UNITED STATES

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 23, 2006

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

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

| 1027 NEWPORT AVE., PAWTUCKET, RHODE ISLAND | 02862 |
|---|---|
| (Address of Principal Executive Offices) | (Zip Code) |

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 23, 2006, we announced our financial results for the fiscal quarter ended October 1, 2006, 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 most directly comparable GAAP measures as is required under SEC rules regarding the use of non-GAAP financial measures.

This press release also includes the Company's 2005 segment operating profit and diluted earnings per share adjusted for the impact of stock-based compensation as disclosed under Statement of Financial Accounting Standards No. 123. Management believes that the presentation of adjusted 2005 segment operating profit and diluted earnings per share is appropriate in order to provide a comparison to 2006 segment operating results and diluted earnings per share on a consistent basis.

This press release further discusses diluted earnings per share for the third quarter of 2006 excluding the impact of the mark to market adjustment for the Lucas warrants. Management believes that the presentation of diluted earnings per share absent the impact of the Lucas warrant mark to market adjustment is helpful to an investor's understanding of the results of the Company's underlying operations and business as the mark to market adjustment is primarily based on changes in the Company's stock price which are beyond the control of management.

Finally, this press release includes discussion of the Company's net revenue results absent the sale of Star Wars related products. Star Wars was an extraordinarily successful brand for the Company in 2005, based significantly on the release of Episode III: Revenge of the Sith in 2005. An examination of the performance of the Company's remaining business assists investors in understanding the results of the Company in growing its other brands as part of an ongoing effort to make the Company's performance more consistent over time, including in years when the Company does not sell as much major film-related product.

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

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99 Press Release, dated October 23, 2006, 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 hereunto duly authorized.

HASBRO, INC.
(Registrant)

Date: October 23, 2006

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 23, 2006

Exhibit Index

| Exhibit No. | Exhibits |
| --- | --- |
| 99 | Press Release, dated October 23, 2006, of Hasbro, Inc. |

**EXHIBIT 99**

**For Immediate Release** **Contact**: Karen A. Warren (Investor Relations)

October 23, 2006 401-727-5401
Wayne S. Charness (News Media)
401-727-5983

# Hasbro Reports Strong Third Quarter 2006 Results

**Highlights:**

- **Net revenues up 5% to $1.039 billion, compared to $988.1 million a year ago, with strong performance from a number of brands including LITTLEST PET SHOP, PLAYSKOOL, NERF, TRANSFORMERS, STAR WARS and PLAY-DOH;**

- **Global games business up a solid 7% driven by the success of MONOPOLY HERE AND NOW;**

- **Net earnings per share increased 23% to $0.58 per diluted share, this compared to prior year net earnings of $0.47 per diluted share;**

- **Operating profit improved 29% to $165.2 million or 15.9% of revenues;**

- **During the quarter, the company repurchased approximately 6.6 million shares of common stock at a total cost of $131.0 million.**

Pawtucket, RI (October 23, 2006) -- Hasbro, Inc. (NYSE: HAS) today reported strong third quarter results. Worldwide net revenues for the quarter were $1.039 billion, up 5% compared to $988.1 million a year ago and included a $9.6 million favorable impact from foreign exchange. The Company reported net income of $99.6 million or $0.58 per diluted share, which includes stock-based compensation expense of $3.9 million or ($0.02) per diluted share, net of tax, due to the required implementation of SFAS 123R at the beginning of the year. Net earnings prior to fiscal 2006 did not include stock-based compensation expense. Refer to the attached supplemental table for the 2005 quarterly and year-to-date results adjusted to include the impact of stock-based compensation expense. In the third quarter of 2005 net earnings on a reported basis, which did not include the effec t of stock-based compensation expense, were $92.1 million or $0.47 per diluted share. The results in both years include the impact of the mark to market adjustment for the Lucas warrants; in the third quarter of 2006 there was a non-cash expense of $19.8 million or $0.09 per diluted share related to the Lucas warrants, compared to non-cash income of $570 thousand in 2005.

