

PLAY IT FORWARD

HASBRO GLOBAL AGENCY REVIEW | RFI | AUGUST 16, 2013



Dear Hasbro,

As Hasbro's media partner in the US, we fully understand the rationale for reviewing your global media arrangements. We are immensely proud of the work we have produced together in the US and cannot tell you how excited we are at this global opportunity.

On a practical level, there are significant cost savings to achieve by consolidating your global media investments with one agency network – savings that we will not only deliver but also guarantee.

We stand ready to deliver cost savings of at least \$25.1 million. We will also deliver additional cost savings through agency compensation efficiencies.

We also know the importance of competitive exclusivity, so we will commit that Hasbro will be the only toy company within the IPG Mediabrands agencies.

But there is a bigger picture and opportunity beyond pure cost savings and competitive exclusivity:

A true media agency partner's role should be as much value builder as cost saver.

Initiative is that partner, as we have proven in the US and are ready to prove globally with the support of our parent company, IPG Mediabrands.

We are ready to prove that we can take TeamPlay, our successful US team concept, to a global stage. It is the TeamPlay concept you know, with the added support of IPG Mediabrands' global network.

TeamPlay will have a simple, focused agenda that will drive every decision and recommendation we make:

- We will save money for Hasbro.
- We will create new value for Hasbro.
- We will put Hasbro at the forefront of innovation.

Hasbro is at a crucial point in its history, an inflection point of opportunity. That opportunity is to be the global sponsor of play, a global brand territory that is amazingly as yet unclaimed.

TeamPlay's mission is to help Hasbro seize that territory.

We are so confident in our ability to move Hasbro's business forward that we will directly link our global remuneration to Hasbro's own profitable growth. Our success is your success.

We see 2014 as the year to Play It Forward!

Sincerely,



Jim Elms
CEO Global, Initiative



Jacki Kelley
CEO North America & President Global Clients, IPG Mediabrands

Table of Contents

- 1. Centralized media management 4
- 2. Network configuration and service business model for Hasbro 11
- 3. Improving Hasbro media process 13
- 4. Creating efficiencies in both buying and agency fees 15
- 5. Leveraging entertainment assets 19
- 6. Accelerating change and competitive edge through digital and mobile 23
- 7. Delivering additional value 27
- 8. Exclusivity 29
- 9. Best in class staffing 31
- 10. Driving innovation 33
- Appendix 42

1. Centralized Media Management



Q.1

Present case studies, within your organization, of Best Practices/examples of agency consolidation with other clients that have similar depth of products/campaigns as Hasbro (over 100 advertised products). Please provide names of contacts within the outlined companies to discuss. Provide your recommendation on a proposed organizational structure based on your knowledge of Hasbro and Go-To Market process. Also provide details on how the proposed model could work.

Global client best practices

We use a variety of engagement models to manage global businesses, including Unilever, Amazon, Microsoft and Johnson & Johnson, across the IPG Mediabrands portfolio. Our aim is to mirror client structures to ensure clear alignment and adoption. Our strategy has been to leverage a core set of flexible, global processes and tools to accommodate organizations with varying degrees of centralization.

The following examples illustrate best practices for clients which, like Hasbro, advertise up to hundreds of products each year. Common to these examples is a structure that reflects the clients', a consistent process and/or set of tools, and a focus on speed to market and sharing of best practices.



1. Centralized Media Management

Global – Regional – Local

Unilever, Johnson & Johnson and ExxonMobil are run with similar global-regional-local structures. They all place great emphasis on using common processes and tools, sharing best practices and establishing consistent communications across geographies. The following outlines in more detail our experience and structure with Unilever.

OUR STRUCTURE

To mirror Unilever's organization, we have built a centralized team structure with significant management at the global and regional levels. This ensures that we deliver efficiently, consistently and at optimal speed. The global team is based in New York with regional hubs in Mexico City, Sao Paulo, Buenos Aires, London, Moscow, Dubai and Singapore. Core discipline leads, including communications planning, data and analytics, digital and technology, business intelligence and research, sit at the regional levels and play critical roles in driving best practices across the region. A regional business lead manages local markets and ensures that commitments are made and expectations exceeded.

WHY IT WORKS

The strength of our regional teams makes it most efficient to manage a large number of local markets and to share best practices. We emphasize consistency of language, process, approach and tools across the markets. All markets follow Unilever's Integrated Brand Communications (IBC) approach, which was developed with agency partners. IBC is also supported by Initiative's two global planning tools: Real Lives and Matrix, which ensure consistency of approach and product around the world.

PROVEN SUCCESS

With a centralized structure and consistent process, we deliver over 1,800 fully-integrated communications

plans across 20 global brands and 108 local/regional brands for Unilever in 42 markets around the world. We have also crafted an always-on communications architecture for 24 brands in 14 key markets around the world. These plans are developed in partnership with content providers and PR agencies to maintain constant and meaningful dialog with each brand's consumers and to create conversations they want to share.

CLIENT REFERENCES



Unilever

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1. Centralized Media Management

Global – Local

Amazon is an example of a global-local client model. With no regional team, Amazon's global team works directly with each local market. This model works well for Amazon, as it is highly centralized with a global team that makes most decisions and approvals.

OUR STRUCTURE

For the world's largest e-tailer that sells thousands of products – including syndicated and custom content – we employ a lean and mean team structure. This structure includes a small global leadership team consisting of three disciplines: business leadership, analytics and strategy. There is also a global account coordinator to manage communication flow between corporate and local markets. Our global team manages Amazon's global marketing team and also directly liaises with each market lead, who has ultimate responsibility for all local market activity, including business performance.

WHY IT WORKS

With a nimble global team, direct-to-market relationships and consistency of approach, we provide speed, flexibility and efficiency for this highly complex advertiser.

- The global team operates as a SWAT unit, inspiring local markets and ensuring that they adhere to global guidelines including tool usage, quality control and best practice sharing.
- Like Unilever, all Amazon markets use a consistent set of processes and tools, including our key planning tools, Real Lives and Matrix.
- We are building a centralized dashboard that tracks relevant requests, KPIs and competitive information and enables constant and fluid communication across the teams

PROVEN SUCCESS

- We fully transitioned Amazon's key markets, including US, UK, Germany, France, Italy, Spain, China, India, Brazil, in 30 days.
- Within 45 days of winning the global consolidated business, we had the Amazon global teams using the same processes and templates. For the first time, Amazon marketing is speaking the same language across the world.
- Three months into winning the business, our consumer insights work, through Real Lives, is driving creative messaging, and we are beginning to work directly with creative partners.

CLIENT REFERENCES



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1. Centralized Media Management

Proposed solution for Hasbro: TeamPlay fueled by Initiative

Two years ago, we launched TeamPlay in the US, and we are ready to take this team global.



TeamPlay is a fully integrated team, fueled by Initiative and supported by IPG Mediabrands. The team is dedicated to inspire more play in the world and to drive the greatest business results for Hasbro. Everything we do will be driven by consumer insights, measured by analytics, and inspired by bold innovation to assert Hasbro's leadership in a digital age.

