

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): February 5, 1998

HASBRO, INC.

(Name of Registrant)

RHODE ISLAND

1-6682

05-0155090

(State of
Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

1027 NEWPORT AVE., PAWTUCKET, RHODE ISLAND

02861

(Address of Principal Executive Offices)

(Zip Code)

(401) 431-8697

(Registrant's Telephone Number)

Item 5. Other Events

The February 5, 1998 Press Release of the Registrant attached hereto as EXHIBIT 99 is incorporated herein by reference.

Item 7(c) Exhibits

99 Press Release, dated February 5, 1998, of Hasbro, Inc.

SIGNATURES

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

HASBRO, INC.

(Registrant)

Date: February 5, 1998

By: /s/ John T. O'Neill

John T. O'Neill

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

HASBRO, INC.
Current Report on Form 8-K
Dated February 5, 1998

Exhibit Index

Exhibit
No.

Exhibits

- - - - -

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99 Press Release dated February 5, 1998

For Immediate Release
February 5, 1998

Contact: John T. O'Neill
401-727-5600
Renita E. O'Connell
401-727-5401

HASBRO REPORTS 15% INCREASE IN 1997 EARNINGS PER SHARE

COMPANY ACHIEVES RECORD RESULTS BEFORE RESTRUCTURING CHARGES

Pawtucket, RI (February 5, 1998) -- Hasbro, Inc. (HAS:ASE) today reported record fourth quarter and full-year revenues and earnings for 1997, prior to taking \$140.0 million of one-time, pre-tax charges (\$92.4 million after-tax) related to the previously announced Global Integration and Profit Enhancement Program. Net earnings increased 14% to \$227.4 million and earnings per share increased 15% to \$1.77, excluding the one-time charges. The \$140.0 million of charges relate to continued consolidation of manufacturing operations, streamlining of marketing and sales, and the further leveraging of overheads, and are shown on the Restructuring Charge line (\$125.0 million) and included in Cost of Sales (\$15.0 million).

"I am pleased to report that 1997 was a record year for Hasbro," said Alan G. Hassenfeld, Chairman and Chief Executive Officer, "as we achieved our best-ever fourth quarter and full-year revenues, earnings and earnings per share excluding the one-time charges. We are pleased to deliver a second year of 15% growth in earnings per share for our shareholders, consistent with our long-term target."

The Company is providing Basic and Diluted earnings per share in compliance with Statement of Financial Accounting Standards No. 128, Earnings per Share, and has restated all prior period amounts.

For the full year, net revenues in local currencies increased 9%, partly offset by the \$91 million, or 3%, adverse impact of the stronger U.S. dollar. Reported revenues were \$3.2 billion, up 6% from \$3.0 billion in 1996. Excluding the one-time charges, net earnings for the year increased 14% to \$227.4 million from \$199.9 million in 1996. Basic and diluted earnings per share each rose 15% from 1996, increasing to \$1.77 from \$1.54 and to \$1.69 from \$1.47, respectively. After the one-time charges, 1997 net earnings were \$135.0 million, and basic and diluted earnings per share were \$1.05 and \$1.02, respectively.

In the fourth quarter, net revenues in local currencies increased 6%, partly offset by the \$45 million, or 4%, adverse impact of the continued strength of the U.S. dollar, resulting in reported net revenues of \$1.1 billion. Excluding the one-time charges, net earnings for the fourth quarter increased 12% to \$111.3 million from \$99.1 million reported a year ago. Basic earnings per share increased 10% to \$0.85 from \$0.77 in 1996, while diluted earnings per share increased 14% to \$0.82 from \$0.72. After the one-time charges, fourth quarter 1997 net earnings were \$18.9 million, and basic and diluted earnings per share each were \$0.14.

"Our revenue growth throughout 1997 was primarily driven by our United States operations, including our growing CD-ROM business, where sales more than doubled over 1996," said Mr. Hassenfeld. "Other contributors were products associated with our three major entertainment properties, Star Wars(R), Jurassic Park(TM) and Batman(TM) as well as the recently acquired OddzOn toy and interactive candy items. Internationally, growth continued to be led by Canada, Mexico and Latin America but was moderated by the effects of the stronger U.S. dollar, particularly on our European operations."

