and related electronic interactive products, fashion and other dolls, infant products, play sets, preschool toys, plush products, sports action blasters and accessories, vehicles and toy-related specialty products, as well as traditional board games, and trading card and role-playing games primarily within the United States and Canada. Within the International segment, the Company markets and sells both toy and game products in markets outside of the U.S. and Canada, primarily in the European, Asia Pacific, and Latin and South American regions. The Company's Entertainment and Licensing segment includes the Company's consumer products licensing, digital gaming, movie and television entertainment operations. The Global Operations segment is responsible for sourcing finished products for the Company's U.S. and Canada and International segments.

Segment performance is measured at the operating profit level. Included in Corporate and Eliminations are certain corporate expenses, including the elimination of intersegment transactions and certain assets benefiting more than one segment. Intersegment sales and transfers are reflected in management reports at amounts approximating cost. Certain shared costs, including global development and marketing expenses and corporate administration, are allocated to segments based upon expenses and foreign exchange rates fixed at the beginning of the year, with adjustments to actual expenses and foreign exchange rates included in Corporate and eliminations. The accounting policies of the segments are the same as those referenced in note 1.

Results shown for the quarter are not necessarily representative of those which may be expected for the full year 2017, nor were those of the comparable 2016 period representative of those actually experienced for the full year 2016. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

Information by segment and a reconciliation to reported amounts for the quarters ended April 2, 2017 and March 27, 2016 are as follows:

Net revenues	Quarter Ended			
	April 2, 2017		March 27, 2016	
	External	Affiliate	External	Affiliate
U.S. and Canada	$ 451,577	2,391	443,648	1,444
International	345,281	-	345,037	-
Entertainment and Licensing	52,729	3,502	42,495	4,701
Global Operations (a)	76	260,229	-	297,189
Corporate and Eliminations	-	(266,122)	-	(303,334)
	$ 849,663	-	831,180	-

Operating profit (loss)	Quarter Ended	
	April 2, 2017	March 27, 2016
U.S. and Canada	$ 64,754	78,335
International	544	2,853
Entertainment and Licensing	11,346	5,442
Global Operations (a)	833	3,444
Corporate and Eliminations (b)	866	(4,158)
	$ 78,343	85,916

Total assets	April 2, 2017	March 27, 2016	December 25, 2016
U.S. and Canada	$ 2,618,808	2,751,504	2,559,792
International	1,964,343	1,983,747	2,368,761
Entertainment and Licensing	763,988	614,003	692,898
Global Operations	2,218,817	2,423,811	2,326,566
Corporate and Eliminations (b)	(2,920,086)	(3,408,370)	(2,856,651)
	$ 4,645,870	4,364,695	5,091,366

(a) The Global Operations segment derives substantially all of its revenues, and thus its operating results, from intersegment activities.

(b) Certain long-term assets, including property, plant and equipment, goodwill and other intangibles, which benefit multiple operating segments, are included in Corporate and Eliminations. Allocations of certain expenses related to these assets to the individual operating segments are done at the beginning of the year based on budgeted amounts. Any differences between actual and budgeted amounts are reflected in Corporate and Eliminations because allocations are translated from the US Dollar to local currency at budget rates when recorded. Corporate and Eliminations also includes the elimination of inter-company balance sheet amounts.

The following table represents consolidated International segment net revenues by major geographic region for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended	
	April 2, 2017	March 27, 2016
Europe	$ 216,120	224,123
Latin America	64,756	55,596
Asia Pacific	64,405	65,318
Net revenues	$ 345,281	345,037

The following table presents consolidated net revenues by brand portfolio for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended	
	April 2, 2017	March 27, 2016
Franchise Brands	$ 423,603	416,374
Partner Brands	212,962	258,225
Hasbro Gaming	142,913	100,228
Emerging Brands	70,185	56,353
Total	$ 849,663	831,180

Hasbro's total gaming category, including the Hasbro Gaming portfolio as reported above and all other gaming revenue, most notably MAGIC: THE GATHERING and MONOPOLY, which are included in the Franchise Brands portfolio, totaled $253,289 for the first quarter of 2017, up 10%, from revenues of $231,147 for the first quarter of 2016. Hasbro believes its gaming portfolio is a competitive differentiator and views it in its entirety.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q, including the following section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements expressing management's current expectations, goals, objectives and similar matters. These forward-looking statements may include statements concerning the Company's product and entertainment plans, anticipated product and entertainment performance, business opportunities, plans and strategies, financial goals, cost savings and efficiency enhancing initiatives and expectations for achieving the Company's financial goals and other objectives. See Item 1A, in Part II of this report and Item 1A, in Part I of the Annual Report on Form 10-K for the year ended December 25, 2016, for a discussion of factors which may cause the Company's actual results or experience to differ materially from that anticipated in these forward-looking statements. The Company undertakes no obligation to revise the forward-looking statements in this report after the date of the filing. Unless otherwise specifically indicated, all dollar or share amounts herein are expressed in millions of dollars or shares, except for per share amounts.

EXECUTIVE SUMMARY

Hasbro, Inc. ("Hasbro" or the "Company") is a global play and entertainment company dedicated to Creating the World's Best Play Experiences. The Company strives to do this through deep consumer engagement and the application of consumer insights, the use of immersive storytelling to build brands, product innovation and development of global business reach. Hasbro applies these principles to leverage its beloved owned and controlled brands, including Franchise Brands LITTLEST PET SHOP, MAGIC: THE GATHERING, MONOPOLY, MY LITTLE PONY, NERF, PLAY-DOH and TRANSFORMERS, as well as Partner Brands. From toys and games to television, motion pictures, digital gaming and a comprehensive consumer products licensing program, Hasbro fulfills the fundamental need for play and connection for children and families around the world. The Company's wholly-owned Hasbro Studios and its film label, Allspark Pictures, create entertainment brand-driven storytelling across mediums, including television, film, digital and more.

These elements are executed globally in alignment with Hasbro's strategic plan, its brand blueprint. At the center of this blueprint, Hasbro re-imagines, re-invents and re-ignites its owned and controlled brands and imagines, invents and ignites new brands, through toy and game innovation, immersive entertainment offerings, including television and motion pictures, digital gaming and a broad range of consumer products. Hasbro generates revenue and earns cash by developing, marketing and selling products based on global brands in a broad variety of consumer goods categories and distribution of television programming and motion pictures based on the Company's properties, as well as through the out-licensing of rights for third parties to use its properties in connection with products, including digital media and games and lifestyle products. Hasbro also leverages its competencies to develop and market products based on well-known licensed partner's brands including, but not limited to, BEYBLADE, DISNEY PRINCESS and DISNEY FROZEN, DISNEY'S DESCENDANTS, MARVEL, SESAME STREET, STAR WARS, DREAMWORKS' TROLLS and YO-KAI WATCH. MARVEL, STAR WARS, DISNEY PRINCESS, DISNEY FROZEN and DISNEY'S DECENDANTS are owned by The Walt Disney Company.

The Company's business is separated into three principal business segments: U.S. and Canada, International and Entertainment and Licensing. The U.S. and Canada segment markets and sells both toy and game products primarily in the United States and Canada. The International segment consists of the Company's European, Asia Pacific and Latin and South American toy and game marketing and sales operations. The Company's Entertainment and Licensing segment includes the Company's consumer products licensing, digital licensing and gaming, and movie and television entertainment operations. In addition to these three primary segments, the Company's product sourcing operations are managed through its Global Operations segment.

First quarter 2017 highlights:

- First quarter net revenues grew 2% to $849.7 million from $831.2 million in the first quarter of 2016.
- 2017 first quarter net revenues from the U.S. and Canada segment increased 2% compared to the first quarter of 2016 while net revenues from the International segment remained flat. International segment net revenues were positively impacted by $3.0 million in the first quarter 2017 by foreign currency exchange. Entertainment and Licensing segment net revenues increased 24% in the first quarter of 2017 compared to the same period in 2016.
- Net revenues from Franchise Brands, Hasbro Gaming and Emerging Brands categories increased 2%, 43% and 24%, respectively, during the first quarter of 2017 compared to the first quarter of 2016, while Partner Brands category net revenues were down 18% for the quarter.
- Net earnings increased 41% to $68.6 million or $0.54 per diluted share which includes a $0.11 per diluted share benefit as compared to the same period in 2016 due to the adoption of Accounting Standards Update No. 2016-09.
- Operating profit decreased 9% in the first quarter of 2017 compared to the first quarter of 2016. Contributing to operating profit declines in the quarter were higher overhead expenses due to an extra week of expenses without a comparable revenue increase.

As of December 2016, the Company owned a 70% majority stake in Backflip Studios, LLC ("Backflip"), a mobile game developer, and in January 2017, the Company increased its ownership to 100% making it a wholly owned subsidiary.

The Company is committed to returning excess cash to its shareholders through dividends and share repurchases. The Company seeks to return cash to its shareholders through the payment of quarterly dividends. Hasbro increased the quarterly dividend rate from $0.51 per share to $0.57 per share effective for the dividend scheduled for payment on May 15, 2017. In addition to the dividend, the Company returns cash through its share repurchase program. As part of this initiative, from 2005 to 2015, the Company's Board of Directors (the "Board") adopted eight successive share repurchase authorizations with a cumulative authorized repurchase amount of $3,825 million. The eighth authorization was approved in February 2015 for $500 million. During the first quarter of 2017, Hasbro repurchased approximately 0.2 million shares at a total cost of $18.1 million, at an average price of $82.80 per share. At April 2, 2017, the Company had $309.9 million remaining under this authorization. Share repurchases are subject to market conditions, the availability of funds and other uses of funds.

