

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): October 20, 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  
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(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 October 20, 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 October 20, 2003, of Hasbro, Inc.

Item 12. Results of Operations and Financial Condition.

On October 20, 2003, we announced our financial results for the fiscal quarter ended September 28, 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. Management believes that EBITDA is one of the appropriate measures for 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 earnings 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 required under 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: October 20, 2003

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 October 20, 2003

#### Exhibit Index

Exhibit  
No.  
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Exhibits  
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99                    Press Release, dated October 20, 2003, of Hasbro, Inc.

For Immediate Release  
October 20, 2003

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

## HASBRO DELIVERS STRONG THIRD QUARTER RESULTS

### Highlights:

- Net revenues up 18%, to \$971.1 million compared to \$820.5 million a year ago
- Earnings before a cumulative effect of accounting change of \$85.8 million or \$0.48 per diluted share compared to net earnings of \$55.8 million, or \$0.32 per diluted share in 2002
- International segment net revenues up 13% in local currency and 22% in U.S. dollars
- U. S. Toys segment net revenues up 23%
- Continued strong performances from core brands such as TRANSFORMERS, PLAYSKOOL and TRIVIAL PURSUIT, plus innovative products such as BEYBLADE, FURREAL FRIENDS and VIDEONOW

Pawtucket, RI (October 20, 2003) - Hasbro, Inc. (NYSE: HAS) today reported strong third quarter results. Worldwide net revenues were \$971.1 million, up 18% from \$820.5 million a year ago. Earnings for the quarter, before cumulative effect of accounting change, were \$85.8 million, compared to net earnings of \$55.8 million last year. Third quarter earnings, before cumulative effect of accounting change, were \$0.48 per diluted share, an increase of 50%, compared to net earnings of \$0.32 per diluted share in 2002. Including the effect of accounting change the Company recorded net earnings of \$68.5 million or \$0.38 per diluted share. The Company reported third quarter Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$170.3 million for the quarter, compared to \$142.7 million in 2002. The attached schedules provide a reconciliation of EBITDA to net earnings for the third quarter and year to date.

"I am very pleased that our strategy of focusing on Hasbro's core brands and product innovation continues to deliver strong results," said Alfred J. Verrecchia, President and Chief Executive Officer. "Our third quarter performance and progress year to date reflects growth in many of our core brands, such as TRANSFORMERS, PLAYSKOOL and TRIVIAL PURSUIT, as well as innovative products such as BEYBLADE, FURREAL FRIENDS and VIDEONOW, leading to substantial gains in shelf space."

For the nine months, worldwide net revenues were \$2.0 billion, compared to \$1.8 billion a year ago. Earnings before the cumulative effect of accounting change for the nine months, were \$98.4 million or \$0.55 per diluted share, compared to earnings of \$12.9 million or \$0.07 per diluted share a year ago before the effect of the accounting change related to the adoption of FASB Statement No. 142 "Goodwill and Other Intangibles". Including the impact of accounting changes in both years, the Company recorded net earnings of \$81.1 million, compared to a net loss of \$232.8 million for the year-ago nine-month period. For the nine months EBITDA was \$284.5 million, compared to \$207.0 million last year.

Effective as of the beginning of the third quarter 2003, Hasbro adopted FASB Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." As a result of adopting this statement, Hasbro recorded a one-time non-cash charge from the cumulative effect of this accounting change totaling \$17.4 million, or \$0.10 per diluted share, in the consolidated statement of operations for the quarter related to certain instruments that were previously classified as equity that are now required to be recorded as a liability at fair value.

Revenues in the U.S. Toys segment increased in the quarter to \$377.3 million, up 23% compared to \$307.2 million a year ago. The segment reported improved operating profit of \$45.8 million compared to \$25.5 million last year. The segment experienced strength in many brands, including BEYBLADE, TRANSFORMERS, PLAYSKOOL and VIDEONOW, as well as continuing strong sales of FURREAL FRIENDS, including GO GO MY WALKIN' PUP.

Revenues in the Games segment were \$250.2 million for the quarter, up 11% compared to \$225.9 million a year ago. The segment experienced strength in many brands and products, including MONOPOLY, TRIVIAL PURSUIT 20TH ANNIVERSARY EDITION, BULLS-EYE BALL and MAGIC: THE GATHERING trading card games. The

Games segment reported improved operating profit of \$58.3 million compared to \$48.4 million last year.

International segment revenues were \$328.1 million for the quarter, up 22% compared to \$268.5 million a year ago. This increase includes the positive impact of foreign exchange of approximately \$26 million. Absent this impact, revenues increased 13% to \$302.3 million. The segment experienced strength in BEYBLADE, MAGIC: THE GATHERING trading card games, TRANSFORMERS and PLAYSKOOL. The International segment reported significant improvement in operating profit, increasing to \$38.5 million compared to \$9.9 million a year ago.

"We are pleased that all major segments are performing well, with International delivering the anticipated improvement associated with revenue growth and cost reductions," said David Hargreaves, Chief Financial Officer. "However, with much of our business yet to ship, absent the impact of exchange rates, we have not significantly changed our expectations for our full year 2003 performance."

"Our cash and balance sheet position continue to improve, with days sales outstanding down six days and inventories also down, excluding the impact of foreign exchange - - this, along with many other indicators of strength in our business are now being recognized by the credit markets," Hargreaves concluded.

