

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

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

(State of Incorporation)

05-0155090

(I.R.S. Employer Identification No.)

1027 Newport Avenue, Pawtucket, Rhode Island 02862
(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 short 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 No

Indicated 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 short period that the registrant was required to submit and post such files). Yes No

Indicated 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

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting Company

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

The number of shares of Common Stock, par value \$.50 per share, outstanding as of July 19, 2013 was 129,726,055.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

ASSETS	June 30, 2013	July 1, 2012	December 30, 2012
Current assets			
Cash and cash equivalents	\$ 1,022,345	779,931	849,701
Accounts receivable, less allowance for doubtful accounts of \$20,500, \$24,300 and \$19,600	640,503	651,410	1,029,959
Inventories	359,969	416,905	316,049
Prepaid expenses and other current assets	343,385	297,580	312,493
Total current assets	<u>2,366,202</u>	<u>2,145,826</u>	<u>2,508,202</u>
Property, plant and equipment, less accumulated depreciation of \$496,800, \$472,000 and \$481,500	<u>237,774</u>	<u>223,383</u>	<u>230,414</u>
Other assets			
Goodwill	474,773	474,608	474,925
Other intangibles, less accumulated amortization of \$690,100, \$638,300 and \$666,700	393,206	445,073	416,659
Other	706,344	725,831	695,187
Total other assets	<u>1,574,323</u>	<u>1,645,512</u>	<u>1,586,771</u>
Total assets	<u>\$ 4,178,299</u>	<u>4,014,721</u>	<u>4,325,387</u>

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

<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>December 30, 2012</u>
Current liabilities			
Short-term borrowings	\$ 192,918	220,605	224,365
Current portion of long-term debt	432,458	-	-
Accounts payable	199,784	161,785	139,906
Accrued liabilities	471,562	456,303	596,164
Total current liabilities	<u>1,296,722</u>	<u>838,693</u>	<u>960,435</u>
Long-term debt	959,895	1,399,557	1,396,421
Other liabilities	465,656	376,981	461,152
Total liabilities	<u>2,722,273</u>	<u>2,615,231</u>	<u>2,818,008</u>
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	104,847	104,847	104,847
Additional paid-in capital	694,771	641,012	655,943
Retained earnings	3,280,215	3,152,647	3,354,545
Accumulated other comprehensive loss	(77,866)	(39,643)	(72,307)
Treasury stock, at cost; 79,718,124 shares at June 30, 2013, 79,440,495 at July 1, 2012 and 80,754,417 at December 30, 2012	(2,545,941)	(2,459,373)	(2,535,649)
Total shareholders' equity	<u>1,456,026</u>	<u>1,399,490</u>	<u>1,507,379</u>
Total liabilities and shareholders' equity	<u>\$ 4,178,299</u>	<u>4,014,721</u>	<u>4,325,387</u>

See accompanying condensed notes to consolidated financial statements.

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

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>
Net revenues	\$ 766,342	811,467	1,430,036	1,460,317
Costs and expenses:				
Cost of sales	300,570	311,984	568,142	569,020
Royalties	50,229	70,893	99,621	123,327
Product development	47,904	50,113	95,089	95,039
Advertising	73,657	79,297	140,791	144,342
Amortization of intangibles	12,037	11,501	23,453	22,156
Program production cost amortization	10,309	10,018	16,032	13,156
Selling, distribution and administration	197,548	191,379	402,193	391,269
Total costs and expenses	<u>692,254</u>	<u>725,185</u>	<u>1,345,321</u>	<u>1,358,309</u>
Operating profit	<u>74,088</u>	<u>86,282</u>	<u>84,715</u>	<u>102,008</u>
Non-operating (income) expense:				
Interest expense	22,225	22,413	45,204	45,525
Interest income	(1,432)	(1,689)	(2,913)	(4,164)
Other (income) expense, net	2,219	5,899	7,841	5,854
Total non-operating expense, net	<u>23,012</u>	<u>26,623</u>	<u>50,132</u>	<u>47,215</u>
Earnings before income taxes	51,076	59,659	34,583	54,793
Income tax expense	14,596	16,232	4,774	13,945
Net earnings	<u>\$ 36,480</u>	<u>43,427</u>	<u>29,809</u>	<u>40,848</u>
Net earnings per common share:				
Basic	<u>\$ 0.28</u>	<u>0.33</u>	<u>0.23</u>	<u>0.31</u>
Diluted	<u>\$ 0.28</u>	<u>0.33</u>	<u>0.23</u>	<u>0.31</u>
Cash dividends declared per common share	<u>\$ 0.40</u>	<u>0.36</u>	<u>0.80</u>	<u>0.72</u>

See accompanying condensed notes to consolidated financial statements.

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

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>
Net earnings	\$ 36,480	43,427	29,809	40,848
Other comprehensive earnings (loss):				
Foreign currency translation adjustments	(14,525)	(30,173)	(21,873)	(7,907)
Net gains on cash flow hedging activities, net of tax	1,606	16,252	12,382	6,963
Reclassifications to earnings, net of tax:				
Net gains on cash flow hedging activities	(498)	(1,492)	(1,040)	(2,756)
Unrecognized pension and postretirement amounts	3,717	-	4,972	-
Total other comprehensive loss, net of tax	(9,700)	(15,413)	(5,559)	(3,700)
Total comprehensive earnings	<u>\$ 26,780</u>	<u>28,014</u>	<u>24,250</u>	<u>37,148</u>

See accompanying condensed notes to consolidated financial statements.

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

	Six Months Ended	
	June 30, 2013	July 1, 2012
Cash flows from operating activities:		
Net earnings	\$ 29,809	40,848
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of plant and equipment	43,181	43,739
Amortization of intangibles	23,453	22,156
Program production cost amortization	16,032	13,156
Deferred income taxes	(9,362)	912
Stock-based compensation	12,001	12,557
Change in operating assets and liabilities:		
Decrease in accounts receivable	360,737	391,369
Increase in inventories	(52,585)	(86,533)
Decrease (increase) in prepaid expenses and other current assets	3,132	(59,683)
Program production costs	(23,490)	(25,085)
Decrease in accounts payable and accrued liabilities	(105,267)	(159,804)
Other, including long-term advances	495	7,149
Net cash provided by operating activities	<u>298,136</u>	<u>200,781</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(53,555)	(50,084)
Other	4,459	5,941
Net cash utilized by investing activities	<u>(49,096)</u>	<u>(44,143)</u>
Cash flows from financing activities:		
Net (repayments of) proceeds from short-term borrowings	(31,147)	39,756
Purchases of common stock	(55,932)	(9,926)
Stock option transactions	62,465	33,422
Excess tax benefits from stock-based compensation	9,600	7,980
Dividends paid	(52,125)	(85,317)
Net cash utilized by financing activities	<u>(67,139)</u>	<u>(14,085)</u>
Effect of exchange rate changes on cash	<u>(9,257)</u>	<u>(4,310)</u>
Increase in cash and cash equivalents	172,644	138,243
Cash and cash equivalents at beginning of year	849,701	641,688
Cash and cash equivalents at end of period	<u>\$ 1,022,345</u>	<u>779,931</u>
Supplemental information		
Cash paid during the period for:		
Interest	\$ 45,128	47,213
Income taxes	\$ 32,738	40,066

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(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 June 30, 2013 and July 1, 2012, 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 quarters ended June 30, 2013 and July 1, 2012 are 13-week periods. The six-month periods ended June 30, 2013 and July 1, 2012 are 26-week and 27-week periods, respectively.

The results of operations for the quarter and six-month period ended June 30, 2013 are not necessarily indicative of results to be expected for the full year, nor were those of the comparable 2012 periods representative of those actually experienced for the full year 2012.

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 30, 2012 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 30, 2012.

Substantially all of the Company's inventories consist of finished goods.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(2) Earnings Per Share

Net earnings per share data for the quarter and six-month periods ended June 30, 2013 and July 1, 2012 were computed as follows:

Quarter	2013		2012	
	Basic	Diluted	Basic	Diluted
Net earnings	\$ 36,480	36,480	43,427	43,427
Average shares outstanding	130,323	130,323	130,294	130,294
Effect of dilutive securities:				
Options and other share-based awards	-	1,657	-	1,824
Equivalent Shares	130,323	131,980	130,294	132,118
Net earnings per common share	\$ 0.28	0.28	0.33	0.33

Six Months	2013		2012	
	Basic	Diluted	Basic	Diluted
Net earnings	\$ 29,809	29,809	40,848	40,848
Average shares outstanding	129,831	129,831	129,918	129,918
Effect of dilutive securities:				
Options and other share-based awards	-	1,606	-	1,907
Equivalent Shares	129,831	131,437	129,918	131,825
Net earnings per common share	\$ 0.23	0.23	0.31	0.31

For the quarters ended June 30, 2013 and July 1, 2012, options and restricted stock unit awards totaling 1,849 and 3,504, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been antidilutive. For the six-month periods ended June 30, 2013 and July 1, 2012, options and restricted stock unit awards totaling 1,511 and 3,523, respectively, were excluded from the calculation of diluted earnings per share because to include them would have been antidilutive.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(3) Other Comprehensive Earnings (Loss)

Components of other comprehensive earnings are presented within the consolidated statements of comprehensive earnings (loss). The related tax expenses of gains on cash flow hedging activities within other comprehensive earnings were \$1,260 and \$2,971 for the quarter and six-month periods ended June 30, 2013, respectively. The income tax expense related to reclassification adjustments of net gains on cash flow hedging activities from other comprehensive earnings were \$286 and \$419 for the quarter and six-month periods ended June 30, 2013, respectively. The income tax benefit related to the reclassification of amortization of unrecognized pension and postretirement amounts was \$712 and \$1,424 for the quarter and six months ended June 30, 2013.

The related tax expense of gains on cash flow hedging activities within other comprehensive earnings was \$3,201 and \$1,861 for the quarter and six-month periods ended July 1, 2012, respectively. The income tax expense related to reclassification adjustments of net gains on cash flow hedging activities from other comprehensive earnings was \$419 and \$562 for the quarter and six-month periods ended July 1, 2012, respectively.

At June 30, 2013, the Company had remaining deferred gains on hedging instruments, net of tax, of \$10,334 in accumulated other comprehensive earnings ("AOCE"). These instruments hedge payments related to inventory purchased during the second quarter of 2013 or forecasted to be purchased during the remainder of 2013 and 2014, intercompany expenses and royalty payments expected to be paid or received during the remainder of 2013 and 2014 as well as cash receipts for sales made during the second quarter of 2013 or forecasted to be made during the remainder of 2013. These amounts will be reclassified into the consolidated statement of operations upon the sale of the related inventory or recognition of the related sales, royalties or expenses. Of the amount included in AOCE at June 30, 2013, the Company expects approximately \$8,553 to be reclassified to earnings within the next twelve months. However, the amount ultimately realized in earnings is dependent on the fair value of the contracts on the settlement dates.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

Changes in the components of accumulated other comprehensive earnings (loss) for the six months ended June 30, 2013 and July 1, 2012 are as follows:

	<u>Pension and Postretirement Amounts</u>	<u>Gains (Losses) on Derivative Instruments</u>	<u>Foreign Currency Translation Adjustments</u>	<u>Total Accumulated Other Comprehensive Earnings (Loss)</u>
2013				
Balance at Dec. 30, 2012	\$ (120,422)	(1,008)	49,123	(72,307)
Current period other comprehensive earnings (loss)	4,972	11,342	(21,873)	(5,559)
Balance at June 30, 2013	<u>\$ (115,450)</u>	<u>10,334</u>	<u>27,250</u>	<u>(77,866)</u>
2012				
Balance at Dec. 25, 2011	\$ (86,822)	10,081	40,798	(35,943)
Current period other comprehensive earnings (loss)	-	4,207	(7,907)	(3,700)
Balance at July 1, 2012	<u>\$ (86,822)</u>	<u>14,288</u>	<u>32,891</u>	<u>(39,643)</u>

(4) Financial Instruments

Hasbro's financial instruments include cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and certain accrued liabilities. At June 30, 2013, July 1, 2012 and December 30, 2012, the carrying cost of these instruments approximated their fair value. The Company's financial instruments at June 30, 2013, July 1, 2012 and December 30, 2012 also include certain assets and liabilities measured at fair value (see Notes 6 and 8) as well as long-term borrowings. The carrying costs and fair values of the Company's long-term borrowings as of June 30, 2013, July 1, 2012 and December 30, 2012 are as follows:

	<u>June 30, 2013</u>		<u>July 1, 2012</u>		<u>December 30, 2012</u>	
	<u>Carrying Cost</u>	<u>Fair Value</u>	<u>Carrying Cost</u>	<u>Fair Value</u>	<u>Carrying Cost</u>	<u>Fair Value</u>
6.35% Notes Due 2040	\$ 500,000	548,600	500,000	582,250	500,000	615,650
6.125% Notes Due 2014	432,458	443,445	439,662	460,020	436,526	455,175
6.30% Notes Due 2017	350,000	401,520	350,000	400,015	350,000	399,700
6.60% Debentures						
Due 2028	109,895	124,049	109,895	123,038	109,895	129,687
Total long-term debt	<u>1,392,353</u>	<u>1,517,614</u>	<u>1,399,557</u>	<u>1,565,323</u>	<u>1,396,421</u>	<u>1,600,212</u>
Less: Current portion	<u>432,458</u>	<u>443,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long-term debt excluding current portion	<u>\$ 959,895</u>	<u>1,074,169</u>	<u>1,399,557</u>	<u>1,565,323</u>	<u>1,396,421</u>	<u>1,600,212</u>

The carrying cost of the 6.125% Notes Due 2014 includes principal amounts of \$425,000 as well as fair value adjustments of \$7,458, \$14,662, and \$11,526 at June 30, 2013, July 1, 2012 and December 30, 2012, respectively, related to interest rate swaps.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

The interest rate swaps were terminated in November 2012 and the fair value adjustment at June 30, 2013 and December 30, 2012 represent the unamortized portions of the fair value of the interest rate swaps at the date of termination. At June 30, 2013 the principal amount and fair value adjustment associated with the 6.125% Notes Due 2014, totaling \$432,458, were included in the current portion of long-term debt. All other carrying costs represent principal amounts and were included in long-term debt excluding the current portion at June 30, 2013. The total principal amount of long-term debt, including the current portion, at June 30, 2013, July 1, 2012 and December 30, 2012 was \$1,384,895.

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.

The Company was party to a series of interest rate swap agreements to adjust the amount of debt that is subject to fixed interest rates. The interest rate swaps were matched with a portion of the 6.125% Notes Due 2014 and accounted for as fair value hedges of those notes. The interest rate swaps had a total notional amount of \$400,000 with maturities in 2014 which matched the maturity date of the related notes. In each of the contracts, the Company received payments based upon a fixed interest rate of 6.125%, which matched the interest rate of the notes being hedged, and made payments based upon a floating rate based on Libor. These contracts were designated and effective as hedges of the changes in the fair value of the associated debt. In November 2012, these interest rate swap agreements were terminated. The fair value was recorded as an adjustment to long-term debt and is being amortized through the statement of operations over the life of the related debt using a straight-line method. At June 30, 2013 and December 30, 2012, this adjustment to total long-term debt was \$7,458 and \$11,526, respectively. At July 1, 2012, the fair value of these contracts was an asset of \$14,662 which was recorded in other assets with a corresponding fair value adjustment to increase long-term debt. The Company recorded losses of \$1,385 and \$1,315 for the quarter and six-month periods ended July 1, 2012, respectively, on these instruments in other (income) expense, net relating to the change in fair value of such derivatives, wholly offsetting (gains) losses from the change in fair value of the associated long-term debt, also included in other (income) expense.

(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 2008. 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 2006. The U.S. Internal Revenue Service has nearly completed an examination related to the 2008 and 2009 U.S. federal income tax returns. The Company is also under income tax examination in several U.S. state and local and non-U.S. jurisdictions. In connection with the Mexican tax examinations for the years 2000 to 2007, the Company has received tax assessments totaling approximately \$245,130 (at June 30, 2013 exchange rates), which include interest, penalties and inflation updates, related to transfer pricing which the Company is vigorously defending.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

In order to continue the process of defending its position, the Company was required to guarantee the amount of the assessments for the years 2000 to 2004, as is usual and customary in Mexico with respect to these matters. Accordingly, as of June 30, 2013, bonds totaling approximately \$184,990 (at June 30, 2013 exchange rates) have been provided to the Mexican government related to the 2000 to 2004 assessments, allowing the Company to defend its positions. The Company is not currently required to guarantee the amounts of the 2005, 2006 and 2007 assessments. The Company expects to be successful in sustaining its position with respect to these assessments as well as similar positions that may be taken by the Mexican tax authorities for periods subsequent to 2007.

At June 30, 2013, the Company has liabilities for unrecognized tax benefits of \$123,085 which are included as a component of other liabilities in the consolidated balance sheets. The Company believes that it is reasonably possible that certain tax examinations may be concluded and statutes of limitations will expire within the next twelve months, and that these liabilities, inclusive of potential interest and penalties, may decrease by up to approximately \$68,000. This may result in the recognition of an income tax benefit of up to \$24,000 and the reversal of approximately \$16,000 of deferred tax assets, and an increase to accrued income taxes of \$28,000. The unrecognized tax benefits primarily relate to both the timing and the nature of the deductibility of certain expenses, as well as the tax treatment of certain subsidiary and other transactions.

(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 June 30, 2013, July 1, 2012 and December 30, 2012, these investments totaled \$23,633, \$19,589 and \$24,091, respectively, and are included in prepaid expenses and other current assets in the consolidated balance sheets. The Company recorded net gains (losses) of \$(271) and \$9 on these investments in other (income) expense, net for the quarter and six-month periods ended June 30, 2013, respectively, related to the change in fair value of such instruments. For the quarter and six-month periods ended July 1, 2012 the Company recorded net gains (losses) of \$(331) and \$765, respectively, on these investments in other (income) expense, net, related to the change in fair value of such investments.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

At June 30, 2013, July 1, 2012 and December 30, 2012, the Company had the following assets and liabilities measured at fair value in its consolidated balance sheets:

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2013</u>				
Assets:				
Available-for-sale securities	\$ 23,641	8	18,244	5,389
Derivatives	16,890	-	15,900	990
Total assets	<u>\$ 40,531</u>	<u>8</u>	<u>34,144</u>	<u>6,379</u>
Liabilities:				
Derivatives	<u>\$ 1,235</u>	<u>-</u>	<u>1,235</u>	<u>-</u>
<u>July 1, 2012</u>				
Assets:				
Available-for-sale securities	\$ 19,871	12	19,859	-
Derivatives	33,045	-	29,719	3,326
Total assets	<u>\$ 52,916</u>	<u>12</u>	<u>49,578</u>	<u>3,326</u>
Liabilities:				
Derivatives	<u>\$ 765</u>	<u>-</u>	<u>765</u>	<u>-</u>
<u>December 30, 2012</u>				
Assets:				
Available-for-sale securities	\$ 24,099	8	18,986	5,105
Derivatives	4,254	-	1,741	2,513
Total assets	<u>\$ 28,353</u>	<u>8</u>	<u>20,727</u>	<u>7,618</u>
Liabilities:				
Derivatives	<u>\$ 3,461</u>	<u>-</u>	<u>3,461</u>	<u>-</u>

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

For a portion of the Company's available-for-sale securities, the Company is able to obtain quoted prices from stock exchanges to measure the fair value of these securities. Certain other available-for-sale securities held by the Company are valued at the net asset value which is quoted on a private market that is not active; however, the unit price is predominantly based on underlying investments which are traded on an active market. In 2012 the Company purchased an available-for-sale investment which invests in hedge funds which contain financial instruments that are valued using certain estimates which are considered unobservable in that they reflect the investment manager's own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that these estimates are the best information available for use in the fair value of this investment. The Company's derivatives consist primarily of foreign currency forward contracts. The Company uses current forward rates of the respective foreign currencies to measure the fair value of these contracts. The remaining derivative instruments consist of warrants to purchase common stock of an unrelated company. The Company uses the Black-Scholes model to value these warrants. One of the inputs used in the Black-Scholes model, historical volatility, 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. There were no changes in these valuation techniques during 2013.

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):

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 7,618	3,724
Loss from change in fair value	(1,239)	(398)
Balance at end of second quarter	<u>\$ 6,379</u>	<u>3,326</u>

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(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 quarter and six-month periods ended June 30, 2013 and July 1, 2012 are as follows:

	Quarter Ended			
	Pension		Postretirement	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Service cost	\$ 1,508	1,081	187	184
Interest cost	4,803	5,052	345	440
Expected return on assets	(5,550)	(5,232)	-	-
Net amortization and deferrals	2,396	1,761	(65)	20
Curtailement/settlement losses	2,462	-	-	-
Net periodic benefit cost	<u>\$ 5,619</u>	<u>2,662</u>	<u>467</u>	<u>644</u>

	Six Months Ended			
	Pension		Postretirement	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Service cost	\$ 3,010	2,279	375	368
Interest cost	9,598	10,546	690	880
Expected return on assets	(11,091)	(10,903)	-	-
Net amortization and deferrals	4,788	3,669	(130)	40
Curtailement/settlement losses	5,421	-	-	-
Net periodic benefit cost	<u>\$ 11,726</u>	<u>5,591</u>	<u>935</u>	<u>1,288</u>

During the first two quarters of fiscal 2013, the Company made cash contributions to its defined benefit pension plans of approximately \$3,000 in the aggregate. The Company expects to contribute approximately \$2,800 during the remainder of fiscal 2013.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(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 and 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.