SUMMARY OF FINANCIAL PERFORMANCE

The components of the results of operations, stated as a percent of net revenues, are illustrated below for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended	
	April 2, 2017	March 27, 2016
Net revenues	100.0%	100.0%
Costs and expenses:		
Cost of sales	36.0	34.9
Royalties	7.6	8.4
Product development	7.4	6.9
Advertising	9.5	9.6
Amortization of intangibles	0.9	1.0
Program production cost amortization	0.7	0.7
Selling, distribution and administration	28.7	28.1
Operating profit	9.2	10.3
Interest expense	2.9	2.9
Interest income	(0.7)	(0.3)
Other (income) expense, net	(1.3)	0.6
Earnings before income taxes	8.3	7.1
Income tax expense	0.3	1.5
Net earnings	8.1	5.7
Net loss attributable to noncontrolling interests	-	(0.2)
Net earnings attributable to Hasbro, Inc.	8.1%	5.9%

RESULTS OF OPERATIONS – CONSOLIDATED

The quarter ended April 2, 2017 was a 14-week period while the quarter ended March 27, 2016 was a 13-week period. Net earnings and net earnings attributable to Hasbro, Inc. increased to $68.6 million for the quarter ended April 2, 2017, from $47.0 million and $48.8 million, respectively, for the comparable period of 2016. During the first quarter of 2017, the Company acquired the remaining 30% interest in Backflip Studios making it a wholly-owned subsidiary. Diluted earnings per share increased to $0.54 in the first quarter of 2017 from $0.38 in the first quarter of 2016. Net earnings during the first quarter of 2017 included a $0.11 per diluted share benefit due to the adoption of Accounting Standards Update No. 2016-09.

The following table presents net revenues by brand portfolio for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended		
	April 2, 2017	March 27, 2016	% Change
Franchise Brands	$ 423.6	416.4	2%
Partner Brands	213.0	258.2	-18%
Hasbro Gaming	142.9	100.2	43%
Emerging Brands	70.2	56.4	25%
Total	$ 849.7	831.2	2%

FRANCHISE BRANDS: Net revenues in the Franchise Brands' category increased 2% in the first quarter of 2017 compared to 2016. Higher net revenues from NERF, TRANSFORMERS and, to a lesser extent, MONOPOLY products contributed to the increase. These increases were partially offset by lower first quarter 2017 net revenues from MAGIC: THE GATHERING, MY LITTLE PONY, PLAY-DOH and LITTLEST PET SHOP products.

PARTNER BRANDS: Net revenues from the Partner Brands' category decreased 18% in the first quarter of 2017 compared to the first quarter of 2016. Revenue growth from DREAMWORKS' TROLLS, BEYBLADE and the Company's DISNEY PRINCESS products were more than offset by expected declines in net revenues from STAR WARS and MARVEL products ahead of planned theatrical releases later in 2017. In addition, lower net revenues from DISNEY FROZEN and DISNEY'S DECENDANTS products also contributed to the decline.

HASBRO GAMING: Net revenues in the Hasbro Gaming category increased 43% in the first quarter of 2017 compared to 2016. Higher net revenues from DUNGEONS & DRAGONS, BOP-IT, PIE FACE and other Hasbro Gaming products in addition to revenue from new games, SPEAK OUT, TOILET TROUBLE and FANTASTIC GYMNASTICS products, were offset by slightly lower net revenues from LIFE and JENGA products.

Hasbro's total gaming category, including the Hasbro Gaming portfolio as reported above and all other gaming revenue, most notably MAGIC: THE GATHERING and MONOPOLY, which are included in the Franchise Brands portfolio, totaled $253.3 million for the first quarter 2017, up 10%, versus $231.1 million in the first quarter 2016. Hasbro believes its gaming portfolio is a competitive differentiator and views it in its entirety.

EMERGING BRANDS: Net revenues from the Emerging Brands' category increased 25% during the first quarter of 2017 compared to the same period in 2016 primarily related to higher sales of BABY ALIVE products as well as higher net revenues from FURREAL FRIENDS products. These increases were partially offset by lower net revenues from other core products.

Operating profit for the quarter ended April 2, 2017 decreased 9% to $78.3 million, or 9.2% of net revenues, down from $85.9 million, or 10.3% of net revenues, for the quarter ended March 27, 2016. Contributing to operating profit declines in the quarter were higher overhead expenses due to an extra week of expenses without a comparable revenue increase. These increases were partially offset by lower royalty expenses as a result of decreased revenues from Partner Brands and lower intangible and programming amortization expenses.

SEGMENT RESULTS

Most of the Company's revenues and operating profit are derived from its three principal business segments: the U.S. and Canada segment, the International segment and the Entertainment and Licensing segment. The results of these operations are discussed in detail below.

First Quarter of 2017

The following table presents net external revenues and operating profit data for the Company's three principal segments for the quarters ended April 2, 2017 and March 27, 2016.

		Quarter Ended		
		April 2, 2017	March 27, 2016	% Change
Net Revenues				
U.S. and Canada segment	$	451.6	443.6	2%
International segment		345.3	345.0	0%
Entertainment and Licensing segment		52.7	42.5	24%
Operating Profit				
U.S. and Canada segment	$	64.8	78.3	-17%
International segment		0.5	2.9	-81%
Entertainment and Licensing segment		11.3	5.4	108%

U.S. and Canada Segment

The U.S. and Canada segment net revenues for the quarter ended April 2, 2017 increased 2% compared to 2016. Foreign currency translation did not have a significant impact on this segment's net revenues. In the first quarter of 2017, higher net revenues from the Hasbro Gaming and Emerging Brands categories more than offset lower net revenues from the Partner Brands category and to a lesser extent, the Franchise Brands category.

The Franchise Brands' category benefited from higher net revenues from NERF and TRANSFORMERS products which were more than offset by lower net revenues from MAGIC: THE GATHERING, MY LITTLE PONY, PLAY-DOH and LITTLEST PET SHOP products. Partner Brands' category net revenues decreased primarily as a result of lower net revenues from STAR WARS, YO-KAI WATCH, MARVEL, DISNEY FROZEN and DISNEYS' DECENDANTS products. These decreases were partially offset by higher net revenues from DREAMWORKS' TROLLS, the introduction of a new line of BEYBLADE products and the Company's DISNEY PRINCESS fashion and small dolls. In the Hasbro Gaming category, higher net revenues from DUNGEONS & DRAGONS, BOP-IT, PIE FACE, SPEAK-OUT and certain other Hasbro Gaming Brands' products contributed to growth in addition to revenues from the launch of several new games during the first quarter. In the Emerging Brands' category net revenues grew primarily due to increased net revenues from BABY ALIVE and, to a lesser extent, FURREAL FRIENDS products.

U.S. and Canada segment operating profit declined 17% for the quarter ended April 2, 2017 to $64.8 million, or 14.3% of segment net revenues, compared to $78.3 million, or 17.7% of segment net revenues, for the quarter ended March 27, 2016. Operating profit decreased due to higher closeout price adjustments, less favorable product mix, such as expected declines in revenues from higher margin products, such as Franchise Brand MAGIC: THE GATHERING, and certain higher expenses including higher overhead expenses resulting from the additional week in the first quarter of 2017, higher advertising expense, and higher compensation expense.

International Segment

International segment net revenues remained relatively flat at $345.3 for the quarter ended April 2, 2017 from $345.0 million for the quarter ended March 27, 2016. The following table presents net revenues by geographic region for the Company's International segment for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended		
	April 2, 2017	March 27, 2016	% Change
Europe	$ 216.1	224.1	-4%
Latin America	64.8	55.6	16%
Asia Pacific	64.4	65.3	-1%
Net revenues	$ 345.3	345.0	0%

International segment net revenues received a $3.0 million benefit from the impact of foreign currency exchange primarily related to the Company's Latin American region during the first quarter of 2017. In the first quarter of 2017 net revenues from the Franchise Brands', Hasbro Gaming and Emerging Brands' categories grew, while net revenues from the Partner Brands' category declined compared to the same period in 2016. The Franchise Brands' category benefitted from higher net revenues from TRANSFORMERS, NERF, MONOPOLY and LITTLEST PET SHOP which more than offset lower net revenues from MAGIC: THE GATHERING. Partner Brands' category net revenues decreased primarily due to lower net revenues from STAR WARS and MARVEL products and were partially offset by higher net revenues from DREAMWORKS' TROLLS, YO-KAI WATCH, BEYBLADE and DISNEY PRINCESS products. In the Hasbro Gaming category, higher net revenues were driven by a broad range of existing games as well as the introduction of new gaming brands during the first quarter of 2017. In the Emerging Brands category, higher net revenues from FURREAL FRIENDS, BABY ALIVE and FURBY products more than offset lower net revenues from core PLAYSKOOL products.

International segment operating profit decreased 81% to $0.5 million, or 0.2% of segment net revenues, for the quarter ended April 2, 2017 from $2.9 million, or 0.8% of segment net revenues, for the quarter ended March 27, 2016. The decrease in operating profit was primarily due to higher inventory costs due to less favorable product mix, higher levels of closeout sales in the first quarter of 2017, as well as higher expense levels in the first quarter of 2017. International operating profit in 2016 was negatively impacted by a $13.8 million bad debt provision.

Entertainment and Licensing Segment

Entertainment and Licensing segment net revenues for the quarter ended April 2, 2017 increased 24% to $52.7 million compared to $42.5 million for the quarter ended March 27, 2016. Digital gaming and Backflip Studios experienced revenue increases during the first quarter of 2017 compared to the same period in 2016.