TeamPlay will embrace open communication, close collaboration, a relentless focus on results and, of course, a great spirit of fun. The team will be designed to be close to you, your global and regional brand teams, and your creative and marketing partners. It will be structured with Hasbro-dedicated teammates and will feature immediate access to an array of best-in-class resources and expertise within IPG Mediabrands around the globe.

TeamPlay will help refine Hasbro's true brand purpose and work with you to express it in all touchpoints across your paid, owned and earned media channels. We will also define how Hasbro

should behave in communications to live your brand purpose, better engage consumers and inspire more play the world over.

TeamPlay will be structured as a global-regional-local team, much like the Unilever team described above. This organization will help facilitate Hasbro's move to a more centralized marketing organization by providing global and regional leadership.

The team is comprised of:

- **Mediabrands Leadership:** Responsible for delivering innovation, the best talent, global deals and industry firsts to your business. Provided at no cost to Hasbro.
- **Global Leadership:** Includes Global Business Partner, Global Strategy & Research Lead and Content Lead. This team ensures that the network is inspired and operating efficiently on your behalf. They set strategies, deliver research, inspire and share ideas, manage operational efficiencies and actively work with the regional and local teams. This team will meet at minimum once per quarter with the Hasbro team in Rhode Island to forward plan and review market learnings.
- **Regional Leadership:** Conduits for ensuring that the resources and capabilities on the ground in each local market meet Hasbro's needs and deliver a high-quality, consistent product. Regional Leads will be based in the same cities as (or close to) Hasbro's hubs in Providence, RI (NYC), Stockley Park (London), Miami and Hong Kong.
- **Local Leadership:** Plan and execute all activities in local markets. Guided by global strategies, they will be responsible for aligning those to meet the unique needs in their markets. They will also regularly share best practices with the regional and global leaders.

1. Centralized Media Management

Mediabrand Leadership



MATT SEILER
CEO, Mediabrands
Worldwide



JACKI KELLEY
CEO, Mediabrands
North America



JIM ELMS
CEO, Initiative
Worldwide



PETER MEARS
CEO, Initiative
North America



TIM SPENGLER
CEO, MAGNAGLOBAL
Worldwide



DAVID COHEN
Global Digital
Partnerships

Global Leadership



WENDY ALDRICH
Business Lead
Global



SARAH IVEY
Strategy
Global



MICHAEL SIEGENTHALER
Content
Global

Regional Leadership

NA



SHANE ANKENEV
Regional Leader
New York

EMEA



SILVAIN VALEIX
Regional Leader
London

LATAM



XAVIER MANTILLA
Regional Leader,
Miami

APAC



ANDY LEUNG
Regional Leader,
Hong Kong

Local Leadership

USA

Deb Bluman
Business Director

UK

Tania Harwood
Business Director

Brazil

Paulo Oncken
Business Director

Australia

Simon Flaxman
Business Director

Canada

Shannon Pluem
Business Director

France

Nicola Chatterton
Business Director

Mexico

Annika Blockstrand
Business Director

China

Judy Wang
Business Director

Germany

Klaus Laddey
Business Director

+ Other Markets

+ Other Markets

+ Other Markets

Biographies of our
TeamPlay leaders can be found at
www.initiative.com/playitforward



1. Centralized Media Management

This global-regional-local structure allows us to be efficient in centralizing work, where appropriate, while also recognizing that each market is unique and requires flexibility and customization. Below is an illustration of how we would align TeamPlay responsibilities to geographical responsibilities.

Capability/Task	Global	Regional	Local
Objectives	Business, marketing and media objectives defined for each brand	Modified to align with regional and local market dynamics and needs	
Strategy & Research	Media strategies and research approach determined by brand and/or category	Modified to align with regional and local market dynamics and needs	
Content	Platform ideas and partnerships identified by brand and/or category	Adapted and customized at the regional and/or local levels	
Consumer Insight	Global target insights for categories and brands developed using Real Lives	Insights shared with local markets through Real Lives and modified as needed to accommodate local market dynamics	
Measurement & Analytics	Global measurement framework and dashboard provides visibility into performance across brands and across markets	Optimization decisions are made at the local level	
Media Planning & Investment	Where possible, regional and global deals are negotiated with global media owners by MAGNAGLOBAL.	Examples for Hasbro may include: Nickelodeon, Cartoon Network, Disney and Google.	Local plans are aggregated to leverage integrated investment by TeamPlay

2. Network Configuration & Service Business Model for Hasbro



Q.2

Please provide details of your Global Media Holding Network, and how the Media Holding business model will be organized globally and by region for Hasbro (i.e. how individual agencies will be assigned). Although we understand the agency may have large billings overall, we need to determine strengths and capabilities in all of our key regions across the globe.

IPG Mediabrands

IPG Mediabrands is a top five global media network created by IPG to manage all of its global media-related assets. Our clout, tools and relationships enable us to manage \$36 billion in media budgets across the world for some of the world's leading marketers, including Amazon, Unilever, Johnson & Johnson, Microsoft, Tesco and ExxonMobil. In each region and in each key Hasbro local market, IPG Mediabrands is a top five network. With this scale, we are confident we can deliver the savings outlined in question 4.

IPG Mediabrands has a single vision: To be a true extension of our clients' marketing departments and base our financial success on performance. We want to be paid to sell, not tell, and ensure every impression matters to people, the planet and the bottom line.

How we will organize for Hasbro

We performed an audit of our capabilities and resources across the IPG Mediabrands family in each Hasbro market to ensure we deliver the best for Hasbro. In selecting each agency, we looked for the brand with the right market experience, exposure and culture for TeamPlay. We also sought out top-performing talent with relevant category, consumer and/or retail experience. As a result, our recommendation is a mix of approximately 80% Initiative and 20% UM offices. Regardless of office affiliation, TeamPlay will act as a single and dedicated unit to Hasbro. A complete list of agency brands by market is included in the Appendix.

As introduced in question 1, TeamPlay is fueled by Initiative and supported by Mediabrands. What this means is that TeamPlay lives and follows the culture, way of working and systems of Initiative. And it is supported by the scale, intelligence and specialty units of IPG Mediabrands. Some of these include:



Media investment intelligence and negotiation resource as well as programmatic buying.



A media futures center offering hands-on understanding of new and emerging technologies.



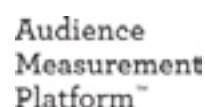
Content creation for owned media properties.



Barter and innovative financial solutions to restore value from underperforming assets and excess inventory.



Mobile unit specializing in engaging audiences on the go and augmenting the overall effect of marketing campaigns.



Mediabrands' new core data-stack that allows us to directly link TV and digital ad exposures to consumer actions and sales data.



Creative lab rethinking brands, industries and partnerships

3. Improving Hasbro Media Process



Q.3

What are the challenges and opportunities that you see (as a potential global partner) in the current Hasbro Media Process.