The Company also has warrants to purchase common stock of an unrelated company that constitute and are accounted for as derivatives. For additional information related to these warrants see Note 6.

Cash Flow Hedges

Hasbro 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 2013 and 2014.

At June 30, 2013, July 1, 2012 and December 30, 2012, the notional amounts and fair values of the Company's foreign currency forward contracts designated as cash flow hedging instruments were as follows.

<u>Hedged transaction</u>	<u>June 30, 2013</u>		<u>July 1, 2012</u>		<u>December 30, 2012</u>	
	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Notional Amount</u>	<u>Fair Value</u>
Inventory purchases	\$ 342,616	8,295	374,658	13,387	397,770	(2,638)
Intercompany royalty transactions	118,116	2,154	126,276	4,272	131,693	(1,168)
Sales	112,278	4,193	85,693	(2,840)	92,761	2,458
Other	25,102	(349)	18,131	19	2,420	(45)
Total	\$ 598,112	14,293	604,758	14,838	624,644	(1,393)

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

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 June 30, 2013, July 1, 2012 and December 30, 2012 as follows:

	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>Dec. 30, 2012</u>
<u>Prepaid expenses and other current assets</u>			
Unrealized gains	\$ 13,907	14,113	2,802
Unrealized losses	(1,540)	(4,250)	(1,073)
Net unrealized gain	<u>12,367</u>	<u>9,863</u>	<u>1,729</u>
<u>Other assets</u>			
Unrealized gains	1,926	5,066	12
Unrealized losses	-	(70)	-
Net unrealized gain	<u>1,926</u>	<u>4,996</u>	<u>12</u>
Total asset derivatives	<u>\$ 14,293</u>	<u>14,859</u>	<u>1,741</u>
<u>Accrued liabilities</u>			
Unrealized gains	\$ 1	3	1,466
Unrealized losses	(1)	(18)	(4,245)
Net unrealized loss	<u>-</u>	<u>(15)</u>	<u>(2,779)</u>
<u>Other liabilities</u>			
Unrealized gains	-	-	20
Unrealized losses	-	(6)	(375)
Net unrealized loss	<u>-</u>	<u>(6)</u>	<u>(355)</u>
Total liability derivatives	<u>\$ -</u>	<u>(21)</u>	<u>(3,134)</u>

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

Net gains (losses) on cash flow hedging activities have been reclassified from other comprehensive earnings to net earnings for the quarter and six-month periods ended June 30, 2013 and July 1, 2012 as follows:

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>
<u>Statements of Operations Classification</u>				
Cost of sales	\$ (306)	1,675	36	2,941
Royalties	97	864	(44)	1,006
Sales	1,060	(644)	1,535	(643)
Net realized gains	<u>\$ 851</u>	<u>1,895</u>	<u>1,527</u>	<u>3,304</u>

In addition, net losses of \$67 and \$68 were reclassified to earnings as a result of hedge ineffectiveness for the quarter and six-month periods ended June 30, 2013, respectively, and net gains of \$16 and \$14 were reclassified to earnings as a result of hedge ineffectiveness for the quarter and six-month periods ended July 1, 2012, 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. Due to the nature of the derivative contracts involved, the Company does not use hedge accounting for these contracts. At June 30, 2013, July 1, 2012 and December 30, 2012 the total notional amounts of the Company's undesignated derivative instruments were \$150,810, \$65,109 and \$189,217, respectively.

At June 30, 2013, July 1, 2012 and December 30, 2012, the fair values of the Company's undesignated derivative financial instruments were recorded in the consolidated balance sheets as follows:

	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>Dec. 30, 2012</u>
<u>Prepaid expenses and other current assets</u>			
Unrealized gains	\$ 1,625	720	-
Unrealized losses	(18)	(522)	-
Net unrealized gain	<u>1,607</u>	<u>198</u>	<u>-</u>
<u>Accrued liabilities</u>			
Unrealized gains	-	-	469
Unrealized losses	-	-	(796)
Net unrealized loss	<u>-</u>	<u>-</u>	<u>(327)</u>
<u>Other liabilities</u>			
Net unrealized loss	<u>(1,235)</u>	<u>(744)</u>	<u>-</u>
Total unrealized gain (loss), net	<u>\$ 372</u>	<u>(546)</u>	<u>(327)</u>

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
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The Company recorded net gains of \$3,197 and \$90 on these instruments to other (income) expense, net for the quarter and six-month periods ended June 30, 2013, respectively, and \$(646) and \$1,468 on these instruments to other (income) expense, net for the quarter and six-month periods ended July 1, 2012, 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) Consolidation Program and Restructuring Charge

In the fourth quarter of 2012 the Company announced a multi-year cost savings initiative. This initiative includes workforce reductions, facility consolidations, process improvements and other cost savings. Through June 30, 2013, the Company has incurred pre-tax restructuring charges of \$67,433. Of these charges, \$36,045 was recorded during the fourth quarter of 2012 and \$31,388 was recorded during the first half of 2013, of which \$28,926 and \$2,462 were recorded in the first and second quarters of 2013, respectively.

During the fourth quarter of 2012, charges included severance costs of \$34,888 related to the planned reduction of approximately 560 employees and \$1,157 of facility costs related to the commencement of this program. Charges for the first half of 2013 totaled \$31,388 and were comprised of \$24,238 in severance costs, \$5,421 in non-cash pension charges, and \$1,729 in costs associated with exiting a contractual obligation. Severance costs recognized during the first half of 2013 primarily related to a voluntary retirement program for certain eligible employees in the United States. Non-cash pension charges included \$2,959 which resulted from a curtailment charge related to the Company's U.S. pension plans during the first quarter of 2013 and \$2,462 of partial settlement charges as a result of the amount of lump sum pension distributions to date during 2013, primarily related to restructuring activities. Costs associated with exiting a contractual obligation were paid during the quarter ended March 31, 2013. The total 2013 charge of \$31,388 was recorded in the consolidated statements of operations as follows: \$8,493 – cost of sales; \$3,515 – product development; and \$19,380 – selling, distribution and administration.

The following is a summary of the severance and other personnel charges related to the Company's cost savings initiative included in accrued liabilities as of June 30, 2013:

Balance at December 30, 2012	\$	34,888
2013 Charges		24,238
Payments		(16,145)
Balance at June 30, 2013	\$	<u>42,981</u>

The six months ended July 1, 2012 also included severance charges of \$11,130 associated with certain business functions. These charges were recognized in the consolidated statement of operations as follows: \$2,764 – cost of sales; \$2,479 – product development; and \$5,887 – selling, distribution and administration.

See Note 11 for information by segment.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(10) Contingencies

The Company is currently involved in a dispute with an inventor related to contractual interpretation of products subject to license agreements between the inventor and the Company, and payment of royalties. The inventor is claiming damages for all claims and products in excess of \$90,000. Certain of the claims in this matter are currently being adjudicated in binding arbitration and other matters are subject to a complaint filed in February 2013 in the Northern District of Georgia. The Company is disputing the inventor's contractual interpretation and claims, believes it has meritorious defenses, and intends to vigorously defend its position. The Company currently cannot estimate a possible loss or range of loss.

The Company is party to certain other legal proceedings, as well as certain asserted and unasserted claims. Amounts accrued, as well as the total amount of reasonably possible losses with respect to such matters, individually and in the aggregate, are not deemed to be material to the consolidated financial statements.

(11) Segment Reporting

Hasbro is a worldwide leader in children's and family leisure time products and services with a broad portfolio of brands and entertainment properties across toys, games and licensed products ranging from traditional to high-tech and digital. 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 boys' action figures, vehicles and playsets, girls' toys, electronic toys and games, plush products, preschool toys and infant products, electronic interactive products, toy-related specialty products, traditional board games and puzzles, DVD-based games and trading card and role-playing games 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 lifestyle licensing, digital gaming, movie, television and online entertainment operations. The Global Operations segment is responsible for manufacturing and 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, certain restructuring charges, 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 product 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 2013, nor were those of the comparable 2012 period representative of those actually experienced for the full year 2012. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

Information by segment and a reconciliation to reported amounts for the quarter and six-month periods ended June 30, 2013 and July 1, 2012 are as follows.

	Quarter Ended			
	June 30, 2013		July 1, 2012	
	External	Affiliate	External	Affiliate
Net revenues				
U.S. and Canada	\$ 389,243	1,065	406,588	1,294
International	340,176	26	360,493	26
Entertainment and Licensing	35,336	3,301	43,216	1,513
Global Operations (a)	1,587	291,699	1,170	298,500
Corporate and Eliminations	-	(296,091)	-	(301,333)
	<u>\$ 766,342</u>	<u>-</u>	<u>811,467</u>	<u>-</u>
	Six Months Ended			
	June 30, 2013		July 1, 2012	
	External	Affiliate	External	Affiliate
Net revenues				
U.S. and Canada	\$ 731,302	2,094	735,573	2,262
International	629,989	225	650,222	175
Entertainment and Licensing	66,110	5,522	72,552	2,830
Global Operations (a)	2,635	505,985	1,970	556,199
Corporate and Eliminations	-	(513,826)	-	(561,466)
	<u>\$ 1,430,036</u>	<u>-</u>	<u>1,460,317</u>	<u>-</u>
	Quarter Ended		Six Months Ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Operating profit (loss)				
U.S. and Canada	\$ 59,004	60,928	96,747	75,339
International	14,793	29,851	10,288	24,767
Entertainment and Licensing	3,712	8,192	8,997	15,930
Global Operations (a)	(4,357)	(8,983)	(13,940)	(21,716)
Corporate and Eliminations (b)	936	(3,706)	(17,377)	7,688
	<u>\$ 74,088</u>	<u>86,282</u>	<u>84,715</u>	<u>102,008</u>

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

Total assets	June 30, 2013	July 1, 2012	Dec. 30, 2012
U.S. and Canada	\$ 6,220,141	5,476,742	6,041,893
International	1,915,951	1,845,126	2,176,021
Entertainment and Licensing	1,206,380	1,090,416	1,164,715
Global Operations	2,626,250	2,188,285	2,493,976
Corporate and Eliminations (b)	(7,790,423)	(6,585,848)	(7,551,218)
	<u>\$ 4,178,299</u>	<u>4,014,721</u>	<u>4,325,387</u>

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

(b) Certain intangible assets, primarily goodwill, which benefit multiple operating segments are reflected as Corporate assets for segment reporting purposes. In accordance with accounting standards related to impairment testing, these amounts have been allocated to the reporting unit which benefits from their use. In addition, 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 difference between actual and budgeted amounts is reflected in Corporate and Eliminations.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

Restructuring charges for the quarter and six-month periods ended June 30, 2013 and July 1, 2012 were included by segment as follows:

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

The following table represents consolidated International segment net revenues by major geographic region for the quarter and six-month periods ended June 30, 2013 and July 1, 2012.

	Quarter Ended		Six Months Ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Europe	\$ 185,860	198,153	378,449	406,266
Latin America	82,816	82,779	128,529	121,748
Asia Pacific	71,500	79,561	123,011	122,208
Net revenues	\$ 340,176	360,493	629,989	650,222

The following table presents consolidated net revenues by class of principal products for the quarter and six-month periods ended June 30, 2013 and July 1, 2012. The Company has reclassified \$1,012 and \$2,012 of net revenues for the quarter and six-month periods ended July 1, 2012 previously reported in the Other category to the Games category.

	Quarter Ended		Six Months Ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
Boys	\$ 253,684	389,062	496,480	691,821
Games	255,409	214,842	486,324	397,758
Girls	149,419	104,191	264,193	197,427
Preschool	107,830	103,372	183,039	173,311
Net revenues	\$ 766,342	811,467	1,430,036	1,460,317

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(12) Subsequent Events

On July 8, 2013, the Company acquired a majority interest in Backflip Studios, LLC ("Backflip"), a mobile game developer based in Boulder, Colorado. The Company paid cash of \$112,000 to acquire a 70% interest in Backflip, and will be required to purchase the remaining 30% in the future contingent upon if Backflip achieves certain predetermined financial performance metrics. The Company will account for this investment using the acquisition method and will consolidate the financial statements of Backflip commencing as of the acquisition date and report the 30% minority share as a non-controlling interest.

On July 22, 2013 the Company announced that it had entered into amended agreements related to its MARVEL and STAR WARS licenses with The Walt Disney Company ("Disney"). The term of the MARVEL agreement was extended through 2020 and the amendment requires an additional \$80,000 of guaranteed royalties, contingent on the quantity and type of theatrical movie releases. In anticipation of Disney's release of the next three STAR WARS sequel motion pictures, as well as other anticipated entertainment, the amended agreement for STAR WARS provides for guaranteed payments of \$225,000, of which \$75,000 is expected to be paid during the third quarter of 2013.

HASBRO, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial
Condition and Results of Operations
(Thousands of Dollars and Shares Except Per Share Data)

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 30, 2012, 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.

EXECUTIVE SUMMARY

Hasbro, Inc. ("Hasbro" or the "Company") is a branded-play company dedicated to fulfilling the fundamental need for play for children and families through creative expression of the Company's world class brand portfolio. From toys and games, to television programming, motion pictures, digital gaming and a comprehensive licensing program, Hasbro applies its brand blueprint to its broad portfolio of properties. The brand blueprint revolves around the objectives of continuously re-imagining, re-inventing and re-igniting the Company's existing brands, imagining, inventing and igniting new brands and offering consumers the ability to experience the Company's brands in all areas of their lives.

To accomplish these objectives, the Company offers consumers the ability to experience its branded play through innovative toys and games, digital media, lifestyle licensing, publishing and entertainment, including television programming and motion pictures. The Company's focus remains on growing owned and controlled brands, developing new and innovative products which respond to market insights, offering entertainment experiences which allow consumers to experience the Company's brands across multiple forms and formats and optimizing efficiencies within the Company to increase operating margins and maintain a strong balance sheet.

The Company earns revenues and generates cash primarily through the sale of a broad variety of toy and game products and distribution of television programming based on the Company's properties, as well as through the out-licensing of rights for use of its properties in connection with complementary products including digital media and games and lifestyle products, offered by third parties. The Company's brand architecture includes franchise brands, challenger brands, gaming mega brands, key licensed brands and new brands. The Company's franchise and challenger brands represent Company-owned brands or brands which if not entirely owned, are broadly controlled by the Company, and which have been successful over the long term. Franchise brands are the Company's most significant owned or controlled brands which have the ability to deliver significant revenue over the long-term. Challenger brands are brands which have not achieved franchise brand status yet, but have the potential to do so with investment and time. These franchise brands include LITTLEST PET SHOP, MAGIC: THE GATHERING, MONOPOLY, MY LITTLE PONY, NERF, PLAY-DOH and TRANSFORMERS, while challenger brands include BABY ALIVE, FURREAL FRIENDS, KRE-O and PLAYSKOOL. The Company has a large portfolio of owned and controlled brands, which can be introduced in new forms and formats over time.

HASBRO, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial
Condition and Results of Operations (continued)
(Thousands of Dollars and Shares Except Per Share Data)

These brands may also be further extended by pairing a licensed concept with an owned or controlled brand. By focusing on these brands, the Company is working to build a more consistent revenue stream and basis for future growth, and to leverage profitability. During the first six months of 2013, the Company had strong revenues from many owned or controlled brands, including MAGIC: THE GATHERING, NERF, TRANSFORMERS, PLAY-DOH, FURBY and MY LITTLE PONY.

The Company's innovative product offerings encompass a broad variety of toys including boys' action figures, vehicles and playsets, girls' toys, electronic toys, plush products, preschool toys and infant products, electronic interactive products, creative play and toy-related specialty products. Games offerings include boys' action, board, off-the-board, digital, card, electronic, trading card and role-playing games.

While the Company believes it has built a more sustainable revenue base by developing and maintaining its owned or controlled brands and avoiding reliance on licensed entertainment properties, it continues to opportunistically enter into or leverage existing strategic licenses which complement its brands and key strengths and allow the Company to offer innovative products based on movie, television, music and other entertainment properties owned by third parties. The Company's primary licenses include agreements with Marvel Characters B.V. ("Marvel") for characters in the Marvel Universe, including SPIDER-MAN and the AVENGERS; Lucas Licensing Ltd. ("Lucas"), related to the STAR WARS brand; and Sesame Workshop, related to the SESAME STREET characters. Both Marvel and Lucas are owned by The Walt Disney Company ("Disney"). In July 2013, the Company and Disney announced amendments to both the Marvel and Lucas license agreements, which extend the term of the license for Marvel through 2020 and provide additional guaranteed royalty payments with respect to both MARVEL and STAR WARS products in anticipation of expected future motion pictures and other related entertainment from Disney through 2020. Sales of MARVEL products can vary based on the number and quality of theatrical releases in any given year. During 2013 the Company's offerings include products related to several MARVEL properties backed by entertainment, including products based on theatrical motion picture release of IRON MAN 3 in May 2013 and expected release of THOR: THE DARK WORLD in November 2013. During 2012, the Company's offerings included products related to two theatrical motion picture releases based on MARVEL properties, THE AVENGERS and THE AMAZING SPIDER-MAN. Sales of STAR WARS products benefited during the first quarter of 2012 from the release of STAR WARS: EPISODE I – THE PHANTOM MENANCE in 3D in February 2012. The Company also continued to benefit from sales of BEYBLADE products which continued to provide a high level of sales in 2012 and, to a lesser extent, the first six months of 2013. In addition to offering products based on licensed entertainment properties, the Company offers products which are licensed from outside inventors.

The Company seeks to build all-encompassing brand experiences and drive product-related revenues by increasing the visibility of its owned or controlled brands through entertainment such as motion pictures and television programming. Since 2007, the Company has had a number of motion pictures based on its brands released by major motion picture studios, including three motion pictures based on its TRANSFORMERS brand, two motion pictures based on its G.I. JOE brand, including G.I. JOE: RETALIATION released in March 2013, and a major motion picture based on its gaming mega brand, BATTLESHIP. The Company has motion picture projects based on other brands in development for potential release in future years.

In addition to using motion pictures to provide entertainment experiences for its brands, the Company has a wholly-owned production studio, Hasbro Studios, which is responsible for the creation and development of television programming based primarily on Hasbro's brands. This programming is currently aired in markets around the world.

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The Company is also a 50% partner in a joint venture with Discovery Communications, Inc. ("Discovery") which runs The Hub Network, a cable television network in the United States dedicated to high-quality children's and family entertainment and educational programming. Programming on The Hub Network includes content based on Hasbro's brands, Discovery's library of children's educational programming, as well as programming developed by third parties. Hasbro Studios programming is distributed in the United States to The Hub Network, other leading children's networks internationally and on various digital platforms, such as Netflix and iTunes. The Company's television initiatives support its strategy of growing its brands well beyond traditional toys and games and providing entertainment experiences for consumers of all ages in many forms or formats.

The Company's strategic blueprint and brand architecture also focus on extending its brands further into digital media and gaming, including through the licensing of the Company's properties to a number of partners who develop and offer digital games based on those brands. An example of these digital gaming relationships is the Company's agreement with Electronic Arts Inc. ("EA") under which EA will develop eight of Hasbro's best-selling gaming brands for mobile platforms globally. Similarly, the Company has an agreement with Activision under which Activision offers digital games based on the TRANSFORMERS brand, as well as agreements with other third party digital gaming companies such as DeNA and GameLoft.

Furthermore, on July 8, 2013, the Company acquired a 70% majority stake in Backflip Studios, LLC ("Backflip"), a mobile game developer based in Boulder, Colorado. Backflip's product offerings include games for mobile devices including DRAGONVALE, NINJUMP and PAPER TOSS. The Company expects that the acquisition of Backflip will allow it to continue extending its own brands through mobile digital gaming while developing new intellectual properties and leveraging Backflip's existing brands.

The Company also seeks to express its brands through its lifestyle licensing business. Under its lifestyle licensing programs, the Company enters into relationships with a broad spectrum of apparel, food, bedding, publishing and other lifestyle products companies for the global marketing and distribution of licensed products based on the Company's brands. These relationships further broaden and amplify the consumer's ability to experience the Company's brands.

As the Company seeks to grow its business in entertainment, licensing and digital gaming, the Company will continue to evaluate strategic alliances and acquisitions which may complement its current product offerings, allow it entry into an area which is adjacent to or complementary to the toy and game business, or allow it to further develop awareness of its brands and expand the ability of consumers to experience its brands in different forms and formats.

During the fourth quarter of 2012 the Company announced a multi-year cost savings initiative plan in which it targets annual cost reduction of \$100,000 by 2015. This plan included an approximate 10% workforce reduction, facility consolidations and process improvements which reduce redundancy and increase efficiencies. Other cost savings initiatives include focus on fewer, larger global brands and a reduction in the number of SKUs. During the first half of 2013, the Company incurred expenses of \$31,388 related to this plan in addition to charges of \$36,045 recognized during the fourth quarter of 2012. The Company expects it may incur additional restructuring charges of up to \$6,000 during 2013 prior to potential pension charges. During the second quarter of 2013, the Company incurred partial pension settlement charges of \$2,462 related to these restructuring activities.

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Additional pension charges will result based on lump sum distribution made from the Company's U.S. defined benefit pension plan to plan participants during the remainder of 2013. For the full year 2013, the Company estimates gross cost savings from these actions of \$45,000 to \$48,000 and net savings, excluding restructuring costs, of \$13,000 to \$15,000, prior to pension charges.

The Company's business is highly seasonal with a significant amount of revenues occurring in the second half of the year. In 2012, 2011 and 2010, the second half of the year accounted for 64%, 63% and 65% of the Company's net revenues, respectively.