Entertainment and Licensing segment operating profit increased to $11.3 million, or 21.5% of external segment net revenues, for the quarter ended April 2, 2017 from $5.4 million, or 12.8% of segment net revenues, for the quarter ended March 27, 2016. Overall, Entertainment and Licensing segment operating profit and operating profit margin increased primarily due to the increase in net revenues related to digital gaming and Backflip Studios combined with lower program production costs.

Global Operations

The Global Operations segment had an operating profit of $0.8 million for the quarter ended April 2, 2017 compared to an operating profit of $3.4 million for the quarter ended March 27, 2016, attributable to lower sourcing volume in 2017.

Corporate and Eliminations

The operating profit in Corporate and eliminations totaled $0.9 million for the first quarter of 2017 compared to a loss of $4.2 million for the first quarter of 2016.

OPERATING COSTS AND EXPENSES

First Quarter of 2017

The Company's costs and expenses, stated as percentages of net revenues, are illustrated below for the quarters ended April 2, 2017 and March 27, 2016.

	Quarter Ended	
	April 2, 2017	**March 27, 2016**
Cost of sales	36.0 %	34.9 %
Royalties	7.6	8.4
Product development	7.4	6.9
Advertising	9.5	9.6
Amortization of intangibles	0.9	1.0
Program production cost amortization	0.7	0.7
Selling, distribution and administration	28.7	28.1

Cost of sales increased 5.5% from $290.2 million, or 34.9% of net revenues, for the quarter ended March 27, 2016 to $306.1 million, or 36.0% of net revenues for the quarter ended April 2, 2017. Costs of sales increased in dollars primarily due to higher net revenues compared to the first quarter of 2016. As a percent of net revenues, the increase reflects a less favorable product and revenue mix primarily due to a decrease in revenues from Partner Brands' royalty-bearing products such as STAR WARS and MARVEL products which typically carry a higher pricing and a lower cost of sales offset by increased sales of DISNEY PRINCESS products which carry a higher cost of sales as a percentage of net revenues. In addition, higher levels of closeout sales as well as declines in revenues from MAGIC: THE GATHERING products, contributed to higher cost of sales as a percentage of net revenue in the first quarter of 2017.

Royalty expense for the quarter ended April 2, 2017 was $64.4 million, or 7.6% of net revenues, compared to $70.0 million, or 8.4% of net revenues, for the quarter ended March 27, 2016. Fluctuations in royalty expense are generally related to the volume of entertainment-driven products sold in a given period, especially if there is a major motion picture release. Declines in net revenues from Partner Brands, particularly related to STAR WARS and MARVEL products, resulted in lower royalty expense in dollars and as a percentage of net revenues during the first quarter of 2017 compared to the same period in 2016.

Product development expense for the quarter ended April 2, 2017 was $62.6 million, or 7.4% of net revenues, compared to $57.2 million, or 6.9% of net revenues, for the quarter ended March 27, 2016. Higher product development expense, in dollars and as a percent of net revenues reflects the Company's continued investment in driving product innovation across our brand portfolio in addition to the incremental expense associated with an extra week during the first quarter of 2017.

Advertising expense for the quarter ended April 2, 2017 was $80.9 million, or 9.5% of revenues, compared to $79.9 million, or 9.6% of net revenues, for the quarter ended March 27, 2016. Advertising expense was consistent as a percentage of net revenues.

Amortization of intangibles was $7.9 million, or 0.9% of net revenues for the quarter ended April 2, 2017 compared to $8.7 million, or 1.0% of net revenues, for the quarter ended March 27, 2016. The decrease reflects lower amortization of property rights related to Backflip Studios.

Program production cost amortization decreased to $5.6 million or 0.7% of net revenues, for the quarter ended April 2, 2017 from $6.2 million, or 0.7% of net revenues, for the quarter ended March 27, 2016. Program production costs are capitalized as incurred and amortized using the individual-film-forecast method. The decrease in the first quarter of 2017 primarily reflects lower television programing revenues in 2017.

For the quarter ended April 2, 2017, the Company's selling, distribution and administration expenses increased to $243.9 million, or 28.7% of net revenues, from $233.2 million, or 28.1% of net revenues, for the quarter ended March 27, 2016. These higher costs reflect the incremental expense associated with the extra week included in the first quarter of 2017, expenditures related to ongoing information technology initiatives, as well as increases in marketing and sales and administration costs compared to the same period in 2016. Increases in administration and marketing and sales included increased compensation expense, higher depreciation and continued investments in our brands. Administration expense for 2016 included a bad debt provision of $13.8 million related to a customer in the International segment.

NON-OPERATING (INCOME) EXPENSE

Interest expense for the first quarter of 2017 totaled $24.5 million compared to $24.0 million for the comparable period of 2016.

Interest income was $5.6 million for the first quarter of 2017 compared to $2.2 million in the first quarter of 2016. Higher invested cash balances and higher average interest rates in 2017 compared to 2016 contributed to the increase.

Other (income) expense, net of $(11.4) million for the quarter ended April 2, 2017 compared to $4.9 million for the quarter ended March 27, 2016. The increase in the first quarter is primarily due to foreign exchange gains of $5.7 million in 2017 compared to foreign currency losses of $10.4 million in 2016 as well as higher investment income in 2017.

INCOME TAXES

Income tax expense totaled $2.2 million on pre-tax earnings of $70.8 million in the first quarter compared to income tax expense of $12.2 million on pre-tax earnings of $59.2 million in the first quarter of 2016. Both periods, as well as the full year 2016, were impacted by discrete tax events including the accrual of potential interest and penalties on uncertain tax positions. During the first three months of 2017, favorable discrete tax adjustments were a net benefit of $15.4 million compared to a net benefit of $3.4 million in the first three months of 2016. The favorable discrete tax adjustments for the first three months of 2017 primarily relates to excess tax benefits on share-based payments (resulting from the adoption of ASU No. 2016-09, as discussed in Note 1 to the consolidated financial statements in Part I, Item 1.) Absent discrete items, the adjusted tax rate for the first quarters of 2017 and 2016 were 24.9% and 26.5%, respectively. The adjusted rate of 24.9% for the three months ended April 2, 2017 is comparable to the full year 2016 adjusted rate of 24.5%.

OTHER INFORMATION

Historically, the Company's revenue pattern has shown the second half of the year to be more significant to its overall business than the first half. The Company expects that this concentration will continue, particularly as more of its business has shifted to larger customers with order patterns concentrated in the second half of the year. The concentration of sales in the second half of the year increases the risk of (a) underproduction of popular items, (b) overproduction of less popular items, and (c) failure to achieve compressed shipping schedules.

The toy and game business is characterized by customer order patterns which vary from year to year largely because of differences each year in the degree of consumer acceptance of product lines, product availability, marketing strategies and inventory policies of retailers, the dates of theatrical releases of major motion pictures for which the Company has product licenses, and changes in overall economic conditions. As a result, comparisons of the Company's unshipped orders on any date with those at the same date in a prior year are not necessarily indicative of the Company's expected sales for that year. Moreover, quick response inventory management practices result in fewer orders being placed significantly in advance of shipment and more orders being placed for immediate delivery. Although the Company may receive orders from customers in advance, it is a general industry practice that these orders are subject to amendment or cancellation by customers prior to shipment and, as such, the Company does not believe that these unshipped orders, at any given date, are indicative of future sales.

In May 2014, the Financial Accounting Standards Board ("FASB"), in cooperation with the International Accounting Standards Board ("IASB"), issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASC 606). This ASU supersedes the revenue recognition requirements in Accounting Standards Codification 605 – Revenue Recognition and most industry-specific guidance throughout the Codification. This new guidance provides a five-step model for analyzing contracts and transactions to determine when, how and if revenue is recognized. Revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. This ASU is now effective for fiscal years beginning after December 15, 2017, and for interim periods within those fiscal years, and may be adopted early but not before December 15, 2016. The Company expects to adopt this standard in fiscal 2018 and has not yet determined which transition method will be utilized. While the Company is still in the process of completing its evaluation of its various revenue streams and processes relating to the requirements of ASU 2014-09, based on the analysis performed to date, the Company does not expect the adoption of this new standard to have a material impact on the Company's results or financial statements. Certain contracts within the Entertainment & Licensing segment may be impacted as well as certain isolated transactions within the U.S. & Canada and International segments but this impact is not expected to be material to the financial statements of the Company.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) (ASU 2016-02), which will require lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases. The liability will be based on the present value of lease payments and the asset will be based on the liability. For income statement purposes, a dual model was retained requiring leases to be either classified as operating or finance. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. Additional quantitative and qualitative disclosures will be required. ASU 2016-02 is required for public companies for fiscal years beginning after December 15, 2018 and must be adopted using a modified retrospective transition. The Company is evaluating the requirements of ASU 2016-02 and its potential impact on the Company's financial statements. The Company has a significant number of leases globally, primarily for property and office equipment, and is in the process of identifying and evaluating these leases in relation to the requirements of ASU 2016-02. For each of these leases, the term will be evaluated, including extension and renewal options as well as the lease payments associated with the leases. The Company does not expect that its results of operations will be materially impacted by this standard. The Company expects to record assets and liabilities on its balance sheets upon adoption of this standard, which may be material. The adoption of this standard will not have an impact on the Company's cash flows.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which amends ASC Topic 718, Compensation – Stock Compensation. The ASU includes provisions intended to simplify various aspects related to how share-based payments are accounted for and presented in the financial statements including (1) a requirement to prospectively record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement; (2) a requirement that all tax-related cash flows resulting from share-based payments be reported as operating activities on the statement of cash flows; (3) the removal of the requirement to withhold shares upon settlement of an award at the minimum statutory withholding requirement; (4) a requirement that all cash payments made to taxing authorities on the employees' behalf for withheld shares shall be presented as financing activities in the statements of cash flows; and (5) entities will be permitted to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards choosing either to estimate forfeitures as required today or recognize forfeitures as they occur. ASU 2016-09 was effective for public companies for annual reporting periods beginning after December 15, 2016, and interim periods within that reporting period. The Company adopted ASU 2016-09 in the first quarter of 2017. The impact of the adoption resulted in the following:

- The Company recorded excess tax benefits related to share-based payment awards of $14.0 million as part of income tax expense for the three months ended April 2, 2017.
- In accordance with the standard, in the first quarter of 2017, the Company classifies excess tax benefits related to share-based employee awards of $14.0 million as part of operating activities in the consolidated statements of cash flows. These amounts were previously recorded as cash inflows from financing activities. To keep the statements of cash flows comparable, the Company elected to apply this portion of the standard retrospectively and restate its statement of cash flows for the first quarter of 2016 as allowed by the standard. Excess tax benefits of $6.1 million for the first quarter of 2016, previously shown as financing activities were reclassified with other income tax cash flows as operating activities.
- In accordance with the standard, the Company now classifies cash outflows for employee taxes paid related to shares withheld from share-based payment awards, as financing activities in the consolidated statements of cash flows. For the quarter ended April 2, 2017, these payments amount to $31.4 million. Prior to adoption of ASU 2016-09, these cash flows were included as operating activities. This change is required to be applied on a retrospective basis and as a result, the Company has restated the consolidated statement of cash flows for the quarter ended March 27, 2016 by reclassifying payments of $13.6 million from financing activities to operating activities.
- The Company elected to change its policy on accounting for forfeitures, from estimating the number of stock-based awards expected to vest, to accounting for forfeitures as they occur. This election resulted in a one-time share based payment expense, net of tax, of $0.7 million which was recorded directly to retained earnings. Based upon the Company's history of forfeitures, it is not expected that this election will have a material impact on its financial statements going forward however, as any impact will be based on future forfeitures, the actual impact could differ from the Company's expectation.

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* (ASU 2015-11), which replaces the concept of market price with the single measurement of net realizable value. ASU 2015-11 was effective for public companies for fiscal years beginning after December 15, 2016 and interim periods within fiscal years beginning after December 15, 2017. The adoption of this standard did not have a material impact on the Company's results or financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (ASC 230) – Classification of Certain Cash Receipts and Cash Payments*. The new guidance is intended to reduce diversity in practice across all industries, in how certain transactions are classified in the statement of cash flows. ASU 2016-15 is effective for public companies for fiscal years beginning after December 15, 2017. The Company has evaluated the requirements of ASU 2016-15 and does not presently believe that the adoption of the new standard will have a material impact on the Company's results or financial statements.

In October 2016, the FASB issued Accounting Standards Update No. 2016-16 (ASU 2016-16), *Accounting for Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory*. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2017, and early adoption is permitted. The standard requires that the income tax impact of intra-entity sales and transfers of property, except for inventory, be recognized when the transfer occurs requiring any deferred taxes not yet recognized on intra-entity transfers to be recorded to retained earnings. The Company is currently evaluating the standard, but expects that it will not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017- 04 (ASU 2017-04), *Intangibles -Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The standard eliminates the requirement to measure the implied fair value of goodwill by assigning the fair value of a reporting unit to all assets and liabilities within that unit (“the Step 2 test”) from the goodwill impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited by the amount of goodwill in that reporting unit. For public companies, this standard is effective and must be applied to annual or any interim goodwill impairment tests beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the standard, but expects that it will not have a material impact on our consolidated financial statements.

In March 2017, the FASB issued Accounting Standards Update No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* The standard requires companies to present the service cost component of net benefit cost in the income statement line items where they report compensation cost. Companies will present all other components of net benefit cost outside operating income, if this subtotal is presented. For public companies, this standard is effective for annual reporting periods beginning after December 15, 2017, and early adoption is permitted. The Company is currently evaluating the standard, but expects that it will not have a material impact on our consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated a significant amount of cash from operations. In 2016 the Company funded its operations and liquidity needs primarily through cash flows from operations, and, when needed, used borrowings under its available lines of credit and commercial paper program.

During the first quarter of 2017, the Company continued to fund its working capital needs primarily through cash flows from operations and, when needed, lines of credit and commercial paper. The Company believes that the funds available to it, including cash expected to be generated from operations and funds available through its available lines of credit and commercial paper program, are adequate to meet its working capital needs for the remainder of 2017. However, unexpected events or circumstances such as material operating losses or increased capital or other expenditures may reduce or eliminate the availability of external financial resources. In addition, significant disruptions to credit markets may also reduce or eliminate the availability of external financial resources. Although management believes the risk of nonperformance by the counterparties to the Company's financial facilities is not significant, in times of severe economic downturn in the credit markets it is possible that one or more sources of external financing may be unable or unwilling to provide funding to the Company.

As of April 2, 2017 the Company's cash and cash equivalents totaled $1,463.1 million, substantially all of which is held outside of the United States. Deferred income taxes have not been provided on the majority of undistributed earnings of international subsidiaries as such earnings are indefinitely reinvested by the Company. Accordingly, such international cash balances are not available to fund cash requirements in the United States unless the Company changes its reinvestment policy. The Company currently has sufficient sources of cash in the United States to fund cash requirements without the need to repatriate any funds. If the Company changes its policy of permanently reinvesting international earnings, it would be required to accrue for any additional income taxes representing the difference between the tax rates in the United States and the applicable tax jurisdiction of the international subsidiaries. If the Company repatriated the funds from its international subsidiaries, it would then be required to pay the additional U.S. income tax. The majority of the Company's cash and cash equivalents held outside of the United States as of April 2, 2017 are denominated in the U.S. dollar.

Because of the seasonality in the Company's cash flow, management believes that on an interim basis, rather than discussing only its cash flows, a better understanding of its liquidity and capital resources can be obtained through a discussion of the various balance sheet categories as well. Also, as several of the major categories, including cash and cash equivalents, accounts receivable, inventories and short-term borrowings, fluctuate significantly from quarter to quarter, again due to the seasonality of its business, management believes that a comparison to the comparable period in the prior year is generally more meaningful than a comparison to the prior quarter or prior year-end.

At April 2, 2017, cash and cash equivalents, net of short-term borrowings, increased to $1,397.8 million from $1,006.9 million at March 27, 2016. Net cash provided by operating activities in the first quarter of 2017 was $411.9 million compared to $313.3 million in the first quarter of 2016. On a trailing twelve month basis, the Company generated $915.9 million in operating cash flows as of the end of the first quarter of 2017 compared to $547.0 million as of the end of the first quarter of 2016 and $817.3 million for the fiscal year ended December 25, 2016.

Accounts receivable increased 1% to $676.9 million at April 2, 2017, compared to $670.7 million at March 27, 2016. The increase reflects the 2% increase in revenues in the first quarter of 2017 as compared to the first quarter of 2016 partially offset by improved collections. Days sales outstanding decreased from 73 days at March 27, 2016 to 72 days at April 2, 2017, primarily reflecting the improved collections.

Inventories decreased 10% to $416.2 million at April 2, 2017 from $461.7 million at March 27, 2016. The decrease in inventories is primarily related to increased closeout shipments during the first quarter supported by improved inventory management with a focus on new and growing brands.

Prepaid expenses and other current assets decreased 18% to $243.5 million at April 2, 2017 from $295.8 million at March 27, 2016. The decrease was primarily related to lower unrealized gains on foreign exchange contracts as well as lower current year prepaid corporate taxes compared to 2016.

Goodwill and other intangible assets, net decreased to $809.0 million at April 2, 2017 from $864.9 million at March 27, 2016. The decrease was due to a non-cash goodwill impairment charge of $32.9 million related to Backflip Studios taken in the fourth quarter of 2016 in addition to amortization of intangible assets over the last twelve months.

Other assets increased approximately 4% to $767.1 million at April 2, 2017 from $734.5 million at March 27, 2016. The increase was primarily related to the increased value of long-term foreign exchange contracts and higher capitalized movie and television production costs and related production rebates as well as higher long-term multi-year programming distribution agreements. These increases were partially offset by payments received in relation to a long-term note receivable related to the sale of the Company's manufacturing operations in August 2015 and lower long-term royalty advances.

Accounts payable and accrued liabilities increased 16% to $786.7 million at April 2, 2017 from $679.4 million at March 27, 2016. The increase was primarily due to higher required accounts payable balances in the Company's Global Operations business, higher value of unrealized losses on foreign exchange contracts, and accrued income taxes in 2017 as compared to prepaid income taxes at March 27, 2016. In addition, the increase reflects higher accrued dividends as a result of the increase in the dividend rate from $0.51 in 2016 to $0.57 in 2017.

Other liabilities decreased 2% to $393.5 million at April 2, 2017 from $402.3 million at March 27, 2016. The decrease in 2017 compared to 2016 reflects lower accrued pension balances as the result of a $62.0 million U.S. pension contribution in the third quarter of 2016 which was partially offset by increases relating to changes in actuarial assumptions including lower discount rates. Lower deferred tax balances primarily related to foreign exchange contracts also contributed to the decrease. These decreases were partially offset by an increase in higher uncertain tax position reserves and increased balances related to Corporate and Board of Director deferred compensation.

Net cash utilized by investing activities was $31.0 million in the first quarter of 2017 compared to $27.6 million in the first quarter of 2016. Additions to property, plant and equipment were $30.2 million in the first quarter of 2017 compared to $31.2 million in the first quarter of 2016. Net investing activity for 2016 included a $4.2 million return of capital from the Discovery Family Channel joint venture. The joint venture has since achieved sufficient earnings for the distributions to be treated as dividends and as a result, the 2017 distribution was included in operating activities.

