

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 4, 1999  
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HASBRO, INC.  
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(Name of Registrant)

RHODE ISLAND  
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(State of  
Incorporation)

1-6682  
-----

(Commission  
File Number)

05-0155090  
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(IRS Employer  
Identification No.)

1027 NEWPORT AVE., PAWTUCKET, RHODE ISLAND  
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(Address of Principal Executive Offices)

02861  
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(Zip Code)

(401) 431-8697  
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(Registrant's Telephone Number)

Item 5. Other Events

The February 4, 1999 Press Release of the Registrant attached  
hereto as EXHIBIT 99 is incorporated herein by reference.

Item 7(c) Exhibits

99 Press Release, dated February 4, 1999, 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.  
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(Registrant)

Date: February 4, 1999

By: /s/ John T. O'Neill  
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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 4, 1999

Exhibit Index

Exhibit  
No.  
- - - - -

Exhibits  
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99                    Press Release dated February 4, 1999

For Immediate Release  
February 4, 1999

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

HASBRO REPORTS RECORD FOURTH QUARTER AND  
FULL YEAR 1998 RESULTS WHICH EXCEEDED EXPECTATIONS

OUTLOOK FOR 1999 IS VERY POSITIVE

Pawtucket, RI (February 4, 1999) - Hasbro, Inc. (ASE:HAS) today reported record fourth quarter sales and earnings, and full-year 1998 results which exceeded expectations. The Company remains committed to 15% earnings per share growth over the long-term, and expects to outperform that target in 1999.

Net revenues in the fourth quarter increased 15 percent to \$1.3 billion, compared to \$1.1 billion a year ago. Revenue growth was led by Tiger Electronics, which had the year's hottest toy - Furby(TM), and computer-based games from Hasbro Interactive and MicroProse. Net earnings for the fourth quarter increased 18% to \$131.8 million, compared to \$111.3 million a year ago. Diluted earnings per share increased 20% to \$0.98, compared to \$0.82 in 1997. Both 1997 amounts exclude \$140 million of one-time pre-tax charges (\$92.4 million after tax) to implement the Global Integration and Profit Enhancement Program.

"I am pleased to report another record fourth quarter" said Alan G. Hassenfeld, Chairman and Chief Executive Officer. "Hasbro's record fourth quarter performance is especially significant given the challenging industry and retail environment throughout 1998. In addition, 1998 was a pivotal year for Hasbro as we delivered on our other key goals to build for profitable growth into our new millennium," Hassenfeld added.

For the full year, net revenues increased 4% to \$3.3 billion compared to \$3.2 billion in 1997. Net earnings and diluted earnings per share were \$220.0 million and \$1.61, respectively, excluding the \$20.0 million third quarter charge (\$13.6 million after tax) to write-off acquired in-process research and development of MicroProse. Including this charge, 1998 reported net earnings and diluted earnings per share were \$206.4 million and \$1.51, respectively. In 1997, net earnings and diluted earnings per share were \$227.4 million and \$1.69, respectively, prior to the one-time charges. Reported net earnings and diluted earnings per share in 1997 were \$135.0 million and \$1.02, respectively.

Through year-end 1998, the Company invested approximately \$190 million to repurchase 5.3 million shares under the \$500 million repurchase authorization announced on December 9, 1997.

"We built significant momentum during the fourth quarter in several product lines and ended the year with very clean inventory levels at our major retail customers," said Alan G. Hassenfeld. "The enthusiastic response to Furby(TM) exceeded even our expectations, and other best-sellers included Teletubbies(TM), Chuck, My Talkin' Truck(TM), the Barney Song Magic Banjo(TM), Winner's Circle(R), Beast Wars(R) Transformers(TM), Bop It(R), and Hasbro Interactive's new Tonka Playset," Hassenfeld noted.

"For 1999, we welcome the first episode of the awesome new Star Wars(TM) trilogy - "The Phantom Menace" - with Hasbro and Galoob teaming up with the global Power of the Force. Other exciting new products in 1999 include an expanded range of Pokemon(TM) and Tiger Electronics products, Animorphs(TM), several new interactive games, and so very much more," noted Hassenfeld. "In addition, our strategy of extending our key brands into new entertainment formats with partners - such as the highly successful Monopoly(R) slot machines - will contribute directly to the bottom line. We are also on track to realize planned incremental cost savings from the Global Integration and Profit Enhancement Program, and our 1998 acquisitions are expected to be accretive to earnings, helping us deliver a very strong year. I am also thrilled to have added an executive of Herb Baum's caliber to our senior management team in the new position of President and Chief Operating Officer. Herb will help us find new ways to drive our unrivalled brands into the next millennium," Hassenfeld concluded.