The Company sells its products both within the United States and in a number of international markets. In recent years, the Company's international net revenues have experienced growth as the Company has sought to increase its international presence. Net revenues of the Company's International segment represented 44%, 43% and 39% of total net revenues in 2012, 2011 and 2010, respectively. One of the ways the Company has driven international growth is by opportunistically opening offices in certain markets to develop a greater presence. Since 2006, the Company has opened operations in seven new markets around the world; namely China, Brazil, Russia, Korea, Czech Republic, Peru and Colombia. These represent emerging markets where the Company believes that it can achieve higher revenue growth rates than it could achieve in more mature markets. Net revenues in emerging markets increased by 16% in 2012 compared to 2011 and represented more than 10% of consolidated net revenues in 2012.

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 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 lifestyle licensing, digital gaming, movie, television and online entertainment operations. In addition to these three primary segments, the Company's world-wide manufacturing and product sourcing operations are managed through its Global Operations segment.

The Company is committed to returning excess cash to its shareholders through share repurchases and dividends. As part of this initiative, from 2005 to 2011, the Company's Board of Directors (the "Board") adopted six successive share repurchase authorizations with a cumulative authorized repurchase amount of \$2,825,000. The sixth authorization was approved in May 2011 for \$500,000. At June 30, 2013, the Company had \$71,777 remaining on this authorization. For the quarter and six-month periods ended June 30, 2013, the Company invested \$35,354 and \$55,531, respectively, to repurchase approximately 771 and 1,291 shares of common stock in the open market, respectively. During the three years ended 2012, the Company spent \$1,159,730 to repurchase 28,918 shares in the open market. The Company has no obligation to repurchase shares under the 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. The Company may suspend or discontinue the program at any time. The Company intends, at its discretion to, opportunistically repurchase shares in the future subject to market conditions, the Company's other potential uses of cash and the Company's levels of cash generation. In addition to the share repurchase program, the Company also seeks to return cash to its shareholders through the payment of quarterly dividends. In February 2013 the Board increased the Company's quarterly dividend rate, effective for the dividend paid in May 2013, to \$0.40 per share, an 11% increase from the prior quarterly dividend rate of \$0.36 per share. This was the ninth dividend increase in the previous 10 years. During that ten-year period, the Company has increased its quarterly cash dividend from \$0.03 to \$0.40 per share.

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SUMMARY OF FINANCIAL PERFORMANCE

The components of the results of operations, stated as a percent of net revenues, are illustrated below for the quarters and six months ended June 30, 2013 and July 1, 2012.

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>
Net revenues	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Cost of sales	39.2	38.5	39.7	39.0
Royalties	6.6	8.7	7.0	8.4
Product development	6.2	6.2	6.6	6.5
Advertising	9.6	9.8	9.9	9.9
Amortization of intangibles	1.6	1.4	1.7	1.5
Program production cost amortization	1.3	1.2	1.1	0.9
Selling, distribution and administration	25.8	23.6	28.1	26.8
Operating profit	9.7	10.6	5.9	7.0
Interest expense	2.9	2.7	3.2	3.1
Interest income	(0.2)	(0.2)	(0.2)	(0.3)
Other (income) expense, net	0.3	0.7	0.5	0.4
Earnings before income taxes	6.7	7.4	2.4	3.8
Income tax expense	1.9	2.0	0.3	1.0
Net earnings	<u>4.8%</u>	<u>5.4%</u>	<u>2.1%</u>	<u>2.8%</u>

RESULTS OF OPERATIONS

The quarters ended June 30, 2013 and July 1, 2012 were each 13-week periods. The six-month period ended June 30, 2013 was a 26-week period whereas the six-month period ended July 1, 2012 was a 27-week period. Net earnings for the quarter and six-month periods ended June 30, 2013 were \$36,480 and \$29,809, respectively, compared to \$43,427 and \$40,848 for the respective periods of 2012. Diluted earnings per share were \$0.28 and \$0.23 for the quarter and six-month periods ended June 30, 2013, respectively, compared to diluted earnings per share of \$0.33 and \$0.31 for the respective periods in 2012. Net earnings for the quarter and six-month periods ended June 30, 2013 includes restructuring charges, net of tax, of \$1,790, or \$0.01 per share, and \$20,567, or \$0.16 per share, respectively, related to the multi-year cost savings initiative announced during the fourth quarter of 2012. Net earnings for the six months ended July 1, 2012 includes severance costs, net of tax, of \$7,675, or \$0.06 per share, related to a restructuring of certain business units and functions.

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Consolidated net revenues for the quarter ended June 30, 2013 decreased 6% to \$766,342 compared to \$811,467 for the quarter ended July 1, 2012. For the six months ended June 30, 2013, consolidated net revenues decreased 2% to \$1,430,036 from \$1,460,317 for the six months ended July 1, 2012. Consolidated net revenues were positively impacted by foreign currency translation of approximately \$1,000 for the quarter ended June 30, 2013 and negatively impacted by foreign currency translation of approximately \$2,400 for the six months ended June 30, 2013. The following table presents net revenues by product category for the quarter and six-month periods ended June 30, 2013 and July 1, 2012.

	Quarter Ended			Six Months Ended		
	June 30, 2013	July 1, 2012	%	June 30, 2013	July 1, 2012	%
Boys	\$ 253,684	389,062	-35%	496,480	691,821	-28%
Games	255,409	214,842	19%	486,324	397,758	22%
Girls	149,419	104,191	43%	264,193	197,427	34%
Preschool	107,830	103,372	4%	183,039	173,311	6%
Net revenues	\$ 766,342	811,467		1,430,036	1,460,317	

For the quarter and six-month periods ended June 30, 2013, decreased net revenues in the boys category were partially offset by increased net revenues in the girls, games and preschool categories.

BOYS: Net revenues in the boys category decreased in the second quarter and first six months of 2013, driven by lower net revenues from MARVEL, BEYBLADE and STAR WARS products. The quarter and six-month periods ended July 1, 2012 benefited from significant shipments of MARVEL products related to two theatrical releases, *THE AVENGERS* in May 2012 and *THE AMAZING SPIDER-MAN* in July 2012, whereas the quarter and six-month periods ended June 30, 2013 only benefited from shipments of MARVEL products related to one theatrical release, *IRON MAN 3* in May 2013. The timing of these movie releases resulted in difficult quarter-over-quarter and year-over-year comparisons of net revenues for the boys category. Furthermore, sales of STAR WARS products during the first six months of 2012 benefited from the re-release of *STAR WARS: EPISODE I – THE PHANTOM MENACE* in 3D in February 2012 for which there was not a comparable release in 2013.

GAMES: Net revenues in the games category increased 19% and 22% in the second quarter and first six months of 2013, respectively. These increases were primarily driven by higher revenue from MAGIC: THE GATHERING, TWISTER, including TWISTER RAVE, MONOPOLY, and JENGA, including sales of products co-branded under ANGRY BIRDS STAR WARS. Sales in the six-month period ended June 30, 2013 were positively impacted by higher sales of boys action gaming products, including TRANSFORMERS BOT SHOTS and ANGRY BIRDS STAR WARS products. To a lesser extent, several other games brands contributed to growth in the category for the quarter and six-month periods ended June 30, 2013, including ELEFUN & FRIENDS, DUEL MASTER, CANDYLAND and BOP-IT.

GIRLS: Net revenues in the girls category increased 43% and 34% for the quarter and six-month periods ended June 30, 2013, respectively, primarily related to net revenues from FURBY and MY LITTLE PONY products. FURBY products were a new initiative introduced to English speaking markets during the second half of 2012 and globally in the first half of 2013. Net revenues from MY LITTLE PONY products, which are supported by the successful television program, *MY LITTLE PONY: FRIENDSHIP IS MAGIC*, also contributed to higher net revenues in the girls category.

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Net revenues from ONEDIRECTION and CARE BEARS products also contributed to growth in the quarter and six-month periods. Both brands are supported by entertainment. These higher net revenues were partially offset by declines in net revenues from LITTLEST PET SHOP and FURREAL FRIENDS products.

PRESCHOOL: The preschool category grew 4% and 6% for the quarter and six-month periods ended June 30, 2013. Increased revenues from the PLAY-DOH, PLAYSKOOL HEROES, which includes MARVEL products and TRANSFORMERS RESCUE BOTS, and SESAME STREET lines, were partially offset by lower net revenues from TONKA and other PLAYSKOOL products.

Operating profit for the quarter ended June 30, 2013 was \$74,088, or 9.7% of net revenues, compared to \$86,282, or 10.6% of net revenues, for the quarter ended July 1, 2012. Operating profit for the quarter ended June 30, 2013 included partial pension settlement charges related to restructuring activities of \$2,462. Excluding these charges, operating profit totaled \$76,550, or 10.0% of net revenues. The decrease in operating profit, absent restructuring charges, in the second quarter of 2013 compared to the second quarter of 2012 is primarily driven by the lower net revenues discussed above as well as higher selling, distribution and administration expenses.

Operating profit for the six-month period ended June 30, 2013 was \$84,715, or 5.9% of net revenues, compared to an operating profit of \$102,008, or 7.0% of net revenues, for the comparable six-month period in 2012. Operating profit for the six-month periods ended June 30, 2013 and July 1, 2012 included restructuring charges of \$31,388 and \$11,130, respectively. Excluding restructuring charges, operating profit totaled \$116,103, or 8.1% of net revenues, for the six months of 2013 compared to \$113,138, or 7.7% of net revenues, for the six months of 2012. The increase in operating profit, absent restructuring charges, in 2013 compared to 2012 primarily relates to lower expense levels. Certain fixed expenses were higher in 2012 due to the extra week of certain expenses in the first six months of 2012 compared to 2013. Foreign currency translation did not have a material impact on operating profit for the quarter and six-month periods ended June 30, 2013.

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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, which are discussed in detail below. The following table presents net external revenues and operating profit data for the Company's three principal segments for the quarter and six-month periods ended June 30, 2013 and July 1, 2012.

	Quarter Ended			Six Months Ended		
	June 30, 2013	July 1, 2012	%	June 30, 2013	July 1, 2012	%
Net Revenues						
U.S. and Canada segment	\$ 389,243	406,588	-4%	731,302	735,573	-1%
International segment	340,176	360,493	-6%	629,989	650,222	-3%
Entertainment and Licensing segment	35,336	43,216	-18%	66,110	72,552	-9%
Operating Profit						
U.S. and Canada segment	\$ 59,004	60,928	-3%	96,747	75,339	28%
International segment	14,793	29,851	-50%	10,288	24,767	-58%
Entertainment and Licensing segment	3,712	8,192	-55%	8,997	15,930	-44%

U.S. AND CANADA SEGMENT

The U.S. and Canada segment net revenues for the quarter ended June 30, 2013 decreased 4% to \$389,243 from \$406,588 for the quarter ended July 1, 2012. Net revenues for the six-month period ended June 30, 2013 were \$731,302 compared to \$735,573 for the six months ended July 1, 2012. The impact of currency translation was not material for the quarter and six-month periods ended June 30, 2013. For both the quarter and six-month periods, growth in the girls, games and preschool categories were more than offset by declines in the boys category.

In the boys category, lower sales of MARVEL, BEYBLADE and STAR WARS products for the quarter and six-month periods were slightly offset by higher net revenues from NERF and TRANSFORMERS products. In the six months ended June 30, 2013, net revenues of G.I. JOE products benefited from the release of *G.I. JOE: RETALIATION* in March 2013.

In the games category, higher net revenues from several game brands, including MAGIC: THE GATHERING, TWISTER, JENGA, ELEFUN & FRIENDS, MONOPOLY, CANDYLAND, and DUEL MASTER, contributed to the category's growth in the second quarter and first six months of 2013 compared to 2012.

In the girls category, higher net revenues from FURBY, MY LITTLE PONY and, to a lesser extent, CARE BEARS products in the quarter and six-month periods were partially offset by lower net revenues from LITTLEST PET SHOP products. Net revenues from FURREAL FRIENDS products were flat in the second quarter of 2013, but grew, along with net revenues from ONE DIRECTION products, for the six months ended June 30, 2013.

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In the preschool category, higher net revenues from PLAY-DOH, PLAYSKOOL HEROES and SESAME STREET products were partially offset by decreased net revenues from TONKA and, to a lesser extent, other PLAYSKOOL products.

U.S. and Canada segment operating profit decreased in dollars but increased as a percent of net revenues to \$59,004, or 15.2% of net revenues, for the quarter ended June 30, 2013 compared to \$60,928, or 15.0% of net revenues, for the quarter ended July 1, 2012. For the quarter ended June 30, 2013, operating profit was negatively impacted by the lower net revenues discussed above, and higher selling, distribution and administration costs partially offset by lower advertising expense. Operating profit margin improved as a result of favorable product mix, primarily continued growth in net revenues from MAGIC: THE GATHERING products.

For the six months ended June 30, 2013, operating profit increased to \$96,747, or 13.2% of net revenues, from \$75,339, or 10.2% of net revenues, for the six-month period ended July 1, 2012. Operating profit for the first half of 2012 includes restructuring charges of \$2,444. Excluding restructuring charges, operating profit for this period totaled \$77,783, or 10.6% of net revenues. The increases in operating profit and operating profit margin for the six months ended June 30, 2013 were due to the favorable product mix discussed above as well as lower advertising expenses.

INTERNATIONAL SEGMENT

International segment net revenues were \$340,176 for the quarter ended June 30, 2013 compared to \$360,493 for the quarter ended July 1, 2012. Net revenues for the six months ended June 30, 2013 were \$629,989 compared to \$650,222 for the six months ended July 1, 2012. International segment net revenues for the second quarter of 2013 were positively impacted by currency translation of approximately \$1,200 whereas the first half of 2013 were negatively impacted by currency translation of approximately \$(1,800) as a result of the fluctuating strength of the U.S. dollar during 2013 compared to 2012. The following table presents net revenues by geographic region for the Company's International segment for the quarter and six-month periods ended June 30, 2013 and July 1, 2012.

	Quarter Ended			Six Months Ended		
	June 30, 2013	July 1, 2012	%	June 30, 2013	July 1, 2012	%
Europe	\$ 185,860	198,153	-6%	378,449	406,266	-7%
Latin America	82,816	82,779	0%	128,529	121,748	6%
Asia Pacific	71,500	79,561	-10%	123,011	122,208	1%
Net revenues	\$ 340,176	360,493		629,989	650,222	

Net revenues in emerging markets, which includes but is not limited to Russia, Brazil, China and Korea, increased 24% in the second quarter of 2013 and 28% for the six months of 2013 compared to the comparable periods in 2012 while many of the developed economies have experienced a challenging economic environment during the first half of 2013 compared to 2012.

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By product category and for both the quarter and six-month periods ended June 30, 2013, growth in the girls, games and preschool categories were more than offset by declines in the boys category. In the boys category, lower sales of BEYBLADE, MARVEL and STAR WARS products and, to a lesser extent, lower net revenues from KRE-O products, contributed to the category's decline for the quarter and six months ended June 30, 2013 compared to 2012. The games category experienced growth across several brands, including, but not limited to, MAGIC: THE GATHERING, action battling games, including STAR WARS and TRANSFORMERS, as well as JENGA and TWISTER. Growth in the girls category for both the quarter and the six-month periods was driven by net revenues from FURBY products, which were introduced to English-speaking markets in the second half of 2012 and certain non-English speaking markets during the first half of 2013, as well as higher net revenues from MY LITTLE PONY products. These increases were partially offset by decreased net revenues from LITTLEST PET SHOP and FURREAL FRIENDS products. Higher net revenues from PLAY-DOH products contributed to growth in the preschool category for both the quarter and six-month periods ended June 30, 2013. These higher net revenues were partially offset by lower net revenues from SESAME STREET and PLAYSKOOL products.

International segment operating profit decreased to \$14,793, or 4.3% of net revenues, for the quarter ended June 30, 2013 from \$29,851, or 8.3% of net revenues, for the quarter ended July 1, 2012. Operating profit and operating profit margin in the second quarter of 2013 was negatively impacted by the decline in net revenues discussed above and higher selling, distribution and administration expenses. These were partially offset by reduced advertising expenses in the second quarter of 2013. For the six months ended June 30, 2013, operating profit decreased to \$10,288, or 1.6% of net revenues, from \$24,767, or 3.8% of net revenues, for the six months ended July 1, 2012. Operating profit for the six months ended July 1, 2012 includes restructuring charges of \$1,628. Absent these restructuring charges, operating profit and operating profit margin decreased as a result of the lower net revenues discussed above and higher selling, distribution and administration expense. Foreign currency translation did not have a material impact on International segment operating profit for the quarter and six-month periods ended June 30, 2013.

ENTERTAINMENT AND LICENSING SEGMENT

Entertainment and Licensing segment net revenues for the quarter ended June 30, 2013 decreased to \$35,336 from \$43,216 for the quarter ended July 1, 2012. Lower net revenues were primarily the result of lower television programming distribution sales, as the second quarter of 2012 included higher revenues from a multi-year digital distribution agreement. Net revenues for the six months ended June 30, 2013 were \$66,110 compared to \$72,552 for the six months ended July 1, 2012. In addition to lower net revenue from television programming distribution, licensing revenues were down primarily due to higher revenues in 2012 from licensing programs related to the 2011 theatrical release *TRANSFORMERS: DARK OF THE MOON*.

Entertainment and Licensing segment operating profit decreased to \$3,712 for the quarter ended June 30, 2013 compared to \$8,192 for the quarter ended July 1, 2012. For the six months ended June 30, 2013, operating profit decreased to \$8,997 from \$15,930 for the six months ended July 1, 2012. Operating profit for the first six months of 2013 and 2012 include restructuring charges of \$1,729 and \$555, respectively. Operating profit decreased primarily due to the impact of lower net revenues during the second quarter and first six months of 2013 compared to 2012.

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COSTS AND EXPENSES

The Company's costs and expenses, stated as percentages of net revenues, are illustrated below for the quarter and six-month periods ended June 30, 2013 and July 1, 2012.

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>
Cost of sales	39.2%	38.5%	39.7%	39.0%
Royalties	6.6	8.7	7.0	8.4
Product development	6.2	6.2	6.6	6.5
Advertising	9.6	9.8	9.9	9.9
Amortization of intangibles	1.6	1.4	1.7	1.5
Program production cost amortization	1.3	1.2	1.1	0.9
Selling, distribution and administration	25.8	23.6	28.1	26.8

Operating expenses for the quarter and six months ended June 30, 2013 and the six months ended July 1, 2012 each include costs resulting from restructuring activities. During the fourth quarter of 2012, the Company announced a multi-year cost savings initiative aimed at reducing annual operating costs by a target amount of \$100,000 by 2015. This initiative includes an approximate 10% workforce reduction, facility consolidations and process improvements. During the second quarter of 2013, the Company recognized \$2,462 of partial pension settlement charges related to the Company's defined benefit pension plan as a result of the amount of lump sum distributions due to the workforce reduction and voluntary retirement program established during the first quarter of 2013. For the six month period ended June 30, 2013, the Company recognized total charges of \$31,388, primarily related to the voluntary retirement program. During the six months ended July 1, 2012, the Company incurred employee severance charges of \$11,130 associated with measures to right size certain businesses and functions.

These expenses were included in the consolidated statement of operations as follows:

	<u>Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 30, 2013</u>	<u>July 1, 2012</u>	<u>June 30, 2013</u>	<u>July 1, 2012</u>
Cost of sales	\$ -	-	8,493	2,764
Product development	-	-	3,515	2,479
Selling, distribution and administration	2,462	-	19,380	5,887
Total	<u>\$ 2,462</u>	<u>-</u>	<u>31,388</u>	<u>11,130</u>

Cost of sales decreased in dollars but increased as a percent of net revenues to \$300,570, or 39.2% of net revenues, for the quarter ended June 30, 2013 from \$311,984, or 38.5% of net revenues, for the quarter ended July 1, 2012. For the six months ended June 30, 2013, cost of sales were \$568,142, or 39.7% of net revenues, compared to \$569,020, or 39.0% of net revenues, for the six months ended July 1, 2012. Absent the restructuring charges above, cost of sales as a percentage of net revenues were 39.1% and 38.8% for the first six months of 2013 and 2012, respectively.

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While the decrease in cost of sales for the quarter and six months primarily reflects decreased net revenues compared to 2012, the increase as a percentage of revenues, absent restructuring charges, is due to the mix of products sold, primarily due to the royalty-bearing products in 2013 compared to 2012. Royalty-bearing products generally carry higher pricing and, therefore, have lower cost of sales as a percent of net revenues. Increased costs of sales as a percentage of net revenues is primarily due to lower sales of royalty-bearing products, partially offset by the favorable impact of products such as those branded under MAGIC: THE GATHERING.

Royalty expense for the quarter ended June 30, 2013 decreased to \$50,229, or 6.6% of net revenues, from \$70,893, or 8.7% of net revenues, for the quarter ended July 1, 2012. Royalty expense for the six months ended June 30, 2013 decreased to \$99,621, or 7.0% of net revenues, from \$123,327, or 8.4% of net revenues. 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. During the second quarter and first half of 2013, the Company experienced lower sales of MARVEL, BEYBLADE and, to a lesser extent, STAR WARS products. In 2012, sales of MARVEL products benefited from the theatrical release of *THE AVENGERS* in May 2012 and *THE AMAZING SPIDER-MAN* in July 2012. In addition, sales of STAR WARS products during the first half of 2012 benefited from the theatrical re-release of *STAR WARS: EPISODE I – THE PHANTOM MENACE* in 3D during February 2012. In 2013, sales related to MARVEL's theatrical release of *IRON MAN 3* were not as significant as those in the prior year, which included *THE AVENGERS* and *SPIDER-MAN* products.

