CORILLIAN CORP
Form 8-K
May 05, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2005

CORILLIAN CORPORATION

(Exact name of registrant as specified in its charter)

Commission file number: **0-29291**

Oregon (State or other jurisdiction of incorporation or organization)	**91-1795219** (I.R.S. Employer Identification No.)
3400 NW John Olsen Place **Hillsboro, Oregon** (Address of principal executive offices)	**97124** (Zip Code)

Registrant s telephone number, including area code: **(503) 629-3300**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry Into a Material Definitive Agreement

On May 3, 2005, Corillian appointed Brian Kissell as Senior Vice President of Corporate Strategy of the Company for a term expiring on his death, resignation or removal from office, or the appointment of a successor to such office.

Mr. Kissell will receive an annual base salary of $200,000 and an annual bonus of up to 25% of his base salary based on the achievement of individual and company objectives. Under a severance agreement entered into with Mr. Kissell, if he is terminated without cause by Corillian, he will receive six months of his base salary as severance unless the termination is within one year after a change of control of Corillian, in which case he will receive twelve months of his base salary as severance. Corillian also granted Mr. Kissell an option to purchase 325,000 shares of Corillian common stock at an exercise price per share of $3.18. One-fourth of the option shares vest on April 29, 2006, and one-sixteenth of the option shares vest in quarterly installments thereafter. 50% of the option shares are subject to accelerated vesting if Mr. Kissel is terminated without cause within one year of a change of control of Corillian.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On May 3, 2005, Corillian appointed Brian Kissell as Senior Vice President of Corporate Strategy of the Company for a term expiring on his death, resignation or removal from office, or the appointment of a successor to such office.

Before joining Corillian, Mr. Kissell managed early stage venture investments as a Kauffman Fellow at Blue Chip Venture Company from August 2002 to June 2004 and served as the CEO of Paraform, an industrial design and engineering software company, from January 1998 to July 2002. Prior to Paraform, he was the Vice President of Marketing at Oblix, an identity management solutions company, and has various positions in corporate strategy at Bain & Co. and Raychem. Mr. Kissel holds a B.S. degree in Mechanical Engineering from the US Naval Academy and an MBA from Stanford University

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

Exhibit	**Description**
10.1	Nonqualified Stock Option Agreement, dated May 3, 2005 between Brian Kissell and Corillian Corporation
10.2	Severance Agreement, dated May 3, 2005 between Corillian Corporation and Brian Kissell

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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 hereunto duly authorized.

Date: May 5, 2005

CORILLIAN CORPORATION

By: /s/ ALEX P. HART

Alex P. Hart
Chief Executive Officer

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Other comprehensive earnings (loss)

$ (3,625)	(12,682)	55,973

In 2009, 2008 and 2007, net gains (losses) on cash flow hedging activities reclassified to earnings, net of tax, included gains (losses) of $(679), $1,292 and $(37), respectively, as a result of hedge ineffectiveness.

The related tax benefit (expense) of other comprehensive earnings items was $1,322, $16,022, and $(16,064) for the years 2009, 2008 and 2007, respectively. Income tax expense (benefit) related to reclassification adjustments from other comprehensive earnings of $(331), $763 and $1,412 in 2009, 2008 and 2007, respectively, were included in these amounts.

At December 27, 2009, the Company had remaining deferred gains on hedging instruments, net of tax, of $20,410 in AOCE. These instruments hedge inventory purchased during the fourth quarter of 2009 or forecasted to be purchased during 2010 and 2011 and intercompany expenses and royalty payments expected to be paid or received during 2010 and 2011. These amounts will be reclassified into the consolidated statement of operations upon the sale of the related inventory or receipt or payment of the related royalties and expenses. Of the amount included in AOCE at December 27, 2009, the Company expects approximately $7,600 to be reclassified to the consolidated statement of operations within the next 12 months. However, the amount ultimately realized in earnings is dependent on the fair value of the contracts on the settlement dates.

In the first quarter of 2007, the Company changed its measurement date for certain of its defined benefit pension plans and its postretirement plan from September 30 to the Company s fiscal year-end date. As a result of this change, the assets and liabilities of these plans were remeasured as of December 31, 2006, the 2006 fiscal year-end date of the Company. This remeasurement resulted in an adjustment to accumulated other comprehensive earnings of $7,779, net of taxes of $4,765, during the first quarter of 2007.

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Components of accumulated other comprehensive earnings at December 27, 2009 and December 28, 2008 are as follows:

	2009	2008
Foreign currency translation adjustments	$ 95,099	71,317
Unrealized losses on available-for-sale securities, net of tax		(651)
Gain on cash flow hedging activities, net of tax	20,410	63,513
Unrecognized pension and postretirement amounts, net of tax	(56,878)	(71,923)
	$ 58,631	62,256

(3) Property, Plant and Equipment

	2009	2008
Land and improvements	$ 6,766	6,578
Buildings and improvements	199,595	195,520
Machinery and equipment	393,678	358,529
	600,039	560,627
Less accumulated depreciation	431,564	403,082
	168,475	157,545
Tools, dies and molds, net of depreciation	52,231	54,162
	$ 220,706	211,707

Expenditures for maintenance and repairs which do not materially extend the life of the assets are charged to operations as incurred.

(4) Goodwill and Intangibles

Goodwill and certain intangible assets relating to rights obtained in the Company s acquisition of Milton Bradley in 1984 and Tonka in 1991 are not amortized. These rights were determined to have indefinite lives and total approximately $75,700. The Company s other intangible assets are amortized over their remaining useful lives, and accumulated amortization of these other intangibles is reflected in other intangibles, net in the accompanying consolidated balance sheets.

The Company performs an annual impairment test on goodwill and intangible assets with indefinite lives. This annual impairment test is performed in the fourth quarter of the Company s fiscal year. In addition, if an event occurs or circumstances change that indicate that the carrying value may not be recoverable, the Company will perform an interim impairment test at that time. For the three fiscal years ended December 27, 2009, no such events occurred. The Company completed its annual impairment tests in the fourth quarters of 2009, 2008 and 2007 and had no impairment charges.

A portion of the Company s goodwill and other intangible assets reside in the Corporate segment of the business. For purposes of impairment testing, these assets are allocated to the reporting units within the

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Company s operating segments. Changes in the carrying amount of goodwill, by operating segment, for the years ended December 27, 2009 and December 28, 2008 are as follows:

		U.S. and Canada	International	Entertainment and Licensing	Total
2009					
Balance at December 28, 2008	$	300,496	174,001		474,497
Foreign exchange translation			1,593		1,593
Disposal			(159)		(159)
Reallocation		(3,518)	(2,978)	6,496	
Balance at December 27, 2009	$	296,978	172,457	6,496	475,931
2008					
Balance at December 30, 2007	$	293,891	177,286		471,177
Goodwill acquired		6,605	2,217		8,822
Foreign exchange translation			(5,502)		(5,502)
Balance at December 28, 2008	$	300,496	174,001		474,497

In January 2008 the Company acquired Cranium, Inc. (Cranium), a developer and marketer of children s and adult board games, in order to supplement its existing game portfolio, for a total cost of approximately $68,000. Based on the allocation of the purchase price, property rights related to acquired product lines of approximately $68,500 were recorded as intangible assets in connection with the acquisition. These property rights are being amortized over a fifteen year estimated useful life. Goodwill of $8,822 was also recorded as a result of the transaction. The consolidated statement of operations of the Company for 2008 includes the operations of Cranium from the closing date of January 25, 2008.

A summary of the Company s other intangibles, net at December 27, 2009 and December 28, 2008 is as follows:

	2009	2008
Acquired product rights	$ 1,099,541	1,080,628
Licensed rights of entertainment properties	256,555	211,555
Accumulated amortization	(877,267)	(799,509)
Amortizable intangible assets	478,829	492,674

Product rights with indefinite lives		75,738	75,738
	$	554,567	568,412

In May 2009 the Company amended its license agreement with Lucas Licensing, Ltd. (Lucas) related to the STAR WARS brand. The amendment included the extension of the term of the license for an additional two years, from the end of 2018 to the end of 2020. In connection with the extension of the license rights, $45,000 was recorded as an intangible asset during 2009 and will be amortized over the term of the extension. The amendment also provided for the settlement of certain royalty audit issues, primarily related to contractual interpretations associated with the computation of royalties dating back to 1999, and the clarification of certain terms and interpretations of the agreement on a prospective basis through the end of the term, including the scope of licensed rights to future developed properties by Lucas.

In the second quarter of fiscal 2008, the Company purchased all of the intellectual property rights related to the TRIVIAL PURSUIT brand from Horn Abbot Ltd. and Horn Abbot International Limited (together the

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Seller) for a total cost of approximately $80,800. Previous to this asset purchase, the Company licensed these rights from the Seller. The cost was recorded as property rights and included in other intangibles. These property rights are being amortized over a fifteen year estimated useful life.

The Company will continue to incur amortization expense related to the use of acquired and licensed rights to produce various products. The amortization of these product rights will fluctuate depending on related projected revenues during an annual period, as well as rights reaching the end of their useful lives. The Company currently estimates continuing amortization expense related to the above intangible assets for the next five years to be approximately:

2010	$ 49,000
2011	49,000
2012	52,000
2013	50,000
2014	49,000

(5) <u>Equity Method Investment</u>

During 2009, the Company entered into an agreement to form a joint venture with Discovery Communications, Inc. (Discovery) to create a television network in the United States dedicated to high-quality children s and family entertainment and educational programming. The transaction closed in May 2009 with the Company s purchase of a 50% interest in the joint venture, DHJV Company LLC (DHJV), which owns the DISCOVERY KIDS network in the United States. The Company purchased its 50% share in DHJV for a payment of $300,000 and certain future payments based on the value of certain tax benefits expected to be received by the Company. The present value of the expected future payments at the acquisition date totaled approximately $67,900 and was recorded as a component of the Company s investment in the joint venture. The balance of the associated liability, including imputed interest, was $71,234 at December 27, 2009 and is included as a component of other liabilities in the accompanying balance sheet.

Voting control of the joint venture is shared 50/50 between the Company and Discovery. However, the Company believes that the joint venture qualifies as a variable interest entity pursuant to current accounting standards, and that it qualifies as the primary beneficiary, which would result in the Company consolidating the joint venture. In June 2009, the FASB revised the accounting guidance related to variable interest entity consolidation. The revised guidance is effective for the Company at the beginning of fiscal 2010. Under the revised guidance, the Company has determined that it does not meet the control requirements to consolidate the joint venture, and would be required to deconsolidate DHJV and utilize the equity method to account for its investment at the adoption date. The Company has elected to use the equity method in 2009 for financial statement presentation of the joint venture as it has determined that the difference between using consolidation and the equity method in 2009 is not material to the overall presentation of the financial statements. Additionally, there is no impact on net earnings or earnings per share. The Company s share in the earnings of the joint venture for the year ended December 27, 2009 totaled $3,856 of income and is included as a component of other (income) expense in the accompanying consolidated statements of operations.

The Company has entered into a license agreement with the joint venture that will require the payment of royalties by the Company to the joint venture based on a percentage of revenue derived from products related to television shows broadcast by the joint venture. The license agreement includes a minimum royalty guarantee of $125,000, payable in 5 annual installments of $25,000 per year, commencing in 2009, which can be earned out over approximately a 10-year period. During 2009, the Company paid the first annual installment of $25,000, which is included in other assets on the consolidated balance sheet at December 27, 2009. The Company and the joint venture are also parties to an agreement under which the Company will

HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
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provide the joint venture with an exclusive first look in the U.S. to license certain types of programming developed by the Company based on its intellectual property. In the event the joint venture licenses the programming from the Company to air on the network, the joint venture is required to pay the Company a license fee.

The assets of the joint venture at inception consisted of goodwill and intangibles which were measured at fair value at inception. Intangible assets are primarily comprised of cable affiliate relationships, which are being amortized on a straight line basis over 30 years, and programming costs, which are being amortized primarily over 4 years on an accelerated basis. Hasbro s share of the assets underlying its investment at inception totaled $142,577 of goodwill, $211,850 of cable affiliate relationships, $12,400 of programming costs, and $1,100 of other intangibles. Amortization of the intangible assets is recorded in the results of the joint venture and, accordingly, the Company s share is included in its share of the joint venture earnings which is a component of other (income) expense. As of December 27, 2009, the Company s interest in the joint venture totaled $371,783 and is a component of other assets.

