

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 21, 2003  
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HASBRO, INC.  
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(Exact name of registrant as specified in its charter)

RHODE ISLAND  
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(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)

02862  
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(Zip Code)

(401) 431-8697  
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(Registrant's telephone number, including area code)

Item 5. Other Events and Regulation FD Disclosure.

The July 21, 2003 Press Release of the Company attached hereto as EXHIBIT 99 is incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99 Press Release, dated July 21, 2003, of Hasbro, Inc.

Item 12. Results of Operations and Financial Condition.

On July 21, 2003, we announced our financial results for the fiscal quarter ended June 29, 2003, and certain other information. The press release, which has been attached as Exhibit 99, discloses a financial measure, Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"), that is considered a non-GAAP financial measure as defined under SEC rules. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles. In order to fully assess our financial operating results, management believes that EBITDA is an appropriate measure of evaluating our operating performance, because it reflects the resources available for strategic opportunities including, among others, to invest in the business, strengthen the balance sheet and make strategic acquisitions. However, this measure should be considered in addition to, and not as a substitute for, or superior to, net income or other measures of financial performance prepared in accordance with generally accepted accounting

principles as more fully discussed in our financial statements and filings with the SEC. The EBITDA measures included in our press release have been reconciled to the nearest GAAP measures as is now required under new SEC rules regarding the use of non-GAAP financial measures.

As used herein, "GAAP" refers to accounting principles generally accepted in the United States

#### 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.  
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(Registrant)

Date: July 21, 2003

By: /s/ David D. R. Hargreaves  
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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 21, 2003

#### Exhibit Index

Exhibit  
No.  
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Exhibits  
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99                    Press Release, dated July 21, 2003, of Hasbro, Inc.

For Immediate Release  
July 21, 2003

Contact: Karen A. Warren (Investor Relations)  
401-727-5401  
Wayne S. Charness (News Media)  
401-727-5983

## HASBRO REPORTS STRONG SECOND QUARTER RESULTS

### Highlights:

- - Net revenues up 7%, to \$581.5 million compared to \$546.0 million a year ago
- - Net earnings of \$11.4 million or \$0.06 per diluted share, versus a net loss of \$25.9 million, or (\$.15) per diluted share in 2002
- - International segment net revenues up 3% in local currency and 17% in U.S. dollars
- - U. S. Toys segment net revenues up 4%, despite tough Star Wars comparisons
- - Continued strong performances by core brands such as TRANSFORMERS and TRIVIAL PURSUIT and new, innovative products such as BEYBLADE and FURREAL FRIENDS

Pawtucket, RI (July 21, 2003) - Hasbro, Inc. (NYSE: HAS) today reported strong second quarter results. Worldwide net revenues were \$581.5 million, up 7% from \$546.0 million a year ago. The net income for the quarter was \$11.4 million, compared to a loss of \$25.9 million last year, and the net income per diluted share was \$0.06, compared to a loss of (\$.15) per diluted share in 2002. The 2002 results include a net, after-tax charge of \$21.0 million, or \$0.12 per diluted share, related to a decline in the value of the Company's investment in Infogrames Entertainment SA, as partially offset by interest income on a tax settlement from the Internal Revenue Service. The Company reported second quarter Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$66.8 million for the quarter, compared to \$29.4 million in 2002. The attached schedules provide a reconciliation of EBITDA to net income for the second quarter and year to date.

For the first half, worldwide net revenues were \$1.043 billion, compared to \$998.3 million a year ago. Net income for the first half was \$12.6 million or \$0.07 per diluted share, compared to a loss of \$42.9 million or (\$.25) per diluted share a year ago before the effect of an accounting change. First half EBITDA was \$114.2 million, compared to \$64.3 million last year.

"I am pleased with our second quarter performance and our progress for the first half of the year," said Alfred J. Verrecchia, Hasbro's President and Chief Executive Officer. "We had good growth in many of our core brands, as well as in new products such as BEYBLADE and FURREAL FRIENDS. All of this increases my confidence in our ability to deliver on our plan for the year."

"Our innovation is paying off as we create and enter new categories and segments in both toys and games, and reinvent existing brands. With new products running the gamut from BEYBLADE to the latest in TRANSFORMERS and VIDEO NOW -- a personal, disc based video player, we are successfully gaining shelf space and growing the top line," Verrecchia concluded.