Product development expense for the quarter ended June 30, 2013 decreased to \$47,904 from \$50,113 for the quarter ended July 1, 2012; however, were consistent as a percentage of net revenues at 6.2% in both periods. Product development expense for the six months ended June 30, 2013 was flat at \$95,089, or 6.6% of net revenues, compared to \$95,039, or 6.5% of net revenues, for the six months ended July 1, 2012 and includes restructuring charges of \$3,515 and \$2,479, respectively. Absent the impact of these restructuring charges, product development expense decreased slightly in dollars and remained consistent as a percentage of net revenues in 2013 compared to 2012.

Advertising expense for the quarter ended June 30, 2013 decreased to \$73,657, or 9.6% of net revenues, from \$79,297, or 9.8% of net revenues, for the quarter ended July 1, 2012. Advertising expense for the six months ended June 30, 2013 decreased to \$140,791, or 9.9% of net revenues, from \$144,342, or 9.9% of net revenues. The decrease in advertising expense in dollars for both the quarter and six months reflects the lower net revenues in the second quarter and first six months of 2013 compared to 2012.

Amortization of intangibles increased to \$12,037, or 1.6% of net revenues, in the second quarter of 2013 from \$11,501, or 1.4% of net revenues, in the second quarter of 2012. Amortization of intangibles increased to \$23,453, or 1.7% of net revenues for the six months ended June 30, 2013 from \$22,156, or 1.5% of net revenues, for the six months ended July 1, 2012. Increased amortization in 2013 compared to 2012 was the result of higher expense related to certain intangibles that are amortized based on actual and projected revenues.

Program production cost amortization was flat in the second quarter of 2013 at \$10,309, or 1.3% of net revenues, compared to \$10,018, or 1.2% of net revenues, in the second quarter of 2012. Program product cost amortization for the six months ended June 30, 2013 increased to \$16,032, or 1.1% of net revenues, from \$13,156, or 0.9% of net revenues for the six months ended July 1, 2012. Program production costs are capitalized as incurred and amortized using the individual-film-forecast method. The increase reflects the higher number of television programs produced and distributed in 2013 compared to 2012.

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For the quarter ended June 30, 2013, the Company's selling, distribution and administration expenses increased to \$197,548, or 25.8% of net revenues, from \$191,379, or 23.6% of net revenues, for the quarter ended July 1, 2012. Selling, distribution and administration expenses for the second quarter of 2013 include partial pension settlement charges related to restructuring activities of \$2,462. Absent the impact of these charges, selling, distribution and administration expenses were 25.5% of net revenues for the quarter ended June 30, 2013. The increase in the second quarter was due to several items, including higher depreciation expense associated with systems and new facilities, compensation, and other administrative expenses. Selling, distribution and administration expense for the first six months of 2013 increased to \$402,193, or 28.1% of net revenues, from \$391,269, or 26.8% of net revenues, for the comparable period in 2012. Selling, distribution and administration expenses for the first six months of 2013 and 2012 include restructuring charges of \$19,380 and \$5,887, respectively. Absent the impact of restructuring charges, selling, distribution and administration expense decreased to \$382,813, or 26.7% of net revenues, for the six months ended June 30, 2013, compared to \$385,382, or 26.4% of net revenues, for the six months ended July 1, 2012. Selling, distribution and administration expense in 2012 included an extra week of expenses as compared to 2013.

NON-OPERATING (INCOME) EXPENSE

Interest expense for the quarter and six months ended June 30, 2013 was \$22,225 and \$45,204, respectively, compared to \$22,413 and \$45,525 for the comparable periods of 2012. The impact of lower average short-term borrowings in 2013 compared to 2012 as well as an extra week of expense in the first quarter of 2012 compared to 2013 was largely offset by higher amortization of deferred debt expense associated with the Company's revolving credit agreement.

Interest income for the quarter ended June 30, 2013 was \$1,432 compared to \$1,689 for the quarter ended July 1, 2012. Interest income for the six months ended June 30, 2013 was \$2,913 compared to \$4,164 in 2012. A lower effective interest rate resulted in decreased interest income for the quarter and six-month periods.

Other (income) expense, net, was \$2,219 for the second quarter of 2013 compared to \$5,899 for the second quarter of 2012. Other (income) expense, net for the six months ended June 30, 2013 was \$7,841 compared to \$5,854 for the six months ended July 1, 2012. Other (income) expense, net in the quarter and six month periods includes the Company's 50% share in the losses (earnings) of The Hub Network. During the second quarter of 2013, the Company recognized gains of \$(131) related to The Hub Network compared to losses of \$2,408 in the comparable period of 2012. During the first six months of 2013, the Company recognized losses of \$933 compared to losses of \$4,194 during the first six months of 2012. This was partially offset by higher foreign exchange losses in the quarter and six months ended June 30, 2013.

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INCOME TAXES

Income taxes totaled \$14,596 on pre-tax earnings of \$51,076 in the second quarter of 2013 compared to income taxes of \$16,232 on pre-tax earnings of \$59,659 in the second quarter of 2012. For the six month period, income taxes totaled \$4,774 on pre-tax earnings of \$34,583 in 2013 compared to income taxes of \$13,945 on pre-tax earnings of \$54,793 in 2012. Both periods, as well as the full year 2012, are impacted by certain discrete tax events including the accrual of potential interest and penalties on certain tax positions. During the first six months of 2013, favorable discrete tax adjustments were a net benefit of \$4,667 compared to a net benefit of \$739 for the first six months of 2012. The favorable discrete tax adjustment for the first six months of 2013 includes a decrease in liabilities for uncertain tax positions due to the resolution of the related matter. Absent these items, the adjusted tax rate for the first six months of 2013 and 2012 were 27.4% and 26.8%, respectively. The adjusted rate of 27.4% for the six months ended June 30, 2013 is comparable to the full year 2012 adjusted rate of 27.0%.

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.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated a significant amount of cash from operations. In 2012 the Company funded its operations and liquidity needs primarily through cash flows from operations, and, when needed, using borrowings under its available lines of credit and commercial paper program.

During the first half of 2013, the Company continued to fund its working capital needs primarily through cash flows from operations and, when needed, sales of 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 2013. 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.

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As of June 30, 2013 the Company's cash and cash equivalents totaled \$1,022,345, 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 the majority of such earnings are indefinitely reinvested by the Company. Such international cash balances are not available to fund cash requirements in the United States unless the Company changes its reinvestment policy. The Company 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 June 30, 2013 is 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.

Net cash provided by operating activities for the first six months of 2013 was \$298,136 compared to \$200,781 in the first six months of 2012, and \$632,151 during the trailing twelve-month period ended June 30, 2013 compared to \$467,995 during the trailing twelve-month period ended July 1, 2012. Operating cash flows for the first six months of 2013 include a \$30,000 royalty advance payment related to MARVEL products. Accounts receivable decreased 2% to \$640,503 at June 30, 2013 from \$651,410 at July 1, 2012. The accounts receivable balance at June 30, 2013 includes a decrease of approximately \$4,400 as a result of a stronger U.S. dollar at June 30, 2013 as compared to July 1, 2012. Absent the impact of foreign currency translation, the decrease in accounts receivable are the result of lower net revenues for the quarter ended June 30, 2013 compared to the quarter ended July 1, 2012 and lower collections. Days sales outstanding increased to 75 days at June 30, 2013 from 72 days at July 1, 2012 primarily due to growth in certain markets which have longer payment terms and, to a lesser extent, the impact of television programming receivables.

Inventories decreased approximately 14% to \$359,969 at June 30, 2013 from \$416,905 at July 1, 2012. The inventory balance at June 30, 2013 includes a decrease of approximately \$1,400 as a result of a stronger U.S. dollar at June 30, 2013 as compared to July 1, 2012. Absent the impact of foreign exchange translation, inventories decreased approximately 13%. Inventories declined approximately 30% in the U.S. and Canada segment as a result of the Company's efforts to reduce inventories in this segment, partially offset by higher International segment inventory balances in support of growth in emerging markets, particularly Brazil, Russia, China and Korea.

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Prepaid expenses and other current assets increased 15% to \$343,385 at June 30, 2013 from \$297,580 at July 1, 2012. Higher prepaid expenses and other current assets are primarily due to increases in prepaid royalties primarily related to prepaid royalties previously recorded as long-term which have become current, as well as an advance paid in 2013 related to the MARVEL license and The HUB Network as well as higher deferred income taxes. These increases were partially offset by lower non-income based tax receivables, primarily value added taxes in Europe, compared to 2012 as a result of collections during the remainder of 2012 and the first half of 2013. The high balance in 2012 was primarily due to changes in the legal structure of the Company's European business.

Accounts payable and accrued liabilities increased 9% to \$671,346 at June 30, 2013 from \$618,088 at July 1, 2012. Higher severance and other closing costs resulting from the multi-year cost savings initiative announced during the fourth quarter of 2012 and primarily relating to the voluntary retirement program established during the first quarter of 2013 were partially offset by decreased accrued royalties as a result of lower sales of royalty-bearing products, including BEYBLADE and STAR WARS products, as well as utilization of royalty advances, which are included in prepaid expenses and other current assets, in 2013 related to MARVEL products. Higher accrued dividends due to the increased dividend rate in 2013 and higher non-income based taxes also contributed to higher accounts payable and accrued liabilities at June 30, 2013.

Property, plant, and equipment, net increased to \$237,774 at June 30, 2013 from \$223,383 at July 1, 2012. Goodwill and other intangible assets, net decreased to \$867,979 at June 30, 2013 from \$919,681 at July 1, 2012. This decrease is entirely due to amortization of intangibles.

Other assets decreased 3% to \$706,344 at June 30, 2013 from \$725,831 at July 1, 2012. This decrease primarily relates to prepaid royalties previously recorded as long-term which have become current at June 30, 2013, primarily related to the MARVEL license. In addition, the decrease is also due to the termination of the interest rate swap agreements in November 2012 for which a balance of \$14,662 was included in other assets at July 1, 2012. These decreases were partially offset by increases in long-term receivables, deferred taxes and television programming.

Other liabilities increased 24% to \$465,656 at June 30, 2013 from \$376,981 at July 1, 2012. Higher non-current liabilities are primarily the result of higher liabilities related to defined benefit pension plans and uncertain income tax positions at June 30, 2013 compared to July 1, 2012.

Net cash utilized by investing activities was \$49,096 in the first half of 2013 compared to \$44,143 in 2012. Additions to property, plant and equipment were \$53,555 in 2013 compared to \$50,084 in 2012. The net utilization in 2012 included a cash distribution from The HUB TV Network of approximately \$7,100.

Net cash utilized by financing activities was \$67,139 in the first half of 2013 compared to \$14,085 in the first half of 2012. Cash payments related to purchases of the Company's common stock were \$55,932 for the first half of 2013 compared to \$9,926 in 2012. At June 30, 2013, the Company had \$71,777 remaining available under a \$500,000 May 2011 Board of Directors share repurchase authorization. There were no dividends paid in the first quarter of 2013 as the payment historically made in February was accelerated and paid in December 2012, thereby, dividends paid were \$52,125 in the first half of 2013 compared to \$85,317 in the first half of 2012. The second quarter 2013 dividends were paid at the new quarterly rate of \$0.40 per share compared to the \$0.36 per share rate in 2012. Repayments of short-term borrowings were \$31,147 in the six months ended June 30, 2013 compared to proceeds of \$39,756 in 2012. Cash proceeds from stock option transactions were \$62,465 in 2013 compared to \$33,422 in 2012.

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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 \$700,000. The maturities of the 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 June 30, 2013 the Company had approximately \$185,500 in borrowings outstanding related to the Program.

The Company has a revolving credit agreement (the "Agreement"), which provides it with a \$700,000 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 June 30, 2013. The Company had no borrowings outstanding under its committed revolving credit facility at June 30, 2013. However, the Company had letters of credit outstanding under this facility as of June 30, 2013 of approximately \$1,000 and borrowings under the Company's commercial paper program were approximately \$185,500. Amounts available and unused under the committed line, less outstanding balances under the commercial paper program, as of June 30, 2013 were approximately \$513,500. The Company also has other uncommitted lines from various banks, of which approximately \$25,100 was utilized at June 30, 2013. Of the amount utilized under the uncommitted lines, approximately \$7,400 and \$17,700 represent outstanding borrowings and letters of credit, respectively.

The Company has principal amounts of long-term debt at June 30, 2013 of \$1,384,895 due at varying times from 2014 through 2040. The Company also had letters of credit and other similar instruments of approximately \$203,600 and purchase commitments of \$486,200 outstanding at June 30, 2013. Letters of credit and similar instruments include \$184,990 related to the defense of tax assessments in Mexico. These assessments relate to transfer pricing that the Company is defending and expects to be successful in sustaining its position.

In July 2013, the Company entered into amendments with Disney related to its license agreements for the MARVEL and STAR WARS properties. These amendments include additional minimum guaranteed royalty payments aggregating \$305,000 through 2020. Of this amount, the Company expects to pay \$75,000 during the third quarter of 2013. Other contractual obligations and commercial commitments, as detailed in the Company's Annual Report on Form 10-K for the year ended December 30, 2012, 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 30, 2012, does not include certain tax liabilities recorded related to uncertain tax positions. These liabilities were \$123,085 at June 30, 2013, and are included as a component of other liabilities in the accompanying consolidated balance sheets.

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The Company believes that it is reasonably possible that within the next twelve months these liabilities for unrecognized tax benefits may decrease by up to \$68,000, of which \$28,000 may be reclassified into accrued income taxes. For the remaining balance, the Company does not know the ultimate resolution of these liabilities and as such, does not know the ultimate timing of payments, if required, related to these liabilities.

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 30, 2012.

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, Swiss franc, Canadian dollar, Brazilian real, Russian ruble and Mexican peso and, to a lesser extent, other currencies in Europe, 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 2013 through 2014 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 balance sheet. The Company does not speculate in foreign currency exchange contracts. At June 30, 2013, these contracts had net unrealized gains of \$14,665, of which \$13,974 are recorded in prepaid expenses and other current assets, \$1,926 are recorded in other assets and \$1,235 are recorded in other liabilities.

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Included in accumulated other comprehensive loss at June 30, 2013 are deferred gains, net of tax, of \$10,334, related to these derivatives.

At June 30, 2013, the Company had fixed rate long-term debt, excluding fair value adjustments, of \$1,384,895. The Company was party to several interest rate swap agreements, with a total notional amount of \$400,000, to adjust the amount of long-term debt subject to fixed interest rates. The interest rates were matched with specific long-term debt issues and were designated and effective as hedges of the change in the fair value of the associated debt. Changes in fair value of these contracts were wholly offset in earnings by changes in the fair value of the related long-term debt. In November 2012, these interest rate swap agreements were terminated. The fair value was recorded as an adjustment to long-term debt and is now being amortized through the statement of operations over the life of the remaining long-term debt using a straight-line method. At June 30, 2013, the adjustment to long-term debt was \$7,458. As a result of this termination, long-term debt is no longer affected by variable interest rates and, thereby, earnings and cash flows are not expected to be impacted by changes in interest rates.

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 June 30, 2013. 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 June 30, 2013, 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 has outstanding tax assessments in Mexico relating to the years 2000 through 2007. These tax assessments, which total approximately \$245 million (at June 30, 2013 exchange rates) in aggregate (including interest, penalties, and inflation updates) are based on transfer pricing issues between the Company's subsidiaries with respect to the Company's operations in Mexico. The Company has filed suit in the Federal Tribunal of Fiscal and Administrative Justice in Mexico challenging the 2000 through 2004 assessments. The Company filed the suit related to the 2000 and 2001 assessments in May 2009; the 2002 assessment in June 2008; the 2003 assessment in March 2009; and the 2004 assessment in July 2011. The Company is challenging the 2005 and 2007 assessments through administrative appeals and expects to file for administrative appeal with respect to the 2006 assessment. The Company expects to be successful in sustaining its positions for all of these years. However, in order to challenge the outstanding tax assessments related to the years 2000 through 2004 in court, as is usual and customary in Mexico in these matters, the Company was required to either make a deposit or post a bond in the full amount of the assessments. The Company elected to post bonds and accordingly, as of June 30, 2013, bonds totaling approximately \$185 million (at June 30, 2013 exchange rates) have been posted related to the assessments for the years 2000 through 2004. These bonds guarantee the full amounts of the outstanding related tax assessments in the event the Company is not successful in its challenge to them. The Company does not currently expect that it will be required to make a deposit or post bonds related to the 2005, 2006 or 2007 assessments as the Company is challenging, or plans to challenge, these through administrative appeals.

An inventor has brought claims against the Company based on two license agreements between the parties. One license agreement relates to certain products included in the SUPER SOAKER line. The other agreement relates to certain products included in the NERF line. The inventor is claiming that the license agreements require the payment of royalties by the Company on significantly more products in those respective lines than the Company believes is the case. The inventor is claiming damages for all claims and products under the two license agreements in excess of \$90,000. The claims in this matter related to NERF products are currently being pursued in binding arbitration. The demand for arbitration was made by the plaintiff in February of 2013 and the arbitration is currently expected to occur in the third quarter of 2013. The claims related to the SUPER SOAKER products are subject to a complaint filed in February 2013 in the Northern District of Georgia. The Company is disputing the inventor's contractual interpretations and claims in both matters, the Company believes it has meritorious defenses, and the Company intends to continue vigorously defending its position.

The Company is currently party to certain other 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 30, 2012 (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 re-imagine, re-invent and re-ignite its existing 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 and introduce 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 expand consumer demand for its product offerings and do not significantly compete with the Company's existing product offerings;
 - the Company's ability to manufacture, source and ship new and continuing 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 development, manufacturing, marketing, royalty and other costs;
 - recessions or other economic downturns affecting the U.S., Europe, or any of the Company's other major markets which can negatively impact the retail and credit markets, and the financial health of the Company's retail customers and consumers, and which can result in lower employment levels, less consumer disposable income, lower consumer confidence and, as a consequence, lower consumer spending, including lower spending on purchases of the Company's products;
 - potential difficulties or delays the Company may experience in implementing cost savings and efficiency enhancing initiatives, or the realization of fewer benefits than are expected from such initiatives;
 - 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 in the various markets in which the Company and its customers and suppliers operate throughout the world, which impact the Company's ability and cost to manufacture and deliver products, such as higher fuel and other commodity prices, higher labor costs, higher transportation costs, outbreaks of diseases which affect public health and the movement of people and goods, and other factors, including government regulations, which can create potential manufacturing and transportation delays or impact costs;
 - delays, increased costs or difficulties associated with the development and offering of media initiatives based on the Company's brands;
 - 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 by the Company's retail customers in their purchasing or selling patterns;
 - the Company's ability to generate sales during the fourth quarter, 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 the inventories they are willing to carry, even if it results in lost sales, as well as the concentration of the Company's revenues in the second half and fourth quarter 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, slowdowns or strikes, which may impact the Company's ability to manufacture or deliver product 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 health conditions and other factors affecting social and economic activity in China, affecting the movement of people and products into and out of China, impacting 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 The Hub Network, the Company's cable television joint venture with Discovery Communications, the programming appearing on The Hub Network, products related to The Hub Network's programming, and other factors impacting the financial performance of The Hub Network;
 - consumer interest in and acceptance of programming and entertainment created by Hasbro Studios, as well as products related to Hasbro Studios' programming and entertainment;
 - 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 and potentially create liability 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 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;
 - 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 secure, maintain and renew popular licenses and the ability to attract and retain employees in a competitive environment;
 - the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization;
-

- the Company's ability to obtain and enforce intellectual property rights both in the United States and other worldwide territories;
- the risk that any litigation or arbitration disputes or regulatory investigations could entail significant expense and result in significant fines or other harm to the Company's business;
- 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;
- the Company's ability to generate sufficient available cash flow to service its outstanding debt;
- restrictions that the Company is subject to under its credit agreement;
- unforeseen circumstances, such as severe softness in or collapse of the retail 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 sanctions for failure to comply with applicable regulations;
- 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; 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
April 2013 4/1/13 – 4/28/13	-	-	-	\$107,115,703
May 2013 4/29/13 – 6/2/13	401,650	\$47.13	401,650	\$88,184,342
June 2013 6/3/13 – 6/30/13	369,561	\$44.40	369,561	\$71,776,804
Total	771,211	\$45.82	771,211	\$71,776,804

On May 19, 2011, the Company announced that its Board of Directors authorized the repurchase of \$500 million in 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 the 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. 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 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.)
 - 3.6 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 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 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 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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- 4.5 Third Supplemental Indenture, dated as of March 11, 2010, between the Company and 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 March 11, 2010, File No. 1-6682.)
- 10.1 Form of Fair Market Value Stock Option Agreement under the Hasbro, Inc. Restated 2003 Stock Incentive Performance Plan. (Applicable to Duncan Billing, John Frascotti, Wiebe Tinga and Deborah Thomas and certain other employees of the Company.)
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- 31.1 Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
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- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
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- 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: July 31, 2013

By: /s/ Deborah Thomas

Deborah Thomas

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

HASBRO, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
For the Period Ended June 30, 2013

Exhibit Index

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* Furnished herewith.

HASBRO, INC.
RESTATED 2003 STOCK INCENTIVE PERFORMANCE PLAN
STOCK OPTION AGREEMENT FOR EMPLOYEES
[], 2013 GRANT

AGREEMENT, made effective as of [], 2013, by and between HASBRO, INC., a Rhode Island corporation (the "Company") and the designated option grant recipient (the "Optionee").