As of December 27, 2009, DHJV had current assets of $51,674, non-current assets of $696,842 and current liabilities of $27,209. Net income of the joint venture for the period from inception to December 27, 2009 was $7,711.

(6) Financing Arrangements

Short-Term Borrowings

At December 27, 2009, Hasbro had available an unsecured committed line and unsecured uncommitted lines of credit from various banks approximating $300,000 and $184,300, respectively. A significant portion of the short-term borrowings outstanding at the end of 2009 and 2008 represent borrowings made under, or supported by, these lines of credit. The weighted average interest rates of the outstanding borrowings as of December 27, 2009 and December 28, 2008 were 1.23% and 10.7%, respectively. Borrowings under the lines of credit were made by certain international affiliates of the Company on terms and at interest rates generally extended to companies of comparable creditworthiness in those markets. The Company had no borrowings outstanding under its committed line of credit at December 27, 2009. During 2009, Hasbro s working capital needs were fulfilled by cash generated from operations, borrowings under lines of credit, and the Company s accounts receivable securitization program.

The unsecured committed line (the Agreement) provides the Company with a $300,000 committed borrowing facility through June 2011. The Company has the ability to request increases in the committed facility in additional increments of at least $50,000, subject to lender agreement, up to a total committed facility of $500,000. 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 year ended December 27, 2009.

The Company pays a commitment fee (0.09% as of December 27, 2009) based on the unused portion of the facility and interest equal to LIBOR or Prime plus a spread on borrowings under the facility. The commitment fee and the amount of the spread to LIBOR or Prime both vary based on the Company s long-term debt ratings and the Company s leverage. At December 27, 2009, the interest rate under the facility was equal to LIBOR plus 0.40% or Prime.

Securitization

The Company is party to an accounts receivable securitization program whereby the Company sells, on an ongoing basis, substantially all of its U.S. trade accounts receivable to a bankruptcy-remote, special

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purpose subsidiary, Hasbro Receivables Funding, LLC (HRF), which is wholly-owned and consolidated by the Company. HRF will, subject to certain conditions, sell, from time to time on a revolving basis, an undivided fractional ownership interest in up to $250,000 of eligible domestic receivables to various multi-party commercial paper conduits supported by a committed liquidity facility. During the period from the first day of the October fiscal month through the last day of the following January fiscal month, this limit increased to $300,000. Subsequent to December 27, 2009, in January 2010, the agreement was amended on a prospective basis to eliminate the additional $50,000 available from the first day of the October fiscal month through the last day of the following January fiscal month. Under the terms of the agreement, new receivables are added to the pool as collections reduce previously held receivables. The Company expects to service, administer, and collect the receivables on behalf of HRF and the conduits. The net proceeds of sale will be less than the face amount of accounts receivable sold by an amount that approximates a financing cost.

The receivables facility contains certain restrictions on the Company and HRF that are customary for facilities of this type. The commitments under the facility are subject to termination prior to their term upon the occurrence of certain events, including payment defaults, breach of covenants, breach of representations or warranties, bankruptcy, and failure of the receivables to satisfy certain performance criteria.

As of December 27, 2009, there were no amounts utilized under the receivables facility. At December 28, 2008 the utilization of the receivables facility was $250,000. As of December 27, 2009 the Company had $300,000 available to sell under the facility. The transactions are accounted for as sales under current accounting guidance. During 2009, 2008 and 2007, the loss on the sale of receivables totaled $2,514, $5,302 and $7,982, respectively, which is recorded in selling, distribution and administration expenses in the accompanying consolidated statements of operations. The discount on interests sold is approximately equal to the interest rate paid by the conduits to the holders of the commercial paper plus other fees. The discount rate as of December 27, 2009 was approximately 1.03%.

Upon sale to the conduits, HRF continues to hold a subordinated retained interest in the receivables. The subordinated interest in receivables is recorded at fair value, which is determined based on the present value of future expected cash flows estimated using management s best estimates of credit losses and discount rates commensurate with the risks involved. Due to the short-term nature of trade receivables, the carrying amount, less allowances, approximates fair value. Variations in the credit and discount assumptions generally do not significantly impact fair value.

In 2010, the Company adopted revised accounting standards related to the transfer of financial assets. As a result of the adoption of these standards, the Company will be required to account for the sale of the receivables under the securitization facility as a secured borrowing. The receivables sold will continue to be included in accounts receivable until collection. The proceeds from utilization of the facility will be recorded as short-term debt.

(7) Accrued Liabilities

Components of accrued liabilities are as follows:

	2009	2008

Royalties	$ 141,143	144,566
Advertising	92,614	92,852
Payroll and management incentives	91,298	65,171
Other	303,332	305,264
	$ 628,387	607,853

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(8) Long-Term Debt

Components of long-term debt are as follows:

	2009	2008
6.125% Notes Due 2014	$ 425,000	
6.30% Notes Due 2017	350,000	350,000
2.75% Convertible Debentures Due 2021	249,828	249,828
6.60% Debentures Due 2028	109,895	109,895
Total principal amount of long-term debt	1,134,723	709,723
Fair value adjustment related to interest rate swaps	(2,725)	
Total long-term debt	$ 1,131,998	709,723

In May 2009 the Company issued $425,000 of Notes that are due in 2014 (the Notes). The Notes bear interest at a rate of 6.125%, which may be adjusted upward in the event that the Company s credit rating from Moody s Investor Services, Inc., Standard & Poor s Ratings Services or Fitch Ratings is reduced to Ba1, BB+, or BB+, respectively, or below. On the date the Notes were issued, the Company s ratings from Moody s Investor Services, Inc., Standard & Poor s Ratings Services and Fitch Ratings were Baa2, BBB and BBB+, respectively. The interest rate adjustment is dependent on the degree of decrease of the Company s ratings and could range from 0.25% to a maximum of 2.00%. The Company may redeem the Notes at its option at the greater of the principal amount of the Notes or the present value of the remaining scheduled payments discounted using the effective interest rate on applicable U.S. Treasury bills at the time of repurchase.

In the fourth quarter of 2009, the Company entered into a series of interest rate swap agreements to adjust the amount of debt that is subject to fixed interest rates. The interest rate swaps are matched with the 6.125% Notes Due 2014 and accounted for as fair value hedges of those notes. The interest rate swaps have a total notional amount of $400,000 with maturities in 2014. In each of the contracts, the Company receives payments based upon a fixed interest rate of 6.125%, which matches the interest rate of the notes being hedged, and makes payments based upon a floating rate based on Libor. These contracts are designated and effective as hedges of the change in the fair value of the associated debt. At December 27, 2009, the fair value of these contracts was a liability of $2,725 which is recorded in other liabilities with a corresponding fair value adjustment to decrease long-term debt. The Company recorded a loss of $2,725 on these instruments in other (income) expense, net for the year ended December 27, 2009, relating to the change in fair value of such derivatives, wholly offsetting gains from the change in fair value of the associated long-term debt.

In 2008 the Company repaid $135,092 of 6.15% notes due in July 2008.

The Company currently has $249,828 outstanding in principal amount of contingent convertible debentures due 2021. These debentures bear interest at 2.75%, which could be subject to an upward adjustment depending on the price of the Company s common stock. If the closing price of the Company s common stock exceeds $23.76 for at least 20 trading days, within the 30 consecutive trading day period ending on the last trading day of the calendar quarter, the holders have the right to convert the notes to shares of the Company s common stock at the initial conversion price of $21.60 in the next calendar quarter. At December 31, 2009, this contingent conversion feature was met and the debentures are convertible through March 31, 2010, at which time the requirements of the contingent conversion feature will be reevaluated. In addition, if the closing price of the Company s common stock exceeds $27.00 for at least 20 trading days in any thirty day period, the Company has the right to call the debentures by giving notice to the holders of the debentures. During a prescribed notice period, the holders of the debentures have the right to convert their debentures in accordance with the conversion terms described above. At certain times during the year, based

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on the Company s common stock price, the Company had the right to call the debentures under this provision. As of December 27, 2009, the Company had the right to call the debentures. The holders of these debentures may also put the notes back to Hasbro in December 2011 and December 2016. At these times, the purchase price may be paid in cash, shares of common stock or a combination of the two, at the discretion of the Company.

At December 27, 2009, as detailed above, the Company s 6.125% Notes mature in 2014. All of the Company s other long-term borrowings have contractual maturities that occur subsequent to 2014.

At December 27, 2009, the fair values of the 6.125% Notes, 6.30% Notes, 2.75% Convertible Debentures and the 6.60% Debentures were approximately $465,545, $375,585, $373,515 and $110,697, respectively. At December 28, 2008, the fair values of the 6.30% Notes, 2.75% Convertible Debentures and the 6.60% Debentures were approximately $335,000, $334,200 and $100,300, respectively. The fair value of the convertible debt is based on an average of the prices of trades occurring around the balance sheet date. The fair values of the Company s other long-term borrowings are measured using a combination of broker quotations when available and discounted future cash flows. The fair value of the interest rate swaps are measured based on the present value of future cash flows using the swap curve as of the date of valuation.

(9) Income Taxes

Income taxes attributable to earnings before income taxes are:

	2009	2008	2007
Current			
United States	$ 87,053	68,514	42,613
State and local	4,142	251	5,497
International	44,436	40,530	43,691
	135,631	109,295	91,801
Deferred			
United States	17,387	22,917	33,707
State and local	993	1,964	2,889
International	756	113	982
	19,136	24,994	37,578
	$ 154,767	134,289	129,379

Certain income tax (benefits) expenses, not reflected in income taxes in the consolidated statements of operations totaled $(2,905) in 2009, $(29,287) in 2008, and $2,542 in 2007. These income tax (benefits) expenses relate primarily to derivative and pension amounts recorded in AOCE and stock options. In 2009, 2008, and 2007, the deferred tax portion of the total (benefit) expense was $(1,041), $(26,555), and $20,163, respectively.

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A reconciliation of the statutory United States federal income tax rate to Hasbro s effective income tax rate is as follows:

	2009	2008	2007
Statutory income tax rate	35.0%	35.0%	35.0%
State and local income taxes, net	0.7	1.0	1.1
Investment of foreign earnings in U.S.		3.5	4.4
Tax on international earnings	(7.5)	(7.9)	(10.9)
Fair value adjustment of liabilities potentially settleable in common stock			3.4
Exam settlements and statute expirations	(0.5)	(0.8)	(6.5)
Other, net	1.5	(0.4)	1.5
	29.2%	30.4%	28.0%

During 2009 the Company indefinitely reinvested all current year international net earnings outside the U.S. In 2008 and 2007, the Company designated $60,000 and $90,000, respectively, of the international net earnings during those years that will not be indefinitely reinvested outside of the U.S. The incremental income tax on these amounts, representing the difference between the U.S. federal income tax rate and the income tax rates in the applicable international jurisdictions, is a component of deferred income tax expense.

The components of earnings before income taxes, determined by tax jurisdiction, are as follows:

	2009	2008	2007
United States	$ 248,654	208,125	165,274
International	281,043	232,930	297,108
	$ 529,697	441,055	462,382

The components of deferred income tax expense arise from various temporary differences and relate to items included in the statements of operations as well as items recognized in other comprehensive earnings.

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 27, 2009 and December 28, 2008 are:

	2009	2008
Deferred tax assets:		
Accounts receivable	$ 17,314	16,764
Inventories	15,937	20,226
Losses and tax credit carryforwards	29,623	34,438
Operating expenses	40,419	42,947
Pension	26,566	34,065
Other compensation	45,383	31,331
Postretirement benefits	14,463	12,647
Tax sharing agreement	26,352	
Other	31,683	39,147
Gross deferred tax assets	247,740	231,565
Valuation allowance	(11,641)	(11,755)
Net deferred tax assets	236,099	219,810
Deferred tax liabilities:		
Convertible debentures	56,787	47,608
International earnings not indefinitely reinvested	25,903	24,641
Depreciation and amortization of long-lived assets	40,144	40,509
Equity method investment	26,941	
Other	7,227	11,035
Deferred tax liabilities	157,002	123,793
Net deferred income taxes	$ 79,097	96,017

Hasbro has a valuation allowance for certain deferred tax assets at December 27, 2009 of $11,641, which is a decrease of $114 from $11,755 at December 28, 2008. The valuation allowance pertains to certain United States and International loss carryforwards, some of which have no expiration and others that would expire beginning in 2010.