The need for a single-minded focus has never been greater. Marketing remains a massive investment – one that simply must work harder to deliver sales increases and greater liquidity to Hasbro to fund the desired long-term investment in innovation and content assets. That, along with the development of new toys and games, will drive greater results for Hasbro.

We have stripped away the complexities of many planning processes to deliver a streamlined, accessible and flexible approach. There are just three clear steps:

1. **Determine:** Get crystal clear on the business issue we are trying to solve. We build the 'Big Brief' to fully understand how communications can deliver the business need.
2. **Design:** Putting the consumer at the heart of the solution, we deliver the media insight, the strategy and the idea that will bring the strategy to life.
3. **Deliver:** We join the strategy to the investment through carefully optimizing spend and choosing media partners who will deliver both financial and strategic value.

We have used this process to great success for Hasbro in the US. Used globally, our process can deliver significant benefits to Hasbro.

Challenges and opportunities: two sides of the same coin

Deeper consumer insights and knowledge.

Moms and kids are hard to keep up with. Our process will enhance Hasbro's knowledge of and focus on the right people. By following our process for Hasbro's global media development, we can create a stronger

connection between global, universal insights about Moms and kids with local market cultural nuances.

Better development and use of creative assets.

More centralized development of consumer insights as well as greater focus on strategy at the center can ensure that the right creative assets and content elements are consistently being developed.

The global brand teams for Hasbro should create assets and content that are fully-leveraged around the world, which could generate millions of dollars in extra value for Hasbro. And we know that even greater value can be gained by maximizing the synergies between paid, owned and earned elements of Hasbro's media campaigns.

Greater prioritization of brands and marketing efforts.

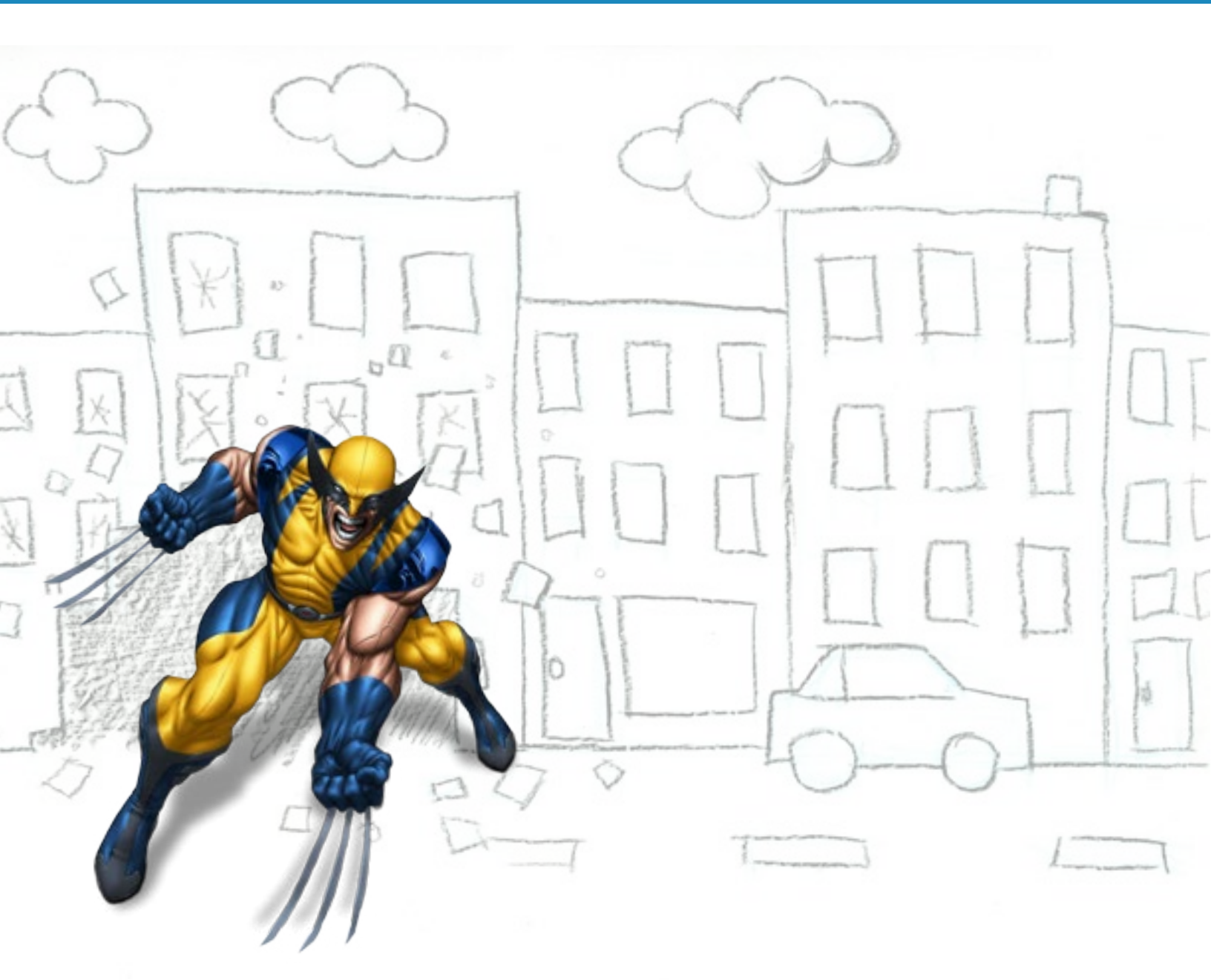
Using our process across the Hasbro global network will enhance Hasbro's ability to prioritize brands and focus the media investments to their greatest possible effects. Hasbro will have a far greater understanding of what success looks like, a stronger focus on global consumer insights, and the best available analytics and tools.

Sharing of best practices

to make the whole of Hasbro global greater than the sum of its parts. We live in a test and learn world. Hasbro will benefit greatly from the sharing of best practices and the results of local market tests across the network. Hasbro will test a multitude of new opportunities and share results for the benefit of the entire company.

We know our way of working, the right beliefs, the simplicity of approach, and our focus on consumer insight will deliver innovation and maximum business results for Hasbro worldwide.

4. Creating efficiencies in both buying and Agency fees



Q.4

What efficiencies can be delivered to Hasbro as a result of consolidating their Global media into a single Media Holding? How do you recommend the agency be compensated? Please provide specific details and examples of compensation and savings.

Creating Media Efficiencies thru buying:

Hasbro is a top kid advertiser in many major markets around the globe and, consequently, already receives very favorable pricing. Specifically, how will the agency realize additional media savings goals in television and digital without jeopardizing the integrity of media plans including premium inventory, key weeks, customized added value, programming, etc.? What greater cost efficiencies can be delivered to Hasbro as a result of consolidating our global media effort? While improving on CPM efficiencies in the marketplace, agency will need to maintain:

- Current premium daypart mix allocation (i.e. weekend, prime, etc.)
- Balance of networks/sites included in buy
- Percentage of weeks that fall into the “hard 8/holiday” period and out-quarters
- Added value programs such as on-air/on line promotional activity
- Programming agreements for Hasbro Properties
- Cancellation options

We will deliver at least \$25.1 million in hard negotiated savings and media cost reductions. We will also deliver additional cost savings through agency compensation efficiencies through global consolidation.