WHEREAS, Optionee is an employee of the Company or of a direct or indirect subsidiary of the Company and is eligible to participate in the Company's Restated 2003 Stock Incentive Performance Plan, as amended (the "Plan"), and

WHEREAS, contingent upon and in consideration for the Optionee having executed and delivered to the Company's designated contact no later than [], 2013 a Non-Competition, Non-Solicitation and Confidentiality Agreement between the Optionee and the Company in the form provided to the Optionee by the Company, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board") acting in accordance with the provisions of the Plan is granting to Optionee a non-qualified stock option to purchase the specified number of shares of Common Stock of the Company, par value \$.50 per share (the "Common Stock"), at a price determined by said Committee to be not less than the fair market value of such Common Stock on the date of said grant, subject to and upon the terms and conditions set forth in the Plan and as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto agree as follows:

W I T N E S S E T H:

1. Contingent upon and in consideration for the Optionee having executed and delivered to the Company's designated contact no later than [], 2013 a Non-Competition, Non-Solicitation and Confidentiality Agreement (the "Non-Compete Agreement") between the Optionee and the Company in the form provided to the Optionee by the Company, the Company hereby grants to the Optionee effective on [], 2013, pursuant to the Plan, a copy of which is attached hereto as Appendix A and the provisions of which are incorporated herein as if set forth in full, a stock option to purchase all or any part of the number of shares of Common Stock (the "Shares"), described in Paragraph 3 below (the "Option"), subject to and upon the terms and conditions set forth in the Plan and the Non-Compete Agreement and the additional terms and conditions hereinafter set forth. The Option is evidenced by this Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms used herein and not otherwise defined shall have the meaning set forth in the Plan. For the avoidance of doubt, if the Optionee has not executed and delivered to the Company's designated contact the Non-Compete Agreement on or before [], 2013 the Option represented by this Agreement will never take effect and will be null and void.

2. By accepting this award the Optionee hereby acknowledges and agrees that (i) this Option, and any shares the Optionee may acquire under this Option in the future or any of the proceeds of exercising this Option or selling any shares acquired pursuant to this Option, as well as any other incentive compensation the Optionee is granted after adoption of the Clawback Policy, are subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) this Option, and any shares the Optionee may acquire under this Option in the future or any of the proceeds of exercising this Option or selling any shares acquired pursuant to this Option, as well as any other incentive compensation the Optionee is granted after adoption of the Clawback Policy, 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 this Option, which would not have been granted to the Optionee otherwise.

3. This Agreement relates to an Option to purchase the specified number of shares which have been communicated to the Optionee at an exercise price of \$[] per share (the "Exercise Price Per Share"). (Hereinafter, the term "Exercise Price" shall mean the Exercise Price Per Share multiplied by the number of shares being exercised.) Subject to the provisions of the Plan and of this Agreement, the Optionee shall be entitled to exercise the Option on a cumulative basis until the day preceding the seventh anniversary of the date of the grant in accordance with the following schedule:

<u>Period</u>	<u>Cumulative Percent of Option Exercisable</u>
[] to []	0%
[] to []	33 1/3%
[] to []	66 2/3%
[] to []	100%

In determining the number of shares exercisable in accordance with the above table, fractional shares shall be disregarded.

4. In the event that Optionee wishes to purchase any of the shares then purchasable under the Option as provided in Paragraph 3 hereof, Optionee shall deliver or shall transmit to the Company or to the Company's designee, in the manner designated by or on behalf of the Company, a notice in the form and/or in the manner designated by or on behalf of the Company or its designee, as the same may be amended or supplemented from time to time by or on behalf the Company, together with a check payable to Hasbro, Inc. or its designee, if applicable, (or accompanied by wire transfer to such account of the Company or its designee as the Company may designate) in United States dollars, in the aggregate amount of the Exercise Price, or shares of Common Stock held by the Optionee for at least six (6) months (duly endorsed to the Company or its designee, if applicable, or accompanied by an executed stock power, in each case with signatures guaranteed by a bank or broker if required by the Company or its designee) having a Fair Market Value (as defined in the Plan) equal to the Exercise Price, or a combination of such shares having a Fair Market Value less than the Exercise Price and a check in United States dollars for the balance of the Exercise Price.

Unless an Optionee shall have made advance alternative arrangements satisfactory to the Company, or to the Company's designee, each Optionee shall deliver to the Company or its designee, together with the required notice of exercise and payment of the Exercise Price as aforesaid, a check payable to Hasbro, Inc. or its designee, if applicable, or a wire transfer to such account of the Company or its designee, if applicable, as the Company may designate, in United States dollars, in the amount of any withholding required by law for any and all federal, state, local or foreign taxes payable as a result of such exercise. Each Optionee shall consult with the Company or the Company's designee in advance of the exercise so as to determine the amount of withholding taxes due. An Optionee may also elect to satisfy any withholding taxes payable as a result of such exercise (the "Taxes"), in whole or in part, either (i) by having the Company or its designee withhold from the shares of Common Stock to be issued upon exercise of the Option or (ii) delivering to the Company or its designee shares of Common Stock already owned by the Optionee and held by the Optionee for at least six (6) months (represented by stock certificates duly endorsed to the Company or accompanied by an executed stock power in each case with signatures guaranteed by a bank or broker to the extent required by the Company or its designee), in each case in an amount whose Fair Market Value on the date of exercise is either equal to the Taxes or less than the Taxes, provided that a check payable to Hasbro, Inc. or its designee, if applicable, or a wire transfer to such account of the Company or its designee as the Company may designate, in United States dollars for the balance of the Taxes is also delivered to the Company, or its designee, at the time of exercise.

In addition, the Optionee shall comply with such other requirements and provide such additional information and documentation as is reasonably required by the Company, or the Company's designee, to process any exercise of this option and resulting delivery of shares. As soon as practicable after receipt of the notice of exercise, Exercise Price, Taxes, and such other information and documentation as the Company or its designee shall require, the Company or its designee shall deliver or cause to be delivered to Optionee the shares in respect of which the Option was so exercised (less any shares deducted to pay Taxes in accordance with Optionee's election).

5. (a) If an Optionee who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at his or her Normal Retirement Date (as defined below), or an Optionee with at least one year of Credited Service of the Company suffers a permanent physical or mental disability (as defined below) or dies, in each case without the Optionee having fully exercised any Option granted to the Optionee, then the Optionee, the executor, administrator or trustee of the Optionee's estate, or the Optionee's legal representative, as the case may be, shall have the right to exercise any Option under the Plan, for a period of not more than one (1) year after such retirement, such disability, or in the case of death, the appointment and qualification of such executor, administrator or trustee (except that in no event other than death may such Option be exercised later than the day preceding the seventh anniversary of the date of the grant of such Option). In each such case, the Option will be exercisable with respect to all or any part of the number of shares to which the Option relates, whether or not said Option was fully exercisable in accordance with the schedule set forth in Section 3 of this Agreement as of the date of such retirement, disability or death. Thereafter, such Option, to the extent not so exercised during such one-year period shall be deemed to have expired regardless of the expiration date otherwise specified in Section 2 hereof.

(b) If an Optionee who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at an Early Retirement Date (as defined below), without the Optionee having fully exercised any Option granted to him or her, the Optionee shall have the right to exercise the unexercised portion of any Option theretofore granted, but only to the extent said Option was then exercisable in accordance with the schedule set forth in Section 3 of this Agreement, for a period of not more than three (3) months after the date of early retirement (but in no event shall the exercise period extend beyond the day preceding the

seventh anniversary of the date of grant of the Option). Thereafter, the Option, to the extent not exercised during such three-month period shall be deemed to have expired, regardless of the expiration date otherwise specified in Section 3 hereof.

(c) If an Optionee ceases to be employed by the Company or by a direct or indirect subsidiary of the Company for any reason other than the reasons set forth in subsections (a), (b) and (d) of this Section 5, he or she shall have the right to exercise the unexercised portion of any Option theretofore granted to Optionee, but only to the extent said Option was then exercisable in accordance with the schedule set forth in Section 3 of this Agreement as of the date of termination, for a period of not more than three (3) months after any such termination, but not, in any event, later than the day preceding the seventh anniversary date of the grant of such Option. Thereafter, such Option, to the extent not so exercised during such three-month period, shall be deemed to have expired, regardless of the expiration date otherwise specified in Section 3 hereof.

For purposes of subsections (a) and (b) above:

* A year of "Credited Service" shall mean a calendar year in which the Optionee is paid for at least 1,000 hours of service (as defined in the frozen Hasbro Pension Plan) as an employee of the Company or of a subsidiary of the Company. A Optionee does not need to be, or have been, a participant in the Hasbro Pension Plan.

* "Early Retirement Date" shall mean: the day on which an Optionee who has attained age fifty-five (55), but has not reached age sixty-five (65), with ten (10) or more years of Credited Service, retires. An Optionee is eligible for early retirement on the first day of the calendar month coincidental with or immediately following the attainment of age fifty-five (55) and the completion of ten (10) years of Credited Service, and "early retirement" shall mean retirement by an eligible Optionee at the Early Retirement Date.

* "Normal Retirement Date" shall mean: the day on which an Optionee who has attained age sixty-five (65) with five (5) or more years of Credited Service, retires. An Optionee is eligible for normal retirement on the first day of the calendar month coincident with or immediately following the Optionee's attainment of age sixty-five (65) and completion of five (5) or more years of Credited Service, and "normal retirement" shall mean the retirement by an eligible Optionee at the Normal Retirement Date.

* "permanent physical or mental disability" shall mean: an Optionee's inability to perform his or her job or any position which the Optionee can reasonably perform with his or her background and training by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration.

(d) Notwithstanding the foregoing, the Optionee acknowledges and agrees that this Option, and any and all rights the Optionee may have hereunder, including any rights with respect to any portion of this Option which may have vested in accordance with the Schedule set forth in Section 3 above, shall terminate immediately upon a termination of the Optionee's employment with the Company for cause or for any such other reason that casts such discredit on the Optionee as to make termination of the Option appropriate. Whether an Optionee has been terminated for cause or for such other reason that casts such discredit on the Optionee as to make termination of the Option appropriate will be determined by the Administrator in its sole discretion, and in making this determination the Administrator will not be limited by any definition of "Cause" which appears in the Plan. The Optionee's agreement to the terms in this Section 5(d) are a material condition to the grant of this Option and this Option would not be granted to the Optionee if the Optionee did not agree to such terms.

6. The adjustment provisions set forth in Section 8 of the Plan shall apply to this Option.

7. This Option shall not be transferable by the Optionee, in whole or in part, except in accordance with Section 7 of the Plan, and shall be exercisable only as hereinbefore provided. Any purported assignment, transfer, pledge, hypothecation or other disposition of the Option or any interest therein contrary to the provisions of the Plan, and the levy of any execution to, or the attachment or similar process upon, the Option or any interest therein, shall be null and void and without effect.

8. Subject to the applicable provisions of the Plan, and particularly to Section 7 of the Plan, this Agreement shall be binding upon and shall inure to the benefit of Optionee, Optionee's successors and permitted assigns, and the Company and its successors and assigns.

9. In connection with a Change in Control the Option will be treated in the manner set forth in the Plan, as such Plan has been amended by the Company's shareholders through the date of such Change in Control. The recipient hereby acknowledges and agrees that in furtherance of this, if the shareholders of the Company approve an amendment to the Plan (the "Amendment") at the upcoming May 2013 Annual Meeting of Shareholders, then upon and following a Change in Control the Option will be treated in the manner set forth in such amendment

10. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Rhode Island and Providence Plantations and applicable Federal law.

IN WITNESS WHEREOF, the Company and the Optionee have entered into this Agreement effective as of the day and year first above written. By accepting the terms of the award represented by this Agreement through an electronic form offered by the Company, or the Company's designee, the Optionee hereby agrees to the terms of this Agreement with the same effect as if the Optionee had signed this Agreement.

HASBRO, INC.

By: /s/ Brian Goldner

Brian Goldner
President and Chief Executive Officer

By: _____
Optionee

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AGREEMENT, made effective as of [], 2013, by and between HASBRO, INC., a Rhode Island corporation (the "Company") and the designated option grant recipient (the "Optionee").

WHEREAS, Optionee is an employee of the Company or of a direct or indirect subsidiary of the Company and is eligible to participate in the Company's Restated 2003 Stock Incentive Performance Plan, as amended (the "Plan"), and

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board") acting in accordance with the provisions of the Plan is granting to Optionee a non-qualified stock option to purchase the specified number of shares of Common Stock of the Company, par value \$.50 per share (the "Common Stock"), at a price determined by said Committee to be not less than the fair market value of such Common Stock on the date of said grant, subject to and upon the terms and conditions set forth in the Plan and as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto agree as follows:

W I T N E S S E T H:

1. The Company hereby grants to the Optionee effective on [], 2013, pursuant to the Plan, a copy of which is attached hereto as Appendix A and the provisions of which are incorporated herein as if set forth in full, a stock option to purchase all or any part of the number of shares of Common Stock (the "Shares"), described in Paragraph 3 below (the "Option"), subject to and upon the terms and conditions set forth in the Plan and the additional terms and conditions hereinafter set forth. The Option is evidenced by this Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms used herein and not otherwise defined shall have the meaning set forth in the Plan.

2. By accepting this award the Optionee hereby acknowledges and agrees that (i) this Option, and any shares the Optionee may acquire under this Option in the future or any of the proceeds of exercising this Option or selling any shares acquired pursuant to this Option, as well as any other incentive compensation the Optionee is granted after adoption of the Clawback Policy, are subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) this Option, and any shares the Optionee may acquire under this Option in the future or any of the proceeds of exercising this Option or selling any shares acquired pursuant to this Option, as well as any other incentive compensation the Optionee is granted after adoption of the Clawback Policy, 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 this Option, which would not have been granted to the Optionee otherwise.

3. This Agreement relates to an Option to purchase the specified number of shares which have been communicated to the Optionee at an exercise price of \$[] per share (the "Exercise Price Per Share"). (Hereinafter, the term "Exercise Price" shall mean the Exercise Price Per Share multiplied by the number of shares being exercised.) Subject to the provisions of the Plan and of this Agreement, the Optionee shall be entitled to exercise the Option on a cumulative basis until the day preceding the seventh anniversary of the date of the grant in accordance with the following schedule:

<u>Period</u>	<u>Cumulative Percent of Option Exercisable</u>
[] to []	0%
[] to []	33 1/3%
[] to []	66 2/3%
[] to []	100%

In determining the number of shares exercisable in accordance with the above table, fractional shares shall be disregarded.

4. In the event that Optionee wishes to purchase any of the shares then purchasable under the Option as provided in Paragraph 3 hereof, Optionee shall deliver or shall transmit to the Company or to the Company's designee, in the manner designated by or on behalf of the Company, a notice in the form and/or in the manner designated by or on behalf of the Company or its designee, as the same may be amended or supplemented from time to time by or on behalf the Company, together with a

check payable to Hasbro, Inc. or its designee, if applicable, (or accompanied by wire transfer to such account of the Company or its designee as the Company may designate) in United States dollars, in the aggregate amount of the Exercise Price, or shares of Common Stock held by the Optionee for at least six (6) months (duly endorsed to the Company or its designee, if applicable, or accompanied by an executed stock power, in each case with signatures guaranteed by a bank or broker if required by the Company or its designee) having a Fair Market Value (as defined in the Plan) equal to the Exercise Price, or a combination of such shares having a Fair Market Value less than the Exercise Price and a check in United States dollars for the balance of the Exercise Price.

Unless an Optionee shall have made advance alternative arrangements satisfactory to the Company, or to the Company's designee, each Optionee shall deliver to the Company or its designee, together with the required notice of exercise and payment of the Exercise Price as aforesaid, a check payable to Hasbro, Inc. or its designee, if applicable, or a wire transfer to such account of the Company or its designee, if applicable, as the Company may designate, in United States dollars, in the amount of any withholding required by law for any and all federal, state, local or foreign taxes payable as a result of such exercise. Each Optionee shall consult with the Company or the Company's designee in advance of the exercise so as to determine the amount of withholding taxes due. An Optionee may also elect to satisfy any withholding taxes payable as a result of such exercise (the "Taxes"), in whole or in part, either (i) by having the Company or its designee withhold from the shares of Common Stock to be issued upon exercise of the Option or (ii) delivering to the Company or its designee shares of Common Stock already owned by the Optionee and held by the Optionee for at least six (6) months (represented by stock certificates duly endorsed to the Company or accompanied by an executed stock power in each case with signatures guaranteed by a bank or broker to the extent required by the Company or its designee), in each case in an amount whose Fair Market Value on the date of exercise is either equal to the Taxes or less than the Taxes, provided that a check payable to Hasbro, Inc. or its designee, if applicable, or a wire transfer to such account of the Company or its designee as the Company may designate, in United States dollars for the balance of the Taxes is also delivered to the Company, or its designee, at the time of exercise.

In addition, the Optionee shall comply with such other requirements and provide such additional information and documentation as is reasonably required by the Company, or the Company's designee, to process any exercise of this option and resulting delivery of shares. As soon as practicable after receipt of the notice of exercise, Exercise Price, Taxes, and such other information and documentation as the Company or its designee shall require, the Company or its designee shall deliver or cause to be delivered to Optionee the shares in respect of which the Option was so exercised (less any shares deducted to pay Taxes in accordance with Optionee's election).

5. (a) If an Optionee who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at his or her Normal Retirement Date (as defined below), or an Optionee with at least one year of Credited Service of the Company suffers a permanent physical or mental disability (as defined below) or dies, in each case without the Optionee having fully exercised any Option granted to the Optionee, then the Optionee, the executor, administrator or trustee of the Optionee's estate, or the Optionee's legal representative, as the case may be, shall have the right to exercise any Option under the Plan, for a period of not more than one (1) year after such retirement, such disability, or in the case of death, the appointment and qualification of such executor, administrator or trustee (except that in no event other than death may such Option be exercised later than the day preceding the seventh anniversary of the date of the grant of such Option). In each such case, the Option will be exercisable with respect to all or any part of the number of shares to which the Option relates, whether or not said Option was fully exercisable in accordance with the schedule set forth in Section 3 of this Agreement as of the date of such retirement, disability or death. Thereafter, such Option, to the extent not so exercised during such one-year period shall be deemed to have expired regardless of the expiration date otherwise specified in Section 2 hereof.

(b) If an Optionee who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at an Early Retirement Date (as defined below), without the Optionee having fully exercised any Option granted to him or her, the Optionee shall have the right to exercise the unexercised portion of any Option theretofore granted, but only to the extent said Option was then exercisable in accordance with the schedule set forth in Section 3 of this Agreement, for a period of not more than three (3) months after the date of early retirement (but in no event shall the exercise period extend beyond the day preceding the seventh anniversary of the date of grant of the Option). Thereafter, the Option, to the extent not exercised during such three-month period shall be deemed to have expired, regardless of the expiration date otherwise specified in Section 3 hereof.

(c) If an Optionee ceases to be employed by the Company or by a direct or indirect subsidiary of the Company for any reason other than the reasons set forth in subsections (a), (b) and (d) of this Section 5, he or she shall have the right to exercise the unexercised portion of any Option theretofore granted to Optionee, but only to the extent said Option was then exercisable in accordance with the schedule set forth in Section 3 of this Agreement as of the date of termination, for a period of not more than

three (3) months after any such termination, but not, in any event, later than the day preceding the seventh anniversary date of the grant of such Option. Thereafter, such Option, to the extent not so exercised during such three-month period, shall be deemed to have expired, regardless of the expiration date otherwise specified in Section 3 hereof.

For purposes of subsections (a) and (b) above:

* A year of "Credited Service" shall mean a calendar year in which the Optionee is paid for at least 1,000 hours of service (as defined in the frozen Hasbro Pension Plan) as an employee of the Company or of a subsidiary of the Company. A Optionee does not need to be, or have been, a participant in the Hasbro Pension Plan.

* "Early Retirement Date" shall mean: the day on which an Optionee who has attained age fifty-five (55), but has not reached age sixty-five (65), with ten (10) or more years of Credited Service, retires. An Optionee is eligible for early retirement on the first day of the calendar month coincidental with or immediately following the attainment of age fifty-five (55) and the completion of ten (10) years of Credited Service, and "early retirement" shall mean retirement by an eligible Optionee at the Early Retirement Date.

* "Normal Retirement Date" shall mean: the day on which an Optionee who has attained age sixty-five (65) with five (5) or more years of Credited Service, retires. An Optionee is eligible for normal retirement on the first day of the calendar month coincidental with or immediately following the Optionee's attainment of age sixty-five (65) and completion of five (5) or more years of Credited Service, and "normal retirement" shall mean the retirement by an eligible Optionee at the Normal Retirement Date.

* "permanent physical or mental disability" shall mean: an Optionee's inability to perform his or her job or any position which the Optionee can reasonably perform with his or her background and training by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration.

(d) Notwithstanding the foregoing, the Optionee acknowledges and agrees that this Option, and any and all rights the Optionee may have hereunder, including any rights with respect to any portion of this Option which may have vested in accordance with the Schedule set forth in Section 3 above, shall terminate immediately upon a termination of the Optionee's employment with the Company for cause or for any such other reason that casts such discredit on the Optionee as to make termination of the Option appropriate. Whether an Optionee has been terminated for cause or for such other reason that casts such discredit on the Optionee as to make termination of the Option appropriate will be determined by the Administrator in its sole discretion, and in making this determination the Administrator will not be limited by any definition of "Cause" which appears in the Plan. The Optionee's agreement to the terms in this Section 5(d) are a material condition to the grant of this Option and this Option would not be granted to the Optionee if the Optionee did not agree to such terms.

