



Hasbro Third Quarter 2013 Earnings

October 21, 2013



Safe Harbor

FORWARD-LOOKING STATEMENTS: *This presentation contains forward-looking statements concerning management's expectations, goals, objectives and similar matters, which are subject to risks and uncertainties. These forward-looking statements may include comments concerning our product and entertainment plans, anticipated product performance, business opportunities, plans and strategies, costs and cost savings initiatives, financial goals and expectations for our future financial performance and achieving our objectives. There are many factors that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in these forward-looking statements, including consumer and retailer interest in and acceptance of our products and product lines, changes in marketing and business plans and strategies as well as future global economic conditions, including foreign exchange rates. Some of those factors are set forth in the Company's Annual Reports on Form 10-K, in the Company's Quarterly Reports on Form 10-Q, in the Company's Current Reports on Form 8-K, the risk factors in the earnings release for the third quarter and in the Company's other public disclosures. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this presentation to reflect events or circumstances occurring after the date of this presentation.*

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Building Brands Around the Blueprint

- **Growth in Franchise Brands and Key Holiday Initiatives**
 - Franchise Brands growing, up 19% in the quarter
 - New holiday items off to a good start
 - NERF REBELLE, MY LITTLE PONY EQUESTRIA GIRLS, TELEPODS, BIG HUGS ELMO, FURBY
- **Investments in Blueprint Delivering Growth**
 - International Segment revenues up 11%
 - Emerging Markets revenues up 22%
 - Entertainment and Licensing revenues up 13%
- **Content Across All Screens**
 - Hasbro Studios television programming powering Franchise Brands
 - *My Little Pony Equestria Girls* film successfully launches all new IP
 - Entering period of unprecedented entertainment
 - Significant boys entertainment planned: 2014, 2015 and beyond
 - New television and film entertainment supporting Hasbro and our partner brands



Third Quarter 2013 Snapshot

Revenues, Operating Profit and Earnings Per Share Increase in the Third Quarter 2013

- **Q3 Net revenues \$1.37 billion, up 2% year-over-year**
 - International Segment up 11%
 - Emerging markets continue to post strong growth: Up 22% year-over-year
 - Entertainment and Licensing up 13%
- **Games and Girls categories increased revenues year-over-year**
 - Difficult comparisons remain in Boys category; Preschool down 2%
 - Franchise Brand revenues up 19%
- **Q3 Operating profit up 4% (absent charges)***
 - Operating profit year-to-date, ex. charges, up 4% year-over-year despite flat revenues in same period
- **Q3 2013 adjusted EPS of \$1.31 per diluted share****
 - As reported EPS \$0.96 per diluted share

**Q3 2013 reported operating profit includes \$61.3 million pre-tax restructuring, partial pension settlement charges and arbitration award charges or \$0.53 per diluted share*

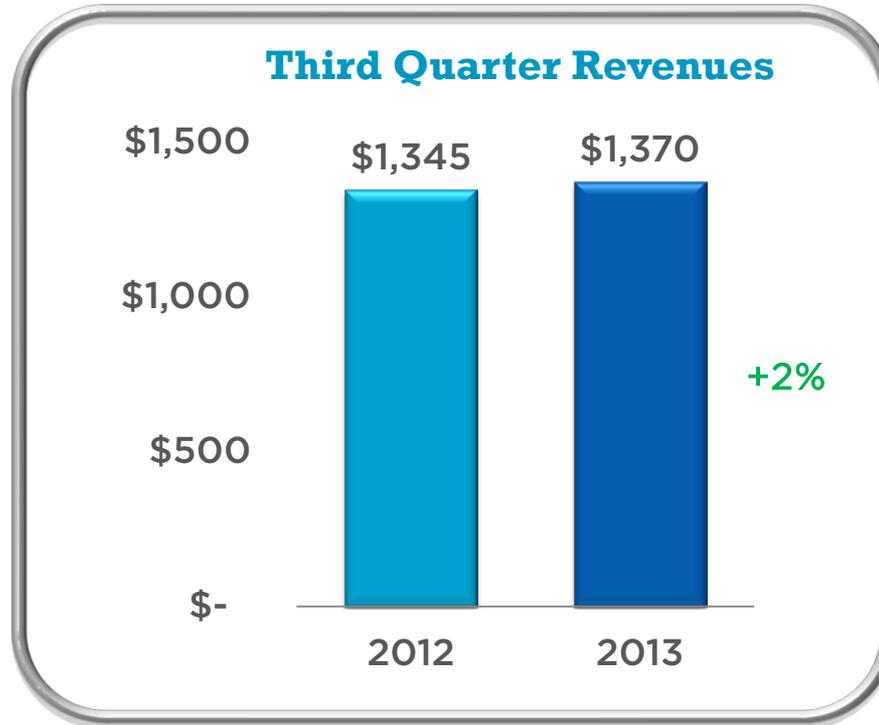
***Q3 2013 reported EPS includes above charges and a favorable tax adjustment of \$23.6 million, or \$0.18 per diluted share*