The global consolidation of your business creates a unique opportunity to deliver improved efficiency and effectiveness in both your media investments and your agency compensation model. We are perfectly positioned to partner with Hasbro to leverage this global opportunity and build on our successes in the US.

Media investment opportunity

Global consolidation enables us to review all of your current media plans and partnerships with an eye toward driving efficiency across your global business. Over the past two years, we have proven successful at securing the lowest inflation rates in the US market, maintaining your very low rates and even extending your advantage compared to some kid advertisers. We have also worked with Victor Lee to transform Hasbro into a true digital marketer and advertiser in the US, creating a model for the rest of the Hasbro regions and markets to follow.

By replicating our US digital transformation and success around the globe – as well as adding the leverage of global partnerships with key US-based players like Nickelodeon, Cartoon Network, and Google – we can save substantially outside the US, while driving further discounts on your already competitive US rates. We are confident that we can deliver an approximate 10.7% reduction in your CPMs globally without sacrificing the quality parameters outlined above.

Our world-class investment capabilities are powered by MAGNAGLOBAL, IPG’s media investment resource. MAGNAGLOBAL aggregates spend across all IPG agencies to drive beneficial rates and maximum value for our clients. We operate at the local, regional and global levels to ensure best-in-class media investment services. Our \$36 billion of clout in the global market ensures that we have the power to control not just the price but also the quality of our clients’ investments.

MAGNAGLOBAL has a proven track record of delivering savings and increasing value for clients who have consolidated with us:

- Major CPG company across 26 markets: **11% IN YEAR ONE**
- Import auto across 13 markets: **13%**
- Domestic auto across 4 markets: **23%**
- Global energy company: **25% IN YEAR ONE**

4. Creating efficiencies in both buying and Agency fees

MAGNAGLOBAL's philosophy is that no client is sacrificed for the greater good. Using a bottom-up approach to purchasing media, which we call "flexible scale," we give our clients the best of both worlds: consolidated buying power without sacrificing individual results. The Value Pathway is our comprehensive, disciplined and transparent 5-step approach to achieving and accounting for all of the savings and value delivered by our media investment teams.

- 1. Optimization Performance:** Efficiencies driven by use of our proprietary optimization tools, Matrix and Improve.
- 2. Negotiation Performance:** Hard rate negotiation savings achieved through a layered approach to negotiations that uses global, regional and local resources.
- 3. Amplified Visibility Performance:** Additional value realized through anything from free upgrades to social media buzz generated from offline purchases.
- 4. Avoidance Value Performance:** Value generated in a variety of ways, e.g. avoiding late booking fees or cancellation charges, preventing US TV networks from tiering low rate advertisers and driving the premium they pay, etc.
- 5. AVB Performance.** Value of returned rebates. IPG is the only fully-transparent holding company, which means that we return this value to our clients.

We do see several opportunities to leverage your media spend globally with your key partners. While in today's environment, most media is still owned and customized locally, Hasbro is fortunate in that several key partners have global footprints. Most specifically, we would look to drive improved performance through centralized negotiation of global deals with Nickelodeon, Cartoon Network, Disney and Google. Based on our current understanding of your local market investments, we estimate a roughly **10.7%** CPM reduction, or about **\$25.1 million** in hard saving, globally.

We are so confident in our ability to achieve these savings that we are willing to tie a significant portion of our compensation to it.

Benefits of global deals start with rate reduction but also include establishing of best practices across markets, leveraging of global platforms like the Kids' Choice Awards, access to innovative and other never-been-done opportunities as well as proprietary research on consumer behavior and media return on investment.

An additional consideration when operating globally is treatment of agency volume rebates (AVBs). When you work with IPG Mediabrands globally, we ensure you have full transparency into the agency volume rebates that accrue from Hasbro's media spend. In markets outside the US where these rebates are available, they can equate to up to 4% of Hasbro media spend. While some agencies may be including these rebates as part of their compensation, IPG Mediabrands is fully transparent.

4. Creating efficiencies in both buying and Agency fees

Agency compensation opportunity

Our centrally-managed, best-in-class team will expedite implementation of innovative, business-building solutions across the globe. By eliminating redundancies, streamlining the work process, and creating a consistent approach to volume rebates, we expect to deliver savings in agency compensation to Hasbro.

- 1. A fast, brave, decisive and simple global management team.** We have seen clients save up to 25% in global/regional coordination fees by moving to our model for simple, direct management of global markets with streamlined, consistent use of global strategy and planning tools.
- 2. Consistent approach to volume rebates.** Clients that move from a set of disparate local or regional agreements to one consistent, centrally-managed contract can expect to see additional savings by creating a consistent approach to management of AVBs. As stated above, a recent client of Initiative's found savings equal to 4% of media spend in countries outside of the US where AVBs exist versus their former agencies that were non-transparent in their handling of AVBs.
- 3. Applying our business model to new markets.** By streamlining the planning process through the use of globally consistent tools, like Real Lives and Matrix, we believe there is the opportunity to reduce FTE costs in new countries. A recent new client of Initiative's found savings from an 11% FTE reduction in new markets that were consolidated from other agencies.

Our client compensation philosophy is built on the key principles of simplicity, transparency and pay for performance. Our compensation model is flexible and may include fixed fees, commissions, or a hybrid approach. We look forward to discussing the various elements that may work best for Hasbro and aligning with your business objectives.

A primary tenet of our compensation philosophy is pay for performance. There are two elements of a pay for performance model: a reduced base fee or commission rate and an incentive piece tied to performance on key business metrics that are important to Hasbro, such as media value, sales, awareness, purchase intent, brand health, agency service levels, etc.

Our current compensation model with Hasbro in the US has been successful for both parties. The foundation is a 0% profit base fee. We can then earn up to 20% profit based on a combination of metrics, which reflect how your business performs (top line and bottom line) and how we perform in our relationship with you (media savings, innovation, team, etc). In year one of our global relationship, we are willing to tie our profit to achieving the hard savings commitment.

Given the success in the US, we propose mirroring this model in all active markets around the globe – if we don't succeed, we don't make money.

5. Leveraging Entertainment Assets



Q.5

How can Hasbro get greater leverage from their content/entertainment assets to create additional value?

The days of standalone, one-way, intrusive advertising are numbered. Unlocking the power of your most beloved brands' stories is critical to capturing the ever-shortening attention span of today's consumer. This is even more true in the kids market.

As a branded play company, Hasbro has an incredible arsenal of immersive entertainment properties that permeate culture. Hasbro Studios is producing amazing video content that can be seen on networks like The Hub and digital platforms like iTunes, Netflix and YouTube. Your partnerships with mobile game companies like EA, Backflip studios and DeNA bring Hasbro stories to social, mobile and console environments. And alliances with major movie studios bring celebrated Hasbro brands to the big screen.