Net cash utilized by financing activities was $211.7 million in the first quarter of 2017 compared to $171.3 million in the first quarter of 2016. Cash payments related to purchases of the Company's common stock were $19.3 million in the first quarter of 2017 compared to $33.7 million in the first quarter of 2016. At April 2, 2017, the Company had $309.9 million remaining available under its current share repurchase authorization approved by the Board of Directors. Dividends paid in the first quarter of 2017 totaled $63.4 million compared to $57.4 million in the first quarter of 2016. Net repayments of short-term borrowings were $107.3 million in the first quarter of 2017 compared to net repayments of $75.5 million in the first quarter of 2016. Financing activities in the first quarters of 2017 and 2016 include payments of $31.4 million and $13.6 million, respectively, relating to tax payments made to tax authorities for which shares were withheld from employees' share-based payment awards.

The Company has an agreement with a group of banks for a commercial paper program (the "Program"). Under the Program, at the request of the Company and subject to market conditions, the banks may either purchase from the Company, or arrange for the sale by the Company, of unsecured commercial paper notes. Under the Program the Company may issue notes from time to time up to an aggregate principal amount outstanding at any given time of $700 million. The maturities of these notes will vary but may not exceed 397 days. The notes will be sold under customary terms in the commercial paper market and will be issued at a discount or par, or alternatively, will be sold at par and will bear varying interest rates based on a fixed or floating rate basis. The interest rates will vary based on market conditions and the ratings assigned to the notes by the credit rating agencies at the time of issuance. Subject to market conditions, the Company intends to utilize the Program as its primary short-term borrowing facility and does not intend to sell unsecured commercial paper notes in excess of the available amount under the revolving credit agreement discussed below. If, for any reason, the Company is unable to access the commercial paper market, the Company intends to use the revolving credit agreement to meet the Company's short-term liquidity needs. At April 2, 2017 the Company had borrowings of approximately $59.2 million outstanding related to the Program.

The Company has a revolving credit agreement (the "Agreement"), which provides it with a $700 million committed borrowing facility. The Agreement contains certain financial covenants setting forth leverage and coverage requirements, and certain other limitations typical of an investment grade facility, including with respect to liens, mergers and incurrence of indebtedness. The Company was in compliance with all covenants as of and for the quarter ended April 2, 2017. The Company had no borrowings outstanding under its committed revolving credit facility at April 2, 2017. However, the Company had letters of credit outstanding under this facility as of April 2, 2017 of approximately $0.8 million. Amounts available and unused under the committed line, less outstanding balances under the commercial paper program, as of April 2, 2017 were approximately $640.0 million. The Company also has other uncommitted lines from various banks, of which approximately $46.9 million was utilized at April 2, 2017, of which $40.9 million represents outstanding letters of credit and $6.0 million represents outstanding borrowings.

The Company has principal amounts of long-term debt at April 2, 2017 of $1,559.9 million, of which $350 million is due in September 2017 and is recorded as a current liability and the remainder are due at varying times from 2021 through 2044. The Company currently expects to refinance the $350 million notes upon maturity, either via a bond issuance or via its Commercial Paper program. The Company also had letters of credit of approximately $41.6 million and purchase commitments of approximately $434.7 million outstanding at April 2, 2017.

Other contractual obligations and commercial commitments, as detailed in the Company's Annual Report on Form 10-K for the year ended December 25, 2016, did not materially change outside of payments made in the normal course of business and as otherwise set forth in this report. The table of contractual obligations and commercial commitments, as detailed in the Company's Annual Report on Form 10-K for the year ended December 25, 2016, does not include certain tax liabilities recorded related to uncertain tax positions. These liabilities were $87.1 million at April 2, 2017, and are included as a component of other liabilities in the accompanying consolidated balance sheets.

The Company believes that cash from operations, and, if necessary, its committed line of credit and other borrowing facilities, will allow the Company to meet these and other obligations listed.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. As such, management is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. The significant accounting policies which management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results include sales allowances, program production costs, recoverability of goodwill and intangible assets, recoverability of royalty advances and commitments, pension costs and obligations and income taxes. These critical accounting policies are the same as those detailed in the Annual Report on Form 10-K for the year ended December 25, 2016.

FINANCIAL RISK MANAGEMENT

The Company is exposed to market risks attributable to fluctuations in foreign currency exchange rates, primarily as the result of sourcing products priced in U.S. dollars, Hong Kong dollars and Euros while marketing those products in more than twenty currencies. Results of operations may be affected primarily by changes in the value of the U.S. dollar, Hong Kong dollar, Euro, British pound sterling, Brazilian real, Russian ruble and Mexican peso and, to a lesser extent, other currencies in, Latin American and Asia Pacific countries.

To manage this exposure, the Company has hedged a portion of its forecasted foreign currency transactions for fiscal years 2017 through 2021 using foreign exchange forward contracts. The Company is also exposed to foreign currency risk with respect to its net cash and cash equivalents or short-term borrowing positions in currencies other than the U.S. dollar. The Company believes, however, that the on-going risk on the net exposure should not be material to its financial condition. In addition, the Company's revenues and costs have been, and will likely continue to be, affected by changes in foreign currency rates. A significant change in foreign exchange rates can materially impact the Company's revenues and earnings due to translation of foreign-denominated revenues and expenses. The Company does not hedge against translation impacts of foreign exchange. From time to time, affiliates of the Company may make or receive intercompany loans in currencies other than their functional currency. The Company manages this exposure at the time the loan is made by using foreign exchange contracts. Other than as set forth above, the Company does not hedge foreign currency exposures.

The Company reflects all forward contracts at their fair value as an asset or liability on the consolidated balance sheets. The Company does not speculate in foreign currency exchange contracts. At April 2, 2017, these contracts had net unrealized gains of $35.4 million, of which $20.0 million are recorded in prepaid expenses and other current assets, $36.0 million are recorded in other assets, $19.6 million are recorded in accrued liabilities and $1.0 million are recorded in other liabilities. Included in accumulated other comprehensive loss at April 2, 2017 are deferred gains, net of tax, of $40.3 million, related to these derivatives.

At April 2, 2017, the Company had fixed rate long-term debt of $1,559.9 million. Of this long-term debt, $600 million represents the aggregate issuance of long-term debt in May 2014 which consists of $300 million of 3.15% Notes Due 2021 and $300 million of 5.10% Notes Due 2044. Prior to the May 2014 debt issuance, the Company entered into forward-starting interest rate swap agreements with a total notional value of $500 million to hedge the anticipated underlying U.S. Treasury interest rate. These interest rate swaps were matched with this debt issuance and were designated and effective as hedges of the change in future interest payments. At the date of debt issuance, the Company terminated these interest rate swap agreements and their fair value at the date of issuance was recorded in accumulated other comprehensive loss and is being amortized through the consolidated statements of operations using an effective interest rate method over the life of the related debt. Included in accumulated other comprehensive loss at April 2, 2017 are deferred losses, net of tax, of $17.9 million related to these derivatives.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The information required by this item is included in Part I Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated herein by reference.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of April 2, 2017. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the quarter ended April 2, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is currently party to certain legal proceedings, none of which it believes to be material to its business or financial condition.

Item 1A. Risk Factors.

This Quarterly Report on Form 10-Q contains "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, concerning management's expectations, goals, objectives, and similar matters. These forward-looking statements may include statements concerning the Company's product and entertainment plans, anticipated product and entertainment performance, business opportunities and strategies, financial and business goals, expectations for achieving the Company's financial and business goals, cost savings and efficiency enhancing initiatives and other objectives and anticipated uses of cash and may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "look forward," "may," "planned," "potential," "should," "will," and "would" or any variations of words with similar meanings. These forward-looking statements are inherently subject to known and unknown risks and uncertainties.

The Company's actual results or experience may differ materially from those expected or anticipated in the forward-looking statements. The Company has included, under Item 1A. of its Annual Report on Form 10-K, for the year ended December 25, 2016 (the "Annual Report"), a discussion of factors which may impact these forward-looking statements. In furtherance, and not in limitation, of the more detailed discussion set forth in the Annual Report, specific factors that might cause such a difference include, but are not limited to:

- the Company’s ability to successfully grow its franchise and key partner brands, which constitute a substantial majority of the Company’s total revenues;
- the Company's ability to successfully re-imagine, re-invent and re-ignite its existing brands, products and product lines, including through the use of immersive entertainment experiences, to maintain and further their success;
- the Company's ability to successfully design, develop, produce, introduce, market and sell innovative new brands, products and product lines which achieve and sustain interest from retailers and consumers and keep pace with changes in consumer preferences and lifestyles;
- the Company's ability to offer products that (i) expand consumer demand for its product offerings and do not significantly compete with the Company's other existing product offerings and (ii) consumers want to purchase and select over competitors' products;