6. The adjustment provisions set forth in Section 8 of the Plan shall apply to this Option.

7. This Option shall not be transferable by the Optionee, in whole or in part, except in accordance with Section 7 of the Plan, and shall be exercisable only as hereinbefore provided. Any purported assignment, transfer, pledge, hypothecation or other disposition of the Option or any interest therein contrary to the provisions of the Plan, and the levy of any execution to, or the attachment or similar process upon, the Option or any interest therein, shall be null and void and without effect.

8. Subject to the applicable provisions of the Plan, and particularly to Section 7 of the Plan, this Agreement shall be binding upon and shall inure to the benefit of Optionee, Optionee's successors and permitted assigns, and the Company and its successors and assigns.

9. In connection with a Change in Control the Option will be treated in the manner set forth in the Plan, as such Plan has been amended by the Company's shareholders through the date of such Change in Control. The recipient hereby acknowledges and agrees that in furtherance of this, if the shareholders of the Company approve an amendment to the Plan (the "Amendment") at the upcoming May 2013 Annual Meeting of Shareholders, then upon and following a Change in Control the Option will be treated in the manner set forth in such amendment

10. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Rhode Island and Providence Plantations and applicable Federal law.

IN WITNESS WHEREOF, the Company and the Optionee have entered into this Agreement effective as of the day and year first above written. By accepting the terms of the award represented by this Agreement through an electronic form offered by the Company, or the Company's designee, the Optionee hereby agrees to the terms of this Agreement with the same effect as if the Optionee had signed this Agreement.

HASBRO, INC.

By: /s/ Brian Goldner

Brian Goldner

President and Chief Executive Officer

By: _____
Optionee

HASBRO, INC.
RESTATED 2003 STOCK INCENTIVE PERFORMANCE PLAN
CONTINGENT STOCK PERFORMANCE AWARD
[], 2013 GRANT

AGREEMENT, made effective as of [], 2013, by and between HASBRO, INC., a Rhode Island corporation (the "Company") and the designated contingent stock performance award recipient (the "Participant").

WHEREAS, the Participant is eligible to participate in the Company's Restated 2003 Stock Incentive Performance Plan, as amended (the "Plan"), and

WHEREAS, contingent upon and in consideration for the Participant having executed and delivered to the Company's designated contact no later than [], 2013 a Non-Competition, Non-Solicitation and Confidentiality Agreement between the Participant and the Company in the form provided to the Participant by the Company, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"), acting in accordance with the provisions of the Plan, is granting to Participant a contingent stock performance award dated [], 2013 designed to reward the Participant for the Participant's efforts in contributing to the Company's achievement of certain stated financial goals, and

WHEREAS, the stock performance award provides the Participant with the ability to earn shares of the Company's common stock, par value \$.50 per share (the "Common Stock"), contingent on the Company's performance in achieving pre-established cumulative diluted earnings per share ("EPS") and cumulative net revenue ("Revenues") performance targets over the period beginning on December 31, 2012 and ending on December 27, 2015 (the "Performance Period"), subject to and upon the terms and conditions set forth in the Plan and as hereinafter set forth.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the parties hereto agree as follows:

W I T N E S S E T H:

1. Contingent upon and in consideration for the Participant having executed and delivered to the Company's designated contact no later than [], 2013 a Non-Competition, Non-Solicitation and Confidentiality Agreement (the "Non-Compete Agreement") between the Participant and the Company in the form provided to the Participant by the Company, the Company hereby grants to the Participant effective on [], 2013, and pursuant to the Plan, a copy of which is attached hereto as Appendix A and the provisions of which are incorporated herein as if set forth in full, a contingent stock performance award (the "Award") subject to and upon the terms and conditions set forth in the Plan and in the Non-Compete Agreement and the additional terms and conditions hereinafter set forth. The Award is evidenced by this Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms used herein and not otherwise defined shall have the meaning set forth in the Plan. For the avoidance of doubt, if the Participant has not executed and delivered to the Company's designated contact the Non-Compete Agreement on or before [], 2013, the Award represented by this Agreement will never take effect and will be null and void.

2. By accepting this Award the Participant hereby acknowledges and agrees that (i) this Award, and any shares the Participant may acquire under this Award in the future or any of the proceeds of selling any shares acquired pursuant to this Award, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, are subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) this Award, and any shares the Participant may acquire under this Award in the future or any of the proceeds of selling any shares acquired pursuant to this Award, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, 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 this Award, which would not have been granted to the Participant otherwise.

3. This Agreement relates to an Award providing the Participant with the potential ability to earn shares of the Company's common stock, par value \$.50 per share (the "Common Stock"), contingent on the Company's performance in achieving its pre-established cumulative EPS and Revenues targets over the Performance Period. The EPS and Revenues targets for the Performance Period are set forth below:

EPS		\$[]
Revenue		\$[]

The threshold and maximum levels for both cumulative EPS and Revenues contributing to shares being earned under this Award are set forth on Exhibit A to this Agreement. Except as is otherwise set forth in this Agreement, the Participant shall not have any ability to receive any shares of Common Stock pursuant to this Award until the Performance Period is completed. Following the end of the Performance Period, the Committee will determine the Company's cumulative EPS and Revenues over the Performance Period. The Committee will certify the Company's cumulative EPS and Revenues over the Performance Period as promptly as is reasonably possible following the completion of the Performance Period, but in no event later than 75 days following the completion of the Performance Period.

4. For purposes of this Award, the Company's cumulative EPS and Revenues over the Performance Period will be computed on a consolidated basis in the same manner used by the Company in computing its consolidated financial performance under generally accepted accounting principles ("GAAP"), except for the following deviations from GAAP: (i) EPS and Revenues will be computed excluding the impact of any changes in accounting rules that are effective after the date of this Agreement and which impact the Company's reported net earnings or Revenues results by \$10,000,000 or more, individually or in the aggregate, in any fiscal year during the Performance Period, (ii) EPS and Revenues will exclude the impact of any acquisitions (whether paid for in cash, shares of the Company's stock, other property, or any combination thereof) or dispositions consummated by the Company during the Performance Period which have, individually or in the aggregate, either a total acquisition price, or total sale price, respectively, of \$100 million or more, as such acquisition price or sales price is determined in good faith by the Committee, (iii) EPS and Revenues will be calculated excluding the impact of any major discrete restructuring activities undertaken by the Company after the date of this Agreement which result in costs or charges to the Company of \$10,000,000 or more, individually, in any fiscal year during the Performance Period, and (iv) EPS and Revenues will be calculated based on actual results translated at exchange rates established at the beginning of the Performance Period.

5. The target number of shares of Common Stock which may be issuable under this Award in the event of 100% achievement of the pre-established cumulative EPS and Revenues measures over the Performance Period is the specified number of shares communicated to the Participant (the "Target Shares"). The tables appearing on Exhibit A to this Agreement set forth the contingent number of shares of Common Stock which the Participant may actually earn under this Award, as a percentage of the Target Shares, based upon certain performances by the Company in achieving the EPS and Revenues targets.

To compute the actual number of shares of Common Stock, if any, which may be earned by the Participant the respective cumulative EPS and Revenues performances of the Company, as certified by the Committee following completion of the Performance Period, are applied to the tables on Exhibit A. The appropriate boxes in the tables corresponding with the highest threshold achieved by the Company's actual cumulative EPS and Revenues performance, as so certified by the Committee, sets forth the number of shares of Common Stock, if any, as a percentage of the Target Shares, which are earned by the Participant over the Performance Period due to the Company's performance in achieving those metric. The Company's achievement against its EPS metric is weighted 60% in determining the final shares earned by the Participant, and the Company's achievement against its Revenues metric is weighted 40%.

By way of illustration, if the Company's cumulative Revenues over the Performance Period are at least \$[] (but below \$[]), the percentage of the Revenues target achieved is [] % and the percentage of the target number of contingent shares earned due to that performance is []%. If the Company's cumulative EPS over the Performance Period is at least \$[] (but less than \$[]), the percentage of the EPS target achieved is []%, and the percentage of the target number of contingent shares earned due to that EPS performance is []%. In that case, the Participant would earn $(.40 * []\%) + (.60 * []\%)$, or []% of the Target Shares of Common Stock subject to the Award. If the number of Target Shares of Common Stock subject to the Award was [] shares, the Participant would earn [] shares of Common Stock. If the number of shares earned is not a whole number, the Participant will earn the next highest whole number of shares.

Notwithstanding the foregoing, if the Company does not achieve at least the threshold cumulative EPS of \$[] over the Performance Period, no shares will be earned under the Award, regardless of the cumulative Revenues achieved.

6. Once the Company has determined the number of shares of Common Stock, if any, which have been earned by the Participant based on the cumulative EPS and Revenues performance of the Company, the Company or its designee will as promptly as possible thereafter, but in all events not later than the 15th day of the third month following the end of the calendar year in which the Performance Period ends, issue any such shares of Common Stock which have been deemed earned to the Participant.

7. The Participant shall consult with the Company or its designee in advance of the issuance of any shares pursuant to this Award so as to designate the manner in which the Participant wishes to pay any withholding taxes due, and any such Participant's designation must be made to the Company, in the manner specified by the Company, and on or before the date selected by the Company and communicated to the Participant. Each Participant who elects to pay withholding taxes in cash shall deliver to the

Company or its designee, a check payable to Hasbro, Inc. or its designee, or a wire transfer to such account of the Company or its designee, as the Company may designate, in United States dollars, in the amount of any withholding required by law for any and all federal, state, local or foreign taxes payable as a result of the Participant earning any shares under this Award or being issued any shares pursuant to the provisions below based on certain other events. Alternatively, a Participant may elect to satisfy the minimum withholding taxes required by law payable as a result of the issuance of any shares pursuant to this Award (the "Taxes"), in whole or in part, either (i) by having the Company withhold from the shares of Common Stock to be issued pursuant to this Award or (ii) delivering to the Company or its designee shares of Common Stock already owned by the Participant and held by the Participant for at least six (6) months (represented by stock certificates duly endorsed to the Company or its designee or accompanied by an executed stock power in each case with signatures guaranteed by a bank or broker to the extent required by the Company or its designee), in each case in an amount whose Fair Market Value on the date the Participant has become entitled to such shares pursuant to this Award is either equal to the Taxes or less than the Taxes, provided that a check payable to Hasbro, Inc. or its designee, or a wire transfer to such account of the Company or its designee as the Company may designate, in United States dollars for the balance of the Taxes is also delivered to the Company, or its designee, at the time of issuance. If the Participant fails to make a timely election to pay the withholding taxes in some other manner pursuant to the preceding provisions, or otherwise does not timely remit payment of the required withholding taxes, then the Participant's tax withholding requirements will be satisfied through the withholding of shares of Common Stock and to the extent a fractional share needs to be withheld, the Company or its designee will withhold the next highest number of full shares and will remit the value of the fraction of a share which exceeds the required withholding to the Participant. As soon as practicable after receipt of the withholding taxes and any other materials or information reasonably required by the Company or its designee, the Company or its designee shall deliver or cause to be delivered to the Participant, using the method of delivery determined by the Company or its designee, the shares payable pursuant to the Award (less any shares deducted to pay Taxes).

8. Until such time, if any, that actual shares of Common Stock become due and are issued to the Participant in accordance with the terms of this Agreement, the Participant will not have any dividend or voting rights with respect to any shares which may be issuable in the future pursuant to this Award. The Participant's rights under this Award shall be no greater than those of an unsecured general creditor of the Company, and nothing herein shall be construed as requiring the Company or any other person to establish a trust or to set aside assets to meet the Company's obligations hereunder.

9. (a) If a Participant who is an employee of the Company or of a direct or indirect subsidiary of the Company dies before the Performance Period is completed, then the Company will issue the number of shares of Common Stock to the executor, administrator or trustee of the Participant's estate, or the Participant's legal representative, as the case may be, that is computed by multiplying: (i) the number of shares of Common Stock which would have been issuable to the Participant pursuant to the Award assuming completion of the Performance Period and the Company's achievement over the Performance Period of cumulative EPS and Revenues equal to target in each case by (ii) a fraction, the numerator of which is the number of days from the start of the Performance Period to the date that the Participant died and the denominator of which is the total number of days in the Performance Period. This pro-rated target award will be payable as soon following the Participant's death as is reasonably practicable. If a Participant dies after the end of the Performance Period, but prior to the delivery of any shares of Common Stock issuable pursuant to this award, then the Company or its designee will issue to the Participant's estate, or the Participant's legal representative, as the case may be, the number of shares of Common Stock, if any, which would have otherwise been issuable to the Participant if the Participant had not died.

(b) If a Participant with at least one year of Credited Service of the Company suffers a permanent physical or mental disability (as defined below), before the Performance Period is completed, then the Participant's Award will remain outstanding during the remaining portion of the Performance Period. At the end of the Performance Period the Committee will compute how many, if any, shares of Common Stock would be issuable pursuant to the Award based on the Company's performance against its cumulative EPS and Revenues targets. That actual number of shares of Common Stock which would have been earned under the Award over the entire Performance Period will then be multiplied by a fraction the numerator of which is the number of days from the start of the Performance Period to the date that the Participant became disabled and the denominator of which is the total number of days in the Performance Period. This pro-rated number of shares will then be issuable to the Participant in the same manner as shares are issued to other Participants.

(c) If a Participant who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at either an Early Retirement Date or a Normal Retirement Date (each as defined below), before the Performance Period is completed, then the Participant's Award will remain outstanding during the remaining portion of the Performance Period. At the end of the Performance Period the Committee will compute how many, if any, shares of Common Stock would be issuable pursuant

to the Award based on the Company's performance against its cumulative EPS and Revenues targets. That actual number of shares of Common Stock which would have been earned under the Award over the entire Performance Period will then be multiplied by a fraction the numerator of which is the number of days from the start of the Performance Period to the date that the Participant retired and the denominator of which is the total number of days in the Performance Period. This pro-rated number of shares will then be issuable to the Participant in the same manner as shares are issued to other Participants.

(d) If a Participant ceases to be employed by the Company or by a direct or indirect subsidiary of the Company before the end of the Performance Period for any reason other than the reasons set forth in subsections (a), (b) and (c) of this Section 9, including, without limitation, if the Participant's employment is terminated by the Company for cause or for such other reason that casts such discredit on the Participant as to make termination of the Participant's employment appropriate (cause or such other reasons being determined in the sole discretion of the Administrator and the Administrator not being limited to any definition of Cause in the Plan), the Award will be forfeited and the Participant will not have any further rights under the Award, including, without limitation, any rights to receive shares of Common Stock.

For purposes of subsections (a), (b) and (c) above:

* A year of "Credited Service" shall mean a calendar year in which the Participant is paid for at least 1,000 hours of service (as defined in the frozen Hasbro Pension Plan) as an employee of the Company or of a subsidiary of the Company. A Participant does not need to be, or have been, a participant in the Hasbro Pension Plan.

* "Early Retirement Date" shall mean: the day on which a Participant who has attained age fifty-five (55), but has not reached age sixty-five (65), with ten (10) or more years of Credited Service, retires. A Participant is eligible for early retirement on the first day of the calendar month coincidental with or immediately following the attainment of age fifty-five (55) and the completion of ten (10) years of Credited Service, and "early retirement" shall mean retirement by an eligible Participant at the Early Retirement Date.

* "Normal Retirement Date" shall mean: the day on which a Participant who has attained age sixty-five (65) with five (5) or more years of Credited Service, retires. A Participant is eligible for normal retirement on the first day of the calendar month coincidental with or immediately following the Participant's attainment of age sixty-five (65) and completion of five (5) or more years of Credited Service, and "normal retirement" shall mean the retirement by an eligible Participant at the Normal Retirement Date.

* "permanent physical or mental disability" shall mean: a Participant's inability to perform his or her job or any position which the Participant can reasonably perform with his or her background and training by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration, all as determined by the Committee in its discretion.

10. In the event of a Change in Control (as defined in the Plan) prior to the end of the Performance Period, this Award will be treated in accordance with the provisions of the Plan applicable to a Change in Control, provided, however, that for purposes of computing the payment due to the Participant as a result of a termination of employment following a Change in Control under the terms set forth in the Plan, (i) the full number of Target Shares will be used (as opposed to the actual number of shares, if any, that may be issuable based on performance through the date of the termination of employment following the Change in Control) and (ii) no pro-ration of the Award will be applied to account for less than the full Performance Period having had elapsed as of the date of the termination of employment following a Change in Control.

11. The adjustment provisions set forth in Section 8 of the Plan shall apply to this Award.

12. This Award shall not be transferable by the Participant, in whole or in part, except in accordance with Section 7 of the Plan. Any purported assignment, transfer, pledge, hypothecation or other disposition of the Award or any interest therein contrary to the provisions of the Plan, and the levy of any execution to, or the attachment or similar process upon, the Award or any interest therein, shall be null and void and without effect.

13. Subject to the applicable provisions of the Plan, and particularly to Section 7 of the Plan, this Agreement shall be binding upon and shall inure to the benefit of Participant, Participant's successors and permitted assigns, and the Company and its successors and assigns.

14. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Rhode Island and Providence Plantations and applicable Federal law.

IN WITNESS WHEREOF, the Company and the Participant have entered this Agreement effective as of the day and year first above written. By accepting the terms of the award represented by this Agreement through an electronic form offered by the Company, or the Company's designee, the Participant hereby agrees to the terms of this Agreement with the same effect as if the Participant had signed this Agreement.

HASBRO, INC.

By: /s/ Brian Goldner
Brian Goldner
President and Chief Executive Officer

By: _____
Participant

Exhibit A

**Cumulative
EPS**

Achievement as a Percentage of Target

Percentage of Target Shares Earned

**Cumulative
Revenues
(000,000's)**

Achievement as a Percentage of Target

Percentage of Target Shares Earned

HASBRO, INC.
RESTATED 2003 STOCK INCENTIVE PERFORMANCE PLAN
CONTINGENT STOCK PERFORMANCE AWARD
[], 2013 GRANT

AGREEMENT, made effective as of [], 2013, by and between HASBRO, INC., a Rhode Island corporation (the "Company") and Brian D. Goldner (the "Participant").

WHEREAS, the Participant and the Company entered into an Amended and Restated Employment Agreement, dated as of October 4, 2012 (the "Amended Employment Agreement"), and

WHEREAS, the Participant is eligible to participate in the Company's Restated 2003 Stock Incentive Performance Plan, as amended (the "Plan"), and

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"), acting in accordance with the provisions of the Plan, is granting to Participant a contingent stock performance award dated [], 2013 designed to reward the Participant for the Participant's efforts in contributing to the Company's achievement of certain stated financial goals, and

WHEREAS, the stock performance award provides the Participant with the ability to earn shares of the Company's common stock, par value \$.50 per share (the "Common Stock"), contingent on the Company's performance in achieving pre-established cumulative diluted earnings per share ("EPS") and cumulative net revenue ("Revenues") performance targets over the period beginning on December 31, 2012 and ending on December 27, 2015 (the "Performance Period"), with the number of shares earned, if any, then being adjusted in accordance with the Company's total shareholder return ("TSR") during the Performance Period as compared to the TSR for the Standard & Poor's 500 Index (the "S&P 500 Index"), as is described on Exhibit C hereto.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the parties hereto agree as follows:

W I T N E S S E T H:

1. The Company hereby grants to the Participant effective on [], 2013, and pursuant to the Plan, a copy of which is attached hereto as Exhibit A and the provisions of which are incorporated herein as if set forth in full, a contingent stock performance award (the "Award") subject to and upon the terms and conditions set forth in the Plan and the additional terms and conditions hereinafter set forth. The Award is evidenced by this Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms used herein and not otherwise defined shall have the meaning set forth in the Plan.

2. By accepting this Award the Participant hereby acknowledges and agrees that (i) this Award, and any shares the Participant may acquire under this Award in the future or any of the proceeds of selling any shares acquired pursuant to this Award, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, are subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) this Award, and any shares the Participant may acquire under this Award in the future or any of the proceeds of selling any shares acquired pursuant to this Award, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, 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 this Award, which would not have been granted to the Participant otherwise.

3. This Agreement relates to an Award providing the Participant with the potential ability to earn shares of the Company's common stock, par value \$.50 per share (the "Common Stock"), contingent on the Company's performance in achieving its pre-established cumulative EPS and Revenues targets over the Performance Period. The EPS and Revenues targets for the Performance Period are set forth below:

EPS	\$[]
Revenue	\$[]

The threshold and maximum levels for both cumulative EPS and Revenues contributing to shares being earned under this Award are set forth on Exhibit B to this Agreement. The terms of the adjustment, which is based on the Company's TSR as compared to the TSR for the S&P 500 Index over the Performance Period, is set forth on Exhibit C to this Agreement. Except as is otherwise set forth in this Agreement, the Participant shall not have any ability to receive any shares of Common Stock pursuant to this

Award until the Performance Period is completed. Following the end of the Performance Period, the Committee will determine (i) the Company's cumulative EPS and Revenues over the Performance Period and (ii) the Company's TSR over the Performance Period, as compared to the TSR for the S&P 500 Index over the Performance Period, in the manner set forth on Exhibit C (the "Relative TSR Performance"). The Committee will certify the Company's cumulative EPS and Revenues and Relative TSR Performance over the Performance Period as promptly as is reasonably possible following the completion of the Performance Period, but in no event later than 75 days following the completion of the Performance Period.