We believe there are big opportunities to leverage these properties to increase or, in some instances, create new value for Hasbro. In question 7, we discuss using the power of these content/entertainment assets to decrease Hasbro's reliance on paid media and to lessen your dependence on partners like Nickelodeon, Cartoon Network and Disney. Here, we'd like to explore some additional ways we can leverage Hasbro's content/entertainment assets.

Non-traditional content licensing

The rise of the "creator class" is steadily increasing online, a direct correlation between the advancements in technology and turnkey distribution platforms, like YouTube and Tumblr. Yet the demand for new content from viewers is insatiable, and the pressure for these creators to churn out compelling entertainment on a regular basis is overwhelming.

The opportunity: Hasbro could provide on-demand licensed content for creators, media owners and publishers to entertain their audiences and make a profit, which could be shared with Hasbro. And the infrastructure for such an endeavor exists with Hasbro's Content Services Portal, which could simply be made consumer-facing.

First, Hasbro content that isn't currently being monetized has the opportunity to be. Next, Hasbro stories could begin to be told in new environments reaching new users. This approach also opens up interesting possibilities for collaborations with influential content creators that may unlock/create renewed cultural relevance for Hasbro brands through mash-ups and memes.

5. Leveraging Entertainment Assets

Commerce-enabled content

The rise of social commerce is closing the distance between content and retail. Startups like Gumroad and Chirpify allow users to purchase items directly through social media. Technologies like Stipple and Madvideo allow brands to literally embed retail/conversion events directly within their image or video-based content.

The opportunity: We can accelerate the purchase process for Hasbro by converting long-form, story-driven, episodic content into sales conversion events. Converting content from upper funnel to lower funnel marketing opens up new value for Hasbro, as traditional display creative and ad dollars can now be reinvested into new storytelling content initiatives.

The new barter

Many companies from established multinationals to promising startups are starved for story-telling and relatable entertainment experiences. They need these experiences for various purposes – to host promotions, to build credibility or to grow their audiences. And starting from scratch is a risky, cost-laden undertaking that, in many instances, results in time and money wasted.

The opportunity: Hasbro can create a “shared risk” partnership program. We know Hasbro is open to these types of relationships, so it would make sense to get even more out of them. Hasbro would trade content and storytelling IP to these companies in return for equal value (ranging from distribution to equity). It’s not enough anymore for a partner to simply offer ad dollars or logo placements. We will select partners who can provide Hasbro access to new audiences, new business models or new platforms.

5. Leveraging Entertainment Assets

Hasbro video network

Hasbro is distributing entertainment and content assets on networks and platforms like The Hub, iTunes, Netflix and YouTube. While these are important centerpieces of Hasbro's current content strategy, we think there is more that can be done.

The opportunity: Explore creating a virtual "Hasbro video network" as a combination of systematic global advertising and content distribution deals that amp up video views and subscribers to Hasbro's content. This could be done across many of the platforms where Hasbro content currently exists, as well as creating The Hub on demand in Microsoft's Xbox (a Mediabrand client). We would also be very excited to develop a partnership between Hasbro and our global client, Amazon, in a combined entertainment meets e-commerce program.



6. Accelerating change and competitive edge through Digital & Mobile



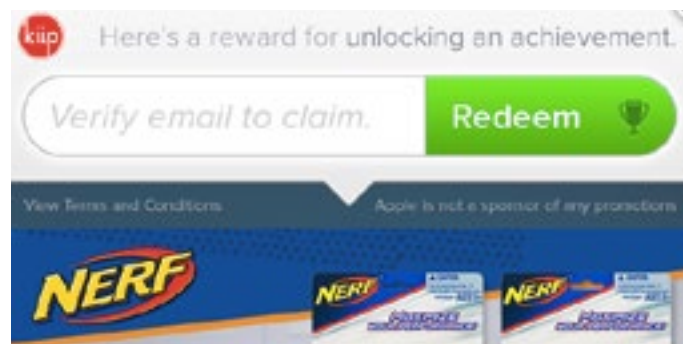
Q.6

How can Hasbro extend their Mobile & Digital Marketing strategy/activities and how can you (as a Media Holding partner) drive innovation and efficiencies?

TeamPlay has a track record of extending mobile and digital marketing strategies and activities with Hasbro. In just one year, we more than doubled the digital/mobile budget allocation in Hasbro's US media mix. These programs advanced our thinking in the space and allowed us to develop innovative programs from the stop-motion videos for the KRE-O launch, to the Kiip mobile gaming rewards for Nerf and more recently with the celebrity social media posts through Bre.ad for Furby.

Additionally, Hasbro has also been aggressively increasing its mobile gaming exposure. The ownership stake in Backflip Studios, the deal with Electronic Arts and the partnership with Zynga are several highly strategic decisions that will lead to increased brand exposure and ultimately market share.

It is essential to support our consumers throughout their entire purchase process. Mobile, social and digital represent touchpoints that are most personal to consumers and ones that they turn to most frequently. While every product and initiative is unique, it is crucial to extend these strategies and activities with the following three goals in mind.



6. Accelerating change and competitive edge through digital & mobile

Unlock the power of the paid-owned-earned media dynamic

Most agencies pay lip service to the paid-owned-earned model of media but often undervalue the strength of each channel and the relationship between them. Our Real Lives and Matrix tools were designed to help us understand just that. Once we understand the value of the impact of each touchpoint, we can work to optimize performance.

In addition, through work by our Research & Analytics team, we have developed a sophisticated approach that allows us to unlock the interactions between paid, owned and earned media, both online and offline. More importantly, we have then used this understanding to develop predictive models and media approaches, which allow us to optimize media plans and delivery for earned and owned outputs.

One of our newest capabilities is Mediabrands Publishing. The focus of this new entity is to cultivate, grow, and manage a brand's owned media networks. These assets include digital ones like social media pages, websites, and mobile applications, but also more traditional ones such as in-store and events.

Drive efficiency throughout the media model

In addition to the global efficiencies mentioned in question 4, mobile and digital provide many ways to drive efficiencies.

Portfolio Management. Creating a structure where we can create a perpetual cycle of learning against an audience to manage product message, context of where the message is shown, and frequency will allow for greater efficiency: creating a sell, up sell, frequency strategy regardless of the audience.

Building a long-term relationship. Digital can be the foundation to building a relationship with your consumer without an extensive expenditure. Focusing on digital as a longer-term relationship versus just a flash campaign will allow Hasbro to maintain its connection to its consumer while driving efficiency of messaging.

Data-driven approach. While we know there are limitations on tagging kid-centric webpages, there are opportunities to use data to gain understanding and insights for Hasbro's mom and adult audiences. Our unique technology "total tag," allows us to turn anonymous clicks and actions into rich audience insights and understanding. We then use these audience data to deliver digital media campaigns across multiple devices. We can build on our existing work in this space globally to further enhance our audience understanding and efficiency in digital display, video and mobile delivery.