Refer to slides 23-27 for a reconciliation of "As Reported" to "As Adjusted" financials



Third Quarter 2013 Revenues

(\$ Millions, Unaudited)



Growth in Girls and Games; Preschool down slightly

Challenging comparisons in Boys category



Third Quarter 2013 Segment Revenues

(\$ Millions, Unaudited)



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

International
Europe up 9%; Latin America up 14%; Asia Pacific up 17%; 22% growth in emerging markets; \$5M Favorable FX impact

Entertainment & Licensing
Entertainment revenues up and addition of Backflip Studios



Third Quarter 2013 Net Revenues By Region

| (\$ millions, unaudited) | 2013 | 2012 | % Change |
|------------------------------|----------------|----------------|-------------|
| U.S./Canada Segment | \$736 | \$775 | -5% |
| Europe | 377 | 345 | +9% |
| Latin America | 132 | 115 | +14% |
| Asia Pacific | 74 | 64 | +17% |
| International Segment | 583 | 524 | +11% |
| Entertainment & Licensing | 49 | 43 | +13% |
| Global Operations | 2 | 3 | --- |
| Total Net Revenues | \$1,370 | \$1,345 | +2% |

Positive FX impact of \$3.8M overall for Q3 2013;
International growth including: Russia, Brazil, China, France, Spain,
Italy, Germany, Mexico



Third Quarter 2013 Net Revenues By Product Category

| (\$ Millions, unaudited) | 2013 | 2012 | % Change |
|--------------------------|-----------------|-----------------|------------|
| Boys | \$392 | \$471 | -17% |
| Games | 387 | 366 | +6% |
| Girls | 389 | 302 | +29% |
| Preschool | 202 | 206 | -2% |
| Total | \$ 1,370 | \$ 1,345 | +2% |

**Growth in five of seven Franchise Brands:
MY LITTLE PONY, MAGIC: THE GATHERING, TRANSFORMERS,
NERF and PLAY-DOH**

**New Initiatives: MY LITTLE PONY EQUESTRIA GIRLS, NERF
REBELLE, TELEPODS, BIG HUGS ELMO, FURBY**



Third Quarter 2013 Major Expense Items (as adjusted*)

| (\$ millions, unaudited) | 2013 | 2012 | % Change YOY | % of Q3 2013 Revenue | Notes |
|---|-------|-------|-----------------|----------------------------|--|
| Cost of Sales | \$569 | \$586 | -3.1% | 41.5% | Product mix; lower manufacturing costs |
| Royalties | \$87 | \$89 | -2.7% | 6.3% | Lower revenues from licensed properties |
| Product Development | \$59 | \$48 | 22.5% | 4.3% | Film Development Write-Off; Addition of Backflip; Magic: The Gathering investments |
| Advertising | \$136 | \$135 | 1.1% | 10.0% | |
| Amortization of Intangibles | \$14 | \$13 | 12.6% | 1.0% | Addition of Backflip |
| Program Production Cost Amortization | \$18 | \$13 | 40.6% | 1.3% | Mix of programming delivered in Q3 |
| Selling, Distribution & Administration* | \$227 | \$211 | 7.6% | 16.6% | Compensation; Depreciation; Magic: The Gathering investments |

* Q3 2013 as adjusted financials excludes \$61.3 million pre-tax restructuring, partial pension settlement charge and arbitration award charges. Refer to slide 23 for a reconciliation of "As Reported" to "As Adjusted" financials.