Based on Hasbro s history of taxable income and the anticipation of sufficient taxable income in years when the temporary differences are expected to become tax deductions, the Company believes that it will realize the benefit of the deferred tax assets, net of the existing valuation allowance.

Deferred income taxes of $54,321 and $53,285 at the end of 2009 and 2008, respectively, are included as a component of prepaid expenses and other current assets, and $31,537 and $53,031, respectively, are included as a component of other assets. At the same dates, deferred income taxes of $1,456 and $4,245, respectively, are included as a component of accrued liabilities, and $5,305 and $6,054, respectively, are included as a component of other liabilities.

On January 1, 2007, the Company adopted the revised accounting standard related to uncertain tax positions. The revised standard prescribes a two step process for the measurement of uncertain tax positions that have been taken or are expected to be taken in a tax return. The first step is a determination of whether the tax position should be recognized in the financial statements. The second step determines the measurement of the tax position. The revised standard also provides guidance on derecognition of such tax positions,

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classification, potential interest and penalties, accounting in interim periods and disclosure. The adoption of the revised standard resulted in a decrease of $88,798 to current liabilities, an increase of $85,773 to long-term liabilities, an increase of $5,333 to the long-term deferred tax assets and an increase of $8,358 to retained earnings.

A reconciliation of unrecognized tax benefits, excluding potential interest and penalties, for the fiscal years ended December 27, 2009, December 28, 2008 and December 30, 2007 is as follows:

	2009	2008	2007
Balance at beginning of year	$ 79,456	58,855	72,878
Gross increases in prior period tax positions	1,430	803	1,980
Gross decreases in prior period tax positions	(14,250)	(2,612)	(889)
Gross increases in current period tax positions	34,189	25,101	12,840
Decreases related to settlements with tax authorities	(269)	(1,229)	(633)
Decreases from the expiration of statute of limitations	(2,699)	(1,462)	(27,321)
Balance at end of year	$ 97,857	79,456	58,855

If the $97,857 balance as of December 27, 2009 is recognized, approximately $70,000 would decrease the effective tax rate in the period in which each of the benefits is recognized. The remaining amount would be offset by the reversal of related deferred tax assets.

During 2009, 2008 and 2007 the Company recognized $3,405, $3,357 and $4,628, respectively, of potential interest and penalties, which are included as a component of income taxes in the accompanying consolidated statement of operations. At December 27, 2009, December 28, 2008 and December 30, 2007, the Company had accrued potential interest and penalties of $17,938, $13,660 and $12,020, respectively.

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 2004. 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 2004.

The U.S. Internal Revenue Service has commenced an examination related to the 2006 and 2007 U.S. federal income tax returns. The U.S. Internal Revenue Service has recently completed an examination related to the 2004 and 2005 U.S. federal income tax returns at the field agent level, subject to review by the Joint Committee on Taxation. 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 2004, the Company has received tax assessments totaling approximately $130,000, which include interest, penalties and inflation updates, related to transfer pricing which the Company is vigorously defending. 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 2003, as is usual and customary in Mexico with respect to these matters. Accordingly, as of December 27, 2009, bonds totaling approximately $105,000 (at year-end 2009 exchange rates) have been provided to the Mexican government related to the 2000 to 2003 assessments, allowing the Company to defend its positions. The Company currently does not expect to be required to guarantee the amount of the 2004 assessment. 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 2004.

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The Company believes it is reasonably possible that certain tax examinations and statutes of limitations may be concluded and will expire within the next 12 months, and that unrecognized tax benefits, excluding potential interest and penalties, may decrease by up to approximately $24,000, of which approximately $14,000 would be recorded as a tax benefit in the statement of operations. In addition, approximately $4,000 of potential interest and penalties related to these amounts would also be recorded as a tax benefit in the statement of operations. These 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.

The cumulative amount of undistributed earnings of Hasbro s international subsidiaries held for indefinite reinvestment is approximately $914,000 at December 27, 2009. In the event that all international undistributed earnings were remitted to the United States, the amount of incremental taxes would be approximately $216,000.

(10) Capital Stock

In February 2008 the Company s Board of Directors authorized the repurchase of up to $500,000 in common stock after three previous authorizations dated May 2005, July 2006 and August 2007 with a cumulative authorized repurchase amount of $1,200,000 were fully utilized. Purchases of the Company s common stock may be made from time to time, subject to market conditions, and may be made 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 the value of the shares which are repurchased will depend on a number of factors, including the price of the Company s common stock. In 2009, the Company repurchased 3,172 shares at an average price of $28.67. The total cost of these repurchases, including transaction costs, was $90,994. At December 27, 2009, $161,434 remained under this authorization.

(11) Fair Value of Financial Instruments

The Company measures certain assets at fair value in accordance with current accounting standards. The fair value hierarchy consists of three levels: Level 1 fair values are valuations 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 valuations 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 valuations 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. Certain aspects of fair value accounting standards were not required to be adopted for certain non-financial assets and liabilities until the first day of fiscal 2009 and, as such, were adopted by the Company in the first quarter of 2009. The adoption of these provisions did not have an impact on the Company s consolidated statements of operations or balance sheets.

Current accounting standards permit entities to choose to measure many financial instruments and certain other items at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar assets and liabilities. During 2009 the Company elected the fair value option for certain investments purchased during the year. At December 27, 2009, these investments totaled $21,108 and are included in prepaid expenses and other current assets in the consolidated balance sheet. The Company recorded net gains of $1,019 on these investments in other (income) expense, net for the year ended December 27, 2009, relating to the change in fair value of such investments.

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At December 27, 2009 and December 28, 2008, the Company had the following assets measured at fair value in its consolidated balance sheets:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 27, 2009				
Available-for-sale securities	$ 21,151	43	21,108	
Derivatives	26,631		19,823	6,808
Total	$ 47,782	43	40,931	6,808
December 28, 2008				
Available-for-sale securities	$ 4,634	43		4,591
Derivatives	72,053		72,053	
Total	$ 76,687	43	72,053	4,591

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. 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 Company s derivatives also include interest rate swaps used to adjust the amount of long-term debt subject to fixed interest rates. The fair values of the interest rate swaps are measured based on the present value of future cash flows using the swap curve as of the valuation date. The remaining derivative securities consist of warrants to purchase common stock. 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 2009.

The following is a reconciliation of the beginning and ending balances of the fair value measurements of the Company s warrants to purchase common stock that use significant unobservable inputs (Level 3):

	2009	2008
Balance at beginning of year	$ 4,591	8,580
Loss from decrease in fair value	(776)	(3,989)
Warrant modification	2,993	
Balance at end of year	$ 6,808	4,591

In the second quarter of 2009, certain warrants held by the Company were modified in connection with the amendment of an existing license agreement. The fair value of the modification was recorded as deferred revenue and is being amortized to revenue over the term of the amended license agreement.

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(12) Stock Options, Other Stock Awards and Warrants

Hasbro has reserved 20,266 shares of its common stock for issuance upon exercise of options and the grant of other awards granted or to be granted under stock incentive plans for employees and for non-employee members of the Board of Directors (collectively, the plans). These options and other awards generally vest in equal annual amounts over three to five years. The plans provide that options be granted at exercise prices not less than fair market value on the date the option is granted and options are adjusted for such changes as stock splits and stock dividends. Generally, options are exercisable for periods of no more than ten years after date of grant. Certain of the plans permit the granting of awards in the form of stock, stock appreciation rights, stock awards and cash awards in addition to stock options. Upon exercise in the case of stock options, grant in the case of restricted stock or vesting in the case of performance based contingent stock grants, shares are issued out of available treasury shares.

The Company on occasion will issue restricted stock or grant restricted stock units to certain key employees. In 2009 the Company did not issue any restricted stock or restricted stock units. In 2008 and 2007 the Company granted restricted stock units of 60 and 12 shares, respectively. These shares or units are nontransferable and subject to forfeiture for periods prescribed by the Company. These awards are valued at the market value of the underlying common stock at the date of grant and are subsequently amortized over the periods during which the restrictions lapse, generally 3 years. In 2009, the Company had forfeitures of 2 units granted in 2008. There were no forfeitures in 2008 or 2007. Compensation expense, net of forfeitures, recognized in selling, distribution and administration expense relating to the outstanding restricted stock and restricted stock units was $768, $661, and $183 in fiscal 2009, 2008, and 2007, respectively. At December 27, 2009, the amount of total unrecognized compensation cost related to restricted stock units is $1,002 and the weighted average period over which this will be expensed is 16 months. In 2009, the Company issued 20 shares related to restricted stock granted in 2006.

In 2009, 2008, and 2007, as part of its annual equity grant to executive officers and certain other employees, the Compensation Committee of the Company s Board of Directors approved the issuance of contingent stock performance awards (the Stock Performance Awards). These awards provide the recipients with the ability to earn shares of the Company s common stock based on the Company s achievement of stated cumulative diluted earnings per share and cumulative net revenue targets over the three fiscal years ended December 2011, December 2010, and December 2009 for the 2009, 2008 and 2007 awards, respectively. Each Stock Performance Award has a target number of shares of common stock associated with such award which may be earned by the recipient if the Company achieves the stated diluted earnings per share and revenue targets. The ultimate amount of the award may vary, depending on actual results, from 0% to 125% of the target number of shares. The Compensation Committee of the Company s Board of Directors has discretionary power to reduce the amount of the award regardless of whether the stated targets are met.

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Information with respect to Stock Performance Awards for 2009, 2008 and 2007 is as follows:

	2009	2008	2007
Outstanding at beginning of year	1,830	1,194	738
Granted	631	696	537
Forfeited	(52)	(60)	(81)
Vested	(770)		
Outstanding at end of year	1,639	1,830	1,194
Weighted average grant-date fair value:			
Granted	$ 22.31	27.10	28.74
Forfeited	$ 26.53	24.31	22.89
Vested	$ 19.06		
Outstanding at end of year	$ 26.22	24.15	23.12

Stock Performance Awards granted during 2009 and 2008 include 116 and 100 shares related to the 2007 and 2006 awards, respectively, reflecting an increase in the ultimate amount of the awards to be issued based on the Company s actual results during the performance period. These shares are excluded from the calculation of the weighted average grant-date fair value of Stock Performance Awards granted during 2009 and 2008.

During 2009, 2008 and 2007, the Company recognized $15,361, $17,422 and $11,122, respectively, of expense relating to these awards. If minimum targets, as detailed under the award, are not met, no additional compensation cost will be recognized and any previously recognized compensation cost will be reversed. These awards were valued at the market value of the underlying common stock at the dates of grant and are being amortized over the three fiscal years ended December 2011, December 2010, and December 2009 for the 2009, 2008 and 2007 awards, respectively. At December 27, 2009, the amount of total unrecognized compensation cost related to these awards is approximately $13,339 and the weighted average period over which this will be expensed is 19 months.

Total compensation expense related to stock options and the Stock Performance Awards for the years ended December 27, 2009, December 28, 2008 and December 30, 2007 was $27,779, $33,300 and $28,229, respectively, and was recorded as follows:

	2009	2008	2007
Cost of sales	$ 462	471	374
Research and product development	2,205	2,551	1,937
Selling, distribution and administration	25,112	30,278	25,918
	27,779	33,300	28,229

Income tax benefit	9,009	11,794	9,359
	$ 18,770	21,506	18,870

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Information with respect to stock options for the three years ended December 27, 2009 is as follows:

	2009	2008	2007
Outstanding at beginning of year	11,651	14,495	17,309
Granted	2,955	3,177	2,243
Exercised	(476)	(5,753)	(4,586)
Expired or canceled	(783)	(268)	(471)
Outstanding at end of year	13,347	11,651	14,495
Exercisable at end of year	7,839	6,345	9,731
Weighted average exercise price:			
Granted	$ 22.73	27.10	32.42
Exercised	$ 19.35	21.02	18.04
Expired or canceled	$ 31.53	27.49	26.60
Outstanding at end of year	$ 23.23	23.76	22.01
Exercisable at end of year	$ 21.70	21.01	20.48

With respect to the 13,347 outstanding options and 7,839 options exercisable at December 27, 2009, the weighted average remaining contractual life of these options was 4.55 years and 3.73 years, respectively. The aggregate intrinsic value of the options outstanding and exercisable at December 27, 2009 was $119,747 and $82,373, respectively.