6. Accelerating change and competitive edge through digital & mobile

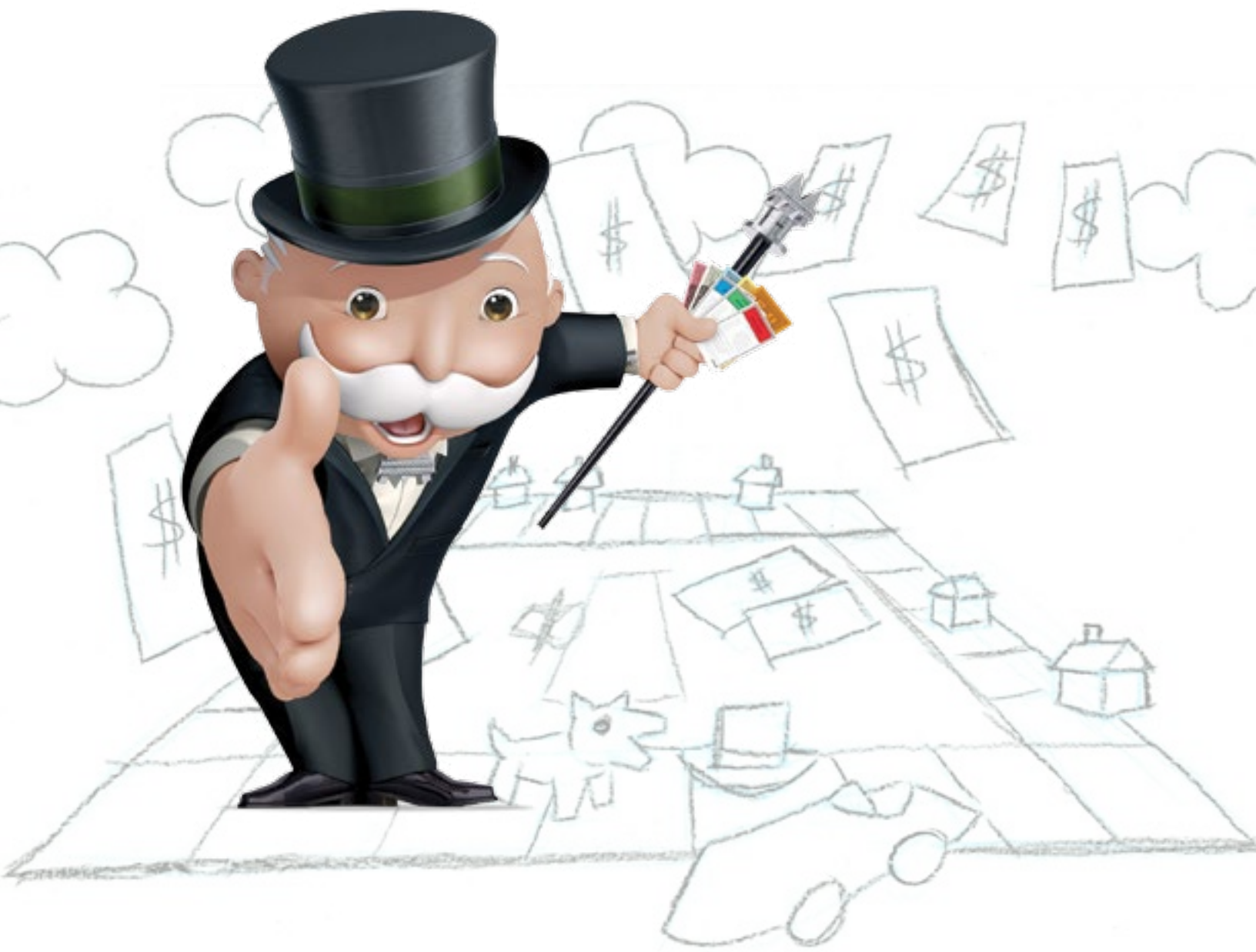
Creating consumer-friendly innovation

Together with Hasbro, we will focus on delivering innovation in three ways.

- 1. IPG Media Lab.** IPG Media Lab seeks to identify future innovations and technology that are both leading-edge and effective. It is also increasingly central to our partnerships with global media owners such as Google, Microsoft and Facebook, which increasingly look to us as key partners to help define, test and develop future digital media formats and channels.
- 2. Content innovation.** We can create more ground-breaking programs by better leveraging Hasbro's tremendous content and entertainment assets. As discussed in question 5, we can do this through non-traditional content licensing, commerce-enabled content, the "new" barter and creating a virtual Hasbro video network.
- 3. Mobile innovation.** Hasbro has made great progress in transforming its brand into digital formats, particularly mobile gaming. We believe that mobile goes two ways: bringing real-life games to mobile natives and bringing mobile natives to real-life games. As one of the few brands crossing the worlds of analog and digital, Hasbro is uniquely positioned to own a new territory of games. And because we have a dedicated mobile team, we can uniquely drive your brands using the best of mobile marketing. We design and build mobile advertising experience that regularly out-perform television by 3 to 5 times on brand based KPIs.



7. Delivering Additional Value



Present in detail the additional value that your Media Holding would bring to Hasbro in the scenario of future consolidation (Strategic and \$\$\$) thinking as a trusted challenger partner.

The new value equation

As we said in our cover note, TeamPlay has a focused agenda. This is a new value equation for Hasbro:

Save money + Create value + Lead the way = Success!

So while we commit to generating \$25.7 million in savings on your media costs and agency fees, we believe these cost savings are only a part of the value we bring to Hasbro globally. In fact, we believe the greatest value is to ultimately decrease your reliance on paid media and to reduce dependence on traditional partners like Nickelodeon, Cartoon Network or Disney.

We can generate additional value by helping Hasbro create the best and most effective content/entertainment assets as well as leveraging your existing assets in the most successful ways. We will then use those assets to pull consumers to Hasbro rather than spending millions of dollars to push marketing at them. This would enable us to ultimately look at our content/entertainment assets on Amazon Prime, Xbox, iTunes and Netflix as quantifiable video partners much like we look at paying for TV spots on Nickelodeon and Cartoon Network today. This is where Hasbro can realize truly incredible value in the amount of tens of millions of dollars, on top of the millions we deliver in savings.

Additional value through proprietary tools & resources

Our goal is to be your highest value partner. As such, we will invest our dollars, services and energies into driving your business success.

Here are a few examples of the types of added value we are providing for some of our existing clients:

- For Amazon, we are using our global connections panel to build a custom qualitative/quantitative survey that measures and tracks brand health metrics connected to channel analytics.
- For the Bill and Melinda Gates Foundation, we are creating an audience insight hub that will provide partner NGOs (One, Comic Relief, Feed the Children, etc) with 24/7 access to real-time cultural insights to guide communication efforts.
- For Hyundai/Kia, we are developing custom desktop access to our syndicated data and Real Lives tool to increase audience segment fluency across the entire marketing organization.

For Hasbro, TeamPlay will provide the opportunity to tap into the many global media assets of Initiative and IPG Mediabrands. These include MAGNAGLOBAL spend and trending reports, access to Mediabrands Social Media Wave Study, access to our global Connection Panel of 250,000 consumers in over 50 countries, access to IPG Media Lab, and a global leadership team at no cost.

