

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): July 25, 2001

HASBRO, INC.

(Name of Registrant)

| | | |
|--|--|---|
| RHODE ISLAND ----- (State of Incorporation) | 1-6682 ----- (Commission File Number) | 05-0155090 ----- (IRS Employer Identification No.) |
|--|--|---|

| | |
|---|------------------------------|
| 1027 NEWPORT AVE., PAWTUCKET, RHODE ISLAND ----- (Address of Principal Executive Offices) | 02861 ----- (Zip Code) |
|---|------------------------------|

(401) 431-8697

(Registrant's Telephone Number)

Item 5. Other Events and Regulation FD Disclosure

The Registrant issued a press release on July 23, 2001, reporting its results for the second quarter. After it issued the release, the Registrant determined that it had paid approximately \$17.6 million of accounts payable before July 1, 2001 that was not reflected in the consolidated condensed balance sheet that accompanied the press release. As a result, each of the "Cash and Cash Equivalents" and "Payables and Accrued Liabilities" line items, as they appeared in the balance sheet attached to the July 23, 2001 press release, were overstated by \$17.6 million. These items have now been reclassified. This reclassification does not affect the operating results or working capital balances of the Registrant for the quarter ended July 1, 2001.

Attached hereto as Exhibit 99.1 and incorporated herein by reference is the text of the press release, as it was issued on July 23, 2001, and the accompanying financial statements, which have been corrected as described above. For purposes of the press release, a definition of EBITDA is provided in Exhibit 99.2 and incorporated herein by reference.

The discussion included in the attached press release contains forward-looking statements based on the current expectations of the Registrant's management. Such statements are subject to risks and uncertainties that could cause actual results to differ from those projected. See "Factors Affecting Future Results and Definition of EBITDA" attached hereto as Exhibit 99.2 and incorporated herein by reference. Readers are cautioned not to place undue reliance on such forward-looking statements.

Item 7(c). Exhibits

99.1 Press Release, dated July 23, 2001, of Hasbro, Inc.

99.2 Factors Affecting Future Results and Definition of EBITDA

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.

HASBRO, INC.

(Registrant)

Date: July 25, 2001

By: /s/ David D. R. Hargreaves

David D. R. Hargreaves
Senior Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

HASBRO, INC.
Current Report on Form 8-K
Dated July 25, 2001

Exhibit Index

| Exhibit No. ----- | Exhibits ----- |
|-------------------------|---|
| 99.1 | Press Release, dated July 23, 2001, of Hasbro, Inc. |
| 99.2 | Factors Affecting Future Results and Definition of EBITDA |

For Immediate Release

Contact:

July 23, 2001

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HASBRO REPORTS SECOND QUARTER RESULTS

OUTLOOK FOR FULL-YEAR ON TRACK TO RETURN TO PROFITABILITY

Pawtucket, RI (July 23, 2001) - Hasbro, Inc. (NYSE:HAS) today reported second quarter results. Worldwide net revenues were \$511.0 million compared to \$778.4 million a year ago. The net loss for the quarter was \$18.3 million, compared to earnings of \$6.5 million in 2000, and the diluted loss per share was \$0.11, compared to earnings of \$0.04 in 2000. The Company also reported second quarter Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$51.3 million, compared to \$95.2 million in the second quarter of 2000.

For the first half, worldwide net revenues were \$974.3 million compared to \$1.55 billion a year ago. Net loss and diluted loss per share in the first half were \$43.4 million and \$0.25, respectively, compared to earnings of \$21.6 million and \$0.12 last year. First-half EBITDA was \$85.8 million compared to \$190.6 million last year.

"These results are in line with our expectations and we continue to believe we are on track to deliver on our profitability goal for this year. As we have stated previously, we knew that comparisons to the first half of 2000 would be very difficult. The decline in revenue for the quarter and year to date can be attributed to POKEMON, FURBY and the sale of Hasbro Interactive," said Alan G. Hassenfeld, Chairman and Chief Executive Officer.