Third Quarter 2013 Operating Profit

(\$ Millions, Unaudited)

As Reported Quarterly Operating Profit



Operating profit adversely impacted by arbitration award. Underlying operating profitability improved.

Adjusted Quarterly Operating Profit*



Adjusted operating profit margin increased to 19.0% in Q3 2013 compared to 18.6% in Q3 2012

* Q3 2013 excludes \$61.3 million pre-tax restructuring, partial pension settlement charge and arbitration award charges. Refer to slide 23 for a reconciliation of "As Reported" to "As Adjusted" financials.



Third Quarter 2013 Segment Operating Profit



U.S. and Canada

Decline in line with revenue decline; Operating profit margin up slightly

International

Expense leverage driving improved profitability

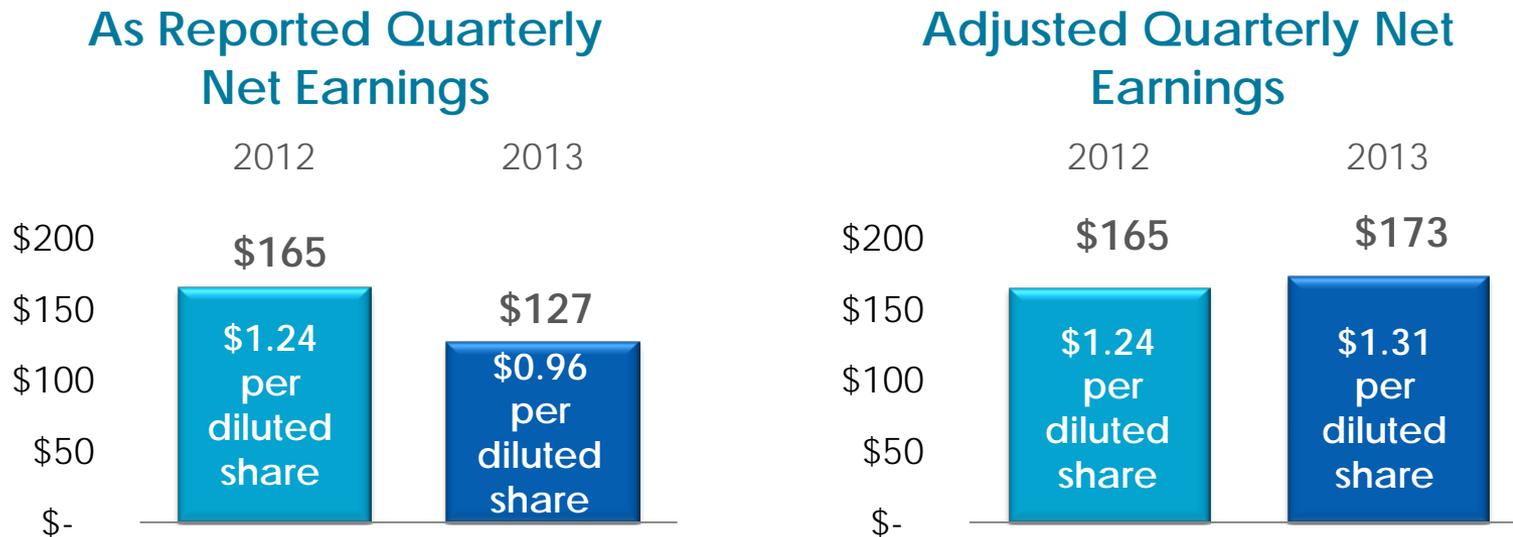
Entertainment and Licensing

Incremental Backflip expenses; Higher program production amortization expenses



Third Quarter 2013 Net Earnings Attributable to Hasbro, Inc.