The Company uses the Black-Scholes valuation model in determining the fair value of stock options. The weighted average fair value of options granted in fiscal 2009, 2008 and 2007 was $5.16, $4.46 and $7.39, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in the fiscal years 2009, 2008 and 2007:

	2009	2008	2007
Risk-free interest rate	1.87%	2.71%	4.79%
Expected dividend yield	3.52%	2.95%	1.97%
Expected volatility	36%	22%	22%
Expected option life	4 years	5 years	5 years

The intrinsic values, which represent the difference between the fair market value on the date of exercise and the exercise price of the option, of the options exercised in fiscal 2009, 2008 and 2007 were $4,044, $83,747 and $54,629, respectively.

At December 27, 2009, the amount of total unrecognized compensation cost related to stock options was $17,343 and the weighted average period over which this will be expensed is 23 months.

In 2009, 2008 and 2007, the Company granted 60, 36 and 31 shares of common stock, respectively, to its non-employee members of its Board of Directors. Of these shares, the receipt of 51 shares from the 2009 grant, 30 shares from the 2008 grant and 19 shares from the 2007 grant has been deferred to the date upon which the respective director ceases to be a member of the Company s Board of Directors. These awards were valued at the market value of the underlying common stock at the date of grant and vested upon grant. In connection with these grants, compensation cost of $1,365, $1,260 and $990 was recorded in selling, distribution and administration expense in 2009, 2008 and 2007, respectively.

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In 2007 certain warrants previously issued by the Company allowing for the purchase of 1,700 shares of the Company s common stock, with a weighted average exercise price of approximately $16.99, were exercised. The holder of the warrants elected to settle the warrants through a non-cash net share settlement, resulting in the issuance of 779 shares. If the holder had not elected net share settlement, the Company would have received cash proceeds from the exercise totaling $28,888 and would have been required to issue 1,700 shares.

In addition, during 2007 the Company exercised its call option to repurchase warrants which allowed for the purchase of an aggregate of 15,750 shares of the Company s common stock. The Company had a warrant amendment agreement with Lucasfilm Ltd. and Lucas Licensing Ltd. (together Lucas) that provided the Company with a call option through October 13, 2016 to purchase the warrants from Lucas for a price to be paid at the Company s election of either $200,000 in cash or the equivalent of $220,000 in shares of the Company s common stock, such stock being valued at the time of the exercise of the option. Also, the warrant amendment agreement provided Lucas with a put option through January 2008 to sell all of these warrants to the Company for a price to be paid at the Company s election of either $100,000 in cash or the equivalent of $110,000 in shares of the Company s common stock, such stock being valued at the time of the exercise of the option. In May 2007 the Company exercised its call option to repurchase all of the outstanding warrants for the Company s common stock held by Lucas and paid $200,000 in cash and repurchased the warrants.

Prior to exercising the call option, the Company adjusted these warrants to their fair value through earnings at the end of each reporting period. During 2007, the Company recorded other expense of $44,370 to adjust the warrants to their fair value. This amount is included in other (income) expense, net in the consolidated statements of operations. There was no tax benefit or expense associated with these fair value adjustments.

(13) Pension, Postretirement and Postemployment Benefits

Pension and Postretirement Benefits

The Company recognizes an asset or liability for each of its defined benefit pension plans equal to the difference between the projected benefit obligation of the plan and the fair value of the plan s assets. Actuarial gains and losses and prior service costs that have not yet been included in income are recognized in the balance sheet in AOCE.

In 2007 the Company changed the measurement date of certain of its defined benefit pension plans and the Company s other postretirement plan from September 30 to the Company s fiscal year-end date. As a result of this election, the assets and liabilities of these plans were remeasured as of December 31, 2006. The remeasurement of the assets and liabilities resulted in an increase in the projected benefit obligation of $536 and an increase in the fair value of plan assets of $10,872. The impact of this accounting change was a reduction of retained earnings of $2,143, an increase to accumulated other comprehensive earnings of $7,779, a decrease in long-term accrued pension expense of $3,619, an increase in prepaid pension expense of $5,482, and a decrease in long-term deferred tax assets of $3,465.

Expenses related to the Company s defined benefit and defined contribution plans for 2009, 2008 and 2007 were approximately $41,100, $33,400 and $25,900, respectively. Of these amounts, $27,600, $32,400 and $13,400 related to defined contribution plans in the United States and certain international affiliates. The remainder of the expense relates to defined benefit plans discussed below.

United States Plans

Prior to 2008, substantially all United States employees were covered under at least one of several non-contributory defined benefit pension plans maintained by the Company. Benefits under the two major plans

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which principally cover non-union employees, were based primarily on salary and years of service. One of these major plans is funded. Benefits under the remaining plans are based primarily on fixed amounts for specified years of service. Of these remaining plans, the plan covering union employees is also funded.

In 2007, for the two major plans covering its non-union employees, the Company froze benefits being accrued effective at the end of December 2007. In connection with this, the Company recognized a reduction of its projected benefit obligation as a result of this curtailment of $18,499 and recorded a curtailment loss of $908. The pension benefit was replaced by additional employer contributions to the Company s defined contribution plan beginning in 2008.

At December 27, 2009, the measurement date, the projected benefit obligations of the funded plans were in excess of the fair value of the plans assets in the amount of $19,395 while the unfunded plans of the Company had an aggregate accumulated and projected benefit obligation of $36,448. At December 28, 2008, the projected benefit obligations of the funded plans were in excess of the fair value of the plans assets in the amount of $25,142 while the unfunded plans of the Company had an aggregate accumulated and projected benefit obligation of $43,450.

Hasbro also provides certain postretirement health care and life insurance benefits to eligible employees who retire and have either attained age 65 with 5 years of service or age 55 with 10 years of service. The cost of providing these benefits on behalf of employees who retired prior to 1993 is and will continue to be substantially borne by the Company. The cost of providing benefits on behalf of substantially all employees who retire after 1992 is borne by the employee. The plan is not funded.

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Reconciliations of the beginning and ending balances for the years ended December 27, 2009 and December 28, 2008 for the projected benefit obligation and the fair value of plan assets are included below.

	Pension		Postretirement	
	2009	**2008**	**2009**	**2008**
Change in Projected Benefit Obligation				
Projected benefit obligation beginning	$ 300,334	288,045	32,583	33,726
Service cost	1,642	1,597	627	570
Interest cost	17,358	17,714	1,903	2,065
Actuarial loss (gain)	20,972	9,253	(2,291)	(1,668)
Effect of curtailment		1,019		
Benefits paid	(20,531)	(16,385)	(1,949)	(2,110)
Settlements	(12,272)			
Expenses paid	(1,283)	(909)		
Projected benefit obligation ending	$ 306,220	300,334	30,873	32,583
Accumulated benefit obligation ending	$ 306,220	300,334	30,873	32,583
Change in Plan Assets				
Fair value of plan assets beginning	$ 231,742	283,478		
Actual return on plan assets	37,818	(37,000)		
Employer contribution	14,904	2,558		
Benefits and settlements paid	(32,803)	(16,385)		
Expenses paid	(1,283)	(909)		
Fair value of plan assets ending	$ 250,378	231,742		
Reconciliation of Funded Status				
Projected benefit obligation	$ (306,220)	(300,334)	(30,873)	(32,583)
Fair value of plan assets	250,378	231,742		
Funded status	(55,842)	(68,592)	(30,873)	(32,583)
Unrecognized net loss	80,201	86,518	1,142	3,444
Unrecognized prior service cost	1,122	1,388		
Net amount recognized	$ 25,481	19,314	(29,731)	(29,139)
Accrued liabilities	$ (2,811)	(14,431)	(2,400)	(2,400)
Other liabilities	(53,031)	(54,161)	(28,473)	(30,183)
Accumulated other comprehensive earnings	81,323	87,906	1,142	3,444

Net amount recognized	$	25,481	19,314	(29,731)	(29,139)

In fiscal 2010, the Company expects amortization of unrecognized net losses and unrecognized prior service cost related to its defined benefit pension plans of $4,115 and $198, respectively, to be included as a component of net periodic benefit cost. The Company does not expect any amortization of unrecognized net losses in 2010 related to its postretirement plan.

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Assumptions used to determine the year-end pension and postretirement benefit obligations are as follows:

	2009	2008
Pension		
Weighted average discount rate	5.73%	6.20%
Mortality table	RP-2000	RP-2000
Postretirement		
Discount rate	5.75%	6.02%
Health care cost trend rate assumed for next year	8.00%	8.50%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend	2018	2016

The assets of the funded plans are managed by investment advisors. The fair values of the plan assets by asset category as of December 27, 2009 and December 28, 2008 are as follows:

Asset Category	2009	2008
Equity:		
Large Cap Equity	$ 18,400	8,200
Small Cap Equity	26,500	12,900
International Equity	24,800	16,700
Other Equity	39,900	22,200
Fixed Income	93,400	125,300
Total Return Fund	42,200	41,900
Cash	5,200	4,500
	$ 250,400	231,700

As described in note 10, financial reporting standards define a fair value hierarchy which consists of three levels. The fair values of the plan assets by fair value hierarchy level as of December 27, 2009 and December 28, 2008 is as follows:

	2009	2008
Quoted Prices in Active Markets for Identical Assets (Level 1)	$ 44,400	20,700
Significant Other Observable Inputs (Level 2)	166,100	188,800
Significant Unobservable Inputs (Level 3)	39,900	22,200

	$ 250,400	231,700

Level 1 assets primarily consist of investments traded on active markets that are valued using published closing prices. The Plans Level 2 assets primarily consist of investments in common and collective trusts as well as other private investment funds that are valued using the net asset values provided by the trust or fund. Although these trusts and funds are not traded in an active market with quoted prices, the investments underlying the net asset value are based on quoted prices. The Plans Level 3 assets consist of an investment in a hedge fund which is valued using the net asset value provided by the investment manager. This fund contains investments in 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 the net asset value is the

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best information available for use in the fair value measurement of this fund. All activity in Level 3 assets for 2009 relates to the actual return on plan assets still held at December 27, 2009.

Hasbro s two major funded plans (the Plans) are defined benefit pension plans intended to provide retirement benefits to participants in accordance with the benefit structure established by Hasbro, Inc. The Plans investment managers, who exercise full investment discretion within guidelines outlined in the Plans Investment Policy, are charged with managing the assets with the care, skill, prudence and diligence that a prudent investment professional in similar circumstance would exercise. Investment practices, at a minimum, must comply with the Employee Retirement Income Security Act (ERISA) and any other applicable laws and regulations.

The Plans asset allocations are structured to meet a long-term targeted total return consistent with the ongoing nature of the Plans liabilities. The shared long-term total return goal, presently 8.50%, includes income plus realized and unrealized gains and/or losses on the Plans assets. Utilizing generally accepted diversification techniques, the Plans assets, in aggregate and at the individual portfolio level, are invested so that the total portfolio risk exposure and risk-adjusted returns best meet the Plans long-term obligations to employees. The Company s asset allocation includes alternative investment strategies designed to achieve a modest absolute return in addition to the return on an underlying asset class such as bond or equity indices. These alternative investment strategies may use derivatives to gain market returns in an efficient and timely manner; however, derivatives are not used to leverage the portfolio beyond the market value of the underlying assets. These alternative investment strategies are included in other equity and fixed income asset categories at December 27, 2009 and December 28, 2008. Plan asset allocations are reviewed at least quarterly and rebalanced to achieve target allocation among the asset categories when necessary.

The Plans investment managers are provided specific guidelines under which they are to invest the assets assigned to them. In general, investment managers are expected to remain fully invested in their asset class with further limitations of risk as related to investments in a single security, portfolio turnover and credit quality.

With the exception of the alternative investment strategies mentioned above, the Plans Investment Policy restricts the use of derivatives associated with leverage or speculation. In addition, the Investment Policy also restricts investments in securities issued by Hasbro, Inc. except through index-related strategies (e.g. an S&P 500 Index Fund) and/or commingled funds. In addition, unless specifically approved by the Investment Committee (which is comprised of members of management, established by the Board to manage and control pension plan assets), certain securities, strategies, and investments are ineligible for inclusion within the Plans.

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HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
(Thousands of Dollars and Shares Except Per Share Data)

For 2009, 2008 and 2007, the Company measured the assets and obligations of the Plans as of the fiscal year-end. The following is a detail of the components of the net periodic benefit cost (benefit) for the three years ended December 27, 2009.

