SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended October 1, 2000   Commission file number 1-6682

HASBRO, INC.
(Name of Registrant)

Rhode Island	05-0155090
(State of Incorporation)	(I.R.S. Employer Identification No.)

1027 Newport Avenue, Pawtucket, Rhode Island 02861
(Principal Executive Offices)

(401) 431-8697

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X or No

The number of shares of Common Stock, par value $.50 per share, outstanding as of October 29, 2000 was 172,322,501.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)
(Unaudited)

Assets	Oct. 1, 2000	Sep. 26, 1999	Dec. 26, 1999
Current assets			
Cash and cash equivalents	$ 164,307	108,627	280,159
Accounts receivable, less allowance for doubtful accounts of $64,100, $64,900 and $65,000	889,090	1,167,660	1,084,118
Inventories:			
Finished products	456,005	366,811	348,058
Work in process	40,681	17,839	13,470
Raw materials	43,621	54,012	47,043
Total inventories	540,307	438,662	408,571
Deferred income taxes	138,197	108,930	115,646
Prepaid expenses	304,454	443,344	243,158
Total current assets	2,036,355	2,267,223	2,131,652
Property, plant and equipment, net	313,301	303,667	318,825

Other assets			
Cost in excess of acquired net assets, less accumulated amortization of $224,076, $179,094 and $193,947	835,941	687,848	806,092
Other intangibles, less accumulated amortization of $330,571, $232,597 and $300,632	948,023	800,514	949,789
Other	236,966	134,017	256,990
Total other assets	2,020,930	1,622,379	2,012,871
Total assets	$4,370,586	4,193,269	4,463,348

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (continued)

(Thousands of Dollars Except Share Data)
(Unaudited)

Liabilities and Shareholders' Equity	Oct. 1, 2000	Sep. 26, 1999	Dec. 26, 1999
Current liabilities			
Short-term borrowings	$ 539,434	889,405	714,669
Trade payables	200,961	140,845	284,772
Accrued liabilities	828,726	733,114	983,280
Income taxes	50,489	75,745	88,606
Total current liabilities	1,619,610	1,839,109	2,071,327
Long-term debt, excluding current installments	1,168,764	407,584	420,654
Deferred liabilities	90,887	82,451	92,392
Total liabilities	2,879,261	2,329,144	2,584,373
Shareholders' equity			
Preference stock of $2.50 par value. Authorized 5,000,000 shares; none issued	-	-	-
Common stock of $.50 par value. Authorized 600,000,000 shares; issued 209,694,630, 209,694,630 and 209,694,630	104,847	104,847	104,847
Additional paid-in capital	470,754	467,064	468,329
Deferred compensation	(11,242)	-	-
Retained earnings	1,768,659	1,717,972	1,764,110
Accumulated other comprehensive income	(65,323)	(27,470)	(32,982)
Treasury stock, at cost; 37,375,704, 15,299,432 and 16,710,620 shares	(776,370)	(398,288)	(425,329)
Total shareholders' equity	1,491,325	1,864,125	1,878,975
Total liabilities and shareholders' equity	$4,370,586	4,193,269	4,463,348

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Earnings
(Thousands of Dollars Except Share Data)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Oct. 1, 2000	Sep. 26, 1999	Oct. 1, 2000	Sep. 26, 1999
Net Revenues	$ 1,072,617	1,098,179	2,624,471	2,641,151
Cost of Sales	459,535	444,013	1,057,879	1,045,556
Gross Profit	613,082	654,166	1,566,592	1,595,595

Expenses				
Amortization	33,861	31,130	98,645	88,974
Royalties, Research and Development	164,912	170,778	426,101	462,496
Advertising	134,631	117,567	281,722	299,925
Selling, Distribution and Administration	222,743	193,582	626,453	515,231
Total Expenses	556,147	513,057	1,432,921	1,366,626
Operating Profit	56,935	141,109	133,671	228,969
Nonoperating (Income) Expense				
Interest Expense	30,565	19,190	80,206	44,788
Other (Income) Expense, Net	6,324	(1,515)	2,075	(6,042)
Total Nonoperating (Income) Expense	36,889	17,675	82,281	38,746
Earnings Before Income Taxes	20,046	123,434	51,390	190,223
Income Taxes	6,214	38,264	15,931	58,969
Net Earnings	$ 13,832	85,170	35,459	131,254
Per Common Share				
Net Earnings				
Basic	$ .08	.44	.20	.67
Diluted	$ .08	.43	.20	.64
Cash Dividends Declared	$ .06	.06	.18	.18