Strategically, we commit that TeamPlay will deliver faster, more actionable insights around the world through our Real Lives audience tool. From a global perspective, the value of Real Lives is the ability to jump start and share real insights from global to local and vice versa. We will provide Real Lives in every market against all critical audience segments. Based on your market list, we anticipate forty Real Lives profiles per year. We typically charge \$60,000 per engagement, which equals a \$2.4 million value.

In addition, we will commit \$500,000 in value to build and maintain a custom Hasbro solution, including a global media spend and a competitive tracking dashboard.

8. Exclusivity



Q.8

In a highly competitive global marketplace for our category, we want to establish a long term global relationship with a strategic media partner. For this reason, we require, as a condition to participate in our Global Pitch, that this relationship should be exclusive for the Toy Category and within the entire Media Holding, regardless of which agency services our account. Please let us know if you have or foresee any conflicts.

Our intent is to provide you with IPG Mediabrands holding company exclusivity specific to the toy competitors that matter most to Hasbro.

As we have shared, this is an extreme request relative to standard industry practice. While we could provide you with countless examples of how we manage this successfully for other clients/categories, we would rather simply say **yes.**



9. Best in Class Staffing



Q.9

Clearly, people and relationships are an important part of this business- how would you describe the overall environment, interaction and culture at the agency from a global perspective. How will you ensure that we have the best and most innovative people working on our account? (We would require that a portion of proposed staffing be present at pitch).

We love this question. TeamPlay fueled by Initiative represents the epitome of people over process.

We are not defined by a tagline or a string of corporate jargon. Rather, we are defined by a set of behaviors: we are fast, brave, decisive and simple.



These core values sum up the collective experience of everyone on the Initiative team, from New York to New Delhi, and provide the framework for not just how we operate on our clients' behalf, but how we hire, promote, celebrate, prospect, create internal

announcements, and in general conduct ourselves around the world. It is our code of ethics.

As such, you will find that TeamPlay operates under a set of rules that reinforces the power of the individual. The nature of our people transcends any language or cultural barrier. Although we encourage and celebrate our unique customs in every country, our uniting theme is about people, which makes everyone collaborative, driven, and fun to work with.

Hasbro is about play and togetherness. Hasbro enhances the lives of people. When you put our two companies together, TeamPlay becomes a true embodiment of both cultures, and the shining example of Initiative at its best. It combines our passion, commitment and love of your business with a real sense of partnership. Because we believe that loving what you are doing and liking the people you work with brings a level of teamwork that cannot possibly be matched by those who don't.

Our smartest and most talented people in every country already want to become part of TeamPlay.

But, in addition, we believe you need a strong global core team at the center – to explore, create, dream and inspire you and our global network. So we recommend a global hub team who will be the brain trust of TeamPlay, and who will find, create and share new ideas from market to market. And who will also look for global trends that can enhance efficiencies and transference of great global partnerships and programs.

This global team will meet with you, at minimum once per quarter in person, but will be united via technology and conversation to make Hasbro the global sponsor of play.

10. Driving Innovation



Q.10

We truly believe that innovation in media is a key to our success in reaching our core consumer. Describe some of your agency's most innovative media campaigns in different regions (non-Hasbro) that created a truly “disruptive” experience while also driving sales.

We have selected four case studies from across our global network in which media innovation inspired people, disrupted behavior, and drove sales.



Additional innovative and business-driving case studies can be found at www.initiative.com/playitforward.



Launching a new product in a crowded category.

MARKETING CHALLENGE

Drive awareness and trial of MillerCoors' new beer, Redd's Apple Ale, despite a very crowded marketplace and tremendous competitive clutter.

INSIGHT AND STRATEGY

For the product launch, we discovered that adults ages 21-34 who like to try new things use media as their lifeline to what's buzzworthy. But with so much new information at their disposal, we needed to disrupt their "everyday" with communications that inspired change, embraced the unexpected and created new possibilities.

THE IDEA

We mixed mass channels that boosted awareness with unexpected content plays that the audience would notice and find unconventionally appealing.

The centerpiece of the campaign, and where we started, was not a TV idea. In fact, it was a social/community-driven new technology that we created specifically for the Redd's launch. Introducing, the Apple Launcher. It was an attention-getting, custom-branded, real-world-meets-virtual-world technology that helped propel Redd's Apple Ale to being the fastest-growing beer in the vast MillerCoors stable.

Real world participants could watch people hurl apples in a real bar or play a simulated virtual apple launching game for the chance to win a prize. We also partnered with House Party and activated 1,000 party hosts to throw BBQ bashes that spread WOM buzz of Redd's Apple Ale. All partnerships and events centered on ways to help consumers "branch out of their everyday."

To drive buzz and awareness around Redd's national launch, we focused our mass media presence around major sporting events. We started with...the Super Bowl. Our archrival, Anheuser-Busch InBev, has owned national exclusivity in the Super Bowl for years. We found a way around that. Based on strong support from key local regions, we secured disruptive in-game TV bookend units in the Super Bowl across 47 local markets. This "near-national" Super Bowl presence we created made it appear as if we were a major sponsor without paying to be in the national telecast. We even appeared in some of the online recaps of the Super Bowl advertisers. Local out-of-home, experiential events, cinema, radio and more disruptive digital presence also kicked off at this time, reinforcing buzz around the launch and providing continuity moving into the key beer-selling season.

In complement to our local efforts, we layered on a national "surround the Super Bowl" presence. To capitalize on anticipation of the game, we ran on ESPN TV/radio across NFL and Super Bowl relevant content. We also leveraged key ESPN talent for product endorsements as well as an on-site presence in New Orleans. After the game, Redd's made a splash with a CBS Late Night partnership as the category exclusive sponsor of The Late Late Show with Craig Ferguson. We also placed buzz-driving digital media with YouTube, TayKey and search for additional exposure and social interaction.

10. Driving Innovation

RESULTS



Sales to retailers dramatically
EXCEEDED TARGET



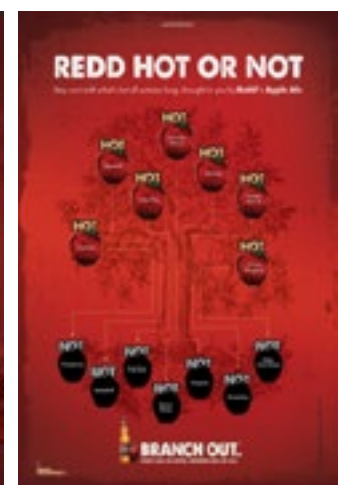
**PRODUCTION
INCREASED**
to fulfill the overwhelming demand



**5TH
FASTEST
GROWING**
beer brand based
on volume after just
a few months



At 7-Eleven
and Harris Teeter,
Redd's 6-pack was
#1 SELLING FMB
(Flavored Malt Beverage)





Kids drive lift in Q4 toy sales.