4. For purposes of this Award, the Company's cumulative EPS and Revenues over the Performance Period will be computed on a consolidated basis in the same manner used by the Company in computing its consolidated financial performance under generally accepted accounting principles ("GAAP"), except for the following deviations from GAAP: (i) EPS and Revenues will be computed excluding the impact of any changes in accounting rules that are effective after the date of this Agreement and which impact the Company's reported net earnings or Revenues results by \$10,000,000 or more, individually or in the aggregate, in any fiscal year during the Performance Period, (ii) EPS and Revenues will exclude the impact of any acquisitions (whether paid for in cash, shares of the Company's stock, other property, or any combination thereof) or dispositions consummated by the Company during the Performance Period which have, individually or in the aggregate, either a total acquisition price, or total sale price, respectively, of \$100 million or more, as such acquisition price or sales price is determined in good faith by the Committee, (iii) EPS and Revenues will be calculated excluding the impact of any major discrete restructuring activities undertaken by the Company after the date of this Agreement which result in costs or charges to the Company of \$10,000,000 or more, individually, in any fiscal year during the Performance Period, and (iv) EPS and Revenues will be calculated based on actual results translated at exchange rates established at the beginning of the Performance Period.

5. The target number of shares of Common Stock which may be issuable under this Award in the event of 100% achievement of the pre-established cumulative EPS and Revenues measures over the Performance Period, prior to any Relative TSR Performance multiplier, is [] shares (the "Target Shares"). The tables appearing on Exhibit B to this Agreement set forth the contingent number of shares of Common Stock which the Participant may actually earn under this Award, as a percentage of the Target Shares, based upon certain performances by the Company in achieving the EPS and Revenues targets. Exhibit C to this Agreement sets forth the Relative TSR Performance modifier that is then applied to the number of shares earned (based upon the Company's EPS and Revenue performances as a percentage of target) to arrive at the final number of shares, if any, earned under this Award.

To compute the actual number of shares of Common Stock, if any, which may be earned by the Participant the respective cumulative EPS and Revenues performances of the Company, as certified by the Committee following completion of the Performance Period, are applied to the tables on Exhibit B. The appropriate boxes in the tables corresponding with the highest threshold achieved by the Company's actual cumulative EPS and Revenues performance, as so certified by the Committee, sets forth the number of shares of Common Stock, if any, as a percentage of the Target Shares, which are earned by the Participant over the Performance Period due to the Company's performance in achieving those metrics. The Company's achievement against its EPS metric is weighted 60% in determining the final shares earned by the Participant, and the Company's achievement against its Revenues metric is weighted 40%. The Participant has agreed to this allocation between EPS and Revenues notwithstanding that the Amended Employment Agreement contemplated a weighting of 50% for each metric. This Agreement hereby amends the provision in the Amendment Employment Agreement requiring that the Award be weighted 50% for each metric.

By way of illustration, if the Company's cumulative Revenues over the Performance Period are at least \$[] (but below \$[]), the percentage of the Revenues target achieved is []% and the percentage of the target number of contingent shares earned due to that performance is []%. If the Company's cumulative EPS over the Performance Period is at least \$[] (but less than \$[]), the percentage of the EPS target achieved is []%, and the percentage of the target number of contingent shares earned due to that EPS performance is []%. And if the Company's Relative TSR Performance over the Performance Period was at the 75th percentile of the S&P 500 Index, the total number of contingent shares of Common Stock earned under the Award (based upon the EPS and Revenues performances) would be then multiplied by a factor of 2.0. In that case, the Participant would earn $((.40*[]\%) + (.60*[]\%))*2.0$, or []% of the Target Shares of Common Stock subject to the Award, or [] shares.

Assuming the same EPS and Revenues Performances, but that the Company's Relative TSR Performance was at the 24th percentile as compared to the S&P 500 Index, then the Relative TSR Performance modifier would be .75 and the Participant would earn []% of the Target Shares, or [] shares. In all cases, if the number of shares earned is not a whole number, the Participant will earn the next highest whole number of shares. The modifier for Relative TSR Performance is applied to the number of shares earned based upon the Company's EPS and Revenues performances. As a result, if no shares are earned based

upon the EPS and Revenues performances, then the Relative TSR Performance multiplier will not change the fact that 0 shares are earned under the award.

Notwithstanding the foregoing, if the Company does not achieve at least the threshold cumulative EPS of \$[] over the Performance Period, no shares will be earned under the Award, regardless of the cumulative Revenues achieved.

6. Once the Company has determined the number of shares of Common Stock, if any, which have been earned by the Participant based on the cumulative EPS and Revenues performance, and Relative TSR Performance of the Company, the Company or its designee will as promptly as possible thereafter, but in all events not later than the 15th day of the third month following the end of the calendar year in which the Performance Period ends, issue any such shares of Common Stock which have been deemed earned to the Participant.

7. The Participant shall consult with the Company or its designee in advance of the issuance of any shares pursuant to this Award so as to designate the manner in which the Participant wishes to pay any withholding taxes due, and any such Participant's designation must be made to the Company, in the manner specified by the Company, and on or before the date selected by the Company and communicated to the Participant. Each Participant who elects to pay withholding taxes in cash shall deliver to the Company or its designee, a check payable to Hasbro, Inc. or its designee, or a wire transfer to such account of the Company or its designee, as the Company may designate, in United States dollars, in the amount of any withholding required by law for any and all federal, state, local or foreign taxes payable as a result of the Participant earning any shares under this Award or being issued any shares pursuant to the provisions below based on certain other events. Alternatively, a Participant may elect to satisfy the minimum withholding taxes required by law payable as a result of the issuance of any shares pursuant to this Award (the "Taxes"), in whole or in part, either (i) by having the Company withhold from the shares of Common Stock to be issued pursuant to this Award or (ii) delivering to the Company or its designee shares of Common Stock already owned by the Participant (represented by stock certificates duly endorsed to the Company or its designee or accompanied by an executed stock power in each case with signatures guaranteed by a bank or broker to the extent required by the Company or its designee), in each case in an amount whose Fair Market Value on the date the Participant has become entitled to such shares pursuant to this Award is either equal to the Taxes or less than the Taxes, provided that a check payable to Hasbro, Inc. or its designee, or a wire transfer to such account of the Company or its designee as the Company may designate, in United States dollars for the balance of the Taxes is also delivered to the Company, or its designee, at the time of issuance. If the Participant fails to make a timely election to pay the withholding taxes in some other manner pursuant to the preceding provisions, or otherwise does not timely remit payment of the required withholding taxes, then the Participant's tax withholding requirements will be satisfied through the withholding of shares of Common Stock and to the extent a fractional share needs to be withheld, the Company or its designee will withhold the next highest number of full shares and will remit the value of the fraction of a share which exceeds the required withholding to the Participant. As soon as practicable after receipt of the withholding taxes and any other materials or information reasonably required by the Company or its designee, the Company or its designee shall deliver or cause to be delivered to the Participant, using the method of delivery determined by the Company or its designee, the shares payable pursuant to the Award (less any shares deducted to pay Taxes).

8. Until such time, if any, that actual shares of Common Stock become due and are issued to the Participant in accordance with the terms of this Agreement, the Participant will not have any dividend or voting rights with respect to any shares which may be issuable in the future pursuant to this Award. The Participant's rights under this Award shall be no greater than those of an unsecured general creditor of the Company, and nothing herein shall be construed as requiring the Company or any other person to establish a trust or to set aside assets to meet the Company's obligations hereunder.

9. (a) If the Participant's employment is terminated by death or because of Disability (as defined in the Amended Employment Agreement), before the Performance Period is completed, then the Participant's Award will remain outstanding during the remaining portion of the Performance Period. At the end of the Performance Period the Committee will compute how many, if any, shares of Common Stock would be issuable pursuant to the Award based upon the Company's performance against its cumulative EPS and Revenues targets and the Company's Relative TSR Performance, all over the Performance Period. That actual number of shares of Common Stock earned over the full Performance Period will then be issuable to the Participant in the same manner as shares are issued to other participants.

(b) If the Participant's employment is terminated at the election of the Company (or its successor, in the event there has been a Change in Control) without Cause or at the election of the Participant with Good Reason (as the terms Cause, Good Reason and Change in Control are defined in the Amended Employment Agreement, it being understood the Amended Employment Agreement provides different definitions of Cause and Good Reason based upon whether the termination occurs within 2 years following a Change in Control, or occurs outside such a window), and provided Participant executes a full and complete Release (as defined in the Amended Employment Agreement) which becomes effective, all in accordance with the Amended Employment

Agreement, then the Participant's Award will remain outstanding during the remaining portion of the Performance Period. At the end of the Performance Period the Committee will compute how many, if any, shares of Common Stock would be issuable pursuant to the Award based upon the Company's performance against its cumulative EPS and Revenues targets and the Company's Relative TSR Performance, all over the Performance Period. That actual number of shares of Common Stock which would have been earned under the Award over the entire Performance Period, if any, will then be multiplied by a fraction the numerator of which is the number of days from the start of the Performance Period to the date that the Participant's employment was terminated and the denominator of which is the total number of days in the Performance Period. This pro-rated number of shares will then be issuable to the Participant in the same manner as shares are issued to other participants.

(c) If the Participant's employment is terminated by the Company for Cause (as defined in the Amended Employment Agreement) or at Participant's election for other than Good Reason (as defined in the Amended Employment Agreement), then the Award will be forfeited and become null and void and the Participant will not have any further rights under the Award, including, without limitation, any rights to receive shares of Common Stock.

10. The adjustment provisions set forth in Section 8 of the Plan shall apply to this Award.

11. This Award shall not be transferable by the Participant, in whole or in part, except in accordance with Section 7 of the Plan. Any purported assignment, transfer, pledge, hypothecation or other disposition of the Award or any interest therein contrary to the provisions of the Plan, and the levy of any execution to, or the attachment or similar process upon, the Award or any interest therein, shall be null and void and without effect.

12. Subject to the applicable provisions of the Plan, and particularly to Section 7 of the Plan, this Agreement shall be binding upon and shall inure to the benefit of Participant, Participant 's successors and permitted assigns, and the Company and its successors and assigns.

13. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Rhode Island and Providence Plantations and applicable Federal law.

IN WITNESS WHEREOF, the Company and the Participant have entered this Agreement effective as of the day and year first above written. By accepting the terms of the award represented by this Agreement through an electronic form offered by the Company, or the Company's designee, the Participant hereby agrees to the terms of this Agreement with the same effect as if the Participant had signed this Agreement.

HASBRO, INC.

By: _____
Name: Alfred J. Verrecchia
Title: Chairman of the Board

By: _____
Brian D. Goldner

Exhibit B

**Cumulative
EPS**

Achievement as a Percentage of Target

Percentage of Target Shares Earned

**Cumulative
Revenues
(000,000's)**

Achievement as a Percentage of Target

Percentage of Target Shares Earned

Exhibit C

Relative TSR Performance Multiplier

The number of shares earned under this Award, if any, based upon the Company's EPS and Revenues performances over the Performance Period will be modified by the applicable Award Multiplier set forth in the table below based upon the Relative TSR Performance of the Company as compared to the TSR of the S&P 500 Index over the Performance Period.

For this purpose, the Total Shareholder Return (TSR) for both the Company and the S&P 500 Index will be computed by assuming the reinvestment of all dividends received over the Performance Period.

In addition, the TSR for the S&P 500 Index over the Performance Period will be computed using a closed list. In other words, the computation will only include companies that were in the S&P 500 Index at both the beginning and the end of the Performance Period, and will not include either (i) companies that are included in the S&P 500 Index at the beginning of the Performance Period but are dropped from the S&P 500 Index during the Performance Period or (ii) companies that are not in the S&P 500 Index at the beginning of the Performance Period but are added to the S&P 500 Index during the Performance Period.

Company's Relative TSR Performance as compared to the S&P 500 Index over the Performance Period

Award Multiplier

≥75th percentile of companies in the S&P 500 Index
≥ 65th percentile but <75th percentile
≥ 25th percentile but <65th percentile
<25th percentile

2.0x Award Otherwise Earned
1.5x Award Otherwise Earned
1.0x Award Otherwise Earned
0.75x Award Otherwise Earned

RESTRICTED STOCK UNIT AGREEMENT

THIS AGREEMENT, entered into effective as of the Grant Date (as defined in paragraph 1), is made by and between the Participant (as defined in paragraph 1) and Hasbro, Inc. (the "Company").

WHEREAS, the Company maintains the Restated 2003 Stock Incentive Performance Plan, as amended (the "Plan"), a copy of which is annexed hereto as Exhibit A and the provisions of which are incorporated herein as if set forth in full, and the Participant has been selected by the Compensation Committee of the Board of Directors of the Company (the "Committee"), which administers the Plan, to receive an award of restricted stock units under the Plan;

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as follows:

1. Terms of Award. The following terms used in this Agreement shall have the meanings set forth in this paragraph 1:

A. The "Participant" is _____.

B. The "Grant Date" is [], 2013.

C. The "Vesting Period" is the period beginning on the Grant Date and ending on [], 2016, such that the Participant shall become vested in the Stock Units and the Stock Unit Account as of [], 2016, subject to the terms of this Agreement.

D. The number of restricted stock units ("Stock Units") awarded under this Agreement shall be _____ (_____) Stock Units. Stock Units are notional shares of the Company's common stock, par value \$.50 per share ("Common Stock") granted under this Agreement and subject to the terms of this Agreement and the Plan.

E. Contingent upon and in consideration for the Participant having executed and delivered to the Company's designated contact no later than [], 2013 a Non-Competition, Non-Solicitation and Confidentiality Agreement (the "Non-Compete Agreement") between the Participant and the Company in the form provided to the Participant by the Company, the Company hereby grants to the Participant effective on the Grant Date, pursuant to the Plan, the Stock Units. For the avoidance of doubt, if the Participant has not executed and delivered to the Company's designated contact the Non-Compete Agreement on or before [], 2013, the grant of the Stock Units represented by this Agreement will never take effect and will be null and void.

F. By accepting this award the Participant hereby acknowledges and agrees that (i) this Award, and any Stock Units or shares of Common Stock the Participant may become entitled to under this Award in the future, and any proceeds from selling any such shares of Common Stock, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, are subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) this Award, and any Stock Units or shares of Common Stock the Participant may become entitled to under this Award in the future, and any proceeds from selling any such shares of Common Stock, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, 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 this Award, which would not have been made to the Participant otherwise.

G. For record-keeping purposes only, the Company shall maintain an account with respect to this restricted stock unit award (a "Stock Unit Account") for the Participant where Stock Units related to this award shall be accumulated and accounted for by the Company. Without limiting the provisions of Section 8(b) of the Plan, in the event the Company pays a stock dividend or reclassifies or divides or combines its outstanding Common Stock then an appropriate adjustment shall be made in the number of Stock Units held in the Stock Unit Account. The Stock Unit Account will reflect notional fractional shares of Common Stock to the nearest hundredth of a share on a one Stock Unit for one share of Common Stock basis.

Other terms used in this Agreement are defined pursuant to paragraph 7 or elsewhere in this Agreement.

2. Award. The Participant is hereby granted the number of Stock Units set forth in paragraph 1.

3. No Dividends and No Voting Rights. The Participant shall not be entitled to any (i) dividends, other than stock dividends (which will be reflected in an adjustment to the number of Units), or (ii) voting rights with respect to the Stock Units or the Stock Unit Account.

4. Vesting and Forfeiture of Units. Subject to earlier vesting (either in whole or in part as applicable) only in the situations and under the terms which are explicitly provided for in the following paragraphs, at the end of the Vesting Period the Participant shall become vested in the Stock Units and the portion of the Stock Unit Account subject to this Agreement provided that the Participant has remained employed and remains employed with the Company through and including the last day of the Vesting Period.

A. If a Change in Control (as defined below), occurs prior to the end of the Vesting Period, then in connection with such Change in Control the Stock Units will be treated in the manner set forth in the Plan, as such Plan has been amended by the Company's shareholders through the date of such Change in Control. The recipient hereby acknowledges and agrees that in furtherance of this, if the shareholders approve an amendment to the Plan (the "Amendment") at the upcoming May 2013 Annual Meeting of Shareholders, then upon and following a Change in Control the Stock Units will be treated in the manner set forth in such Amendment.

B. The Participant shall otherwise become vested in a pro-rata portion of the Stock Units and the Stock Unit Account subject to this Agreement as of the Participant's Date of Termination prior to the end of the Vesting Period, but only if the Participant's Date of Termination occurs by reason of either (i) the Participant's retirement at his or her Normal Retirement Date (as defined below) or Early Retirement Date (as defined below), or (ii) for a Participant who has at least one year of Credited Service (as defined below), the Participant's death or Participant's suffering a Permanent Physical or Mental Disability (as defined below). In the case of a Termination of Employment covered by this paragraph 4.B., the Participant will become entitled, as of the date of the Termination of Employment, to a portion of the Stock Units and the Stock Unit Account subject to this Agreement, which portion is computed by multiplying the full number of Stock Units subject to this Agreement by a fraction, the numerator of which is the number of days in the Vesting Period which have already elapsed as of the day of the Participant's Termination of Employment, inclusive of the actual day on which there is a Termination of Employment, and the denominator of which is the total number of days in the Vesting Period. The Participant will forfeit that portion of the Stock Unit Account which has not vested in accordance with the foregoing provision.

C. If the Participant's Date of Termination occurs prior to the end of the Vesting Period for any reason other than the reasons set forth in the preceding Section 4.B., including, without limitation, if the Participant's employment is terminated by the Company for cause or for such other reason that casts such discredit on the Participant as to make termination of the Participant's employment appropriate (cause or such other reasons being determined in the sole discretion of the Administrator and the Administrator not being limited to any definition of Cause in the Plan), then the award of Stock Units pursuant to this Agreement shall be forfeited and terminate effective as of such Date of Termination, and the Participant shall not be entitled to any stock pursuant to this award or any other benefits of this award.

D. The Stock Units and the Stock Unit Account may not be sold, assigned, transferred, pledged or otherwise encumbered, except to the extent otherwise provided by either the terms of the Plan or by the Committee.

5. Settlement in Shares of Common Stock. Provided that the Participant's interest in the Stock Units and the Stock Unit Account has vested, in whole or in part, in accordance with the provisions of Section 4 above, the Participant's Stock Unit Account, or applicable portion thereof, shall be converted into actual shares of Common Stock upon the date of such vesting. Such conversion: (i) if it occurs in connection with a termination of the Participant's employment following a Change in Control under the conditions set forth in the Plan, will occur upon the Date of Termination, (ii) will occur upon the Date of Termination, in the case that Section 4.B. is applicable, or (iii) on [], 2016, in the case that the Participant has remained employed through the end of the Vesting Period. The conversion will occur on the basis of one share of Common Stock for every one Stock Unit which vests. Such shares of Common Stock shall be registered in the name of the Participant effective as of the date of conversion and a stock certificate representing such actual shares of Common Stock, or electronic delivery of such shares of Common Stock, as specified in an election by the Participant, shall be delivered to the Participant within a reasonable time thereafter, subject to any different treatment called for or allowed by the terms of the Plan relating to a Change in Control. To the extent that there are notional

fractional shares of Common Stock in a Stock Unit Account which have vested upon settlement, such notional fractional shares shall be rounded to the nearest whole share in determining the number of shares of Common Stock to be received upon conversion.

6. Income Taxes. The Participant shall pay to the Company promptly upon request, and in any event at the time the Participant recognizes taxable income in respect of the shares of Common Stock received by the Participant upon the conversion of all or a portion of the Participant's Stock Unit Account, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to such shares of Common Stock. Such payment shall be made in the form of cash, the delivery of shares of Common Stock already owned or by withholding such number of actual shares otherwise deliverable pursuant to this Agreement as is equal to the withholding tax due, or in a combination of such methods. In the event that the Participant does not make a timely election with respect to payment of withholding taxes, the Company shall withhold shares from the settlement of the Award.

7. Definitions. For purposes of this Agreement, the terms used in this Agreement shall be subject to the following:

A. Change in Control. The term "Change in Control" shall have the meaning ascribed to it in the Plan.

B. Credited Service. A year of "Credited Service" shall mean a calendar year in which the Participant is paid for at least 1,000 hours of service (as defined in the frozen Hasbro Pension Plan) as an employee of the Company or of a Subsidiary of the Company. A Participant does not need to be, or have been, a participant in the Hasbro Pension Plan.

C. Date of Termination. The Participant's "Date of Termination" shall be the first day occurring on or after the Grant Date on which the Participant is not employed (a "Termination of Employment") by the Company or any entity directly or indirectly controlled by the Company (a "Subsidiary"), regardless of the reason for the termination of employment; provided that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company and a Subsidiary or between two Subsidiaries; and further provided that the Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer. If, as a result of a sale or other transaction, the Participant's employer ceases to be a Subsidiary (and the Participant's employer is or becomes an entity that is separate from the Company), the occurrence of such transaction shall be treated as the Participant's Date of Termination caused by the Participant being discharged by the employer.

D. Early Retirement Date. The term "Early Retirement Date" shall mean: the day on which a Participant who has attained age fifty-five (55), but has not reached age sixty-five (65), with ten (10) or more years of Credited Service, retires. A Participant is eligible for early retirement on the first day of the calendar month coincidental with or immediately following the attainment of age fifty-five (55) and the completion of ten (10) years of Credited Service, and "early retirement" shall mean retirement by an eligible Participant at the Early Retirement Date.