(\$ millions, except per share, unaudited)



Adjusted 2013 net earnings of \$173M or \$1.31 per diluted share

- Excludes pre-tax arbitration award charges of \$75.5M, or \$0.50 per diluted share
- Excludes pre-tax restructuring and partial pension settlement charges of \$4.1M, or \$0.03 per diluted share
- Excludes favorable tax adjustment of \$23.6 million, or \$0.18 per diluted share

Non-operating expense essentially flat year-over-year

Underlying tax rate of 26.5%

Average diluted shares 131.8M 2013 vs. 132.5M 2012

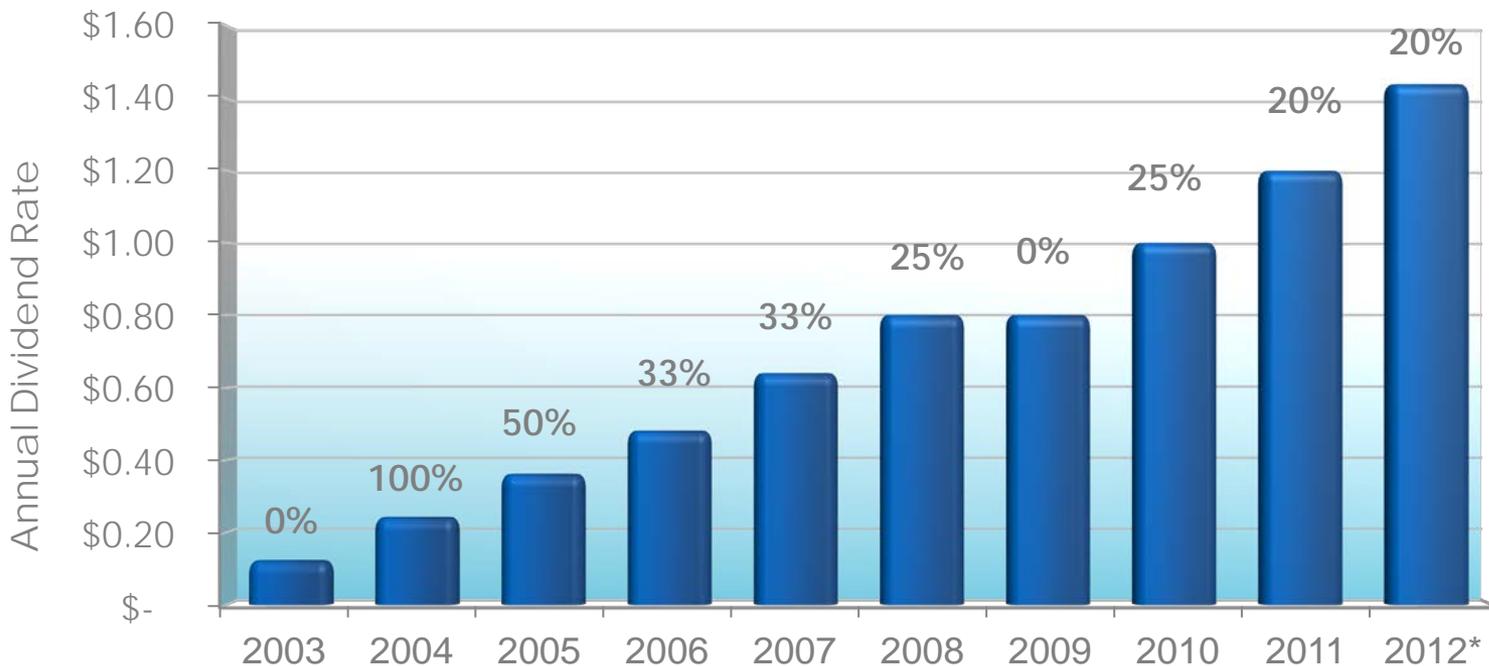


Third Quarter 2013 Key YTD Cash Flow & Balance Sheet Data

| (\$ millions, unaudited) | 2013 | 2012 | Notes |
|--|---------------|----------------|---|
| Cash and Cash Equivalents | \$589 | \$697 | Paid \$112M for 70% ownership of Backflip Studios |
| Depreciation | \$76 | \$75 | |
| Amortization of Intangibles | \$38 | \$35 | Includes Backflip intangible amortization |
| Television Program Spending | \$32 | \$41 | |
| Capex | \$78 | \$75 | Primarily product tooling and facilities |
| Dividends | \$104 | \$132 | Next payment on November 15, 2013 |
| Stock Repurchase | \$87 | \$15 | 644,000 shares at average cost of \$46.62 |
| Operating Cash Flow (Q3) (Trailing Twelve Months) | \$47 \$438 | \$144 \$539 | Continued strong cash generation \$165M in pre-paid royalties to Disney over TTM |
| Accounts Receivable | \$1,215 | \$1,196 | DSOs at 80 days – flat with 2012 AR up 2% consistent with revenues |
| Inventory | \$447 | \$463 | Inventory down in U.S. and Canada segment; Up in emerging markets to support growing business |
| Total Long-term Debt | \$1,390 | 1,399 | \$430M now current |