Alfred J. Verrecchia, President and Chief Executive Officer, said, "We are pleased with our third quarter results. Net revenues were up 5%, with revenues excluding STAR WARS up 13% for the quarter and year-to-date, driven in part by the success of LITTLEST PET SHOP, PLAYSKOOL, NERF, PLAY-DOH, MONOPOLY, TRANSFORMERS and CLUE. STAR WARS has performed well and continues to be the #1 action figure property with $69 million in revenue for the quarter and $182 million year-to-date, demonstrating the strength of the brand even in a non-movie year.

“With the overall breadth and depth of our product portfolio we have been able to grow our business for the quarter and year-to-date, in spite of the revenue decline of $58 million for the quarter and $193 million year-to-date in STAR WARS,” Verrecchia concluded.

“Earnings per diluted share were up a strong 23% in the quarter, said David Hargreaves, Chief Financial Officer. “Absent the Lucas warrants mark to market expense of $0.09 per diluted share, the underlying business performed even better with earnings per diluted share increasing 43% to $0.67 per diluted share for the quarter,” he added.

North American segment revenues, which include all of the Company’s toys and games business in the United States, Canada and Mexico, were $745.5 million for the quarter compared to $712.3 million a year ago, reflecting strong performances from LITTLEST PET SHOP, PLAYSKOOL, NERF, PLAY-DOH and MONOPOLY. The segment reported an operating profit of $111.6 million for the quarter compared to $85.3 million last year, as adjusted to include the impact of stock-based compensation. In addition to the higher revenues, the improvement in operating profit reflected declines in amortization and royalty expenses, partially off-set by increases in product development and advertising expenses.

International segment revenues for the quarter were $280.4 million compared to $264.6 million a year ago and included a $9.3 million favorable impact from foreign exchange. Volume increases reflected strong performance from LITTLEST PET SHOP, PLAYSKOOL, TRANSFORMERS and MONOPOLY. The International segment reported an operating profit of $43.2 million compared to an operating profit of $32.9 million in 2005, as adjusted to include the impact of stock-based compensation expense. The improvement in operating profit is primarily due to decreases in royalty and amortization expense.

The Company reported third quarter Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of $192.6 million compared to $187.9 million in 2005. The attached schedules provide a reconciliation of diluted earnings per share and EBITDA to net earnings for the third quarters and nine-month periods of 2006 and 2005.

During the quarter, the company repurchased approximately 6.6 million shares of common stock at a total cost of $131.0 million.  Since June of 2005, the company has repurchased 23.5 million shares at a total cost of $465.3 million.

The Company will web cast 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 web cast microphone).

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.

Certain statements contained in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include expectations concerning the Company’s ability to achieve its financial goals and 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 abil ity 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 in the various markets in which the Company and its customers and suppliers operate throughout the world, including factors which impact the retail market or consumer demand, the Company's ability to manufacture and deliver products, higher fuel and other commodity prices, higher transportation costs and potential transportation delays, currency fluctuations and government regulation; the concentration of the Company's customers; 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 underp roduction 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 uncer tainties 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 rules of the Securities and Exchange Commission (“SEC”), 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 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 GAAP as more fully discussed in the Company's financial statements and filings with the SEC. As used herein, "GAAP" refers to accounting principles generally accepted in the United States of America. This presentation also discusses 2005 segment operating profit and diluted earnings per share adjusted for the impact of stock-based compensation as disclosed under SFAS 123.  Management believes that presentation of adjusted 2005 segment operating profit and diluted earnings per share is appropriate in order to provide a comparison to 2006 segment operating results and diluted earnings per share on a consistent basis.