MARKETING CHALLENGE

Tesco's strategy, "every little helps," makes it a popular and economical choice for all sorts of products. However, when it came to toys, the UK's leading retailer was failing miserably, losing out to dedicated toy shops. With Christmas around the corner, our job was to position Tesco as the authority on toys.

INSIGHT AND STRATEGY

Every Christmas, "mums" scour the Internet and shops for the ultimate gifts for their children. Forget family feuds, drunken uncles or burnt turkeys. Come Christmas Day, the thing that strikes fear into even the most pragmatic of "mums" is giving the wrong toy. If Tesco could be there for its customers, and take away that stress, we knew we could become a trusted toy retailer.

THE IDEA

In a bold media-first for Tesco, we handed the reins to the most ruthless Christmas experts in the world: kids.

Children are master negotiators, ruthless in their demands and brutally honest. We knew they wouldn't hold back. Our media activations would put the kids in charge of Christmas.

We identified the most influential "mum" bloggers in the UK and invited them to bring their children to a casting day to create a "Tesco Toy Team," a panel of 2-8 year old experts who would film reviews of the top 12 toys.

By producing "expert" reviews, Tesco was able to showcase its extensive range of toys and help "mums" make decisions based on the invaluable opinions of those who actually use them – the kids!

To get the videos in front of the right people, and make stars of our mini-critics, we collaborated with Netmums, the UK's most influential social parents' network: feared by politicians, trusted by "mums" and capable of sniffing out a dud deal at 100 paces.

Our entertaining "Toy Team" videos were hosted on a specially-created toy review page within Netmums, seeded out to blogger "mums", hosted within Tesco.com and Tesco's Christmas microsite. We also shared them via Tesco's social media channels, email and SMS databases, and used augmented reality in the stores so parents could get the reviews at the point of sale.

The kids became even bigger stars when their influential blogger parents shared the videos across their own networks, generating hundreds of thousands more conversations.

10. Driving Innovation

RESULTS



Drove YOY sales
UPLIFT OF
20%
across the
TOP 12
TOYS
featured



48%
UPLIFT
in toy sales following
the launch of the
online reviews



Received over
700,000
toy review views in
the first few weeks





A million reasons to believe in Thailand.

MARKETING OBJECTIVE

Lift Thailand's spirits following a depressing situation brought on by the tsunami that wreaked havoc on the country.

INSIGHT AND STRATEGY

Thais needed a beacon of hope following the disaster and Coke's refreshing attitude could inspire optimism during the country's recovery.

THE IDEA

We launched the "A Million Reasons to Believe in Thailand" campaign as an antidote. We created a campaign to demonstrate that the brand is the natural companion to connect people with good times and to connect Thailand with optimism.

To kick-start the campaign, we used outdoor placements to light up a 45-story building that became a Beacon of Hope seen across the entire city of Bangkok. It showcased tales of heroism and stories of personal triumph over tragedy - from flood victims depicted in pictures and video. We invited consumers to submit more stories and send encouraging messages that appeared on the building in real-time. These outdoor ads were created to aspire beyond just being a medium for advertising, but rather serve as monuments to ignite visions of a brighter future and establish a platform where dreams for a better Thailand could be shared.

It was also socially powered with a live integration on Facebook and touch screen at the base of the building. The launch was covered by TV stations and news outlets to attain national reach instantaneously.

To sustain the trend of positivity, we established a partnership with news organizations on the two biggest TV stations, top national cable TV and radio stations to make good news a permanent daily feature on their programs.

We also partnered with the Thai Red Cross to raise funds and worked with Habitat for Humanity in the rebuilding efforts in the worst affected provinces. We used Facebook and Twitter pages to recruit volunteers and announcing activities.

At the end of the campaign period, a "Hall of Happiness" was built. We wrapped the roof of the Digital Gateway mall to resemble an iconic Coke bottle, effectively creating the largest ever Coke on the planet. The Hall of Happiness served to remind Thais of the goodwill generated by the campaign and show the world that Thailand is ready to move forward.

10. Driving Innovation

RESULTS



Collected and shared more than
1 MILLION
“HAPPINESS” messages



Increased Thailand's
**GROSS DOMESTIC
HAPPINESS**
from **66%** to **75%**
(ABAC Poll Research Center)



**GENERATED
\$3.5 MILLION**
worth of “good news” press



Garnered a total of
**137 MILLION
SOCIAL MEDIA
ENGAGEMENTS,**
while influencing **15,000**
volunteers to participate in
the reconstruction efforts



\$2.8 MILLION
Raised for the Thai Red Cross
and Habitat for Humanity



Won Thailand's “**CAMPAIGN
OF THE YEAR**” at the Festival
of Media Asia and **2 GOLD**
Cannes Media Lion awards



AXE



When angels fall in Bogota...

MARKETING CHALLENGE

Leverage the launch of the new variety Axe Excite “The Fallen Angels” to generate engagement and viralization among the target in an unconventional way. Capitalize on the daily space around consumers and create a story or explanation around it.

INSIGHT AND STRATEGY

Bogota! The most important cultural center of Colombia, between modernity and history it's home to over 8 million people from all over the world. And well, if New York is the capital of the world and Paris is the city of light, Bogota should be the home of pot holes.

Actually, people know where the pot holes are and live with them, but... They really don't know what causes them. So, we gave them the answer.

THE IDEA

The Fallen Angels in Bogota: using the pot hole and a help of a stencil graffiti artist, we made each pot hole look as if it were the impact crater of an Axe Fallen Angel. The campaign caught the public's attention.



RESULTS



The Axe Fallen Angel pot holes became

VIRAL

and were shared on Twitter, Facebook, and via mobile



AMASSED
45,000

Facebook followers and
2,000
Twitter followers

Appendix

IPG Mediabrands Agency Assignments by Hasbro Market

NORTH AMERICA

US	Initiative
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Canada	Initiative
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LATIN AMERICA

Mexico	Initiative
--------	------------

Chile	Initiative
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Brazil	Borghi/Lowe*
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Peru	Initiative
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Colombia	Initiative
----------	------------

Other LAT	Initiative
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ASIA PACIFIC

India	Initiative
-------	------------

Singapore	UM
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Malaysia	UM
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Taiwan	UM
--------	----

Hong Kong	UM
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China	UM
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Australia	Initiative
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New Zealand	Initiative
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EUROPE

Belgium	Initiative
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Czechia / Slovakia	Initiative
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France	Initiative
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Germany / Aus / Swtz	Initiative
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Greece	Initiative
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Ireland	Initiative
---------	------------

Italy	Initiative
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Netherlands	Initiative
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Nordic	Initiative
--------	------------

Poland	UM
--------	----

Russia	Initiative
--------	------------

Spain / Portugal	Initiative
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Turkey / MENA	Initiative
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Ukraine	Initiative
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UK	Initiative
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NOTE

Markets based on list provided by Hasbro to total \$235 million global spend.

*Due to local laws, media must be managed through full service agencies in Brazil. We have selected our JIPG sister agency, Borghi/Lowe São Paulo, to join TeamPlay for Hasbro. We have a long history of working with them and share such clients as Unilever and Amazon.



Hasbro