Dividends

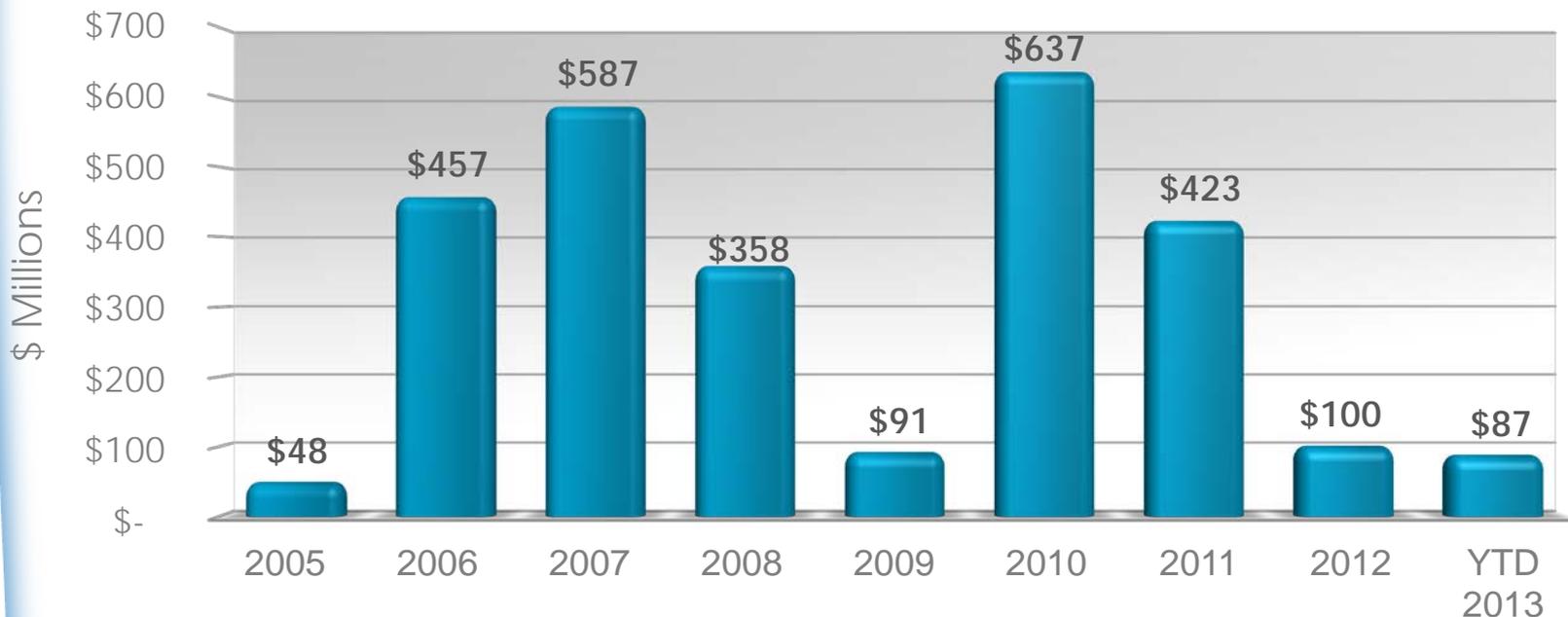


- Announced 11% increase in quarterly dividend to \$0.40/share on February 7, 2013
 - Ninth increase in 10 years
- Next dividend payable November 15, 2013 to shareholders of record at the close of business November 1, 2013

**2012 annual dividend rate does not include the accelerated payment of the February 2013 dividend to December 2012*



Stock Buyback



- Delivering on stated commitment of returning cash to shareholders
 - Expect the pace of 2013 buyback to be closer to 2012 levels than previous levels of buybacks
- In August 2013, Board authorized additional \$500M in share repurchase
 - End of Q3 2013, \$542 million remains available under current authorizations
- In third quarter 2013, repurchased 644,000 shares at a total cost of \$30.0 million and an average price of \$46.62



Entertainment Update: Television

- Since inception, green-lit more than 900 half hours of original production
- Distribution on all formats, including digital and home entertainment in all markets around the world
- Since inception, received 7 Daytime Emmy Awards for programming (16 nominations)



- Eight consecutive quarters of viewer growth¹
- Remains most co-viewed children's network in percentage terms
- Available in more than 72 million households
- Plan for pre-tax profitability in place for 2014



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



Holiday 2013 Engaging Across Consumer Segments

Boys

TRANSFORMERS CONSTRUCT BOTS

N-STRIKE ELITE

KRE-O CREATE IT.