This presentation further discusses diluted earnings per share for the third quarter of 2006 excluding the impact of the mark to market adjustment for the Lucas warrants. The Company is required to assess if these warrants, classified as a liability, have a more dilutive impact on earnings per share assuming they were treated as an equity contract.  For the third quarter of 2006, had the warrants been treated as an equity contract, the mark to market adjustment of $19.8 million would have been added to net earnings and diluted shares would have been increased by 5.145 million shares in the computation of diluted earnings per share.  Management believes that the presentation of diluted earnings per share absent the impact of the Lucas warrant mark to market adjustment is helpful to an investor’s understanding of the results of the Company’s underlying operations and business as the mark to market adjustment is primarily based on ch anges in the Company’s stock price which are beyond the control of management.  Finally, this presentation includes discussion of the Company’s net revenue results absent the sale of Star Wars related products.  Star Wars was an extraordinarily successful brand for the Company in 2005, based significantly on the release of Episode III: Revenge of the Sith in 2005.  An examination of the performance of the Company’s remaining business assists investors in understanding the results of the Company in growing its other brands as part of an ongoing effort to make the Company's performance more consistent over time, including in years when the Company does not sell as much major film-related product.

# # #

(Tables Attached)

# HASBRO, INC.
## CONSOLIDATED CONDENSED BALANCE SHEETS

| (Thousands of Dollars) | Oct. 1, 2006 | Sept. 25, 2005 |
|---|---|---|
| **ASSETS** | | |
| Cash and Cash Equivalents | $ 309,100 | $ 570,499 |
| Accounts Receivable, Net | 679,363 | 681,469 |
| Inventories | 312,041 | 330,779 |
| Other Current Assets | 259,735 | 195,707 |
| Total Current Assets | 1,560,239 | 1,778,454 |
| Property, Plant and Equipment, Net | 163,767 | 160,392 |
| Other Assets | 1,238,771 | 1,332,794 |
| Total Assets | $2,962,777 | $3,271,640 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Short-term Borrowings | $ 11,596 | $ 13,854 |
| Current Portion of Long-term Debt | - | 354,809 |
| Payables and Accrued Liabilities | 889,215 | 828,775 |
| Total Current Liabilities | 900,811 | 1,197,438 |
| Long-term Debt | 494,989 | 246,480 |
| Deferred Liabilities | 148,552 | 157,097 |
| Total Liabilities | 1,544,352 | 1,601,015 |
| Total Shareholders' Equity | 1,418,425 | 1,670,625 |
| Total Liabilities and Shareholders' Equity | $2,962,777 | $3,271,640 |

# HASBRO, INC.
## CONSOLIDATED STATEMENTS OF OPERATIONS

| | Quarter Ended | | Nine Months Ended | |
|---|---|---|---|---|
| (Thousands of Dollars and Shares Except Per Share Data) | Oct. 1, 2006 | Sept. 25, 2005 | Oct. 1, 2006 | Sept. 25, 2005 |
| Net Revenues | $ 1,039,138 | $ 988,052 | $2,035,083 | $2,015,384 |
| Cost of Sales | 461,511 | 444,775 | 857,972 | 835,516 |
| Gross Profit | 577,627 | 543,277 | 1,177,111 | 1,179,868 |
| Amortization | 20,504 | 28,167 | 57,896 | 79,852 |
| Royalties | 51,350 | 66,539 | 107,540 | 158,206 |
| Research and Product Development | 44,445 | 39,387 | 122,215 | 106,942 |
| Advertising | 126,829 | 118,845 | 242,149 | 238,009 |
| Selling, Distribution and Administration | 169,302 | 162,061 | 463,641 | 439,921 |