- the Company's ability to source and ship products in a timely and cost-effective manner and customers' and consumers' acceptance and purchase of those products in quantities and at prices that will be sufficient to profitably recover the Company's costs for developing, marketing and selling those products;
- recessions, other economic downturns or challenging economic conditions affecting the Company's markets which can negatively impact the financial health of the Company's retail customers and consumers, and which can result in lower employment levels, lower consumer disposable income and spending, including lower spending on purchases of the Company's products;
- currency fluctuations, including movements in foreign exchange rates, which can lower the Company's net revenues and earnings, and significantly impact the Company's costs;
- other economic and public health conditions or regulatory changes in the markets in which the Company and its customers and suppliers operate, which could create delays or increase the Company's costs, such as higher commodity prices, labor costs or higher transportation costs, or outbreaks of diseases;
- delays, increased costs, lack of consumer acceptance or other difficulties associated with the development and offering of our or our partners' entertainment and media initiatives related to products offered by the Company;
- the risk that the market appeal of the Company's licensed products will be less than expected or that sales revenue generated by these products will be insufficient to cover the minimum guaranteed royalties or other commitments;
- the concentration of the Company's retail customers, potentially increasing the negative impact to the Company of difficulties experienced by any of the Company's retail customers or changes in their purchasing or selling patterns;
- the Company's ability to generate sales during the second half of the year, particularly during the relatively brief holiday shopping season, which is the period in which the Company derives a substantial portion of its revenues and earnings;
- the inventory policies of the Company's retail customers, including the retailers' potential decisions to lower their inventories, even if it results in lost sales, as well as the concentration of the Company's revenues in the second half of the year, which coupled with reliance by retailers on quick response inventory management techniques, increases the risk of underproduction of popular items, overproduction of less popular items and failure to achieve compressed shipping schedules;
- work stoppages or disruptions which may impact the Company's ability to manufacture or deliver products in a timely and cost-effective manner;
- concentration of manufacturing of the substantial majority of the Company's products by third party vendors in the People's Republic of China and the associated impact to the Company of social, economic or public health conditions and other factors affecting China, the movement of people and products into and out of China, the cost of producing products in China and the cost of exporting them to the Company's other markets or affecting the exchange rates for the Chinese Renminbi, including, without limitation, the impact of tariffs or other trade restrictions being imposed upon goods manufactured in China;
- consumer interest in and acceptance of programming and entertainment created by Hasbro Studios and/or Allspark Pictures, as well as products related to such programming and entertainment;
- the ability to develop and distribute compelling entertainment, including television, motion pictures and digital content, based on our brands, in a timely and financially profitable manner, and the success of that entertainment in driving consumer interest in and engagement with our brands;
- the ability of the Company to hire and retain key officers and employees who are critical to the Company's success;
- the costs of complying with product safety and consumer protection requirements worldwide, including the risk that greater regulation in the future may increase such costs, may require changes in the Company's products and/or may impact the Company's ability to sell some products in particular markets in the absence of making changes to such products;

- the risk that one of the Company's third-party manufacturers will not comply with applicable labor, consumer protection, product safety or other laws or regulations, or with aspects of the Company's Global Business Ethics Principles, and that such noncompliance will not be promptly detected, either of which could cause damage to the Company's reputation, harm sales of its products, result in product recalls and potentially create other liabilities for the Company;
- an adverse change in purchasing policies or promotional programs or the bankruptcy or other economic difficulties or lack of success of one or more of the Company's significant retailers comprising its relatively concentrated retail customer base, which could negatively impact the Company's revenues or bad debt exposure;
- the risk the Company will lose rights to a significant licensed property or properties, which will harm the Company's revenues and earnings;
- the risk that the Company may face product recalls or product liability suits relating to products it manufactures or distributes which may have significant direct costs to the Company and which may also harm the reputation of the Company and its products, potentially harming future product sales;
- the impact of competition on revenues, margins and other aspects of the Company's business, including the ability to offer Company products which consumers choose to buy instead of competitor’s products, the ability to secure, maintain and renew popular licenses and the ability to attract and retain employees;
- the risk that anticipated benefits of acquisitions or investments may not occur or be delayed or reduced in their realization;
- the risk that any litigation or arbitration disputes or government and regulatory investigations could entail significant resources and expense and result in significant fines or other harm to the Company's business or reputation;
- the Company's ability to maintain or obtain external financing on terms acceptable to it in order to meet working capital needs;
- the risk that one or more of the counterparties to the Company's financing arrangements may experience financial difficulties or otherwise be unable or unwilling to allow the Company to access financing under such arrangements;
- unforeseen circumstances, such as severe softness in or collapse of the retail and/or banking environment that may result in a significant decline in revenues and operating results of the Company, thereby causing the Company to be in non-compliance with its debt covenants and the Company being unable to utilize borrowings under its revolving credit facility, a circumstance likely to occur when operating shortfalls would result in the Company being in the greatest need of such supplementary borrowings;
- market conditions, third party actions or approvals, the impact of competition and other factors that could delay or increase the cost of implementation of the Company's programs, or alter the Company's actions and reduce actual results;
- the risk that the Company may be subject to governmental penalties, fines, sanctions or additional taxes for failure to comply with applicable laws or regulations in any of the markets in which it operates, or that governmental regulations or requirements will require changes in the manner in which the company does business and/or increase the costs of doing business;
- failure to operate our information systems and implement new technology effectively, as well as maintain the systems and processes designed to protect our electronic data;
- the risk that the Company's reported goodwill may become impaired, requiring the Company to take a charge against its income;
- changes in foreign exchange rates and other potential regulations and increased costs associated with the United Kingdom (“UK”) vote to leave the European Union (“EU”), commonly referred to as Brexit, may harm our sales and the profitability of our business in the UK and the EU; or
- other risks and uncertainties as are or may be detailed from time to time in the Company's public announcements and filings with the SEC, such as filings on Forms 8-K, 10-Q and 10-K.

The Company undertakes no obligation to revise the forward-looking statements contained in this Quarterly Report on Form 10-Q to reflect events or circumstances occurring after the date of the filing of this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Repurchases Made in the Quarter (in whole dollars and number of shares)

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 2017				
12/26/16 – 1/29/17	166,000	$ 82.04	166,000	$ 314,374,764
February 2017				
1/30/17 – 3/5/17	52,000	$ 85.33	52,000	$ 309,938,827
March 2017				
3/6/17 – 4/2/17	-	$ -	-	$ 309,938,827
Total	218,000	$ 82.80	218,000	$ 309,938,827

In February 2015, the Company announced that its Board of Directors authorized the repurchase of an additional $500 million of common stock. Purchases of the Company's common stock may be made from time to time, subject to market conditions. These shares may be repurchased in the open market or through privately negotiated transactions. The Company has no obligation to repurchase shares under this authorization, and the timing, actual number, and value of the shares that are repurchased will depend on a number of factors, including the price of the Company's stock and the Company’s generation of, and uses for, cash. The Company may suspend or discontinue the program at any time and there is no expiration date.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

3.1 Restated Articles of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.2 Amendment to Articles of Incorporation, dated June 28, 2000. (Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.3 Amendment to Articles of Incorporation, dated May 19, 2003. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

3.4 Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, File No. 1-6682.)

3.5 Amendment to Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated August 6, 2014, File No. 1-6682.)

3.6 Amendment to Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K dated October 5, 2015, File No. 1-6682.)

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3.8 Certificate of Designations of Series C Junior Participating Preference Stock of Hasbro, Inc. dated June 29, 1999. (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.9 Certificate of Vote(s) authorizing a decrease of class or series of any class of shares. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No 1-6682.)

4.1 Indenture, dated as of July 17, 1998, by and between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to Citibank, N.A. as Trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 14, 1998, File No. 1-6682.)

4.2 Indenture, dated as of March 15, 2000, by and between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4(b)(i) to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1999, File No. 1-6682.)

4.3 First Supplemental Indenture, dated as of September 17, 2007, between the Company and The Bank of New York Mellon Trust Company, N.A. as successor Trustee to the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 17, 2007, File No. 1-6682.)

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10.1 Hasbro, Inc. 2017 Performance Rewards Program

31.1 Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.

31.2 Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.

32.1* Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.

32.2* Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.

101.INS XBRL Instance Document

101.SCH Taxonomy Extension Schema Document

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101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB XBRL Taxonomy Extension Labels Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

* Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HASBRO, INC.
(Registrant)

Date: May 10, 2017

By: /s/ Deborah Thomas
Deborah Thomas

Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Exhibit Index

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
	* Furnished herewith.

Exhibit 31.1

CERTIFICATION

I, Brian Goldner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hasbro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2017

/s/ Brian Goldner
Brian Goldner
Chairman and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, Deborah Thomas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hasbro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2017

/s/ Deborah Thomas
Deborah Thomas
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Hasbro, Inc., a Rhode Island corporation (the “Company”), does hereby certify that to the best of the undersigned’s knowledge:

1) the Company’s Quarterly Report on Form 10-Q for the quarter ended April 2, 2017, as filed with the Securities and Exchange Commission (the “10-Q Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brian Goldner
Brian Goldner
Chairman and Chief Executive Officer of Hasbro, Inc.

Dated: May 10, 2017

A signed original of this written statement required by Section 906 has been provided to Hasbro, Inc. and will be retained by Hasbro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Hasbro, Inc., a Rhode Island corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1) the Company's Quarterly Report on Form 10-Q for the quarter ended April 2, 2017, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Deborah Thomas
Deborah Thomas
Executive Vice President and Chief Financial Officer of Hasbro, Inc.

Dated: May 10, 2017

A signed original of this written statement required by Section 906 has been provided to Hasbro, Inc. and will be retained by Hasbro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 10.1

Hasbro, Inc.

Performance Rewards Program

January 1, 2017

Hasbro, Inc.
Performance Rewards Program

1.0 Background

1.1 Performance Rewards Program (PRP)

- § Establishes standard criteria to determine plan eligibility, and overall company, business or commercial area, and individual performance objectives.
- § Provides the guidelines for the establishment of target awards as a percent of annual earned salary based on job level.
- § Plan pay-out is based on a combination of company, business or commercial area, and individual performance.
- § Performance objectives and goals are established to measure performance achievement and may be based on one or a combination of the following: sales (net revenues), operating margin and returns (free cash flow) for company and business or commercial area performance, as well as an individual component.