"As we enter the second half, we have a strong portfolio of diversified products, with a great mix of Hasbro owned core brands and licenses. We are excited about our kid directed line in G.I. JOE - - DOUBLE DUTY; several new products from TONKA including DUSTY MY TALKING TOOL BENCH; B.I.O. BUGS from Wow Wee; MAGIC SCREEN LEARNING DESK from Playskool; TRANSFORMERS; several new games including WHEELS ON THE BUS and from Wizards of the Coast, MAGIC: THE GATHERING and HARRY POTTER trading card games. We are also pleased with both JURASSIC PARK III and BOB THE BUILDER which have had strong initial sales and we look forward to MONSTERS, INC, the first movie in which we will have a full product line as part of our new Disney alliance," Hassenfeld concluded.

- more -

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The U.S. Toy segment increased revenue marginally for the quarter and achieved break-even on a pre-tax basis, compared to a substantial loss last year. The Games segment continued to be profitable, although revenue and pre-tax earnings declined due to POKEMON trading card games and the sale of Hasbro Interactive. International segment revenue declined year over year, primarily due to POKEMON and FURBY. This decline in International segment revenue resulted in a greater pre-tax loss for the International segment in the second quarter than last year.

"We've accomplished a lot in the first half. The results demonstrate that our focus on reducing expenses is working, with substantial reductions in all operating expense categories," said Alfred J. Verrecchia, President and Chief Operating Officer.

"These cost savings were primarily attributable to our ongoing cost reduction program and the sale of Hasbro Interactive and Games.com. In addition, we maintained our focus on managing the balance sheet as we continued to reduce inventory levels and short-term debt. In fact, short-term debt declined \$188.4 million from a year ago. We are on track and management is focussed on our most important objective of returning as quickly as possible to the profitability levels we have had historically," Verrecchia concluded.

The company will webcast its second quarter earnings conference call at 9:00 a.m. Eastern time today. Investors and the media are invited to listen at <http://www.hasbro.com> (select "Investors & Media" from the home page, then click on the webcast icon).

Hasbro is a worldwide leader in children's and family leisure time entertainment products and services, including the design, manufacture and marketing of games and toys ranging from traditional to high-tech. Both internationally and in the U.S., its PLAYSKOOL, TONKA, MILTON BRADLEY, PARKER BROTHERS, TIGER, and WIZARDS OF THE COAST brands and products provide the highest quality and most recognizable play experiences in the world.

(Tables Attached)

HASBRO, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands of Dollars and Shares Except Per Share Data)

| | Quarter Ended | | Six Months Ended | |
|--|-----------------|-----------------|------------------|-----------------|
| | July 1, 2001 | July 2, 2000 | July 1, 2001 | July 2, 2000 |
| Net Revenues | \$ 510,971 | 778,373 | \$ 974,257 | 1,551,854 |
| Cost of Sales | 204,008 | 298,043 | 393,813 | 598,344 |
| Gross Profit | 306,963 | 480,330 | 580,444 | 953,510 |
| Amortization | 28,862 | 31,928 | 58,283 | 64,784 |
| Royalties, Research and Development | 69,868 | 135,150 | 126,603 | 261,189 |
| Advertising | 51,065 | 77,732 | 98,678 | 147,091 |
| Selling, Distribution and Administration | 157,209 | 198,974 | 311,028 | 403,710 |
| Operating Profit (Loss) | (41) | 36,546 | (14,148) | 76,736 |
| Interest Expense | 25,321 | 28,198 | 51,211 | 49,641 |
| Other (Income) Expense, Net | 1,595 | (1,073) | (3,170) | (4,249) |
| Earnings (Loss) Before Income Taxes and Cumulative Effect of Accounting Change | (26,957) | 9,421 | (62,189) | 31,344 |
| Income Taxes | (8,626) | 2,921 | (19,900) | 9,717 |
| Earnings (Loss) before Cumulative Effect of Accounting Change | (18,331) | 6,500 | (42,289) | 21,627 |
| Cumulative Effect of Accounting Change | - | - | (1,066) | - |
| Net Earnings (Loss) | \$ (18,331) | \$ 6,500 | \$ (43,355) | \$ 21,627 |
| Per Common Share | | | | |
| Earnings (Loss) before Cumulative Effect of Accounting Change | | | | |
| Basic and Diluted | \$ (.11) | \$.04 | \$ (.25) | \$.12 |
| Net Earnings (Loss) per Share | | | | |
| Basic and Diluted | \$ (.11) | \$.04 | \$ (.25) | \$.12 |
| Cash Dividends Declared | \$.03 | \$.06 | \$.06 | \$.12 |
| Weighted Average Number of shares | | | | |
| Basic | 172,023 | 171,621 | 171,978 | 180,925 |
| Diluted | 172,023 | 172,739 | 171,978 | 181,872 |