Revenues in the U.S. Toys segment increased in the quarter to \$208.4 million, compared to \$199.6 million a year ago. The segment reported operating profit of \$12.9 million compared to \$14.6 million last year. The expected revenue decline due to STAR WARS was offset by strength in BEYBLADE and sales of certain core product lines including TRANSFORMERS and PLAYSKOOL, as well as continuing strong sales of FURREAL FRIENDS.

Revenues in the Games segment were \$148.6 million for the quarter, compared to \$152.0 million a year ago. Board game revenues remained strong, led by TRIVIAL PURSUIT 20TH ANNIVERSARY EDITION. Non-licensed trading card games were up, but licensed trading card games including POKEMON were down. The Games segment reported improved operating profit of \$25.4 million compared to \$22.4 million last year.

International segment revenues were \$203.8 million for the quarter, compared to \$174.3 million a year ago. This increase of 17% includes the positive impact of foreign exchange of \$23.6 million. Absent this impact, revenues increased 3% to \$180.3 million. The segment experienced strength in

BEYBLADE and sales of certain core product lines including MAGIC: THE GATHERING trading card games, TRANSFORMERS and PLAYSKOOL. The International segment operating loss declined to \$4.8 million compared to a loss of \$17.3 million a year ago.

"We are pleased with the financial progress we have made this year and we remain on target with our cost cutting and debt reduction initiatives," said David Hargreaves, Hasbro's Chief Financial Officer.

"Our second quarter revenue growth of 7% was a significant achievement given the difficult year-over-year comparison associated with the decline in revenues from major entertainment properties. In fact, the growth in our core brands and new products more than offset the anticipated -- and realized -- reduction in Star Wars revenue."

"Looking forward, because of the challenging economic and retail environments and with approximately two-thirds of our business yet to ship, we have not significantly changed our expectations for the year," Hargreaves concluded.

The Company will webcast its second quarter earnings conference call at 9:00 a.m. Eastern Standard Time today. Investors and the media are invited to listen at <http://www.hasbro.com> (select "Corporate Info" from the home page, click on "Investor Information," and then click on the webcast microphone).

Hasbro is a worldwide leader in children's and family leisure time and 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, SUPER SOAKER, 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.

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 and public health conditions, including factors which impact the retail market or the Company's ability to manufacture and deliver products, higher fuel and commodity prices, higher transportation costs, currency fluctuations and government regulation and other conditions 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; work stoppages, slowdowns or strikes, which may impact the Company's ability to manufacture or deliver product; the bankruptcy or other lack of success of one of the Company's significant retailers which could negatively impact the Company's revenues or bad debt exposure; 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; the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization; and other risks and uncertainties as may be detailed from time to time in the Company's public announcements and SEC filings. 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.

This presentation includes a non-GAAP financial measure as defined under SEC rules, specifically EBITDA. As required by SEC rules, we have provided a reconciliation on the attached schedule of this measure to the most directly comparable GAAP measure. EBITDA (earnings before interest, taxes, depreciation and amortization) represents net income (loss) before cumulative effect of accounting change, excluding, interest expense, income taxes, depreciation and amortization. In order to fully assess the Company's financial operating

results, management believes that EBITDA is an appropriate measure of evaluating the operating performance of the Company because it reflects the resources available for strategic opportunities including, among others, to invest in the business, strengthen the balance sheet, and make strategic acquisitions. However, this measure should be considered in addition to, not as a substitute for, or superior to, net income or other measures of financial performance prepared in accordance with generally accepted accounting principles as more fully discussed in the Company's financial statements and filings with the Securities and Exchange Commission. As used herein, "GAAP" refers to accounting principles generally accepted in the United States. This presentation also includes the Company's International segment net revenues excluding the impact of changes in exchange rates. Management believes that the presentation of International segment net revenues minus the impact of exchange rate changes provides information that is helpful to an investor's understanding of the segment's underlying business performance absent exchange rate fluctuations which are beyond the Company's control.

# # #  
(Tables Attached)

HASBRO, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands of Dollars and Shares Except Per Share Data)