Girls

NERF Rebelle

Furby Boom!

my LITTLE PONY Equestria Girls

Preschool

BEAM BOX

Play-Doh PLUS

Games

MONOPOLY EMPIRE

Twister Dance Revue

TELEPODS

ELEFUN & FRIENDS

bop it!

TETRIS



Hasbro's Branded Play Blueprint





Appendix



Third Quarter Income Statement

| (\$ millions, unaudited) | Sept. 29, 2013 | Sept. 30, 2012 |
|---|-----------------|----------------|
| Net Revenues | \$ 1,370 | \$1,345 |
| Cost of Sales | 569 | 586 |
| Royalties | 144 | 89 |
| Product Development | 59 | 48 |
| Advertising | 136 | 135 |
| Amortization of Intangibles | 14 | 13 |
| Program Production Cost Amortization | 18 | 13 |
| Selling, Distribution & Administration | 231 | 211 |
| Operating Profit | \$ 199 | \$250 |
| Interest Expense | 41 | 23 |
| Other (Income) Expense, Net | 2 | 2 |
| Earnings Before Income Taxes | \$156 | \$225 |
| Income Taxes | 30 | 60 |
| Net Earnings | \$126 | \$165 |
| Net Loss Attributable to Noncontrolling Interests | (1) | --- |
| Net Earnings Attributable to Hasbro, Inc. | \$ 127 | \$165 |
| Diluted EPS | \$0.96 | \$1.24 |



September Balance Sheets

| (\$ millions, unaudited) | Sept. 29, 2013 | Sept. 30, 2012 |
|--|-----------------|-----------------|
| Cash and Cash Equivalents | \$ 589 | \$ 697 |
| Accounts Receivable | 1,215 | 1,196 |
| Inventories | 447 | 463 |
| Other Current Assets | 346 | 263 |
| Total Current Assets | \$ 2,597 | \$ 2,619 |
| Property, Plant & Equipment, Net | 231 | 217 |
| Other Assets | 1,762 | 1,610 |
| Total Assets | \$ 4,590 | \$ 4,446 |
| Short-term Borrowings | 213 | 264 |
| Current Portion of Long-term Debt | 430 | --- |
| Payables & Accrued Liabilities | 1,006 | 862 |
| Total Current Liabilities | \$ 1,649 | \$ 1,126 |
| Long-term Debt | 960 | 1,399 |
| Other Liabilities | 411 | 394 |
| Total Liabilities | \$ 3,020 | \$ 2,919 |
| Redeemable Noncontrolling Interests | 47 | --- |
| Total Shareholders' Equity | 1,523 | 1,527 |
| Total Liabilities, Redeemable Noncontrolling Interests & Shareholders' Equity | \$ 4,590 | \$ 4,446 |



Condensed Cash Flow

| | YTD Q3 2013 | YTD Q3 2012 |
|---|----------------|----------------|
| (\$ millions, unaudited) | | |
| Net Cash Provided by Operating Activities | \$ 47 | \$144 |
| Cash Flows from Investing Activities: | | |
| Additions to Property, Plant and Equipment | (78) | (75) |
| Investments and Acquisitions, Net of Cash Acquired | (110) | --- |
| Other | 3 | 3 |
| Net Cash Utilized by Investing Activities | (185) | (72) |
| Cash Flows from Financing Activities: | | |
| Net (Repayments of) Proceeds from Short-term Borrowings | (11) | 83 |
| Purchases of Common Stock | (87) | (15) |
| Stock-based Compensation Transactions | 87 | 49 |
| Dividends Paid | (104) | (132) |
| Net Cash Utilized by Financing Activities | (115) | (15) |
| Effect of Exchange Rate Changes on Cash | (8) | (2) |
| Cash and Cash Equivalents at Beginning of Year | 850 | 642 |
| Cash and Cash Equivalents at End of Period | \$ 589 | \$697 |