	2009	2008	2007
Components of Net Periodic Cost			
Pension			
Service cost	$ 1,642	1,597	9,437
Interest cost	17,358	17,714	17,435
Expected return on assets	(18,982)	(23,961)	(23,064)
Amortization of prior service cost	266	282	634
Amortization of actuarial loss	4,495	993	1,768
Curtailment/settlement losses	3,957	1,213	908
Net periodic benefit cost (benefit)	$ 8,736	(2,162)	7,118
Postretirement			
Service cost	$ 627	570	597
Interest cost	1,903	2,065	2,105
Amortization of actuarial loss	12	115	364
Net periodic benefit cost	$ 2,542	2,750	3,066

Assumptions used to determine net periodic benefit cost of the pension plan and postretirement plan for each fiscal year follow:

	2009	2008	2007
Pension			
Weighted average discount rate	6.20%	6.34%	5.83%
Long-term rate of return on plan assets	8.50%	8.75%	8.75%
Postretirement			
Discount rate	6.02%	6.32%	5.80%
Health care cost trend rate assumed for next year	8.50%	9.00%	10.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2016	2016	2012

If the health care cost trend rate were increased one percentage point in each year, the accumulated postretirement benefit obligation at December 27, 2009 and the aggregate of the benefits earned during the period and the interest cost would have both increased by approximately 4%.

Hasbro works with external benefit investment specialists to assist in the development of the long-term rate of return assumptions used to model and determine the overall asset allocation. Forecast returns are based on the combination of historical returns, current market conditions and a forecast for the capital markets for the next 5-7 years. All asset class assumptions are within certain bands around the long-term historical averages. Correlations are based primarily on historical return patterns.

HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
(Thousands of Dollars and Shares Except Per Share Data)

Expected benefit payments under the defined benefit pension plans and expected gross benefit payments and subsidy receipts under the postretirement benefit plan for the next five years subsequent to 2009 and in the aggregate for the following five years are as follows:

		Postretirement	
	Pension	Gross Benefit Payments	Subsidy Receipts
2010	$ 18,184	2,304	197
2011	18,748	2,077	198
2012	19,848	2,136	197
2013	19,688	2,195	195
2014	20,454	2,246	190
2015-2019	109,011	11,365	806

International Plans

Pension coverage for employees of Hasbro s international subsidiaries is provided, to the extent deemed appropriate, through separate defined benefit and defined contribution plans. At December 27, 2009 and December 28, 2008, the defined benefit plans had total projected benefit obligations of $70,328 and $67,437, respectively, and fair values of plan assets of $69,724 and $40,515, respectively. Substantially all of the plan assets are invested in equity and fixed income securities. The pension expense related to these plans was $4,903, $3,226 and $3,937 in 2009, 2008 and 2007, respectively. In fiscal 2010, the Company expects amortization of $71 of prior service costs, $57 of unrecognized net losses and $(1) of unrecognized transition obligation to be included as a component of net periodic benefit cost.

Expected benefit payments under the international defined benefit pension plans for the five years subsequent to 2009 and in the aggregate for the five years thereafter are as follows: 2010: $1,291; 2011: $1,405; 2012: $1,669; 2013: $2,104; 2014: $2,650; and 2015 through 2019: $16,017.

Postemployment Benefits

Hasbro has several plans covering certain groups of employees, which may provide benefits to such employees following their period of active employment but prior to their retirement. These plans include certain severance plans which provide benefits to employees involuntarily terminated and certain plans which continue the Company s health and life insurance contributions for employees who have left Hasbro s employ under terms of its long-term disability plan.

(14) Leases

Hasbro occupies certain offices and uses certain equipment under various operating lease arrangements. The rent expense under such arrangements, net of sublease income which is not material, for 2009, 2008 and 2007 amounted to

$43,562, $43,634 and $36,897, respectively.

Minimum rentals, net of minimum sublease income, which is not material, under long-term operating leases for the five years subsequent to 2009 and in the aggregate thereafter are as follows: 2010: $25,932; 2011: $22,845; 2012: $17,439; 2013: $14,559; 2014: $6,728; and thereafter: $10,972.

All leases expire prior to the end of 2020. Real estate taxes, insurance and maintenance expenses are generally obligations of the Company. It is expected that, in the normal course of business, leases that expire will be renewed or replaced by leases on other properties; thus, it is anticipated that future minimum lease commitments will not be less than the amounts shown for 2009.

HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
(Thousands of Dollars and Shares Except Per Share Data)

In addition, Hasbro leases certain facilities which, as a result of restructurings, are no longer in use. Future costs relating to such facilities were accrued as a component of the original restructuring charge and are not included in minimum rental amounts above.

(15) 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 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, Euros and United Kingdom pound sterling 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 that qualify as derivatives. For additional information related to these warrants see note 11. In addition, during the fourth quarter of 2009, the Company entered into several interest rate swap agreements to adjust the amount of long-term debt subject to fixed interest rates. For additional information related to these interest rate swaps see note 8.

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 and other cross-border transactions in 2010 and 2011.

At December 27, 2009, the notional amounts and fair values of the Company s foreign currency forward contracts designated as cash flow hedging instruments were as follows:

Hedged Transaction	**Notional Amount**	**Fair Value**
Inventory purchases	$ 380,661	16,715
Intercompany royalty transactions	135,921	7,007
Other	30,268	230
Total	$ 546,850	23,952

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 sheet at December 27, 2009 as follows:

Prepaid expenses and other current assets	
Unrealized gains	$ 12,142
Unrealized losses	(1,899)
Net unrealized gain	10,243
Other assets	
Unrealized gains	13,709
Total	$ 23,952

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HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
(Thousands of Dollars and Shares Except Per Share Data)

During the year ended December 27, 2009, the Company reclassified net gains from other comprehensive earnings to net earnings of $21,240. Of the amount reclassified in 2009, $17,173 was reclassified to cost of sales and $4,785 was reclassified to royalty expense. In addition, net losses of $(718) were reclassified to earnings as a result of hedge ineffectiveness in 2009.

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 short-term nature of the derivative contracts involved, the Company does not use hedge accounting for these contracts. As of December 27, 2009, the total notional amount of the Company s undesignated derivative instruments was $94,926.

At December 27, 2009, the fair values of the Company s undesignated derivative financial instruments are recorded in prepaid expenses and other current assets in the consolidated balance sheet as follows:

Unrealized gains	$ 747
Unrealized losses	(2,151)
Net unrealized loss	$ (1,404)

The Company recorded net gains (losses) of $6,580, $(42,382) and $(2,098) on these instruments to other (income) expense, net for 2009, 2008 and 2007, 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 2, 8 and 11.

(16) Commitments and Contingencies

Hasbro had unused open letters of credit and related instruments of approximately $135,277 and $100,700 at December 27, 2009 and December 28, 2008, respectively.

The Company enters into license agreements with inventors, designers and others for the use of intellectual properties in its products. Certain of these agreements contain provisions for the payment of guaranteed or minimum royalty amounts. Additionally, the Company has a long-term commitment related to promotional and marketing activities at a U.S. based theme park. Under terms of existing agreements as of December 27, 2009, Hasbro may, provided the other party meets their contractual commitment, be required to pay amounts as follows: 2010: $32,761; 2011: $36,804; 2012: $61,926; 2013: $85,000; 2014: $14,375; and thereafter: $100,625. At December 27, 2009, the Company had $120,115 of prepaid royalties, $43,115 of which are included in prepaid expenses and other current assets and $77,000 of which are included in other assets.

In addition to the above commitments, certain of the above contracts impose minimum marketing commitments on the Company. The Company may be subject to additional royalty guarantees totaling $140,000 that are not included in the amounts above that may be payable during the next five to six years contingent upon the quantity and types of theatrical movie releases.

In connection with the Company s agreement to form a joint venture with Discovery, the Company is obligated to make future payments to Discovery under a tax sharing agreement. The Company estimates these payments may total approximately $139,000 and may range from approximately $3,000 to $7,000 per year during the period 2010 to 2014, and approximately $110,000 in aggregate for all years occurring thereafter.

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HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
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These payments are contingent upon the Company having sufficient taxable income to realize the expected tax deductions of certain amounts related to the joint venture.

At December 27, 2009, the Company had approximately $251,917 in outstanding purchase commitments.

Hasbro is party to certain legal proceedings, none of which, individually or in the aggregate, is deemed to be material to the financial condition or results of operations of the Company.

(17) Segment Reporting

Segment and Geographic Information

Hasbro is a worldwide leader in children s and family leisure time products and services, including toys, games and licensed products ranging from traditional to high-tech and digital. In 2009 the Company changed the name of the Other segment to Entertainment and Licensing. The Company s segments now 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 certain game products in markets outside of the U.S. and Canada, primarily the European, Asia Pacific, and Latin and South American regions. The Global Operations segment is responsible for manufacturing and sourcing finished product for the Company s U.S. and Canada and International segments. The Company s Entertainment and Licensing segment includes the Company s lifestyle licensing, digital gaming, movie, television and online entertainment operations.

Segment performance is measured at the operating profit level. Included in Corporate and eliminations are certain corporate expenses, the elimination of intersegment transactions and certain assets benefiting more than one segment. Intersegment sales and transfers are reflected in management reports at amounts approximating cost. Certain shared costs, including global development and marketing expenses, are allocated to segments based upon foreign exchange rates fixed at the beginning of the year, with adjustments to actual 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 fiscal years 2009, 2008 and 2007 are not necessarily those which would be achieved if each segment was an unaffiliated business enterprise.

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HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
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Information by segment and a reconciliation to reported amounts are as follows:

	Revenues from External Customers	Affiliate Revenue	Operating Profit (Loss)	Depreciation and Amortization	Capital Additions	Total Assets
2009						
U.S. and Canada	$ 2,447,943	10,502	380,580	52,161	2,060	3,901,598
International	1,459,476	165	162,159	28,201	4,339	1,519,542
Entertainment and Licensing	155,013		65,572	16,656	1,002	711,631
Global Operations(a)	5,515	1,503,622	9,172	69,764	67,661	1,012,597
Corporate and eliminations(b)		(1,514,289)	(28,885)	14,181	29,067	(3,248,476)
Consolidated Total	$ 4,067,947		588,598	180,963	104,129	3,896,892
2008						
U.S. and Canada	$ 2,406,745	15,759	283,152	58,306	7,826	3,796,373
International	1,499,334	332	165,186	24,854	4,797	1,449,572
Entertainment and Licensing	107,929		51,035	7,938	139	255,737
Global Operations(a)	7,512	1,619,072	19,450	63,940	80,618	1,409,427
Corporate and eliminations(b)		(1,635,163)	(24,527)	11,100	23,763	(3,742,312)
Consolidated Total	$ 4,021,520		494,296	166,138	117,143	3,168,797
2007						
U.S. and Canada	$ 2,293,742	13,360	287,800	48,858	8,147	3,621,754
International	1,444,863		189,783	23,019	4,096	1,342,933
Entertainment and Licensing	87,245		38,881	3,515	371	179,095
Global Operations(a)	11,707	1,493,750	19,483	67,519	61,678	1,337,321
Corporate and eliminations(b)		(1,507,110)	(16,597)	13,609	17,240	(3,244,040)
Consolidated Total	$ 3,837,557		519,350	156,520	91,532	3,237,063

(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 differences between actual and budgeted amounts are reflected in the Corporate segment.

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Notes to Consolidated Financial Statements (Continued)
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The following table presents consolidated net revenues by classes of principal products for the three fiscal years ended December 27, 2009. Certain 2008 and 2007 amounts have been reclassified to conform to the current period presentation.

	2009	2008	2007
Boys	$ 1,470,975	1,344,672	1,235,462
Games and puzzles	1,340,886	1,339,909	1,329,290
Girls	790,817	829,785	753,918
Preschool	451,401	456,791	397,778
Other	13,868	50,363	121,109
Net revenues	$ 4,067,947	4,021,520	3,837,557

During 2009 and 2007, revenues from TRANSFORMERS products accounted for 14.5% and 12.6% of consolidated net revenues, respectively. No other individual product lines accounted for 10% or more of consolidated net revenues in 2009 or 2007. No individual product lines accounted for 10% or more of consolidated net revenues during 2008.