	Quarter Ended		Six Months Ended	
	June 29, 2003	June 30, 2002	June 29, 2003	June 30, 2002
Net Revenues	\$ 581,469	545,990	\$1,043,237	998,257
Cost of Sales	230,807	196,165	403,044	362,579
Gross Profit	350,662	349,825	640,193	635,678
Amortization	18,410	22,766	34,588	44,215
Royalties	52,650	65,712	86,740	117,168
Research and Product Development	33,105	36,770	63,605	69,983
Advertising	67,686	58,507	120,864	105,396
Selling, Distribution and Administration	150,420	152,069	290,319	291,260
Operating Profit	28,391	14,001	44,347	7,656
Interest Expense	11,974	18,317	26,996	37,859
Other (Income) Expense, Net	777	30,667	82	27,832
Earnings (Loss) Before Income Taxes and Cumulative Effect of Accounting Change, Net of Tax	15,640	(34,983)	17,269	(58,035)
Income Taxes	4,223	(9,095)	4,663	(15,089)
Earnings (Loss) before Cumulative Effect of Accounting Change	11,417	(25,888)	12,606	(42,946)
Cumulative Effect of Accounting Change, Net of Tax	-	-	-	(245,732)
Net Earnings (Loss)	\$ 11,417	\$(25,888)	\$ 12,606	\$ (288,678)
Per Common Share				
Earnings (Loss) before Cumulative Effect of Accounting Change				
Basic	\$ 0.07	\$ (0.15)	\$ 0.07	\$ (0.25)
Diluted	\$ 0.06	\$ (0.15)	\$ 0.07	\$ (0.25)
Cumulative Effect of Accounting Change, Net of Tax				
Basic and Diluted	\$ -	\$ -	\$ -	\$ (1.42)

Net Earnings (Loss)				
Basic	\$ 0.07	\$ (0.15)	\$ 0.07	\$ (1.67)
	=====	=====	=====	=====
Diluted	\$ 0.06	\$ (0.15)	\$ 0.07	\$ (1.67)
	=====	=====	=====	=====
Cash Dividends Declared	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.06
	=====	=====	=====	=====
Weighted Average Number of Shares				
Basic	173,327	172,723	173,122	172,659
	=====	=====	=====	=====
Diluted	180,895	172,723	179,792	172,659
	=====	=====	=====	=====

HASBRO, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Thousands of Dollars)

	June 29, 2003	June 30, 2002
	-----	-----
Assets		
Cash and Cash Equivalents	\$ 172,577	\$ 57,057
Accounts Receivable, Net	485,108	479,443
Inventories	273,803	279,873
Other Current Assets	234,917	290,919
	-----	-----
Total Current Assets	1,166,405	1,107,292
Property, Plant and Equipment, Net	211,960	228,588
Other Assets	1,525,862	1,548,897
	-----	-----
Total Assets	\$2,904,227	\$2,884,777
	=====	=====
Liabilities and Shareholders' Equity		
Short-term Borrowings	\$ 16,815	\$ 17,066
Current Installments of Long-Term Debt	1,201	277,928
Payables and Accrued Liabilities	577,775	553,208
	-----	-----
Total Current Liabilities	595,791	848,202
Long-term Debt	861,280	846,361
Deferred Liabilities	137,294	98,185
	-----	-----
Total Liabilities	1,594,365	1,792,748
Total Shareholders' Equity	1,309,862	1,092,029
	-----	-----
Total Liabilities and Shareholders' Equity	\$2,904,227	\$2,884,777
	=====	=====

HASBRO, INC.

SUPPLEMENTAL FINANCIAL DATA

	Quarter Ended			Six Months Ended		
	June 29, 2003	June 30, 2002	%	June 29, 2003	June 30, 2002	%
	-----	-----	-----	-----	-----	-----
(Thousands of Dollars)						
U.S. Toys						
External Revenues	\$ 208,419	199,635	4%	\$ 361,863	400,495	(10)%
Operating Profit	12,946	14,556	(11)%	18,272	40,796	(55)%
Games						
External Revenues	148,613	152,039	(2)%	260,823	244,888	7%
Operating Profit	25,363	22,444	13%	43,372	19,943	117%

International

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External Revenues	203,849	174,260	17%	379,232	310,405	22%
Operating Profit	(4,793)	(17,298)	72%	(10,768)	(46,388)	77%

RECONCILIATION OF EBITDA

Net Earnings(Loss)	\$ 11,417	\$(25,888)		\$ 12,606	(288,678)
Cumulative Effect of Accounting Change, Net of Tax	-	-		-	(245,732)
	-----	-----		-----	-----
Earnings (Loss) before Cumulative Effect of Accounting Change	11,417	(25,888)		12,606	(42,946)
Interest Expense	11,974	18,317		26,996	37,859
Income Taxes	4,223	(9,095)		4,663	(15,089)
Depreciation	20,797	23,308		35,366	40,258
Amortization	18,410	22,766		34,588	44,215
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EBITDA	\$ 66,821	\$29,408		\$ 114,219	\$64,297
	=====	=====		=====	=====