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Nine Months Ended October 1, 2000 and September 26, 1999
(Thousands of Dollars)
(Unaudited)

	2000	1999
Cash flows from operating activities		
Net earnings	$ 35,459	131,254
Adjustments to reconcile net earnings to net cash utilized by operating activities:		
Depreciation and amortization of plant and equipment	78,723	76,511
Other amortization	98,645	88,974
Deferred income taxes	(10,812)	(5,974)
Compensation earned under restricted stock programs	2,538	-
Change in operating assets and liabilities (other than cash and cash equivalents):		
Decrease (increase) in accounts receivable	177,366	(218,729)
Increase in inventories	(142,276)	(109,874)
Increase in prepaid expenses	(69,991)	(227,326)
Decrease in trade payables and accrued liabilities	(237,705)	(39,419)
Other	(2,417)	(1,081)
Net cash utilized by operating activities	(70,470)	(305,664)
Cash flows from investing activities		
Additions to property, plant and equipment	(87,685)	(66,897)
Investments and acquisitions, net of cash acquired	(136,475)	(36,591)
Other	(2,373)	2,527
Net cash utilized by investing activities	(226,533)	(100,961)
Cash flows from financing activities		
Proceeds from borrowings with original maturities of more than three months	912,001	445,861
Repayments of borrowings with original maturities of more than three months	(158,324)	(90,760)
Net (repayments) proceeds of other short-term borrowings	(164,550)	178,062
Purchase of common stock	(367,548)	(207,170)
Stock option transactions	1,987	48,172
Dividends paid	(32,153)	(33,879)
Net cash provided by financing activities	191,413	340,286

Effect of exchange rate changes on cash	(10,262)	(2,782)
Decrease in cash and cash equivalents	(115,852)	(69,121)
Cash and cash equivalents at beginning of year	280,159	177,748
Cash and cash equivalents at end of period	$164,307	108,627

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
Nine Months Ended October 1, 2000 and September 26, 1999

(Thousands of Dollars)
(Unaudited)

	2000	1999
Supplemental information		
Cash paid during the period for:		
Interest	$ 72,750	40,952
Income taxes	$ 76,450	37,639

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings

(Thousands of Dollars)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Oct. 1, 2000	Sep. 26, 1999	Oct. 1, 2000	Sep. 26, 1999
Net earnings	$ 13,832	85,170	35,459	131,254
Other comprehensive loss	(15,183)	(1,461)	(32,341)	(17,845)
Total comprehensive earnings (loss)	$ (1,351)	83,709	3,118	113,409

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements

(Thousands of Dollars and Shares Except Per share Data)
(Unaudited)

(1) In the opinion of management and subject to year-end audit, the accompanying unaudited interim financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the Company as of October 1, 2000 and September 26, 1999, and the results of operations and cash flows for the periods then ended. Certain 1999 balances have been reclassified to conform to current year presentation.

The year to date period ended October 1, 2000 is a 40-week period while the year to date period ended September 26, 1999 is a 39-week period.

The results of operations for the nine months ended October 1, 2000 are not necessarily indicative of results to be expected for the full year.

(2) The Company's other comprehensive earnings (loss) primarily results from

foreign currency translation adjustments.

(3) During 2000, the Company issued restricted stock and granted deferred restricted stock units to certain key employees. At October 1, 2000, these awards, net of forfeitures, aggregated the equivalent of 665,000 shares. These shares or units are nontransferable and subject to forfeiture for periods prescribed by the Company. Upon granting of these awards, unearned compensation equivalent to the market value at the date of grant is charged to shareholders' equity and subsequently amortized over the periods during which the restrictions lapse, generally 3 years. During 2000, the Company also conditionally awarded, net of forfeitures, 320,000 deferred restricted shares under the Long Term Incentive Program (LTIP) under the Company's omnibus employee stock plans. This award is conditional upon the Company reaching certain volume, earnings per share and stock price benchmarks within a three year performance cycle, with payout over the two years following that cycle. Unearned compensation equivalent to the market value of shares awarded was recorded at the date of award and is being amortized over a five-year period. Adjustments are made to compensation expense for changes in market value and achievement of financial goals. Amortization of deferred, unearned compensation relating to the restricted stock and deferred restricted stock units, and shares awarded under the LTIP of $2,049 and $480, respectively, was recorded in the nine months of 2000.