Information as to Hasbro s operations in different geographical areas is presented below on the basis the Company uses to manage its business. Net revenues are categorized based on location of the customer, while long-lived assets (property, plant and equipment, goodwill and other intangibles) are categorized based on their location:

	2009	2008	2007
Net revenues			
United States	$ 2,363,559	2,339,171	2,210,840
International	1,704,388	1,682,349	1,626,717
	$ 4,067,947	4,021,520	3,837,557
Long-lived assets			
United States	$ 1,059,304	1,079,908	1,011,660
International	191,900	174,708	133,709
	$ 1,251,204	1,254,616	1,145,369

Principal international markets include Europe, Canada, Mexico, Australia, and Hong Kong.

Other Information

Hasbro markets its products primarily to customers in the retail sector. Although the Company closely monitors the creditworthiness of its customers, adjusting credit policies and limits as deemed appropriate, a substantial portion of its customers ability to discharge amounts owed is generally dependent upon the overall retail economic environment.

Sales to the Company s three largest customers, Wal-Mart Stores, Inc., Target Corporation and Toys R Us, Inc., amounted to 25%, 13% and 11%, respectively, of consolidated net revenues during 2009, 25%, 12% and 10% during 2008 and 24%, 12% and 11% during 2007. These net revenues were primarily within the U.S. and Canada segment.

Hasbro purchases certain components used in its manufacturing process and certain finished products from manufacturers in the Far East. The Company s reliance on external sources of manufacturing can be

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HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)
(Thousands of Dollars and Shares Except Per Share Data)

shifted, over a period of time, to alternative sources of supply for products it sells, should such changes be necessary. However, if the Company were prevented from obtaining products from a substantial number of its current Far East suppliers due to political, labor or other factors beyond its control, the Company s operations would be disrupted, potentially for a significant period of time, while alternative sources of product were secured. The imposition of trade sanctions by the United States or the European Union against a class of products imported by Hasbro from, or the loss of normal trade relations status by, the People s Republic of China could significantly increase the cost of the Company s products imported into the United States or Europe.

(18) Quarterly Financial Data (Unaudited)

		Quarter			
	First	**Second**	**Third**	**Fourth**	**Full Year**
2009					
Net revenues	$ 621,340	792,202	1,279,221	1,375,184	4,067,947
Gross profit	376,587	472,750	729,195	813,079	2,391,611
Earnings before income taxes	28,587	56,854	217,859	226,397	529,697
Net earnings	19,730	39,275	150,362	165,563	374,930
Per common share					
Net earnings					
Basic	$ 0.14	0.28	1.08	1.20	2.69
Diluted	0.14	0.26	0.99	1.09	2.48
Market price					
High	$ 29.91	29.23	29.36	32.47	32.47
Low	21.14	22.27	22.79	26.82	21.14
Cash dividends declared	$ 0.20	0.20	0.20	0.20	0.80

		Quarter			
	First	**Second**	**Third**	**Fourth**	**Full Year**
2008					
Net revenues	$ 704,220	784,286	1,301,961	1,231,053	4,021,520
Gross profit	433,059	476,064	728,126	691,543	2,328,792
Earnings before income taxes	55,670	55,285	201,520	128,580	441,055
Net earnings	37,470	37,486	138,229	93,581	306,766
Per common share					
Net earnings					
Basic	$ 0.26	0.27	0.98	0.67	2.18

Diluted		0.25	0.25	0.89	0.62	2.00
Market price						
High	$	29.07	39.63	41.68	35.81	41.68
Low		21.57	27.73	33.23	21.94	21.57
Cash dividends declared	$	0.20	0.20	0.20	0.20	0.80

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Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure 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 December 27, 2009. 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.

Management s Report on Internal Control over Financial Reporting

The Company s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act. Hasbro s internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Hasbro s management assessed the effectiveness of its internal control over financial reporting as of December 27, 2009. In making its assessment, Hasbro s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework . Based on this assessment, Hasbro s management concluded that, as of December 27, 2009, its internal control over financial reporting is effective based on those criteria. Hasbro s independent registered public accounting firm has issued an audit report on internal control over financial reporting, which is included herein.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Hasbro, Inc.:

We have audited Hasbro, Inc. s internal control over financial reporting as of December 27, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Hasbro, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 27, 2009, based on criteria established in Internal Control Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Hasbro, Inc. and subsidiaries as of December 27, 2009 and December 28, 2008, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the fiscal years in the three-year period ended December 27, 2009, and our report dated February 24, 2010 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Providence, Rhode Island

February 24, 2010

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Changes in Internal Controls

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 December 27, 2009, that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

Certain of the information required by this item is contained under the captions Election of Directors , Governance of the Company and Section 16(a) Beneficial Ownership Reporting Compliance in the Company s definitive proxy statement for the 2010 Annual Meeting of Shareholders and is incorporated herein by reference.

The information required by this item with respect to executive officers of the Company is included in this Annual Report on Form 10-K under the caption Executive Officers of the Registrant and is incorporated herein by reference.

The Company has a Code of Conduct, which is applicable to all of the Company s employees, officers and directors, including the Company s Chief Executive Officer, Chief Financial Officer and Controller. A copy of the Code of Conduct is available on the Company s website under Corporate, Investor Relations, Corporate Governance. The Company s website address is http://www.hasbro.com. Although the Company does not generally intend to provide waivers of or amendments to the Code of Conduct for its Chief Executive Officer, Chief Financial Officer, Controller, or other officers or employees, information concerning any waiver of or amendment to the Code of Conduct for the Chief Executive Officer, Chief Financial Officer, Controller, or any other executive officers or directors of the Company, will be promptly disclosed on the Company s website in the location where the Code of Conduct is posted.

The Company has also posted on its website, in the Corporate Governance location referred to above, copies of its Corporate Governance Principles and of the charters for its (i) Audit, (ii) Compensation, (iii) Finance, (iv) Nominating, Governance and Social Responsibility, and (v) Executive Committees of its Board of Directors.

In addition to being accessible on the Company s website, copies of the Company s Code of Conduct, Corporate Governance Principles, and charters for the Company s five Board Committees, are all available free of charge upon request to the Company s Senior Vice President, Chief Legal Officer and Secretary, Barry Nagler, at 1027 Newport Avenue, P.O. Box 1059, Pawtucket, R.I. 02862-1059.

Item 11. ***Executive Compensation***

The information required by this item is contained under the captions Compensation of Directors , Executive Compensation , Compensation Committee Report , Compensation Discussion and Analysis and Compensation Committee Interlocks and Insider Participation in the Company s definitive proxy statement for the 2010 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this item is contained under the captions Voting Securities and Principal Holders Thereof , Security Ownership of Management and Equity Compensation Plans in the Company s

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definitive proxy statement for the 2010 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this item is contained under the captions Governance of the Company and Certain Relationships and Related Party Transactions in the Company s definitive proxy statement for the 2010 Annual Meeting of Shareholders and is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services***

The information required by this item is contained under the caption Additional Information Regarding Independent Registered Public Accounting Firm in the Company s definitive proxy statement for the 2010 Annual Meeting of Shareholders and is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) *Financial Statements*

Included in PART II of this report:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets at December 27, 2009 and December 28, 2008
Consolidated Statements of Operations for the Three Fiscal Years Ended in December 2009, 2008, and 2007
Consolidated Statements of Shareholders Equity for the Three Fiscal Years Ended in December 2009, 2008, and 2007
Consolidated Statements of Cash Flows for the Three Fiscal Years Ended in December 2009, 2008, and 2007
Notes to Consolidated Financial Statements

(2) *Financial Statement Schedules*

Included in PART IV of this report:

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule
For the Three Fiscal Years Ended in December 2009, 2008, and 2007:
Schedule II Valuation and Qualifying Accounts

Schedules other than those listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto. Columns omitted from schedules filed have been omitted because the information is not applicable.

(3) *Exhibits*

The Company will furnish to any shareholder, upon written request, any exhibit listed below upon payment by such shareholder to the Company of the Company s reasonable expenses in furnishing such exhibit.

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Exhibit

3. Articles of Incorporation and Bylaws
   - (a) 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.)
   - (b) 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.)
   - (c) 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.)
   - (d) 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.)
   - (e) 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.)
   - (f) 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. Instruments defining the rights of security holders, including indentures.
   - (a) 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.)
   - (b) 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.)
   - (c) Indenture, dated as of November 30, 2001, 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 Registration Statement on Form S-3, File No. 333-83250, filed February 22, 2002.)
   - (d) 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.)
   - (e) Second Supplemental Indenture, dated as of May 13, 2009, 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 May 13, 2009, File No. 1-6682.)
   - (f) Revolving Credit Agreement, dated as of June 23, 2006, by and among Hasbro, Inc., Hasbro SA, Bank of America, N.A., Citizens Bank of Massachusetts, Commerzbank AG, New York and Grand Cayman Branches, BNP Paribas, Banc of America Securities LLC and the other banks party thereto. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated June 23, 2006, File No. 1-6682.)
10. Material Contracts
   - (a) Lease between Hasbro Canada Corporation (formerly named Hasbro Industries (Canada) Ltd.)(Hasbro Canada) and Central Toy Manufacturing Co. (Central Toy), dated December 23, 1976. (Incorporated by reference to Exhibit 10.15 to the Company s Registration Statement on Form S-14, File No. 2-92550.)
   - (b)

Lease between Hasbro Canada and Central Toy, together with an Addendum thereto, each dated as of May 1, 1987. (Incorporated by reference to Exhibit 10(f) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1987, File No. 1-6682.)

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Exhibit

(c) Addendum to lease, dated March 5, 1998, between Hasbro Canada and Central Toy. (Incorporated by reference to Exhibit 10(c) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 1997, File No. 1-6682.)

(d) Letter agreement, dated December 13, 2000, between Hasbro Canada and Central Toy. (Incorporated by reference to Exhibit 10(d) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2000, File No. 1-6682.)

(e) Indenture and Agreement of Lease between Hasbro Canada and Central Toy, dated November 11, 2003. (Incorporated by reference to Exhibit 10(e) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2003, File No. 1-6682.)

(f) Toy License Agreement between Lucas Licensing Ltd. and the Company, dated as of October 14, 1997. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.)(Incorporated by reference to Exhibit 10(d) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1998, File No. 1-6682.)

(g) First Amendment to Toy License Agreement between Lucas Licensing Ltd. and the Company, dated as of September 25, 1998. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.)(Incorporated by reference to Exhibit 10(e) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1998, File No. 1-6682.)

(h) Seventeenth Amendment to Toy License Agreement between Lucas Licensing Ltd. and the Company, dated as of January 30, 2003. (Incorporated by reference to Exhibit 10(g) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 29, 2002, File No. 1-6682.)

(i) Agreement of Strategic Relationship between Lucasfilm Ltd. and the Company, dated as of October 14, 1997. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10(f) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1998, File No. 1-6682.)

(j) First Amendment to Agreement of Strategic Relationship between Lucasfilm Ltd. and the Company, dated as of September 25, 1998. (Incorporated by reference to Exhibit 10(g) to the Company s Annual Report on Form 10-K for the Fiscal Year ended December 27, 1998, File No. 1-6682.)

(k) Second Amendment to Agreement of Strategic Relationship between Lucasfilm Ltd. and the Company, dated as of January 30, 2003. (Incorporated by reference to Exhibit 10(j) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 29, 2002, File No. 1-6682.)

(l) Receivables Purchase Agreement dated as of December 10, 2003 among Hasbro Receivables Funding, LLC, as the Seller, CAFCO LLC and Starbird Funding Corporation, as Investors, Citibank, N.A. and BNP Paribas, as Banks, Citicorp North America, Inc., as Program Agent, Citicorp North America, Inc. and BNP Paribas, as Investor Agents, Hasbro, Inc., as Collection Agent and Originator, and Wizards of the Coast, Inc. and Oddzon, Inc., as Originators. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10(q) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2003, File No. 1-6682.)

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Exhibit

(m) Amendment No. 8 to Receivables Purchase Agreement, dated as of December 18, 2006, among Hasbro Receivables Funding, LLC, as the Seller, CAFCO LLC and Starbird Funding Corporation, as Investors, Citibank, N.A. and BNP Paribas, as Banks, Citicorp North America, Inc., as Program Agent, Citicorp North America, Inc. and BNP Paribas, as Investor Agents, Hasbro, Inc., as Collection Agent and Originator, and Wizards of the Coast, Inc. as Originator. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10(r) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2006, file No. 1-6682.)

