

Edgar Filing: HASBRO INC - Form 8-K

HASBRO INC
Form 8-K
November 29, 2002

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): November 29, 2002

HASBRO, INC.

(Exact name of registrant as specified in its charter)

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)	02862 ----- (Zip Code)
---	------------------------------

(401) 431-8697

(Registrant's telephone number, including area code)

Item 5. Other Events and Regulation FD Disclosure.

During 2001, the Company received two inquiries from the Office of Fair Trading in the United Kingdom (the "OFT") into allegedly anti-competitive pricing practices by the Company's United Kingdom subsidiary ("Hasbro U.K."). The first of the inquiries (the "wholesaler case"), begun in May of 2001, related to Hasbro U.K. interactions with certain of its wholesale distributors. The second inquiry (the "retailer case"), begun in August of 2001, related to Hasbro U.K.'s trading arrangements with certain of its direct retail accounts.

Edgar Filing: HASBRO INC - Form 8-K

On November 29, 2002, the OFT issued a decision in the wholesaler case, finding that Hasbro U.K. had entered into agreements with certain distributors to fix prices in violation of U.K. competition laws. The OFT has assessed a fine in that case of approximately GBP4.95 million or approximately U.S.\$7.7 million at current exchange rates. The Company believes that the amount of this fine is disproportionate to the offense and is improper, and plans to appeal the fine to the U.K. Competition Commission Appeals Tribunal (the "CCAT"). The CCAT will consider the matter on a "de novo" basis, with the power to reconsider any factual findings made by the OFT, and to revoke or vary the amount of the fine imposed by the OFT.

The OFT has yet to issue a final decision in the retailer case, although it had issued a preliminary decision in May of 2002 proposing to find that Hasbro U.K. had entered into unlawful pricing agreements with two of its retail accounts. The Company expects the OFT to announce a final decision in the retailer case within the next several months. In the case of appeal by the Company, no payment of any fine in either the wholesaler or retailer case will be required unless and until such fine is upheld on appeal.

The Company is in the process of analyzing the OFT's decision and whether that decision affects the previously disclosed range of loss for the two cases of approximately GBP160,000 to GBP26,000,000. In light of the OFT decision in the wholesaler case, the Company now believes that once it completes its analysis of the OFT's decision, it will accrue a charge to earnings above and beyond the GBP160,000 charge originally taken in 2001. The Company is working with counsel to complete its analysis of the OFT's decision and the status of the cases, and anticipates taking this charge in the fourth quarter of 2002. Currently, the Company does not expect the amount of the charge to exceed approximately GBP13.5 million or approximately \$20.9 million at current exchange rates.

Certain statements contained in this Form 8-K and the attached press 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 the retail market, 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; 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

Edgar Filing: HASBRO INC - Form 8-K

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 Form 8-K or the attached release or to update them to reflect events or circumstances occurring after the date of this filing.

The November 29, 2002 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 November 29, 2002, 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: November 29, 2002

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 November 29, 2002

Exhibit Index

Exhibit

No.

Exhibits

99

Press Release, dated November 29, 2002, of Hasbro, Inc.