The Company will webcast its third 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

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 earnings (loss) before cumulative effect of accounting change, excluding, interest expense, income taxes, depreciation and amortization. Management believes that EBITDA is one of the appropriate measures for 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 earnings 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 CONDENSED BALANCE SHEETS

(Thousands of Dollars)

	Sept. 28, 2003	Sept. 29, 2002
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<b>Assets</b>		
Cash and Cash Equivalents	\$ 155,357	\$ 43,850
Accounts Receivable, Net	879,669	799,122
Inventories	289,411	282,146
Other Current Assets	222,704	290,600
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Total Current Assets	1,547,141	1,415,718
Property, Plant and Equipment, Net	206,756	213,628
Other Assets	1,494,597	1,494,852
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Total Assets	\$3,248,494	\$3,124,198
	=====	=====
<b>Liabilities and Shareholders' Equity</b>		
Short-term Borrowings	\$ 104,576	\$ 63,392
Current Installments of Long-Term Debt	1,219	255,248
Payables and Accrued Liabilities	867,911	715,658
	-----	-----
Total Current Liabilities	973,706	1,034,298
Long-term Debt	856,934	856,257
Deferred Liabilities	146,463	94,561
	-----	-----
Total Liabilities	1,977,103	1,985,116
Total Shareholders' Equity	1,271,391	1,139,082
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Total Liabilities and Shareholders' Equity	\$3,248,494	\$3,124,198
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HASBRO, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands of Dollars and Shares Except Per Share Data)

	Quarter Ended		Nine Months Ended	
	Sept. 28, 2003	Sept. 29, 2002	Sept. 28, 2003	Sept. 29, 2002
Net Revenues	\$ 971,071	\$ 820,532	\$2,014,308	\$1,818,789
Cost of Sales	419,869	342,918	822,913	705,497
Gross Profit	551,202	477,614	1,191,395	1,113,292
Amortization	19,319	22,268	53,907	66,483
Royalties	82,535	85,210	169,005	202,378
Research and Product Development	38,811	36,687	102,416	106,670
Advertising	105,039	82,911	225,903	188,307
Selling, Distribution and Administration	168,505	153,821	458,824	445,081
Operating Profit	136,993	96,717	181,340	104,373
Interest Expense	12,570	17,897	39,566	55,756
Other (Income) Expense, Net	6,299	3,350	6,381	31,182
Earnings Before Income Taxes and Cumulative Effect of Accounting Change, Net of Tax	118,124	75,470	135,393	17,435
Income Taxes	32,309	19,622	36,972	4,533
Earnings before Cumulative Effect of Accounting Change	85,815	55,848	98,421	12,902
Cumulative Effect of Accounting Change, Net of Tax	(17,351)	-	(17,351)	(245,732)
Net Earnings (Loss)	\$ 68,464	\$ 55,848	\$ 81,070	\$ (232,830)
Per Common Share				
Earnings before Cumulative Effect of Accounting Change				
Basic	\$ 0.49	\$ 0.32	\$ 0.57	\$ 0.07
Diluted	\$ 0.48	\$ 0.32	\$ 0.55	\$ 0.07
Cumulative Effect of Accounting Change, Net of Tax				
Basic and Diluted	\$ (0.10)	\$ -	\$ (0.10)	\$ (1.42)
Net Earnings (Loss)				
Basic	\$ 0.39	\$ 0.32	\$ 0.47	\$ (1.35)
Diluted	\$ 0.38	\$ 0.32	\$ 0.45	\$ (1.34)
Cash Dividends Declared	\$ 0.03	\$ 0.03	\$ 0.09	\$ 0.09
Weighted Average Number of Shares				
Basic	173,833	172,758	173,359	172,692
Diluted	181,995	173,285	178,569	173,571

HASBRO, INC.

SUPPLEMENTAL FINANCIAL DATA

	Quarter Ended			Nine Months Ended		
	Sept 28, 2003	Sept. 29, 2002	% Change	Sept. 28, 2003	Sept. 29, 2002	% Change
(Thousands of Dollars)						
U.S. Toys						
External Revenues	\$ 377,251	\$ 307,164	23%	\$ 739,114	\$ 707,659	4 %

Operating Profit	45,835	25,489	80%	64,107	66,285	(3)%
Games						
- - - - -						
External Revenues	250,201	225,871	11%	511,024	470,759	9 %
Operating Profit	58,310	48,378	21%	101,682	68,321	49 %
International						
- - - - -						
External Revenues	328,110	268,454	22%	707,342	578,859	22%
Operating Profit	38,537	9,937	288%	27,769	(36,451)	176%

RECONCILIATION OF EBITDA

Net Earnings(Loss)	\$ 68,464	\$ 55,848		\$ 81,070	\$(232,830)
Cumulative Effect of Accounting Change, Net of Tax	(17,351)	-		(17,351)	(245,732)
Earnings before Cumulative Effect of Accounting Change	85,815	55,848		98,421	12,902
Interest Expense	12,570	17,897		39,566	55,756
Income Taxes	32,309	19,622		36,972	4,533
Depreciation	20,261	27,106		55,627	67,364
Amortization	19,319	22,268		53,907	66,483
EBITDA	\$170,274	\$142,741		\$ 284,493	\$ 207,038
	=====	=====		=====	=====