HASBRO, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Thousands of Dollars)

| | July 1, 2001 | July 2, 2000 |
|--|-----------------|-----------------|
| | ----- | ----- |
| Assets | | |
| Cash and Cash Equivalents | \$ 56,819 | \$ 188,545 |
| Accounts Receivable, Net | 399,402 | 573,869 |
| Inventories | 336,638 | 508,160 |
| Other Current Assets | 385,422 | 456,279 |
| | ----- | ----- |
| Total Current Assets | 1,178,281 | 1,726,853 |
| Property, Plant and Equipment, Net | 268,054 | 320,176 |
| Other Assets | 1,887,454 | 1,968,187 |
| | ----- | ----- |
| Total Assets | \$3,333,789 | \$4,015,216 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| Short-term Borrowings | \$ 174,982 | \$ 363,375 |
| Payables and Accrued Liabilities | 616,841 | 881,204 |
| | ----- | ----- |
| Total Current Liabilities | 791,823 | 1,244,579 |
| Long-term Debt | 1,167,035 | 1,168,959 |
| Deferred Liabilities | 117,000 | 99,857 |
| | ----- | ----- |
| Total Liabilities | 2,075,858 | 2,513,395 |
| Total Shareholders' Equity | 1,257,931 | 1,501,821 |
| | ----- | ----- |
| Total Liabilities and Shareholders' Equity | \$3,333,789 | \$4,015,216 |
| | ===== | ===== |

Factors Affecting Future Results and Definition of EBITDA

Certain statements contained in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate", "believe", "could", "expect", "intend", "look forward", "may", "planned", "potential", "should", "will" and "would". Such forward-looking statements are inherently subject to known and unknown risks and uncertainties. The Company's actual actions or results may differ materially from those expected or anticipated in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to, the Company's ability to manufacture, source and ship new and continuing products on a timely basis and the acceptance of those products by customers and consumers at prices that will be sufficient to profitably recover development, manufacturing, marketing, royalty and other costs of products; economic conditions, including higher fuel prices, currency fluctuations and government regulation and other actions in the various markets in which the Company operates throughout the world; the inventory policies of retailers, including the concentration of the Company's revenues in the second half and fourth quarter of the year, together with increased reliance by retailers on quick response inventory management techniques, which increases the risk of underproduction of popular items, overproduction of less popular items and failure to achieve tight and compressed shipping schedules; the impact of competition on revenues, margins and other aspects of the Company's business, including the ability to secure, maintain and renew popular licenses and the ability to attract and retain talented employees in a competitive environment; market conditions, third party actions or approvals and the impact of competition that could delay or increase the cost of implementation of the Company's consolidation programs or alter the Company's actions and reduce actual results, and the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization. The Company undertakes no obligation to make any revisions to the forward-looking statements contained in this release or to update them to reflect events or circumstances occurring after the date of this release.

EBITDA (earnings before interest, taxes, depreciation and amortization) represents operating profit plus depreciation and all amortization. EBITDA is not adjusted for all noncash expenses or for working capital, capital expenditures or other investment requirements and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. Thus, EBITDA should not be considered in isolation or as a substitute for net earnings or cash provided by operating activities, each prepared in accordance with generally accepted accounting principles, when measuring Hasbro's profitability or liquidity as more fully discussed in the Company's financial statements and securities filings.