1.2 Purpose

Hasbro, Inc., herein referred to as “the Company” has established this plan for the purpose of providing incentive compensation to those employees who contribute significantly to the growth and success of the Company’s business; to attract and retain, in the employ of the Company, individuals of outstanding ability; and to align the interests of employees with the interest of the Company’s shareholders.

1.2.1 General Guideline

No employee of the Company has any legal entitlement to participate in the PRP or to receive an award under the PRP.

1.3 Scope

The Plan is applicable to all subsidiaries and divisions of the Company, including the Corporate group, on a worldwide basis.

1.3.1 Eligibility

Employees, as determined by management, whose duties and responsibilities contribute significantly to the growth and success of the Company’s business, are eligible to participate in the Plan. Eligibility will

be determined by an employee's job level in accordance with the Company's method of job evaluation as appropriate. Eligibility to participate in the Plan does not guarantee the receipt of an award under the Plan.

Unless otherwise required by law, if an employee is eligible to participate in the Plan, the Sales Rewards Program, the High Growth Bonus Plan and/or any other annual incentive plan implemented from time to time by the Company, such employee may only participate in one plan per year, such plan as determined by the Company in its sole discretion.

1.3.2 Exclusion of Senior Management Performance Plan Participants

Notwithstanding any of the above, those executive officers of Hasbro, Inc. who are identified as participants under the Company's 2014 Senior Management Annual Performance Plan (or any successor shareholder approved bonus plan) are not eligible to participate in the PRP. However, executive officers who are not identified as participants in the 2014 Senior Management Annual Performance Plan (or a successor plan) are eligible to participate in the Plan.

2.0 Incentive Award Levels

2.1 Target Incentive Award

Target awards are expressed as a percentage of earned salary for the plan year. For purposes of this Plan, earned salary means all base compensation for the participant for the year in question, which base compensation shall include all base compensation amounts deferred into the Company's retirement savings plan, the Company's Non-Qualified Deferred Compensation Plan, and/or any similar successor plans for the fiscal year and excludes any bonus or other benefits, other than base compensation, for the plan year. By design, these are the award levels that plan participants are eligible to earn when they and their applicable business units perform as expected (i.e., achieve their goals and objectives). Incentive target awards are determined by job level and vary by region.

2.2 Maximum Incentive Award

Under this incentive plan the maximum award for employees below job level 80 is 200% of the target award. The maximum award for employees in a job level 80 or above is 300% of the target award.

3.0 Measures of Performance for 2017

3.1 Establishing Company and Business Area or Commercial Area Performance Targets

---

In the first quarter of the plan year, the Company's senior management establishes the level of target performance for the year associated with each of the Company and Business Area performance metrics. Those target levels are reviewed and approved by the Company's President and Chief Executive Officer and by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee").

3.2 Overall Company Performance

Each PRP formula award contains a performance component related to overall Hasbro company performance. For 2017, the Company component is measured by Sales, Operating Margin, and Returns. Overall Company performance is determined by individually assessing performance against goal for each metric, applying the acceleration/deceleration scale, weighting each metric and summing the total. The weighting and definition of the overall Company measures are:

Measure	**Definition**	**% of Company Measure**
Sales (net revenues)	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty Income	40%
Operating Margin	Operating Profit divided by Net Revenues	40%
Returns (Free Cash Flow)	Net cash provided by operating activities – Capital Expenditures	20%

Each metric, before the acceleration/deceleration scale is applied, must achieve a threshold performance of 80% or no award is payable under the metric that did not achieve threshold performance.

For example:

If sales is achieved at 100% of target (which results in 100% payout based on the acceleration/deceleration scale) and operating margin is achieved at 85% of target (which results in at 70% payout) but returns does not reach threshold performance, then overall Company performance will only pay out on sales and operating margin. The aggregate weighted payout would be:

(100% x 40%) + (70% x 40%) + (0% x 20%) = 68%
Corporate payout would be 68%.

3.3 Individual Performance

Individual performance will be determined by the participant's supervisor and approved by the Division/Subsidiary senior executive or Corporate functional

head, where appropriate. It will be based upon actual job performance consistent with goals/objectives outlined during performance reviews for the plan year.

3.4 Business Area /Commercial Area Performance

The formula will include either a Business Area or Commercial Area component, as determined under this program.

Each Business Area will assess performance based on Sales Growth and Operating Margin specific to the business area. Unlike the Company component where an individual metric's failure to reach the threshold performance of 80% does not impact another individual metric's ability to reach the threshold performance and payout, for the Business Area component, the individual performance of each metric must meet a minimum threshold performance of 80%, before the acceleration/deceleration scale is applied, or no award is payable for the business area component. The weighting and definition of the Business Area component are:

Measure	Definition	% of Company Business Area Measure
Sales (net revenues) Growth	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty income	50%
Operating Margin	Operating Profit divided by Net Revenues	50%

Each Commercial Area will assess performance based on Sales Growth and Operating Margin (specific to Commercial Area), Consumer Products Net Revenue and Consumer Product Operating Margin (specific to Regional Commercial Area) and Franchise Brand Revenue (specific to Commercial Area). The weightings and definition of the Commercial Area Component are:

Measure	**Definition**	**% of Comm Meas**
Sales (net revenues) Growth	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty income	40%
Operating Margin	Operating Profit divided by Net Revenues	40%
Consumer Product Net Revenues	Net Revenues	5%
Consumer Product Operating Margin	Operating Profit divided by Net Revenues	5%
Franchises Brand Revenue	Net revenue from all properties (including co-brands)	10%

The Commercial Area Sales Growth and Operating Margin relevant to the country or region as identified in the formula must each meet a minimum threshold performance of 80%, before the acceleration/deceleration scale is applied, or no award is payable for these two metrics.

The Consumer Products Net Revenue and Operating Margin must each meet a minimum threshold performance of 80% before the acceleration/deceleration scale is applied or no award is payable for these two metrics.

The Franchise Brand Revenue must meet a minimum threshold performance of 80% before the acceleration/deceleration scale is applied or no award is payable for this metric.

Those jobs, which are corporate in nature will comprise the “Corporate” business area and the performance for this component will be based on overall Company performance as described in section 3.2, rather than the Business Area or Commercial Area measures outlined above in this Section 3.4.

3.4.1 Bonus formula metrics for employees in levels 10 and below are used to assess performance at the overall Company level, Business Area or Commercial Area level (where applicable), and individual level.

A portion of all PRP formulas will have metrics tied to Corporate performance and individual performance. The weighting of the Corporate

component may be 20% or 66% (in the case of employees in the “Corporate” Business Area) of the formula metric and the individual component will be weighted 20% or 34% (in the case of employee in the “Corporate” business area) of the formula metric. The business or commercial area component will be 60% of the formula metric and used in formulas where appropriate.

Bonus formula metrics are subject to review annually by the CEO.

3.4.2 Bonus formula metrics for level 80 employees are based on the employee’s role and will be comprised of either 100% overall company performance with a personal performance modifier (see note below) or be based on 40% overall company performance and 60% Business Area performance with a personal performance modifier (see note below).

*Definition of the personal performance modifier: Individual Management Business Objectives (MBOs) are set before the end of Q1 of the plan year. These are established between the level 80 employee and the CEO and/or COO. Performance is reviewed annually. If MBO's are exceeded, pay out can be up to 150% of formula bonus; if MBO's are met, pay out can be up to 100% of formula bonus; if MBO's are not met, pay out can be reduced to 0% of formula. Maximum bonus may not exceed 300% of the target.

4.0 Development of Formula Incentive Award

At the end of the fiscal year, the overall Company and each Business Area or Commercial Area's actual performance for each financial component of the formula portion of the bonus awards will be calculated (based on the Company's and each Business Area or Commercial Area's performance as of year-end) and approved by the Chief Financial Officer, ("CFO"). The net revenue and operating margin for the Business Area or Commercial Area metrics must individually achieve a minimum performance of 80% against target to qualify for that component payout. If one net revenue metric achieves 80% or higher, and the corresponding operating margin metric does not, the component payout will be 0%. An acceleration/deceleration scale will then be applied to each individual metric as follows to develop the payout for each metric.

Scale A:

Performance %	**Payout Scale %**	
< 80%	0%	Minimum performance 80%
80%	60%	For every 1% below target, 2% decrease in award
100%	100%	Target performance = 100% payout
105%	115%	For every 1% above 100%, 3% increase in award
111%	134%	For every 1% above 110%, 4% increase in award
127%+	200%	Maximum payout

Scale B:

Only applies to Consumer Product Sales GrowthNet Revenue and Consumer Product Operating Margin calculations

Performance %	**Payout Scale %**	
< 80%	0%	Minimum performance 80%
80%	70%	For every 1% below target, 1.5% decrease in award
100%	100%	Target performance = 100% payout
105%	110%	For every 1% above 100%, 2% increase in award
138%	176%	For every 1% above 138%, 3% increase in award
145%+	200%	Maximum payout

In contrast, for the Company component, the 80% threshold is applied to each metric before the acceleration/deceleration scale is applied. Each metric must then achieve a threshold performance of 80% or no award is payable under the metric that did not achieve the threshold performance.

The payout attributable to each metric will then be weighted and added to arrive at the overall formula payout.

Illustrative examples of the development of a formula payout for the Business Area component are as follows:

If Business Area revenue is achieved at 90% of target (which results in an 80% payout based on the acceleration/deceleration scale) and operating margin is at 65% (which is below 80% threshold), the business unit will not pay out.

or

If Business Area is achieved at 90% target (which results in an 80% payout), and operating margin is achieved at 85% target (which results in a 70% payout) the aggregate weighted payout is:

(80% x 50%) + (70% x 50%) = 75% business unit payout

Once all of the Business Areas or Commercial Areas have calculated the formula incentive awards, the award pools by Business Areas or Commercial Areas are developed. These Business Area/Commercial Area award pools, combined with the formula incentive award at the corporate level, will equal the aggregate of the formula incentive awards for all eligible employees in the Company, including the budgeted individual performance component for all eligible employees.