"Our earnings growth for the fourth quarter and the year, prior to the one-time charges, followed the revenue pattern and was largely attributable to North American operations," continued Hassenfeld. "We also added value for our shareholders by investing \$135 million during 1997 to buy back 4.8 million shares. In December, our Board of Directors authorized a \$500 million stock buyback program. We expect to utilize this authorization over the next two to three years."

"As we enter 1998, we will further leverage our costs and continue to invest in our stock and our future," added Hassenfeld. "Our library of brands is unmatched. We look forward to the debut of Teletubbies on PBS in April, and the summer movie release of DreamWorks' 'Small Soldiers'. Also, this year we will introduce more than 100 new Star Wars items that will help set the stage for 1999, when the much-anticipated first Star Wars prequel will debut. Hasbro is on track and stronger than ever."

HASBRO, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(Thousands of Dollars and Shares Except Per Share Data)

| | Quarter Ended | | Year Ended | |
|---|------------------|------------------|------------------|------------------|
| | Dec. 28, 1997 | Dec. 29, 1996 | Dec. 28, 1997 | Dec. 29, 1996 |
| Net Revenues | \$1,133,356 | \$1,106,928 | \$3,188,559 | \$3,002,370 |
| Cost of Sales | 467,743 | 484,669 | 1,359,058 | 1,328,897 |
| Gross Profit | 665,613 | 622,259 | 1,829,501 | 1,673,473 |
| Amortization | 20,800 | 10,319 | 53,767 | 40,064 |
| Royalties, Research and Development | 132,573 | 114,787 | 386,912 | 319,494 |
| Advertising | 157,156 | 165,110 | 411,574 | 418,003 |
| Selling, Distribution and Administration | 183,855 | 166,430 | 617,140 | 563,645 |
| Restructuring Charge | 125,000 | - | 125,000 | - |
| Operating Profit | 46,229 | 165,613 | 235,108 | 332,267 |
| Interest Expense | 8,366 | 11,787 | 27,486 | 31,465 |
| Other (Income) Expense, Net | 9,209 | 119 | 3,097 | (6,091) |
| Earnings Before Income Taxes | 28,654 | 153,707 | 204,525 | 306,893 |
| Income Taxes | 9,743 | 54,615 | 69,539 | 106,981 |
| Net Earnings | \$ 18,911 | 99,092 | \$ 134,986 | 199,912 |
| Per Common Share | | | | |
| Net Earnings | | | | |
| Basic | \$.14 | \$.77 | \$ 1.05 | \$ 1.54 |
| Diluted | \$.14 | \$.72 | \$ 1.02 | \$ 1.47 |
| Cash Dividends Declared | \$.08 | \$.07 | \$.32 | \$.27 |
| Weighted Average Number of Shares | | | | |
| Basic | 131,537 | 129,205 | 128,726 | 130,041 |
| Diluted | 136,857 | 139,221 | 137,569 | 139,522 |

HASBRO, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Thousands of Dollars)

| | Dec. 28, 1997 | Dec. 29, 1996 |
|--------------------------------|------------------|------------------|
| Assets | | |
| Cash and Temporary Investments | \$ 361,785 | \$ 218,971 |
| Accounts Receivable, Net | 783,008 | 807,149 |
| Inventories | 242,702 | 273,247 |
| Other | 186,379 | 187,222 |
| Total Current Assets | 1,573,874 | 1,486,589 |

| | | |
|------------------------------------|-------------|-------------|
| Property, Plant and Equipment, Net | 280,603 | 313,545 |
| Other Assets | 1,045,240 | 901,375 |
| | ----- | ----- |
| Total Assets | \$2,899,717 | \$2,701,509 |
| | ===== | ===== |

Liabilities and Shareholders' Equity

| | | |
|--|-------------|-------------|
| Short-term Borrowings | \$ 122,024 | \$ 120,736 |
| Payables and Accrued Liabilities | 881,522 | 710,082 |
| | ----- | ----- |
| Total Current Liabilities | 1,003,546 | 830,818 |
| Long-term Debt | - | 149,382 |
| Deferred Liabilities | 58,054 | 69,263 |
| | ----- | ----- |
| Total Liabilities | 1,061,600 | 1,049,463 |
| Total Shareholders' Equity | 1,838,117 | 1,652,046 |
| | ----- | ----- |
| Total Liabilities and Shareholders' Equity | \$2,899,717 | \$2,701,509 |
| | ===== | ===== |