Supplemental Financial Data

Third Quarter Operating Profit, Excluding Restructuring, Pension Settlement and Arbitration Award Charges

(\$ thousands, unaudited)

| Quarter Ended September 29, 2013 | As Reported | Less Restructuring, Pension Settlement and Arbitration Award Charges | Excluding Restructuring, Pension Settlement and Arbitration Award Charges | % Net Revenues |
|--|-------------------|---|--|-------------------|
| Net Revenues | \$ 1,370,348 | \$ - | \$ 1,370,348 | 100.0% |
| Costs and Expenses: | | | | |
| Cost of Sales | 568,582 | - | 568,582 | 41.5% |
| Royalties | 143,947 | (57,164) | 86,783 | 6.3% |
| Product Development | 59,366 | - | 59,366 | 4.3% |
| Advertising | 136,487 | - | 136,487 | 10.0% |
| Amortization of Intangibles | 14,224 | - | 14,224 | 1.0% |
| Program Production Cost Amortization | 17,991 | - | 17,991 | 1.3% |
| Selling, Distribution and Administration | 231,045 | (4,093) | 226,952 | 16.6% |
| Operating Profit | \$ 198,706 | \$ (61,257) | \$ 259,963 | 19.0% |

Note: There were no restructuring, pension settlement or arbitration award charges included in the reported amounts for the quarter ended September 30, 2012.



Supplemental Financial Data

Nine Month Operating Profit, Excluding Restructuring, Pension Settlement and Arbitration Award Charges

(\$ thousands, unaudited)

| Nine Months Ended September 29, 2013 | As Reported | Less Restructuring, Pension Settlement and Arbitration Award Charges | Excluding Restructuring, Pension Settlement and Arbitration Award Charges | % Net Revenues |
|--|-------------------|---|---|----------------|
| Net Revenues | \$ 2,800,384 | \$ - | \$ 2,800,384 | 100.0% |
| Costs and Expenses: | | | | |
| Cost of Sales | 1,136,724 | (8,493) | 1,128,231 | 40.3% |
| Royalties | 243,568 | (57,164) | 186,404 | 6.7% |
| Product Development | 154,455 | (3,515) | 150,940 | 5.4% |
| Advertising | 277,278 | - | 277,278 | 9.9% |
| Amortization of Intangibles | 37,677 | - | 37,677 | 1.3% |
| Program Production Cost Amortization | 34,023 | - | 34,023 | 1.2% |
| Selling, Distribution and Administration | 633,238 | (23,473) | 609,765 | 21.8% |
| Operating Profit | \$ 283,421 | \$ (92,645) | \$ 376,066 | 13.4% |

| Nine Months Ended September 30, 2012 | As Reported | Less Restructuring Charges | Excluding Restructuring Charges | % Net Revenues |
|--|-------------------|-------------------------------|---------------------------------------|----------------|
| Net Revenues | \$ 2,805,454 | \$ - | \$ 2,805,454 | 100.0% |
| Costs and Expenses: | | | | |
| Cost of Sales | 1,155,536 | (2,764) | 1,152,772 | 41.1% |
| Royalties | 212,551 | - | 212,551 | 7.6% |
| Product Development | 143,511 | (2,479) | 141,032 | 5.0% |
| Advertising | 279,339 | - | 279,339 | 10.0% |
| Amortization of Intangibles | 34,792 | - | 34,792 | 1.2% |
| Program Production Cost Amortization | 25,950 | - | 25,950 | 0.9% |
| Selling, Distribution and Administration | 602,145 | (5,887) | 596,258 | 21.3% |
| Operating Profit | \$ 351,630 | \$ (11,130) | \$ 362,760 | 12.9% |