E. Normal Retirement Date. The term "Normal Retirement Date" shall mean the day on which a Participant who has attained age sixty-five (65), with five (5) years of Credited Service, retires. A Participant is eligible for normal retirement on the first day of the calendar month coincident with or immediately following the Participant's attainment of age sixty-five (65) and completion of five (5) years of Credited Service, and "normal retirement" shall mean the retirement by an eligible Participant at the Normal Retirement Date.

F. Permanent Physical or Mental Disability. The term "Permanent Physical or Mental Disability" shall mean the Participant's inability to perform his or her job or any position which the Participant can perform with his or her background and training by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration.

G. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in this Agreement.

8. Heirs and Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, including upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business, and the Participant and the successors and permitted assigns of the Participant, including

but not limited to, the estate of the Participant and the executor, administrator or trustee of such estate, and the guardian or legal representative of the Participant.

9. Administration. The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding.

10. Plan Governs. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan.

11. No Employment Contract. The Participant acknowledges that this Agreement does not constitute a contract for employment for any period of time and does not modify the at will nature of the Participant's employment with the Company, pursuant to which both the Company and the Participant may terminate the employment relationship at any time, for any or no reason, with or without notice.

12. Amendment. This Agreement may be amended by written Agreement of the Participant and the Company, without the consent of any other person.

13. Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect of the award contained herein and therein and supersede all prior communications, representations and negotiations in respect thereof.

14. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law and any court determining the unenforceability of any provisions shall have the power to reduce the scope or duration of such provision to render such provision enforceable.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Participant has executed this Agreement, and the Company has caused these presents to be executed in its name and on its behalf, all effective as of the Grant Date. By accepting the terms of the award represented by this Agreement through an electronic form offered by the Company, or the Company's designee, the Participant hereby agrees to the terms of this Agreement with the same effect as if the Participant had signed this Agreement.

HASBRO, INC.

By: /s/ Brian Goldner

Name: Brian Goldner

Title: President and Chief Executive Officer

Participant

HASBRO, INC.
RESTATED 2003 STOCK INCENTIVE PERFORMANCE PLAN
RESTRICTED STOCK UNIT AGREEMENT
[], 2013 GRANT

THIS AGREEMENT, entered into effective as of the Grant Date (as defined in paragraph 1), is made by and between Brian D. Goldner and Hasbro, Inc. (the "Company").

WHEREAS, the Company maintains the Restated 2003 Stock Incentive Performance Plan, as amended (the "Plan"), a copy of which is annexed hereto as Exhibit A and the provisions of which are incorporated herein as if set forth in full, and the Participant has been selected by the Compensation Committee of the Board of Directors of the Company (the "Committee"), which administers the Plan, to receive an award of restricted stock units under the Plan; and

WHEREAS, effective on October 4, 2012 the Participant and the Company entered into an Amended and Restated Employment Agreement (the "Amended Employment Agreement"), which contemplated the grant of this Award.

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Participant, as follows:

1. Terms of Award. The following terms used in this Agreement shall have the meanings set forth in this paragraph 1:

A. The "Participant" is Brian D. Goldner.

B. The "Grant Date" is [], 2013.

C. The number of restricted stock units ("Stock Units") awarded under this Agreement is [] Stock Units. Stock Units are notional shares of the Company's common stock, par value \$.50 per share ("Common Stock") granted under this Agreement and subject to the terms of this Agreement and the Plan.

D. By accepting this award (the "Award") the Participant hereby acknowledges and agrees that (i) this Award, and any Stock Units or shares of Common Stock the Participant may become entitled to under this Award in the future, and any proceeds from selling any such shares of Common Stock, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, are subject to the Company's Clawback Policy, which was adopted by the Company's Board of Directors in October 2012, and (ii) this Award, and any Stock Units or shares of Common Stock the Participant may become entitled to under this Award in the future, and any proceeds from selling any such shares of Common Stock, as well as any other incentive compensation the Participant is granted after adoption of the Clawback Policy, 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 this Award, which would not have been made to the Participant otherwise.

E. For record-keeping purposes only, the Company shall maintain an account with respect to this restricted stock unit award (a "Stock Unit Account") for the Participant where Stock Units related to this award shall be accumulated and accounted for by the Company. Without limiting the provisions of Section 8(b) of the Plan, in the event the Company pays a stock dividend or reclassifies or divides or combines its outstanding Common Stock then an appropriate adjustment shall be made in the number of Stock Units held in the Stock Unit Account. The Stock Unit Account will reflect notional fractional shares of Common Stock to the nearest hundredth of a share on a one Stock Unit for one share of Common Stock basis.

Other terms used in this Agreement are defined pursuant to paragraph 7 or elsewhere in this Agreement.

2. Award. The Participant is hereby granted the number of Stock Units set forth in paragraph 1.

3. No Dividends and No Voting Rights. The Participant shall not be entitled to any (i) dividends, other than stock dividends (which will be reflected in an adjustment to the number of Units), or (ii) voting rights with respect to the Stock Units or the Stock Unit Account.

4. Vesting and Forfeiture of Units. Vesting of the Stock Units is based upon fulfillment of both a (i) Stock Price Component and (ii) Service Component.

A. Stock Price Component. To fulfill the stock price component ("Stock Price Component") for vesting of the Stock Units the price of the Company's Common Stock must achieve the following pre-defined stock price hurdles:

<u>Stock Price Hurdle</u>	<u>Percentage of Shares Subject to Hurdle</u>
\$45	25%
\$52	25%
\$56	25%
\$60	25%

A stock price hurdle is achieved if at some point following the Grant Date of this Award and during the period while this Award is outstanding, there is a period of at least thirty (30) consecutive trading days over which the average of the closing prices for the Common Stock over those 30 consecutive trading days is equal to or greater than the applicable stock price hurdle(s). So for example, if the average of the closing prices for the Common Stock over a period of thirty consecutive trading days (at some point during the period following the Grant Date and while the Award is outstanding) is greater than \$45, then the first stock price hurdle is achieved. Once a stock price hurdle(s) is achieved, a subsequent decline in the price of the Common Stock does not change the achievement of that hurdle(s).

B. Service Component. To fulfill the service component ("Service Component") for vesting of some or all of the Stock Units, the Participant must remain continuously employed with the Company from the Grant Date through and including December 31, 2017. Subject only to the limited exceptions set forth below, if the Participant's employment with the Company terminates for any reason prior to December 31, 2017, the Participant will forfeit this Award and the Award will become null and void.

C. Vesting. Subject to earlier vesting (either in whole or in part as applicable) only in the situations and under the terms which are explicitly provided for in the following paragraphs of this Section 4, if the Participant has remained continuously employed with the Company through December 31, 2017, then on January 1, 2018 (the "Vesting Date") the Participant shall become vested in that portion of the Stock Units, if any, for which the applicable Stock Price Hurdles have been achieved. By way of example, if the \$45, \$52 and \$56 Stock Price Hurdles (but not the \$60 Stock Price Hurdle) have been achieved at some time during the period between the Grant Date and December 31, 2017, and the Participant has remained continuously employed with the Company through December 31, 2017, then the Participant will become vested in 75% of the Stock Units, or [] Units, on January 1, 2018. If a fractional number of Units have become vested, the number will be rounded to the next highest whole number of Units.

D. Change in Control. If a Change in Control (as defined below), occurs prior to December 31, 2017, then in connection with such Change in Control the Stock Units will be treated in the manner set forth in the Plan, as such Plan has been amended by the Company's shareholders through the date of such Change in Control. The Participant hereby acknowledges and agrees that in furtherance of this, if the shareholders approve an amendment to the Plan (the "Amendment") at the May 2013 Annual Meeting of Shareholders, then upon and following a Change in Control the Stock Units will be treated in the manner set forth in such Amendment.

E. Earlier Vesting in Certain Limited Situations. The Participant shall otherwise become vested in that portion, if any, of the Stock Units and the Stock Unit Account subject to this Agreement for which the Stock Price Hurdles have been met as of the Participant's Date of Termination prior to the end of the Vesting Period, but only if the Participant's Date of Termination occurs by reason of either (i) the Participant's death or Disability (as defined in the Amended Employment Agreement), (ii) termination of the Participant's employment by the Company without Cause (as defined in the Amended Employment Agreement) or (iii) termination of the Participant's employment by the Participant with Good Reason (as defined in the Amended Employment Agreement).

In the case of a Termination of Employment covered by this paragraph 4.E(i) for death or Disability, the Participant will become entitled, as of the date of the Termination of Employment, to any portion of the Stock Units and the Stock Unit Account subject to this Agreement for which the Stock Price Hurdles have been met prior to the date of Termination of Employment. In the case of a Termination of Employment covered by this paragraph 4.E(ii) or 4.E(iii), which in either case occurs within two (2) years

following a Change in Control (as defined in the Amended Employment Agreement), the Participant will become entitled, as of the date of the Termination of Employment, to any portion of the Stock Units and the Stock Unit Account subject to this Agreement for which the Stock Price Hurdles have been met prior to the date of Termination of Employment. In the case of a Termination of Employment covered by this paragraph 4.E(ii) or 4.E(iii), which in either case does not occur within two (2) years following a Change in Control (as defined in the Amended Employment Agreement), the Participant will become entitled, as of the date of the Termination of Employment, to a portion of any Stock Units and the Stock Unit Account subject to this Agreement for which the Stock Price Hurdles have been met prior to the date of Termination of Employment, which portion is computed by multiplying the full number of Stock Units subject to this Agreement for which the Stock Price Hurdles have been achieved by a fraction, the numerator of which is the number of days since the Grant Date which have already elapsed as of the day of the Participant's Termination of Employment, inclusive of the actual day on which there is a Termination of Employment, and the denominator of which is the total number of days in the period from the Grant Date through and including December 31, 2017. The Participant will forfeit any portion of the Stock Unit Account which has not vested in accordance with the foregoing provisions.

F. If the Participant's Date of Termination occurs prior to December 31, 2017 for any reason other than the reasons set forth above in Section 4.E above, then the award of Stock Units pursuant to this Agreement shall be forfeited and terminate effective as of such Date of Termination, and the Participant shall not be entitled to any stock pursuant to this award or any other benefits of this award.

G. The Stock Units and the Stock Unit Account may not be sold, assigned, transferred, pledged or otherwise encumbered, except to the extent otherwise provided by either the terms of the Plan or by the Committee.

5. Settlement in Shares of Common Stock. Provided that the Participant's interest in the Stock Units and the Stock Unit Account has vested, in whole or in part, in accordance with the provisions of Section 4 above, the Participant's Stock Unit Account, or the applicable portion thereof, shall be converted into actual shares of Common Stock upon the date of such vesting. Such conversion: (i) will occur on January 1, 2018, in the case that the Participant has remained employed through the end of the Vesting Period, (ii) as of the date of death or Disability, if it occurs pursuant to the provisions of Section 4.E(i) above or (iii) will occur upon the Date of Termination, in the case that Section 4.E(ii) or (iii) is applicable. The conversion will occur on the basis of one share of Common Stock for every one Stock Unit which vests. Such shares of Common Stock shall be registered in the name of the Participant and a stock certificate representing such actual shares of Common Stock, or electronic delivery of such shares of Common Stock, as specified in an election by the Participant, shall be delivered to the Participant within a reasonable time thereafter, subject to any different treatment called for or allowed by the terms of the Plan relating to a Change in Control. To the extent that there are notional fractional shares of Common Stock in a Stock Unit Account which have vested upon settlement, such notional fractional shares shall be rounded to the nearest whole share in determining the number of shares of Common Stock to be received upon conversion.

6. Income Taxes. The Participant shall pay to the Company promptly upon request, and in any event at the time the Participant recognizes taxable income in respect of the shares of Common Stock received by the Participant upon the conversion of all or a portion of the Participant's Stock Unit Account, an amount equal to the taxes the Company determines it is required to withhold under applicable tax laws with respect to such shares of Common Stock. Such payment shall be made in the form of cash, the delivery of shares of Common Stock already owned or by withholding such number of actual shares otherwise deliverable pursuant to this Agreement as is equal to the withholding tax due, or in a combination of such methods. In the event that the Participant does not make a timely election with respect to payment of withholding taxes, the Company shall withhold shares from the settlement of the Award.

7. Definitions. For purposes of this Agreement, the terms used in this Agreement shall be subject to the following:

A. Cause. The term "Cause" shall have the meaning ascribed to it in the Amended Employment Agreement.

B. Change in Control. The term "Change in Control" shall have the meaning ascribed to it in the Amended Employment Agreement.

C. Date of Termination. The Participant's "Date of Termination" shall be the first day occurring on or after the Grant Date on which the Participant is not employed (a "Termination of Employment") by the Company or any entity directly or

indirectly controlled by the Company (a "Subsidiary"), regardless of the reason for the termination of employment; provided that a termination of employment shall not be deemed to occur by reason of a transfer of the Participant between the Company and a Subsidiary or between two Subsidiaries; and further provided that the Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer. If, as a result of a sale or other transaction, the Participant's employer ceases to be a Subsidiary (and the Participant's employer is or becomes an entity that is separate from the Company), the occurrence of such transaction shall be treated as the Participant's Date of Termination caused by the Participant being discharged by the employer.

D. Good Reason. The term "Good Reason" shall have the meaning ascribed to it in the Amended Employment Agreement.

E. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in this Agreement.

8. Heirs and Successors. This Agreement shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, including upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business, and the Participant and the successors and permitted assigns of the Participant, including but not limited to, the estate of the Participant and the executor, administrator or trustee of such estate, and the guardian or legal representative of the Participant.

9. Administration. The authority to manage and control the operation and administration of this Agreement shall be vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding.

10. Plan Governs. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan.

11. Amendment. This Agreement may be amended by written Agreement of the Participant and the Company, without the consent of any other person.

12. Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect of the award contained herein and therein and supersede all prior communications, representations and negotiations in respect thereof.

13. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law and any court determining the unenforceability of any provisions shall have the power to reduce the scope or duration of such provision to render such provision enforceable.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Participant has executed this Agreement, and the Company has caused these presents to be executed in its name and on its behalf, all effective as of the Grant Date. By accepting the terms of the award represented by this Agreement through an electronic form offered by the Company, or the Company's designee, the Participant hereby agrees to the terms of this Agreement with the same effect as if the Participant had signed this Agreement.

HASBRO, INC.

By: _____
Name: Alfred J. Verrecchia
Title: Chairman of the Board

Participant

Brian D. Goldner

Non-Competition, Non-Solicitation and Confidentiality Agreement

You have been granted a Contingent Stock Performance Award and a Non-Qualified Stock Option Grant, (collectively, the "Award") subject to the terms of the Company's Restated 2003 Stock Incentive Performance Plan (the "Plan") and Contingent Stock Performance Award Agreement and Stock Option Agreement for Employees between you and the Company. As the Award states, to be entitled to any payment under the Award, you must accept the Award and agree to comply with the terms and conditions of this Agreement.

1. Confidentiality.

You acknowledge that you have access to Confidential Information (as defined below) and that such Confidential Information is the property of Hasbro, Inc. (the "Company" or "Hasbro"), its Subsidiaries, and/or its or their licensors, suppliers or customers. You agree specifically as follows, whether during your employment or following the termination thereof:

- (a) You will always preserve as confidential all Confidential Information, and will never use it for your own benefit or for the benefit of others.
- (b) You will not disclose, divulge, or communicate Confidential Information to any unauthorized person, business or corporation during or after the termination of your employment with the Company. You will use your best efforts and exercise due diligence to protect, to not disclose and to keep as confidential all Confidential Information.
- (c) You will abide by all applicable Company written policies and procedures regarding data or information security.
- (d) Upon the earlier of request or termination of employment, you agree to return to the Company, or if so directed by the Company, destroy any and all copies of materials in your possession containing Confidential Information.

Confidential Information includes any information you learn in connection with your work at Hasbro which is not generally known to the general public. Confidential Information shall not include any information which is previously known to you without an obligation of confidence or is publicly disclosed either prior to or subsequent to your receipt of such information without breach of this Agreement, or is rightfully received by you from a third-party without obligation of confidence and other than in relation to your employment with the Company.

2. Non-Competition/Non-Solicitation.

- (a) In consideration of the Award, you agree that while employed by Hasbro (including any of its affiliates) and for a period of one (1) year after your Date of Termination (as defined below) (including any of its affiliates), you will not, in the geographical area in which Hasbro or any of its affiliates does business or has done business, engage in any business or enterprise that would be competitive with any business of Hasbro in existence as of the Date of Termination. This obligation shall preclude any such involvement, whether on a direct or indirect basis, and whether as an owner, partner, officer, director, employee, consultant, investor, lender or otherwise, except as the holder of not more than 1% of the outstanding stock of a publicly held company.
- (b) The geographic area to which the restrictions of Section 2 (a) shall apply shall be limited to the geographic area in which the Company does business, has done business, or plans to do business as of your Date of Termination.
- (c) You agree that while employed by the Company and for a period of one (1) year after your Date of Termination, you shall not directly or indirectly solicit, induce or attempt to induce (other than a general solicitation not directed at the employees of the Company) either alone or in association with others, any employee or independent contractor of the Company to terminate his or her employment or his, her or its relationship with the Company or in any way assist or

enable another person or entity, directly or indirectly, to solicit, induce or attempt to induce any individual, employee or independent contractor of the Company to terminate his/her employment or his, her or its relationship with the Company.

- (d) You agree that while employed by the Company and for a period of one (1) year after your Date of Termination, you shall not, directly or indirectly, acting alone or in association with others, solicit, divert or take away or attempt to solicit, divert or take away, the business of any current or prospective customers, accounts or business partners that were contacted, solicited or served by the Company while you were employed by the Company.
- (e) You acknowledge that the restrictions set forth in this Section 2 are necessary for the protection of the business and goodwill of the Company and its Subsidiaries and are material and integral to the Award. You further acknowledge that the restrictions contained herein are reasonable for the protection of the business and good will of the Company and its Subsidiaries. You agree that any breach, or threatened breach, of this Agreement is likely to cause the Company substantial and irrevocable harm. In the event of any breach or threatened breach, you agree that the Company, in addition to such other remedies which may be available, shall be entitled to specific performance and other injunctive relief without posting a bond or other security. You also waive the adequacy of a remedy at law as a defense to such relief.
- (f) You agree that if you violate any of the provisions of this Section 2, you shall continue to be bound by the restrictions set forth herein until a period of one (1) year has expired without any violation of this Section 2. You further agree that in the event you violate any of the provisions of this Section 2, and you are receiving any severance pay or benefits from the Company, the Company shall have no obligation to continue paying or providing to you any such severance pay or benefits and may recover from you the severance pay and benefits you previously received.
- (g) If any restriction set forth in this Section 2 is found by any court of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend only over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

3. Date of Termination.

Your "Date of Termination" shall be the first day after you are not employed by the Company or any entities directly or indirectly controlled by the Company (a "Subsidiary" or "Subsidiaries"), regardless of the reason for the termination of your employment; provided that your employment shall not be considered terminated by reason of your transfer between the Company and a Subsidiary or between two Subsidiaries; and further provided that your employment shall not be considered terminated while you are on an approved leave of absence from the Company or a Subsidiary.

4. Disclosure of this Agreement.

You hereby authorize the Company to notify others, including but not limited to customers of the Company and any of your future employers or prospective business associates, of the terms and existence of this Agreement and your continuing obligations to the Company hereunder.

5. Not Employment Contract.

You acknowledge that this Agreement does not constitute a contract of employment for any period of time and does not modify the at-will nature of your employment with the Company, pursuant to which both the Company and you may terminate the employment relationship at any time, for any or no reason, with or without notice.

6. Entire Agreement.

This Agreement contains the entire Agreement and understanding of the parties hereto with respect to your obligations undertaken in consideration of the Award and does not supersede, but is in addition to, any obligations arising under any other agreements between you and the Company. You agree that any change or changes in your duties, salary or compensation after the signing of this Agreement shall not affect the validity or scope of this Agreement.

7. Amendment.

This Agreement may be amended only by written agreement of you and the Company.

8. Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or by which it may be acquired or which may succeed to the Company's assets or business, provided, however, that your obligations are personal and shall not be assigned by you. You expressly consent to be bound by the provisions of this Agreement for the benefit of the Company and/or its Subsidiaries to which you may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

9. Severability.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the full extent permitted by law. Any court determining the unenforceability of any provision shall have the power to reduce the scope or duration of such provision to render such provision enforceable.

10. Waivers.

No delay or omission by the Company in exercising any right under this Agreement will operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion is effective only in that instance and will not be construed as a bar to the enforcement of or waiver of any right on any other occasion.

11. Choice of Law and Jurisdiction.

This Agreement shall be construed in accordance with the laws of the State of Rhode Island (without reference to the conflicts of laws provisions thereof). Any action, suit, or other legal proceeding which is commenced to resolve any matter arising under or relating to any provision of this Agreement shall be commenced only in a court of the State of Rhode Island (or, if appropriate, a federal court located within the State of Rhode Island), and the Company and you each consent to the jurisdiction of such a court. The Company and you each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.

12. Captions.

The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

THE EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS CAREFULLY READ THIS AGREEMENT AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

HASBRO, INC.

Date: _____

By: _____

EMPLOYEE

Date: _____

Print Name

Signature

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: July 31, 2013

/s/ Brian Goldner

Brian Goldner
President and Chief
Executive Officer

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: July 31, 2013

/s/ Deborah Thomas

Deborah Thomas
Executive Vice President and
Chief Financial Officer

**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 June 30, 2013, 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

President and Chief Executive Officer of Hasbro, Inc.

Dated: July 31, 2013

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.

**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 June 30, 2013, 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: July 31, 2013

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.