Hasbro is a worldwide leader in the design, manufacture and marketing of toys, games, interactive software, puzzles and infant products. Both internationally and in the U.S., its Playskool(R), Kenner(R), Tonka(R), OddzOn(R), Super Soaker(R), Milton Bradley(R), Parker Brothers(R), Tiger(TM),

Hasbro Interactive(TM), and Galoob(R) products provide children and families with the highest quality and most recognizable toys and games 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. 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 timely manufacture and shipping by the Company of new and continuing products and their acceptance by customers and consumers in a competitive product environment; economic conditions, 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 continuing trend of increased 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; third party actions or approvals that could delay, modify or increase the cost of implementation of, the Company's Global Integration and Profit Enhancement program; the Company's incurring higher than expected costs to achieve, or not achieving, "Year 2000" readiness with respect to the Company's systems, or the Company's customers, vendors or service providers failing to achieve such readiness; 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.

# # #  
(Tables Attached)

HASBRO, INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(Thousands of Dollars and Shares Except Per Share Data)

|   | Quarter Ended    |                  | Year Ended       |                  |
|---|------------------|------------------|------------------|------------------|
|   | Dec. 27,<br>1998 | Dec. 28,<br>1997 | Dec. 27,<br>1998 | Dec. 28,<br>1997 |
| Net Revenues                                | \$1,304,079      | 1,133,356        | \$3,304,454      | 3,188,559        |
| Cost of Sales                               | 512,285          | 467,743          | 1,366,061        | 1,359,058        |
| Gross Profit                                | 791,794          | 665,613          | 1,938,393        | 1,829,501        |
| Amortization                                | 22,910           | 20,800           | 72,208           | 53,767           |
| Royalties, Research and<br>Development      | 161,453          | 132,573          | 424,673          | 386,912          |
| Advertising                                 | 183,669          | 157,156          | 440,692          | 411,574          |
| Selling, Distribution and<br>Administration | 216,505          | 183,855          | 655,938          | 617,140          |
| Nonrecurring Charges                        | -                | 125,000          | 20,000           | 125,000          |
| Operating Profit                            | 207,257          | 46,229           | 324,882          | 235,108          |
| Interest Expense                            | 16,075           | 8,366            | 36,111           | 27,486           |
| Other (Income) Expense, Net                 | (2,625)          | 9,209            | (14,707)         | 3,097            |
| Earnings Before Income Taxes                | 193,807          | 28,654           | 303,478          | 204,525          |
| Income Taxes                                | 62,018           | 9,743            | 97,113           | 69,539           |
| Net Earnings                                | \$ 131,789       | 18,911           | \$ 206,365       | 134,986          |
| Per Common Share                            |                  |                  |                  |                  |
| Net Earnings                                |                  |                  |                  |                  |
| Basic                                       | \$ 1.01          | \$ .14           | \$ 1.56          | \$ 1.05          |
| Diluted                                     | \$ .98           | \$ .14           | \$ 1.51          | \$ 1.02          |
| Cash Dividends Declared                     | \$ .08           | \$ .08           | \$ .32           | \$ .32           |

|                                      |         |         |         |         |
|--------------------------------------|---------|---------|---------|---------|
| Weighted Average Number<br>of Shares |         |         |         |         |
| Basic                                | 130,768 | 131,537 | 131,951 | 128,726 |
| Diluted                              | 134,975 | 136,857 | 136,946 | 137,569 |

HASBRO, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Thousands of Dollars)

|  | Dec. 27,<br>1998 | Dec. 28,<br>1997 |
|--|------------------|------------------|
| Assets                                     |                  |                  |
| Cash and Temporary Investments             | \$ 177,748       | \$ 361,785       |
| Accounts Receivable, Net                   | 958,826          | 783,008          |
| Inventories                                | 334,801          | 242,702          |
| Other                                      | 318,611          | 186,379          |
| Total Current Assets                       | 1,789,986        | 1,573,874        |
| Property, Plant and Equipment, Net         | 330,355          | 280,603          |
| Other Assets                               | 1,673,504        | 1,045,240        |
| Total Assets                               | \$3,793,845      | \$2,899,717      |
| Liabilities and Shareholders' Equity       |                  |                  |
| Short-term Borrowings                      | \$ 372,509       | \$ 122,024       |
| Payables and Accrued Liabilities           | 993,791          | 881,522          |
| Total Current Liabilities                  | 1,366,300        | 1,003,546        |
| Long-term Debt                             | 407,180          | -                |
| Deferred Liabilities                       | 75,570           | 58,054           |
| Total Liabilities                          | 1,849,050        | 1,061,600        |
| Total Shareholders' Equity                 | 1,944,795        | 1,838,117        |
| Total Liabilities and Shareholders' Equity | \$3,793,845      | \$2,899,717      |