(n) Amendment No. 12 to Receivables Purchase Agreement, dated as of January 29, 2010, among Hasbro Receivables Funding, LLC, as the Seller, CAFCO LLC and Starbird Funding Corporation, as Investors, Citibank, N.A. and BNP Paribas, as Banks, Citicorp North America, Inc., as Program Agent, Citicorp North America, Inc. and BNP Paribas, as Investor Agents, Hasbro, Inc., as Collection Agent and Originator. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.)

(o) License Agreement, dated January 6, 2006, by and between Hasbro, Inc., Marvel Characters, Inc., and Spider-Man Merchandising L.P. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended April 2, 2006, File No. 1-6682.)

(p) First Amendment to License Agreement, dated February 8, 2006, by and between Hasbro, Inc., Marvel Characters, Inc. and Spider-Man Merchandising L.P. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the period ended April 2, 2006, File No. 1-6682.)

(q) License Agreement, dated February 17, 2009, by and between Hasbro, Inc., Marvel Characters B.V. and Spider-Man Merchandising L.P. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended March 29, 2009, File No. 1-6682.)

(r) DHJV Company LLC Limited Liability Company Agreement, dated as of May 22, 2009, between the Company, Discovery Communications, LLC, DHJV Company LLC and Discovery Communications, Inc. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended September 27, 2009, File No. 1-6682.)

Executive Compensation Plans and Arrangements

(s) Hasbro, Inc. 1995 Stock Incentive Performance Plan. (Incorporated by reference to Appendix A to the Company s definitive proxy statement for its 1995 Annual Meeting of Shareholders, File No. 1-6682.)

(t) First Amendment to the 1995 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended June 27, 1999, File No. 1-6682.)

(u) Second Amendment to the 1995 Stock Incentive Performance Plan. (Incorporated by reference to Appendix A to the Company s definitive proxy statement for its 2000 Annual Meeting of

Shareholders, File No. 1-6682.)

(v) Third Amendment to the 1995 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10(x) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 2005, File No. 1-6682.)

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Exhibit

(w) 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10(dd) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 29, 1996, File No. 1-6682.)

(x) First Amendment to the 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10 to the Company s Quarterly Report on Form 10-Q for the period ended March 28, 1999, File No. 1-6682.)

(y) Form of Stock Option Agreement (For Participants in the Long Term Incentive Program) under the 1995 Stock Incentive Performance Plan, and the 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10(w) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1992, File No. 1-6682.)

(z) Third Amendment to the 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10(bb) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 2005, File No. 1-6682.)

(aa) Form of Employment Agreement between the Company and three Company executives (Brian Goldner, David D.R. Hargreaves and Barry Nagler). (Incorporated by reference to Exhibit 10(v) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 31, 1989, File No. 1-6682.)

(bb) Form of Amendment, dated as of March 10, 2000, to Form of Employment Agreement included as Exhibit 10(x) above. (Incorporated by reference to Exhibit 10(ff) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 26, 1999, File No. 1-6682.)

(cc) Form of Amendment, dated December 12, 2007, to Form of Employment Agreement included as Exhibit 10(x) above. (Incorporated by reference to Exhibit 10(ee) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(dd) Hasbro, Inc. Retirement Plan for Directors. (Incorporated by reference to Exhibit 10(x) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 1990, File No. 1-6682.)

(ee) First Amendment to Hasbro, Inc. Retirement Plan for Directors, dated April 15, 2003. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

(ff) Second Amendment to Hasbro, Inc. Retirement Plan for Directors. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended June 27, 2004, File No. 1-6682.)

(gg) Third Amendment to Hasbro, Inc. Retirement Plan for Directors, dated October 3, 2007. (Incorporated by reference to Exhibit 10(ii) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(hh) Form of Director s Indemnification Agreement. (Incorporated by reference to Exhibit 10(jj) to the Company s Annual Report of Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(ii) Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10(cc) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 26, 1993, File No. 1-6682.)

(jj) First Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated April 15, 2003. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

(kk) Second Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated July 17, 2003. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended September 28, 2003, File No. 1-6682.)

(ll) Third Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated December 15, 2005. (Incorporated by reference to Exhibit 10(nn) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 2005, File No. 1-6682.)

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Exhibit

(mm) Fourth Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated October 3, 2007. (Incorporated by reference to Exhibit 10(oo) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(nn) Hasbro, Inc. 1994 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Appendix A to the Company s definitive proxy statement for its 1994 Annual Meeting of Shareholders, File No. 1-6682.)

(oo) First Amendment to the 1994 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended June 27, 1999, File No. 1-6682.)

(pp) Form of Stock Option Agreement for Non-Employee Directors under the Hasbro, Inc. 1994 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10(w) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 1994, File No. 1-6682.)

(qq) Hasbro, Inc. 2003 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Appendix B to the Company s definitive proxy statement for its 2003 Annual Meeting of Shareholders, File No. 1-6682.)

(rr) Hasbro, Inc. 2004 Senior Management Annual Performance Plan. (Incorporated by reference to Appendix B to the Company s definitive proxy statement for its 2004 Annual Meeting of Shareholders, File No. 1-6682.)

(ss) Restated 2003 Stock Incentive Performance Plan. (Incorporated by reference to Appendix B to the definitive proxy statement for its 2009 Annual Meeting of Shareholders, File No. 1-6682.)

(tt) First Amendment to Hasbro, Inc. Restated 2003 Stock Incentive Performance Plan. (Incorporated by reference to Appendix C to the definitive proxy statement for its 2009 Annual Meeting of Shareholders, File No. 1-6682.)

(uu) Form of Fair Market Value Stock Option Agreement under the 2003 Stock Incentive Performance Plan. (Incorporated by Reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended March 30, 2008, File No. 1-6682.)

(vv) Form of Premium-Priced Stock Option Agreement under the 2003 Stock Incentive Performance Plan. (Incorporated by Reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended September 26, 2004, File No. 1-6682.)

(ww) Form of Contingent Stock Performance Award under the Hasbro, Inc. 2003 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the period ended March 30, 2008, File No. 1-6682.)

(xx) Form of Restricted Stock Unit Agreement under the Hasbro, Inc. 2003 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10(zz) to the Company s Annual Report on Form 10-K for the Fiscal Year ended December 28, 2008, File No. 1-6682.)

(yy) Hasbro, Inc. Amended and Restated Nonqualified Deferred Compensation Plan. (Incorporated by reference to Exhibit 10(aaa) to the Company s Annual Report on Form 10-K for the Fiscal Year ended December 28, 2008, File No. 1-6682.)

(zz) Hasbro, Inc. 2009 Management Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended March 29, 2009, File No. 1-6682.)

(aaa) Amended and Restated Employment Agreement, dated May 22, 2008, between the Company and Brian Goldner. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of May 27, 2008, File No. 1-6682.)

(bbb)

Restricted Stock Unit Agreement, dated May 22, 2008, between the Company and Brian Goldner. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2008, File No. 1-6682.)

(ccc) Post-Employment Agreement, dated March 10, 2004, by and between the Company and Alfred J. Verrecchia. (Incorporated by reference to Exhibit 10(rr) to the Company s Annual Report on Form 10-K for the fiscal year ended December 28, 2003, File No. 1-6682.)

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Exhibit

	(ddd)	Amendment to Post-Employment Agreement by and between the Company and Alfred J. Verrecchia. (Incorporated by reference to Exhibit 10(hhh) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)
	(eee)	Chairmanship Agreement between the Company and Alan Hassenfeld dated August 30, 2005. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended September 25, 2005, File No. 1-6682.)
	(fff)	Amendment to Chairmanship Agreement between the Company and Alan Hassenfeld. (Incorporated by reference to Exhibit 10(hhh) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2008, File No. 1-6682.)
	(ggg)	Second Amendment to Chairmanship Agreement between the Company and Alan Hassenfeld.
	(hhh)	Form of Non-Competition and Non-Solicitation Agreement. (Signed by the following executive officers: David Hargreaves, Duncan Billing, John Frascotti, Deborah Thomas, Barry Nagler, Martin Trueb, and certain other employees of the Company.) (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the period ended October 1, 2006, File No. 1-6682.)
	(iii)	Hasbro, Inc. 2009 Senior Management Annual Performance Plan. (Incorporated by reference to Appendix D to the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders, File No. 1-6682.)
12.	Statement re computation of ratios.	
21.	Subsidiaries of the registrant.	
23.	Consent of KPMG LLP.	
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	
32.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.	
32.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.	

The Company agrees to furnish the Securities and Exchange Commission, upon request, a copy of each agreement with respect to long-term debt of the Company, the authorized principal amount of which does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Hasbro, Inc.:

Under date of February 24, 2010, we reported on the consolidated balance sheets of Hasbro, Inc. and subsidiaries as of December 27, 2009 and December 28, 2008, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the fiscal years in the three-year period ended December 27, 2009, which are included in the Form 10-K for the fiscal year ended December 27, 2009. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule of Valuation and Qualifying Accounts in the Form 10-K. This financial statement schedule is the responsibility of the Company s management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Providence, Rhode Island
February 24, 2010

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HASBRO, INC. AND SUBSIDIARIES

Valuation and Qualifying Accounts
Fiscal Years Ended in December
(Thousands of Dollars)

	Balance at Beginning of Year	Provision Charged to Cost and Expenses	Other Additions	Write-Offs and Other(a)	Balance at End of Year
Valuation accounts deducted from assets to which they apply for doubtful accounts receivable:					
2009	$ 32,400	3,970		(3,570)	$ 32,800
2008	$ 30,600	4,680		(2,880)	$ 32,400
2007	$ 27,700	2,296		604	$ 30,600

(a) Includes write-offs, recoveries of previous write-offs, and translation adjustments.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

By: Date: February 24, 2010
/s/ Brian Goldner

Brian Goldner
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Alfred J. Verrecchia Alfred J. Verrecchia	Chairman of the Board	February 24, 2010
/s/ Brian Goldner Brian Goldner	President, Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2010
/s/ Deborah Thomas Deborah Thomas	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 24, 2010
/s/ Basil L. Anderson Basil L. Anderson	Director	February 24, 2010
/s/ Alan R. Batkin Alan R. Batkin	Director	February 24, 2010
/s/ Frank J. Biondi, Jr. Frank J. Biondi, Jr.	Director	February 24, 2010

/s/ Kenneth A. Bronfin	Director	February 24, 2010
Kenneth A. Bronfin		
/s/ John M. Connors, Jr.	Director	February 24, 2010
John M. Connors, Jr.		
/s/ Michael W.O. Garrett	Director	February 24, 2010
Michael W.O. Garrett		
/s/ E. Gordon Gee	Director	February 24, 2010
E. Gordon Gee		
/s/ Jack M. Greenberg	Director	February 24, 2010
Jack M. Greenberg		
/s/ Alan G. Hassenfeld	Director	February 24, 2010
Alan G. Hassenfeld		

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Signature	Title	Date
/s/ Tracy A. Leinbach	Director	February 24, 2010
Tracy A. Leinbach		
/s/ Edward M. Philip	Director	February 24, 2010
Edward M. Philip		
/s/ Paula Stern	Director	February 24, 2010
Paula Stern		

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HASBRO, INC.

Annual Report on Form 10-K
for the Year Ended December 27, 2009

Exhibit Index

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   - (c) 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.)
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   - (e) 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.)
   - (f) 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. Instruments defining the rights of security holders, including indentures.
   - (a) 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.)
   - (b) 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.)
   - (c) Indenture, dated as of November 30, 2001, 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 Registration Statement on Form S-3, File No. 333-83250, filed February 22, 2002.)
   - (d) 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.)
   - (e) Second Supplemental Indenture, dated as of May 13, 2009, 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 May 13, 2009, File No. 1-6682.)
   - (f) Revolving Credit Agreement, dated as of June 23, 2006, by and among Hasbro, Inc., Hasbro SA, Bank of America, N.A., Citizens Bank of Massachusetts, Commerzbank AG, New York and Grand Cayman Branches, BNP Paribas, Banc of America Securities LLC and the other banks

party thereto. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated June 23, 2006, File No. 1-6682.)

10. Material Contracts

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Exhibit

(a) Lease between Hasbro Canada Corporation (formerly named Hasbro Industries (Canada) Ltd.)(Hasbro Canada) and Central Toy Manufacturing Co. (Central Toy), dated December 23, 1976. (Incorporated by reference to Exhibit 10.15 to the Company s Registration Statement on Form S-14, File No. 2-92550.)