(4) Hasbro is a worldwide marketer and distributor of children's and family entertainment products and services, principally engaged in the design, manufacture and marketing of games and toys ranging from traditional to high-tech. The Company is focused on managing its business in two major areas, Toys and Games. Within these two major areas, the Company's reportable segments are U.S. Toys, Games, International and Global Operations.

In the United States, the U.S. Toy segment includes the design, marketing and selling of boys action figures, vehicles and playsets, girls toys, preschool

toys, infant products and creative play products. The Games segment includes the development, marketing and selling of traditional board games and puzzles, handheld electronic games, electronic interactive plush, children's consumer electronics, electronic learning aids, trading card and role-playing games and interactive software games based on the Company's owned and licensed brands. Within the International segment, the Company develops, markets and sells both toy and game products in non-U.S. markets. Global Operations manufactures and sources product for the majority of the Company's segments. The Company also has other segments which license certain toy and game properties and which develop and market non-traditional toy and game based product realizing more than half of their revenues and the majority of their operating profit in the first half of the year, which is contra-seasonal to the rest of the Company's business. These other segments do not meet the quantitative thresholds for reportable segments and have been combined for reporting purposes.

Segment performance is measured at the operating profit level. Included in Corporate and eliminations are general corporate expenses, the elimination of intersegment transactions and assets not identified with a specific segment. Intersegment sales and transfers are reflected in management reports at amounts approximating cost.

As a result of the complexity of the Company's organizational changes, it is unable to segregate 1999 assets between the U.S. Toys and Games segments, and thus they are reported as one. Assets are segregated in 2000 and are separately reported for that period. The total of U.S. Toys and Games assets in 2000 is presented for comparative purposes only, and is not used by management in assessing segment performance in 2000. Certain asset related expense items, including depreciation and amortization of intangibles, have been allocated to segments in 1999 based upon estimates in order to arrive at segment operating profit. In the fourth quarter of 1999, the Company's Games segment acquired Wizards of the Coast, Inc. Management of the Company's interactive software games international units, currently part of the Games segment, has been assumed by International segment management. The Company will reclassify the related revenues, operating profit and total assets of this portion of the business in segment disclosure when it is completed for management reporting purposes. These changes are not expected to be material.

The accounting policies of the segments are the same as those described in Note 1 to the Company's Consolidated Financial Statements for the fiscal year ended December 26, 1999.

Results shown for the quarter and nine months are not necessarily representative of those which may be expected for the full year 2000 nor were those of the comparable 1999 periods representative of those actually

(Thousands of Dollars)
(Unaudited)

experienced for the full year 1999. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

Information by segment and a reconciliation to reported amounts for the three and nine months ended October 1, 2000 and September 26, 1999 are as follows:

	Three Months			
	2000		1999	
	External	Affiliate	External	Affiliate
Net revenues				
U.S. Toys	$ 184,253	1,114	309,670	-
Games	541,398	28,488	394,887	50,410
International	300,526	666	359,740	655
Global Operations (a)	6,060	260,403	8,591	293,612
Other segments	40,380	2,284	25,291	5,314
Corporate and eliminations	-	(292,955)	-	(349,991)
	$1,072,617	-	1,098,179	-

	Nine Months			
	2000		1999	
	External	Affiliate	External	Affiliate
Net revenues				
U.S. Toys	$ 412,817	3,970	839,194	-
Games	1,384,267	55,215	906,615	51,766
International	665,590	(308)	709,715	3,625
Global Operations (a)	11,262	635,935	17,216	752,206
Other segments	150,535	10,651	168,411	13,661
Corporate and eliminations	-	(705,463)	-	(821,258)
	$2,624,471	-	2,641,151	-