Supplemental Financial Data

Restructuring, Pension Settlement and Arbitration Award Charges by Segment

| | Quarter Ended | | Nine Months Ended | |
|--|------------------|----------------|-------------------|------------------|
| | Sept. 29, 2013 | Sept. 30, 2012 | Sept. 29, 2013 | Sept. 30, 2012 |
| (\$ thousands, unaudited) | | | | |
| U.S. and Canada Segment | \$ - | \$ - | \$ - | \$ 2,444 |
| International Segment | - | - | - | 1,628 |
| Entertainment and Licensing Segment | - | - | 1,729 | 555 |
| Global Operations Segment | - | - | - | 4,307 |
| Corporate and Eliminations | 61,257 | - | 90,916 | 2,196 |
| Total Restructuring, Pension Settlement and Arbitration Award Charges | \$ 61,257 | \$ - | \$ 92,645 | \$ 11,130 |



Supplemental Financial Data

Major Operating Segment Results, Excluding Restructuring

| (\$ thousands, unaudited) | YTD 2013 Operating Profit | | | YTD 2012 Operating Profit | | |
|---|---------------------------|-----------------------|--------------------------------|---------------------------|-----------------------|--------------------------------|
| | As Reported | Less Restructuring | Adjusted, Ex. Restructuring | As Reported | Less Restructuring | Adjusted, Ex. Restructuring |
| U.S. and Canada Segment | \$ 243,738 | \$ - | \$ 243,738 | \$229,578 | \$ 2,444 | \$ 232,022 |
| International Segment | \$ 115,951 | \$ - | \$ 115,951 | 110,265 | \$ 1,628 | \$ 111,893 |
| Entertainment and Licensing Segment | \$ 16,622 | \$ 1,729 | \$ 18,351 | \$26,652 | \$ 555 | \$27,207 |

NOTE: There were no restructuring charges included in the reported amounts for the quarter ended July 1, 2012 and September 30, 2012.



Supplemental Financial Data

Net Earnings and EPS Excluding Restructuring Charges, Pension Settlement Charges, Arbitration Award Charges and Benefit from Settlement of Tax Exams

| | Quarter Ended | | | |
|--|----------------|--------------------------|----------------|--------------------------|
| | Sept. 29, 2013 | Diluted Per Share Amount | Sept. 30, 2012 | Diluted Per Share Amount |
| (\$ thousands, except per share amounts, unaudited) | | | | |
| Net Earnings Attributable to Hasbro, Inc., as Reported | \$ 126,574 | \$ 0.96 | \$ 164,852 | \$ 1.24 |
| Restructuring Charges, Net of Tax | 2,447 | 0.02 | - | - |
| Pension Settlement Charges, Net of Tax | 679 | 0.01 | - | - |
| Arbitration Award Charges, Net of Tax | 66,447 | 0.50 | - | - |
| 2013 Benefit from Tax Exam Settlement | (23,637) | (0.18) | - | - |
| Net Earnings Attributable to Hasbro, Inc., as Adjusted | \$ 172,510 | \$ 1.31 | \$ 164,852 | \$ 1.24 |

| | Nine Months Ended | | | |
|--|-------------------|--------------------------|----------------|--------------------------|
| | Sept. 29, 2013 | Diluted Per Share Amount | Sept. 30, 2012 | Diluted Per Share Amount |
| (\$ thousands, except per share amounts, unaudited) | | | | |
| Net Earnings Attributable to Hasbro, Inc., as Reported | \$ 156,383 | \$ 1.19 | \$ 205,700 | \$ 1.56 |
| Restructuring Charges, Net of Tax | 21,224 | 0.16 | 7,675 | 0.06 |
| Pension Settlement Charges, Net of Tax | 2,469 | 0.02 | - | - |
| Arbitration Award Charges, Net of Tax | 66,447 | 0.50 | - | - |
| 2013 Benefit from Tax Exam Settlement | (23,637) | (0.18) | - | - |
| Net Earnings Attributable to Hasbro, Inc., as Adjusted | \$ 222,886 | \$ 1.69 | \$ 213,375 | \$ 1.62 |



Cost Savings Initiative

2013 Cost Savings Expectations

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

- *Pre-tax restructuring and partial pension settlement charges in Q3 2013 were \$4.1M.*
- *The Company continues to expect full-year restructuring charges to be as much as \$35 million, prior to pension charges.*
- *Year-to-date, the Company recorded \$32.0 million in restructuring charges and \$3.5 million in partial pension settlement charges.*
- *Pension charges could be an additional \$3-5M during the remainder of 2013. Ultimate amount dependent on the type of benefit payments pension participants request during the remainder of 2013.*