| | | | | |
|---|---|---|---|---|
| Operating Profit | 165,197 | 128,278 | 183,670 | 156,938 |
| Interest Expense | 6,158 | 7,816 | 20,096 | 23,196 |
| Other (Income) Expense, Net | 15,163 | (5,864) | (7,351) | (22,049) |
| Earnings Before Income Taxes | 143,876 | 126,326 | 170,925 | 155,791 |
| Income Taxes | 44,292 | 34,263 | 49,152 | 37,987 |
| Net Earnings | $ 99,584 | $ 92,063 | $ 121,773 | $ 117,804 |
| Per Common Share | | | | |
| Net Earnings | | | | |
| Basic | $ 0.62 | $ 0.51 | $ 0.72 | $ 0.66 |
| Diluted | $ 0.58 | $ 0.47 | $ 0.68 | $ 0.61 |
| Cash Dividends Declared | $ 0.12 | $ 0.09 | $ 0.36 | $ 0.27 |
| Weighted Average Number of Shares | | | | |
| Basic | 161,303 | 178,931 | 169,519 | 178,386 |
| Diluted | 174,707 | 198,292 | 182,979 | 197,620 |

# HASBRO, INC.
## Supplemental Financial Data
## Major Segment Results and EBITDA

(Thousands of Dollars)

| | Quarter Ended | | | Nine Months Ended | | |
|---|---|---|---|---|---|---|
| | Oct. 1, 2006 | Sept. 25, 2005 | % Change | Oct. 1, 2006 | Sept. 25, 2005 | % Change |
| **Major Segment Results** | | | | | | |
| **(2005 Operating Profit Adjusted (1))** | | | | | | |
| North American Segment | | | | | | |
| External Net Revenues | $745,476 | $ 712,321 | 5 % | $1,417,736 | $1,388,956 | 2 % |
| Operating Profit | 111,581 | 85,323 | 31 % | 146,753 | 115,334 | 27 % |
| International Segment | | | | | | |
| External Net Revenues | 280,421 | 264,627 | 6 % | 579,156 | 590,249 | -2 % |
| Operating Profit | 43,202 | 32,868 | 31 % | 26,786 | 26,234 | 2 % |

**Reconciliation of EBITDA**

| | Quarter Ended Oct. 1, 2006 | Quarter Ended Sept. 25, 2005 | Nine Months Ended Oct. 1, 2006 | Nine Months Ended Sept. 25, 2005 |
|---|---|---|---|---|
| Net Earnings | $ 99,584 | $ 92,063 | $ 121,773 | $ 117,804 |
| Interest Expense | 6,158 | 7,816 | 20,096 | 23,196 |
| Income Taxes | 44,292 | 34,263 | 49,152 | 37,987 |
| Depreciation | 22,035 | 25,577 | 53,971 | 57,525 |
| Amortization | 20,504 | 28,167 | 57,896 | 79,852 |
| EBITDA | $192,573 | $187,886 | $ 302,888 | $ 316,364 |

(1) 2005 segment operating profit has been adjusted to include the amount of stock-based compensation as disclosed under SFAS 123. Because 2006 operating profit includes stock-based compensation expense, management believes that presentation of adjusted 2005 segment operating profit is appropriate in order to provide a comparison to 2006 segment operating results. See the attached Supplemental Financial Data schedule for a reconciliation of reported segment operating profit to the segment operating profit adjusted for stock-based compensation under SFAS 123.

# HASBRO, INC.

## Supplemental Financial Data

(Thousands of Dollars and Shares, except Per Share Data)