(Thousands of Dollars)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	Oct. 1, 2000	Sep. 26, 1999	Oct. 1, 2000	Sep. 26, 1999
Operating profit (loss)				
U.S. Toys	$ (21,922)	35,278	(74,349)	84,313
Games	57,013	56,592	204,168	95,224
International	28,077	58,817	18,016	33,854
Global Operations (a)	762	(2,090)	(2,320)	(5,714)
Other segments	(7,101)	(8,572)	(7,122)	22,455
Corporate and eliminations	106	1,084	(4,722)	(1,163)
	$ 56,935	141,109	133,671	228,969

	Oct. 1, 2000	Sep. 26, 1999
Total assets		
U.S. Toys (b)	$ 412,166	-
Games (b)	2,219,383	-
U.S. Toys and Games (b)	$ 2,631,549	2,702,800

International	1,170,302	1,181,310
Global Operations	532,168	543,274
Other segments	302,959	289,524
Corporate and eliminations	(266,392)	(523,639)
	$ 4,370,586	4,193,269

(a) The Global Operations segment derives substantially all of its revenues and operating results from intersegment activities.

(b) As a result of the complexity of the Company's organizational changes, it is unable to segregate 1999 assets between the U.S. Toys and Games segments, and thus they are reported as one for 1999. Certain asset related expense items including depreciation and amortization of intangibles have been allocated to 1999 segment results based upon estimates in order to arrive at segment operating profit.

(Thousands of Dollars)
(Unaudited)

The following table presents consolidated net revenues by classes of principal products for the quarter and nine months ended October 1, 2000 and September 26, 1999:

	Quarter Ended		Nine Months Ended	
	Oct. 1, 2000	Sep. 26, 1999	Oct. 1, 2000	Sep. 26, 1999
Boys toys	$ 207,400	364,200	508,000	937,200
Games and puzzles	600,200	494,400	1,519,800	1,033,500
Interactive software games	59,300	34,000	100,100	111,700
Preschool toys	65,600	76,200	140,100	161,700
Other	140,117	129,379	356,471	397,051
Net revenues	$1,072,617	1,098,179	2,624,471	2,641,151

(Thousands of Dollars)
(Unaudited)

(5) Earnings per share data for the fiscal quarters and nine months ended October 1, 2000 and September 26, 1999 were computed as follows:

	2000		1999	
	Basic	Diluted	Basic	Diluted
Quarter				
Net earnings	$ 13,832	13,832	85,170	85,170
Average shares outstanding (in thousands)	171,732	171,732	194,612	194,612
Effect of dilutive securities; Options and warrants	-	209	-	5,732
Equivalent shares	171,732	171,941	194,612	200,344
Earnings per share	$ .08	.08	.44	.43
Nine Months				
Net earnings	$ 35,459	35,459	131,254	131,254

Average shares outstanding (in thousands)	177,937	177,937	195,280	195,280
Effect of dilutive securities;				
Options and warrants	-	701	-	8,726
Equivalent shares	177,937	178,638	195,280	204,006
Earnings per share	$ .20	.20	.67	.64

(6) On December 7, 1999, the Company announced a program to further consolidate manufacturing and sourcing activities and product lines, as well as streamline and further regionalize marketing, sales and research and development activities worldwide. Costs associated with this consolidation program, recorded in the fourth quarter of 1999, amounted to $141,575, of which $64,232 was recorded as a restructuring charge and $77,343 in various other operating expense categories.

The significant components of the plan included the closing of two factories, one in Mexico and one in the United Kingdom, reducing capacity at the remaining three factories, shifting production to third party manufacturers in the Far East and further consolidation and regionalization of the International marketing and sales structure. Actions under the plan commenced in December 1999 and are expected to be completed by the end of fiscal 2000. There have been no material changes to the plan to date. The restructuring charge of $64,232 represented approximately $38,700 of cash charges for severance benefits for termination of approximately 2,200 employees, which will be disbursed over the employee's entitlement period, $14,300 of cash charges for lease and facility closing costs to be expended over the contractual lease terms and closing process and non-cash charges of $11,200 for fixed asset write-offs, arising primarily in the manufacturing area. Of the cash amount, approximately $4,700 was paid prior to December 26, 1999 for severance benefits relating to approximately 200 employees terminated prior to year-end. Non-cash charges relating to fixed asset write-offs were credited to the respective line items on the balance sheet. Details of activity in the restructuring plan for the nine month period follow:

	Balance at Dec. 26, 1999	Activity	Balance at Oct. 1, 2000
Severance	$ 34,000	(21,000)	13,000
Lease and facility closing costs	14,300	(6,300)	8,000
	$ 48,300	(27,300)	21,000
Employee redundancies by area:			
Manufacturing and sourcing activities	1,700	(1,600)	100
Research, product development, marketing sales and administration	300	(260)	40
	2,000	(1,860)	140

The remaining severance liability represents cash charges for severance benefits for employees not yet terminated and amounts for employees made redundant which will be disbursed over the employee's entitlement period. The

balance in lease and facility closing costs will be expended over the contractual lease term and closing process.

(7) On October 12, 2000, the Company announced a plan, approved by its Board of Directors, to consolidate its US Toy group into Rhode Island. The major components of the plan include the closing of offices in Cincinnati, Ohio and

San Francisco, California, office and warehouse space in Napa, California, and the shifting of certain design and engineering functions to the Far East. These locations are expected to be closed by the end of the year. In addition,, the Company plans significant overhead reductions in other areas to reduce costs in the product development, sales and marketing, and administrative functions across the Company and to further improve the product development process.

Together, these plans will result in expected charges, primarily in the fourth quarter of 2000, of approximately $70,000, which is expected to consist of $50,000 in severance benefits and $20,000 in lease and facility closing costs. Included in the $70,000 are non-cash charges of $6,000 relating to fixed asset write-offs. The plans anticipate the redundancy of approximately 500 to 550 employees worldwide in the product development, sales and marketing and administrative functions.

In addition, results from the important fourth quarter holiday selling season impact the Company's assessment of its ongoing and future product lines. As the Company has not completed this assessment, the impact of discontinued product lines and product lines with reduced expectations has not yet been determined. This assessment is expected to be completed in the fourth quarter of 2000 and may result in additional charges, primarily non-cash.

(Thousands of dollars)

NET EARNINGS AND SEGMENT RESULTS

In the third quarter and nine months ended October 1, 2000, net earnings were $13,832 and $35,459, respectively, compared to 1999 levels of $85,170 and $131,254. Diluted earnings per share for the third quarter was $.08 in 2000 and $.43 in 1999. For the nine months of 2000, diluted earnings per share was $.20, compared to $.64 for the same period in 1999. Net revenues and operating profits of the Games segment increased in both the third quarter and nine months of 2000 over comparable 1999 levels. The revenue increase in the quarter and nine months was due primarily to trading card and role playing games associated with the Company's September 30, 1999 acquisition of Wizards of the Coast, Inc. (Wizards). With the contribution of revenues from Wizards, Games segment operating profit for the nine months of 2000 was $204,168, compared to $95,224 for the comparable period in 1999. In the quarter, the increase was modest, with operating profit of $57,013 compared to $56,592 for the year ago period. Games segment quarter and nine month operating profits were negatively impacted by a loss from interactive software games of $22,431 and $79,303, respectively, as well as a decline in FURBY revenues from a year ago. Games segment operating profit also reflects expenses of approximately $6,000 in the third quarter and $13,000 for the nine months on Games.com, the Company's internet games initiative. US Toy segment revenues declined by 41% and 51% in the quarter and nine months from a year ago, and reflected 2000 operating losses for the quarter and nine months of $21,922 and $74,349, respectively. Revenues and operating profit in the International segment increased in local currencies over the quarter and nine months of 1999. A more detailed discussion of items impacting consolidated net earnings and segment results follows.