4.1 Formula Award

The formula incentive award is a calculation of an award based on the actual performance achieved by the overall Company, and each of its applicable Business Areas or Commercial Areas, as well as the budgeted individual performance percentage to be applied across the Company as a whole.

Business Area or Commercial Area incentive pool dollars are derived from the aggregate of the formula awards within each area.

4.2 Formula Pool

The Company calculates, based on the Company’s performance through the end of the year, the performance at the corporate level, and for each Business Area or Commercial Area at the Business Area or Commercial Area level, against the applicable performance targets. The Company also calculates, based on the Company’s and its Business Area or Commercial Area’s performance, the targeted total pool to be used for the year for rewarding individual performances across the Company as a whole. Those pools as established (composed of the pools for the Company’s performance, the performance of each of the Company’s

Business Area or Commercial Area, and for the total individual performances across the Company) are aggregated. Collectively these amounts constitute one aggregate formula pool (referred to hereafter as the “Formula Pool”), based on performance as of the end of the year, which the Company will pay out to all participants in the PRP collectively for performance during the year.

Although the Chief Executive Officer of the Company and the Compensation Committee reserve the right to alter the Formula Pool after year end, but prior to the actual payment of awards to participants in the PRP, it is expected that such discretion will only be exercised in rare or extreme circumstances, and that generally the entire Formula Pool, as it has been computed, will be paid (absent any affirmative exercise of this discretion) out to the participants in the PRP collectively following the closing of the year in question.

4.3 Additional Individual Performance Awards in Excess of the Formula Award

Following the end of the year, but prior to the payment of all awards under the PRP with respect to the completed fiscal year, management of the Company may determine to add additional funding to the plan to cover individual performance awards for some employees or officers in excess of the amounts used to compute the Formula Pool. To the extent such determinations are made they are subject to the approval of the appropriate management of the Company. Collectively any amounts set aside to reward individual performances and personal performance multipliers across the Company beyond the aggregate amount reflected in the Formula Pool will hereafter be referred to as the “Additional Individual Performance Pool”. The aggregate amount of the Additional Individual Performance Pool is subject to the approval of both the Chief Executive Officer and the Compensation Committee.

4.4 Total Awards under the PRP

The aggregate of all payouts under the PRP shall consist of the sum of the Formula Pool and the Additional Individual Performance Pool. In addition to the procedures set forth above, any performance awards recommended under the PRP which exceed one times a participant’s base salary must be reviewed and approved by the Company’s Chief Executive Officer.

4.5 Management Review

Payment of any award to an employee is subject to management’s review.

§ For purposes of the PRP, management has the ability to review the proposed payout of any award under the PRP to an eligible plan participant and to determine whether such proposed payout should be adjusted.   In completing this review, management has the option of providing a zero value payout to the employee regardless of Company, Business or Commercial Area or

individual performance. For participants that do not receive an award or that receive a reduced award, the portion of such person's potential award that might have been reflected in the Formula Pool will remain in the Formula Pool and be allocated to other plan participants in the manner determined by management.

5.0 Removals, Transfers, Terminations, Promotions and Hiring Eligibility

Except to the extent applicable legal requirements mandate a different result for a Plan participant, the following scenarios will be dealt with under the Plan in the manner set forth below.

5.1 Participants whose employment with the Company is terminated because of retirement or disability:

§ After the close of the plan year, but prior to the actual distribution of awards for such year, may be awarded an incentive award for the plan year at the discretion of the Chief Human Resource Officer. For any such participant who is not given an incentive award, the portion of such person's potential award that might have been reflected in the Formula Pool will remain in the Formula Pool and be allocated to other plan participants in the manner determined by management.

§ After the beginning, but prior to the close of the plan year, no award shall be granted unless authorized at the discretion of the Chief Human Resource Officer.

5.2 Participants whose employment with the Company is terminated because of death:

§ After the close of the plan year, but prior to the actual distribution of awards for such year, shall be awarded an incentive award for the plan year. Such payment will be made to the deceased employee's estate or designated beneficiary.

§ After the beginning, but prior to the close of the plan year, no award shall be granted unless authorized at the discretion of the Chief Human Resource Officer. Any such payments will be made to the deceased employee's estate or designated beneficiary.

5.3 Participants who resign for any reason after the close of the plan year but prior to the distribution of awards for such year will not receive an incentive award. For any such participant, the portion of such person's potential award that might have been reflected in the Formula Pool will remain in the Formula Pool and be allocated to other plan participants in the manner determined by management if the planning budgets have already been established.

5.4 Participants who are discharged from the employ of the Company or any

of its subsidiaries for cause or for any offense involving moral turpitude or
an offense involving breach of the fiduciary duty owed by the individual to the Company will not be entitled to an award for any plan year. For any such participant, the portion of such person's potential award that might have been reflected in the Formula Pool will remain in the Formula Pool and be allocated to other plan participants in the manner determined by management.

5.5 Participants who are discharged from the employ of the Company or any of its subsidiaries due to any reason other than the ones enumerated above, including, without limitation, participants who are discharged due to job elimination:

- § After the close of the plan year, but prior to the actual distribution of awards for such year, may be awarded an incentive award for the plan year. No award shall be granted unless authorized at the discretion of the Chief Human Resource Officer. For any such participant who is not given an incentive award, the portion of such person's potential award that might have been reflected in the Formula Pool will remain in the Formula Pool and be allocated to other plan participants in the manner determined by management.

- § After the beginning, but prior to the close of the plan year, the participant is no longer eligible for that year. However, a discretionary award may be granted by the Chief Human Resource Officer.

5.6 Participants under statutory or contractual notices as may be required by applicable law:

- § On December 31st of the plan year, may be awarded an incentive award for the plan year. Except as may be required by applicable laws, no award shall be granted unless authorized at the discretion of the Chief Human Resource Officer. For any such participant who is not given an incentive award, the portion of such person's potential award that might have been reflected in the Formula Pool will remain in the Formula Pool and be allocated to other plan participants in the manner determined by management.

- § Which ends prior to the close of the plan year shall not be eligible for an incentive award for that plan year. However, a discretionary award may be granted by the Chief Human Resource Officer.

5.7 Participants transferred during the plan year from one division of the Company to another will be eligible to receive an award (subject to achievement of the requisite organizational and individual performance) through the division in which he or she is employed at the end of the plan year, but the award amount

may be based on the performance made in each division in which the individual was employed during the year.

5.8 Employees hired during the plan year must be actively employed on or before October 1st of the plan year to participate in the bonus for that plan year. Awards will be made based upon the employee's earned salary during the period of their employment with the Company during the plan year.

5.9 The eligibility for an award and plan status of employees who remain employed with the Company during the plan year but whose change in employment status through promotion or reclassification affects their level of participation:

- § Prior to October 1st of the plan year, will participate at the level consistent with the promotion or reclassification.
- § After October 1st but prior to the close of the plan year, will participate at the level consistent with their classification prior to the promotion or reclassification.

5.10 The eligibility for an award and plan status of employees who remain employed with the Company during the plan year but whose change in employment status through demotion affects their level of participation will be determined by the Chief Human Resource Officer.

6.0 Administration of the Plan

6.1 Amendments to the Plan (Contingency Clause)
The Chief Executive Officer and the Compensation Committee of the Board of Directors reserve the right to interpret, amend, modify, or terminate the Plan in accordance with changing conditions at any time in their sole discretion.

6.2 Incentive Award Distribution
Incentive awards, when payable, shall be paid as near to the close of the company's fiscal year as may be feasible. In furtherance of the preceding sentence, any incentive awards under the Plan will be paid no later than the date allowable to insure tax deductibility in the year of accrual, which in the case of the United States is March 15, 2018. Participants in the Plan must be employed at the time of award distribution in order to receive bonus payments, except as provided in Section 5.0.

No individual has the rights to receive an award until it has been approved and distributed in accordance with the provisions of this plan.

6.3 Non-Assignment of Awards
Participants eligible to receive incentive awards shall not have any right to pledge, assign, or otherwise dispose of any unpaid or projected awards.

6.4 Deferral of Awards

Participants eligible to defer incentive awards through the Deferred Compensation Program (DCP) may elect to do so during the annual DCP enrollment.

6.5 Clawback of Awards

By accepting any incentive compensation under the Plan the participant hereby acknowledges and agrees that (i) any incentive compensation the participant is awarded is subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) any incentive compensation the participant is awarded will be subject to the terms of such Clawback Policy, as it may be amended from time to time by the Board in the future. Such acknowledgement and agreement was a material condition to receiving any incentive compensation under the Plan, which would not have been awarded to the participant otherwise.

6.6 Stock Ownership

Additionally, the participant acknowledges and agrees that if the participant is now, or becomes subject in the future to, the Hasbro, Inc. Executive Stock Ownership Policy, effective as of March 1, 2014 as it may be amended from time to time by the Board in the future (the "Stock Ownership Policy"), then the receipt of any incentive compensation under the Plan is contingent upon the participant's compliance with the terms of the Stock Ownership Policy, including without limitation, the requirement to retain an amount equal to at least 50% of the net shares received as a result of the exercise, vesting or payment of any equity awards granted until the Participant's applicable requirement levels are met. Failure to comply with the Stock Ownership Policy may, in the Company's sole discretion, result in the reduction or total elimination of any incentive compensation that otherwise might be payable under the Plan, and/or result in the Company determining to substitute other forms of compensation, such as equity, for any award the participant otherwise might have received under the Plan.