**Net Earnings Per Share**

| | 2006 | | 2005 | |
|---|---|---|---|---|
| Quarter | Basic | Diluted | Basic | Diluted |
| Net earnings | $ 99,584 | $ 99,584 | $ 92,063 | $ 92,063 |
| Effect of dilutive securities: | | | | |
| Change in fair value of liabilities potentially settleable in common stock | - | - | - | (570) |
| Interest expense on contingent convertible debentures due 2021 | - | 1,066 | - | 1,066 |
| | $ 99,584 | $ 100,650 | $ 92,063 | $ 92,559 |
| Average shares outstanding | 161,303 | 161,303 | 178,931 | 178,931 |
| Effect of dilutive securities: | | | | |
| Liabilities potentially settleable in common stock | - | - | - | 5,243 |
| Contingent convertible debentures due 2021 | - | 11,574 | - | 11,574 |
| Options and warrants | - | 1,830 | - | 2,544 |
| Equivalent shares | 161,303 | 174,707 | 178,931 | 198,292 |
| Net earnings per share | $ 0.62 | $ 0.58 | $ 0.51 | $ 0.47 |
| Nine Months | | | | |
| Net earnings | $ 121,773 | $ 121,773 | $ 117,804 | $ 117,804 |
| Effect of dilutive securities: | | | | |
| Change in fair value of liabilities potentially settleable in common stock | - | - | - | (1,330) |
| Interest expense on contingent convertible debentures due 2021 | - | 3,197 | - | 3,197 |
| | $ 121,773 | $ 124,970 | $ 117,804 | $ 119,671 |
| Average shares outstanding | 169,519 | 169,519 | 178,386 | 178,386 |
| Effect of dilutive securities: | | | | |
| Liabilities potentially settleable in common stock | - | - | - | 5,320 |
| Contingent convertible debentures due 2021 | - | 11,574 | - | 11,574 |
| Options and warrants | - | 1,886 | - | 2,340 |
| Equivalent shares | 169,519 | 182,979 | 178,386 | 197,620 |
| Net earnings per share | $ 0.72 | $ 0.68 | $ 0.66 | $ 0.61 |

# HASBRO, INC.

## Supplemental Financial Data

(Thousands of Dollars, Except Per Share Data)

**2005 Net Earnings Including the Effect of Stock-Based Compensation Expense under SFAS 123**

| | Quarter Ended Sept. 25, 2005 | Nine Months Ended Sept. 25, 2005 |
|---|---|---|
| Net Earnings, as Reported (1) | $ 92,063 | $ 117,804 |
| Stock-based Compensation Expense | (6,162) | (16,978) |
| Tax benefit | 2,061 | 5,941 |
| Stock-based Compensation Expense, Net of Tax | (4,101) | (11,037) |
| Net Earnings, Including the Effect of Stock-based Compensation Expense (2) | $ 87,962 | $ 106,767 |
| Diluted Net Earnings Per Share, as Reported (1) | $ 0.47 | $ 0.61 |
| Stock-based Compensation, Net of Tax, Per Share (2) | (0.02) | (0.06) |
| Diluted Net Earnings Per Share, Including the Effect of Stock-based Compensation (2) | $ 0.45 | $ 0.55 |

**2005 Major Segment Results**

| | Quarter Ended Sept. 25, 2005 | Nine Months Ended Sept. 25, 2005 |
|---|---|---|
| **North American Segment** | | |
| External Net Revenues (3) | $ 712,321 | $1,388,956 |
| Operating Profit (3) | $ 89,445 | $ 126,691 |
| Stock-based Compensation Expense | (4,122) | (11,357) |
| Adjusted Operating Profit (4) | $ 85,323 | $ 115,334 |
| **International Segment** | | |
| External Net Revenues (3) | $ 264,627 | $ 590,249 |
| Operating Profit (3) | $ 34,019 | $ 29,408 |
| Stock-based Compensation Expense | (1,151) | (3,174) |
| Adjusted Operating Profit (4) | $ 32,868 | $ 26,234 |

(1) Net earnings and diluted net earnings per share prior to fiscal 2006 did not include stock-based compensation expense under SFAS 123R.

(2) Stock-based compensation expense and stock-based compensation expense per share prior to fiscal 2006 is calculated based on the amounts as previously disclosed in Hasbro's 2005 quarterly and annual financial statement footnotes.

(3) Effective the beginning of fiscal 2006, Hasbro has restructured its business and as a result its operating segments. External net revenues and operating profit reflects the 2005 results, as reported, reclassified into our new operating segment presentation.

(4) 2005 segment operating profit has been adjusted to reflect 2005 stock-based compensation expense as disclosed under SFAS 123.