NET REVENUES

Net revenues for the third quarter of 2000 decreased approximately 2% to $1,072,617 from $1,098,179 in the third quarter of 1999. This decrease is due to reduced revenues, primarily in the US Toy segment, from STAR WARS product relating to the May, 1999 theatrical release of STAR WARS: EPISODE I: THE PHANTOM MENACE. More than offsetting this reduction was the addition of revenues across all segments resulting from increased shipments of POKEMON related product over 1999. In the Games segment, this includes trading card games of Wizards, acquired in the fourth quarter of 1999, and electronic games. In addition to POKEMON games, revenue from other trading card and role playing games and the addition of new interactive plush products more than offset the decline in FURBY revenues over the comparable quarter in 1999. Third quarter revenues from interactive software games increased 74% to $59,300 from $34,000 in 1999. The strong US dollar negatively impacted worldwide net revenues by $33,300 in the third quarter of 2000 compared to the third quarter of 1999. In addition to the third quarter factors above, the 2000 nine month amounts reflect a negative impact of approximately $66,500 from the stronger U.S. dollar. Continued strength of the U.S. dollar will have a continued negative impact on reported worldwide revenues of the Company.

GROSS PROFIT
- ------------
The Company's gross profit margins for the quarter and nine months of 2000 were 57.2% and 59.7%, respectively, compared to 1999 amounts of 59.6% and 60.4%. The decrease in margins primarily reflects product mix, such as lower revenues generated from entertainment based properties, such as STAR WARS related products, and FURBY which carry higher gross margins. Also impacting gross margins were higher oil prices, which impact resin prices and transportation costs. Partially offsetting these decreases are the higher gross margins associated with trading card games from Wizards. Continued high oil prices will continue to have a negative impact on the Company's gross profit margins in 2000.

EXPENSES
- --------
Amortization expense for both periods of 2000 was greater than in the comparable periods of 1999, reflecting the Games segment fourth quarter 1999 acquisition of Wizards.

Royalties, research and development expenses for the quarter and year to date decreased in both amount and as a percentage of net revenues from comparable 1999 levels. The royalty component decreased in dollars and was a comparable percentage of net revenues in the quarter. For the nine months, royalties decreased in both amount and as a percentage of net revenues, principally reflecting decreased volumes of STAR WARS products, primarily in the US Toy segment, and FURBY in the Games segment. This decrease was somewhat offset by royalties incurred across all segments relating to POKEMON products. Revenues derived from entertainment based properties, such as STAR WARS and POKEMON, and their corresponding royalties, while continuous over the life of a contract, are generally higher in amount in the year a theatrical release takes place. It is anticipated that operating profit will also generally be higher in these years. The degree to which revenues, royalties and operating profits fluctuate is influenced not only by theatrical release dates, but by video release dates as well. Research and development, at $58,414 for the 2000 third quarter decreased in both dollars and as a percentage of net revenues from the 1999 amount of $62,022. For the nine months ended October 2000, research and development expenses increased modestly in dollars to $156,991 from the 1999 amount of $156,110.

Advertising expense in the third quarter of 2000 increased in dollars and as a percentage of net revenues to $134,631 from the 1999 amount of $117,567. The increase in the quarter is largely due to the mix of more highly advertised products on a base of lower net revenues primarily in the US Toy segment, compared to the comparable quarter of 1999. For the nine months ended October 2000, advertising expense decreased in dollars and as a percentage of net revenues to $281,722 from $299,925 in the comparable period of 1999.

Selling, distribution and administration expenses, which are largely fixed, increased in amount and as a percentage of net revenues in both the third quarter and nine months of 2000 from comparable 1999 levels. The increase in amount is due primarily to the Games segment's fourth quarter 1999 acquisition of Wizards, which has higher selling, distribution and administrative costs associated with its retail stores and worldwide trading card and role-playing game tournament sponsorship.

NONOPERATING (INCOME) EXPENSE
- -----------------------------
Interest expense during the third quarter and nine months of 1999 was $30,565 and $80,206, respectively, compared with $19,190 and $44,788 in 1999. This increase reflects costs associated with borrowing requirements to fund the Company's 1998 acquisitions, the fourth quarter 1999 acquisition of Wizards, and the Company's share repurchase program, all partially offset by the availability of funds generated from operations. The decrease in other income was due primarily to foreign currency.

INCOME TAXES
- ------------

(Thousands of dollars)

Income tax expense as a percentage of pretax earnings for the third quarter and nine months of 2000 was 31.0%, unchanged from the full year 1999 rate.