(b) Lease between Hasbro Canada and Central Toy, together with an Addendum thereto, each dated as of May 1, 1987. (Incorporated by reference to Exhibit 10(f) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1987, File No. 1-6682.)

(c) Addendum to lease, dated March 5, 1998, between Hasbro Canada and Central Toy. (Incorporated by reference to Exhibit 10(c) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 1997, File No. 1-6682.)

(d) Letter agreement, dated December 13, 2000, between Hasbro Canada and Central Toy. (Incorporated by reference to Exhibit 10(d) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2000, File No. 1-6682.)

(e) Indenture and Agreement of Lease between Hasbro Canada and Central Toy, dated November 11, 2003. (Incorporated by reference to Exhibit 10(e) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2003, File No. 1-6682.)

(f) Toy License Agreement between Lucas Licensing Ltd. and the Company, dated as of October 14, 1997. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.)(Incorporated by reference to Exhibit 10(d) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1998, File No. 1-6682.)

(g) First Amendment to Toy License Agreement between Lucas Licensing Ltd. and the Company, dated as of September 25, 1998. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.)(Incorporated by reference to Exhibit 10(e) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1998, File No. 1-6682.)

(h) Seventeenth Amendment to Toy License Agreement between Lucas Licensing Ltd. and the Company, dated as of January 30, 2003. (Incorporated by reference to Exhibit 10(g) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 29, 2002, File No. 1-6682.)

(i) Agreement of Strategic Relationship between Lucasfilm Ltd. and the Company, dated as of October 14, 1997. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10(f) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1998, File No. 1-6682.)

(j) First Amendment to Agreement of Strategic Relationship between Lucasfilm Ltd. and the Company, dated as of September 25, 1998. (Incorporated by reference to Exhibit 10(g) to the Company s Annual Report on Form 10-K for the Fiscal Year ended December 27, 1998, File No. 1-6682.)

(k) Second Amendment to Agreement of Strategic Relationship between Lucasfilm Ltd. and the Company, dated as of January 30, 2003. (Incorporated by reference to Exhibit 10(j) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 29, 2002, File No. 1-6682.)

(l) Receivables Purchase Agreement dated as of December 10, 2003 among Hasbro Receivables Funding, LLC, as the Seller, CAFCO LLC and Starbird Funding Corporation, as Investors, Citibank, N.A. and BNP Paribas, as Banks, Citicorp North America, Inc., as Program Agent, Citicorp North America, Inc. and BNP Paribas, as Investor Agents, Hasbro, Inc., as Collection Agent and Originator, and Wizards of the Coast, Inc. and Oddzon, Inc., as Originators. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10(q) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2003, File No. 1-6682.)

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(m) Amendment No. 8 to Receivables Purchase Agreement, dated as of December 18, 2006, among Hasbro Receivables Funding, LLC, as the Seller, CAFCO LLC and Starbird Funding Corporation, as Investors, Citibank, N.A. and BNP Paribas, as Banks, Citicorp North America, Inc., as Program Agent, Citicorp North America, Inc. and BNP Paribas, as Investor Agents, Hasbro, Inc., as Collection Agent and Originator, and Wizards of the Coast, Inc. as Originator. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10(r) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2006, file No. 1-6682.)

(n) Amendment No. 12 to Receivables Purchase Agreement, dated as of January 29, 2010, among Hasbro Receivables Funding, LLC, as the Seller, CAFCO LLC and Starbird Funding Corporation, as Investors, Citibank, N.A. and BNP Paribas, as Banks, Citicorp North America, Inc., as Program Agent, Citicorp North America, Inc. and BNP Paribas, as Investor Agents, Hasbro, Inc., as Collection Agent and Originator. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.)

(o) License Agreement, dated January 6, 2006, by and between Hasbro, Inc., Marvel Characters, Inc., and Spider-Man Merchandising L.P. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended April 2, 2006, File No. 1-6682.)

(p) First Amendment to License Agreement, dated February 8, 2006, by and between Hasbro, Inc., Marvel Characters, Inc. and Spider-Man Merchandising L.P. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the period ended April 2, 2006, File No. 1-6682.)

(q) License Agreement, dated February 17, 2009, by and between Hasbro, Inc., Marvel Characters B.V. and Spider-Man Merchandising L.P. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended March 29, 2009, File No. 1-6682.)

(r) DHJV Company LLC Limited Liability Company Agreement, dated as of May 22, 2009, between the Company, Discovery Communications, LLC, DHJV Company LLC and Discovery Communications, Inc. (Portions of this agreement have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended.) (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended September 27, 2009, File No. 1-6682.)

Executive Compensation Plans and Arrangements

(s) Hasbro, Inc. 1995 Stock Incentive Performance Plan. (Incorporated by reference to Appendix A to the Company s definitive proxy statement for its 1995 Annual Meeting of Shareholders, File No. 1-6682.)

(t) First Amendment to the 1995 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended June 27, 1999, File No. 1-6682.)

(u) Second Amendment to the 1995 Stock Incentive Performance Plan. (Incorporated by reference to Appendix A to the Company s definitive proxy statement for its 2000 Annual Meeting of

Shareholders, File No. 1-6682.)

(v) Third Amendment to the 1995 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10(x) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 2005, File No. 1-6682.)

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Exhibit

(w) 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10(dd) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 29, 1996, File No. 1-6682.)

(x) First Amendment to the 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10 to the Company s Quarterly Report on Form 10-Q for the period ended March 28, 1999, File No. 1-6682.)

(y) Form of Stock Option Agreement (For Participants in the Long Term Incentive Program) under the 1995 Stock Incentive Performance Plan, and the 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10(w) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 27, 1992, File No. 1-6682.)

(z) Third Amendment to the 1997 Employee Non-Qualified Stock Plan. (Incorporated by reference to Exhibit 10(bb) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 2005, File No. 1-6682.)

(aa) Form of Employment Agreement between the Company and three Company executives (Brian Goldner, David D.R. Hargreaves and Barry Nagler). (Incorporated by reference to Exhibit 10(v) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 31, 1989, File No. 1-6682.)

(bb) Form of Amendment, dated as of March 10, 2000, to Form of Employment Agreement included as Exhibit 10(x) above. (Incorporated by reference to Exhibit 10(ff) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 26, 1999, File No. 1-6682.)

(cc) Form of Amendment, dated December 12, 2007, to Form of Employment Agreement included as Exhibit 10(x) above. (Incorporated by reference to Exhibit 10(ee) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(dd) Hasbro, Inc. Retirement Plan for Directors. (Incorporated by reference to Exhibit 10(x) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 1990, File No. 1-6682.)

(ee) First Amendment to Hasbro, Inc. Retirement Plan for Directors, dated April 15, 2003. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

(ff) Second Amendment to Hasbro, Inc. Retirement Plan for Directors. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended June 27, 2004, File No. 1-6682.)

(gg) Third Amendment to Hasbro, Inc. Retirement Plan for Directors, dated October 3, 2007. (Incorporated by reference to Exhibit 10(ii) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(hh) Form of Director s Indemnification Agreement. (Incorporated by reference to Exhibit 10(jj) to the Company s Annual Report of Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(ii) Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10(cc) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 26, 1993, File No. 1-6682.)

(jj) First Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated April 15, 2003. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

(kk) Second Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated July 17, 2003. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended September 28, 2003, File No. 1-6682.)

(ll) Third Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated December 15, 2005. (Incorporated by reference to Exhibit 10(nn) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 2005, File No. 1-6682.)

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(mm) Fourth Amendment to Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors, dated October 3, 2007. (Incorporated by reference to Exhibit 10(oo) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)

(nn) Hasbro, Inc. 1994 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Appendix A to the Company s definitive proxy statement for its 1994 Annual Meeting of Shareholders, File No. 1-6682.)

(oo) First Amendment to the 1994 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended June 27, 1999, File No. 1-6682.)

(pp) Form of Stock Option Agreement for Non-Employee Directors under the Hasbro, Inc. 1994 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Exhibit 10(w) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 25, 1994, File No. 1-6682.)

(qq) Hasbro, Inc. 2003 Stock Option Plan for Non-Employee Directors. (Incorporated by reference to Appendix B to the Company s definitive proxy statement for its 2003 Annual Meeting of Shareholders, File No. 1-6682.)

(rr) Hasbro, Inc. 2004 Senior Management Annual Performance Plan. (Incorporated by reference to Appendix B to the Company s definitive proxy statement for its 2004 Annual Meeting of Shareholders, File No. 1-6682.)

(ss) Restated 2003 Stock Incentive Performance Plan. (Incorporated by reference to Appendix B to the definitive proxy statement for its 2009 Annual Meeting of Shareholders, File No. 1-6682.)

(tt) First Amendment to Hasbro, Inc. Restated 2003 Stock Incentive Performance Plan. (Incorporated by reference to Appendix C to the definitive proxy statement for its 2009 Annual Meeting of Shareholders, File No. 1-6682.)

(uu) Form of Fair Market Value Stock Option Agreement under the 2003 Stock Incentive Performance Plan. (Incorporated by Reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended March 30, 2008, File No. 1-6682.)

(vv) Form of Premium-Priced Stock Option Agreement under the 2003 Stock Incentive Performance Plan. (Incorporated by Reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended September 26, 2004, File No. 1-6682.)

(ww) Form of Contingent Stock Performance Award under the Hasbro, Inc. 2003 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the period ended March 30, 2008, File No. 1-6682.)

(xx) Form of Restricted Stock Unit Agreement under the Hasbro, Inc. 2003 Stock Incentive Performance Plan. (Incorporated by reference to Exhibit 10(zz) to the Company s Annual Report on Form 10-K for the Fiscal Year ended December 28, 2008, File No. 1-6682.)

(yy) Hasbro, Inc. Amended and Restated Nonqualified Deferred Compensation Plan. (Incorporated by reference to Exhibit 10(aaa) to the Company s Annual Report on Form 10-K for the Fiscal Year ended December 28, 2008, File No. 1-6682.)

(zz) Hasbro, Inc. 2009 Management Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended March 29, 2009, File No. 1-6682.)

(aaa) Amended and Restated Employment Agreement, dated May 22, 2008, between the Company and Brian Goldner. (Incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K dated as of May 27, 2008, File No. 1-6682.)

(bbb)

Restricted Stock Unit Agreement, dated May 22, 2008, between the Company and Brian Goldner. (Incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the period ended June 29, 2008, File No. 1-6682.)

(ccc) Post-Employment Agreement, dated March 10, 2004, by and between the Company and Alfred J. Verrecchia. (Incorporated by reference to Exhibit 10(rr) to the Company s Annual Report on Form 10-K for the fiscal year ended December 28, 2003, File No. 1-6682.)

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Exhibit

	(ddd)	Amendment to Post-Employment Agreement by and between the Company and Alfred J. Verrecchia. (Incorporated by reference to Exhibit 10(hhh) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 30, 2007, File No. 1-6682.)
	(eee)	Chairmanship Agreement between the Company and Alan Hassenfeld dated August 30, 2005. (Incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the period ended September 25, 2005, File No. 1-6682.)
	(fff)	Amendment to Chairmanship Agreement between the Company and Alan Hassenfeld. (Incorporated by reference to Exhibit 10(hhh) to the Company s Annual Report on Form 10-K for the Fiscal Year Ended December 28, 2008, File No. 1-6682.)
	(ggg)	Second Amendment to Chairmanship Agreement between the Company and Alan Hassenfeld.
	(hhh)	Form of Non-Competition and Non-Solicitation Agreement. (Signed by the following executive officers: David Hargreaves, Duncan Billing, John Frascotti, Deborah Thomas, Barry Nagler, Martin Trueb, and certain other employees of the Company.) (Incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the period ended October 1, 2006, File No. 1-6682.)
	(iii)	Hasbro, Inc. 2009 Senior Management Annual Performance Plan. (Incorporated by reference to Appendix D to the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders, File No. 1-6682.)
12.	Statement re computation of ratios.	
21.	Subsidiaries of the registrant.	
23.	Consent of KPMG LLP.	
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.	
32.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.	
32.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.	

The Company agrees to furnish the Securities and Exchange Commission, upon request, a copy of each agreement with respect to long-term debt of the Company, the authorized principal amount of which does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.