OTHER INFORMATION

During the fourth quarter of 1999, the Games segment acquired Wizards. The trading card and role playing games associated with that acquisition are a year round business, less dependent on the fourth quarter holiday retail selling season than traditional toys and other forms of games. Also in 1999, the second quarter and first half were positively impacted by the May 19, 1999 theatrical release of STAR WARS: EPISODE 1: THE PHANTOM MENACE. Despite these factors, the Company continues to expect the second half of the year and within that half, the fourth quarter, to be more significant to its overall ongoing full year business. This concentration increases the risk of (a) underproduction of popular items, (b) overproduction of less popular items and (c) failure to achieve tight and compressed shipping schedules. The business of the Company is characterized by customer order patterns which vary from year to year largely because of differences in the degree of consumer acceptance of a product line, product availability, marketing strategies, inventory levels, policies of retailers and differences in overall economic conditions. The trend of retailers over the past few years has been to purchase product within or close to the fourth quarter holiday consumer selling season, which includes Christmas. Quick response inventory management practices now being used result in fewer orders being placed in advance of shipment and more orders, when placed, for immediate delivery. Consequently, unshipped orders on any date in a given year are not necessarily indicative of sales for the entire year. In addition, it is a general industry practice that

orders are subject to amendment or cancellation by customers prior to shipment. At October 1, 2000 and September 26, 1999 the Company's unshipped orders were approximately $723,000 and $818,000, respectively. In addition to the above factors, many of the Company's new product introductions are planned for the latter part of the year. For those planned new products containing electronic components, a continued worldwide shortage of electronic components may impact the Company's ability to meet customer demands for those products.

On December 7, 1999, the Company announced a program to further consolidate manufacturing and sourcing activities and product lines, as well as streamline and further regionalize marketing, sales and research and development activities worldwide. The plan resulted in pre-tax cost savings of approximately $4,200 and $10,300, respectively, in the third quarter and nine months of 2000. The components of activity in the plan and the balance remaining at the end of the quarter are as follows:

	Balance at Dec. 26, 1999	Activity	Balance at Oct. 1 2000
Severance	34,000	(21,000)	13,000
Lease and facility closing costs	14,300	(6,300)	8,000
	$ 48,300	(27,300)	21,000
Employee redundancies by area:			
Manufacturing and sourcing activities	1,700	(1,600)	100
Research, product development, marketing sales and administration	300	(260)	40
	2,000	(1,860)	140

The significant components of the plan included the closing of two factories, in Mexico and the United Kingdom, the reduction of capacity at the remaining three factories, the shift of production to third party manufacturers in the Far East and further consolidation and regionalization of the International marketing and sales structure. Actions under the plan commenced in December 1999 and are expected to be completed by the end of fiscal 2000. The remaining severance liability represents cash charges for severance benefits for employees not yet terminated and amounts for employees made redundant which will be disbursed over the employee's entitlement period. The balance in lease and facility closing costs will be expended over the contractual lease terms and closing process. The Company expects to generate pre-tax savings of approximately $16,000 in 2000 and $23,000 per year thereafter from these actions.

On October 12, 2000, the Company announced a plan, approved by its Board of Directors, to consolidate its US Toy group into Rhode Island. The major components of the plan include the closing of offices in Cincinnati, Ohio and San Francisco, California, office and warehouse space in Napa, California, and the shifting of certain design and engineering functions to the Far East. These locations are expected to be closed by the end of the year. In addition, the Company plans significant overhead reductions in other areas to reduce costs in the product development, sales and marketing, and administrative functions across the Company and to further improve the product development process.

Together, these plans will result in expected charges, primarily in the fourth quarter of 2000, of approximately $70,000, which is expected to consist of $50,000 in severance benefits and $20,000 in lease and facility closing costs. Included in the $70,000 are non-cash charges of $6,000 relating to fixed asset write-offs. The plans anticipate the redundancy of approximately 500 to 550 employees worldwide in the product development, sales and marketing and administrative functions.

In addition, results from the important fourth quarter holiday selling season impact the Company's assessment of its ongoing and future product lines. As the Company has not completed this assessment, the impact of discontinued product lines and product lines with reduced expectations has not yet been determined. This assessment is expected to be completed in the fourth quarter of 2000 and may result in additional charges, primarily non-cash.

LIQUIDITY AND CAPITAL RESOURCES

The seasonality of the Company's business coupled with certain customer incentives, mainly in the form of extended payment terms, result in the interim cash flow statements not being representative of that which may be expected for the full year. Historically, the majority of the Company's cash collections occur late in the fourth quarter and early in the first quarter of the subsequent year. As receivables are collected, cash flow from operations becomes positive and is used to repay a significant portion of outstanding short-term debt.

Because of this seasonality in cash flow, management believes that on an interim basis, rather than discussing only its cash flows, a better understanding of its liquidity and capital resources can be obtained through a discussion of the various balance sheet categories as well. Also, as several of the major categories, including cash and cash equivalents, accounts receivable, inventories and short-term borrowings, fluctuate significantly from quarter to quarter, again due to the seasonality of its business, management believes that a comparison to the comparable period in the prior year is generally more meaningful than a comparison to the prior year-end.

Cash flows utilized by operating activities were $70,470 and $305,664 for the nine months ended October 1, 2000 and September 26, 1999, respectively. Receivables were $889,090 at October 1, 2000 compared to $1,167,660 at September 26, 1999, while days sales outstanding improved to 75 days from 96 days last year. The decrease reflects the shorter payment terms associated with trading card games and higher levels of cash collections in the quarter than in the comparable period of the prior year. Inventories increased 23% from 1999 levels, primarily reflecting the Company's fourth quarter 1999 acquisition of Wizards. In addition to finished product, Wizards maintains a higher level of raw materials and work in process than the Company's pre-existing toys and games, due to the special paper and printing requirements of trading card games. Prepaid expenses decreased to $304,454 from $443,344, reflecting a reduction in prepaid royalties existing at September 26, 1999, offset in part by the acquisition of Wizards. Trade payables and accrued liabilities increased to $1,029,687 from $873,959 in 1999. The increase primarily relates to the acquisition of Wizards.

Property, plant and equipment and other assets, as a group, increased from their 1999 levels, primarily reflecting the Company's fourth quarter 1999 acquisition of Wizards, partially offset by assets of approximately $76,200 written off or written down to fair market value in connection with the Company's 1999 consolidation program, and twelve additional months of depreciation and amortization expense.

Net borrowings (short and long-term borrowings less cash and cash equivalents) increased to $1,543,891 at October 1, 2000 from $1,188,362 at September 26, 1999. This reflects the use of approximately $850,000 of cash in the prior twelve months for investments and acquisitions and the Company's continued repurchase of its common stock both of which are traditionally funded through a combination of cash provided by operating activities and short and long-term borrowings. On March 15, 2000, the Company issued $750 million of debt securities in the form of $550 million of 7.95% notes due March 15, 2003 and

$200 million of 8.50% notes due March 15, 2006. The Company used the proceeds of these notes to pay down short term debt primarily incurred in connection with the acquisition of Wizards and the repurchase of shares of its common stock, including a portion of the proceeds for the repurchase of shares under a Modified Dutch Auction Tender Offer, which was initiated and completed in the first six months of 2000. Included in short-term borrowings is $781 of current installments of long-term debt. At October 1, 2000, the Company had committed unsecured lines of credit totaling approximately $715,000 available to it. It also had available uncommitted lines approximating $601,000. The Company believes that these amounts are adequate for its needs. Of these available lines, approximately $590,000 was in use at October 1, 2000.

EURO CONVERSION
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Certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Economic Monetary Union common currency, or Euro. While the Euro was introduced on January 1, 1999, member countries will continue to use their existing currencies through January 1, 2002, with the transition period for full conversion to the Euro ending June 30, 2002. Transition to the Euro creates certain issues for the Company with respect to upgrading information technology systems for 2002 full use requirements, reassessing currency risk, product pricing, amending business and financial contracts as well as processing tax and accounting records. The Company has and will continue to address these transition issues and does not expect the Euro conversion to have a material effect on the results of operations or financial condition of the Company.

FORWARD-LOOKING STATEMENTS
- --------------------------

This discussion contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "may," "planned," "potential," "should," "will," and "would" or any variations of such words with similar meanings. These forward-looking statements are inherently subject to known and unknown risks and uncertainties. A variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in the forward-looking statements. These factors include, but are not limited to, the Company's ability to manufacture, source and ship new and continuing product in a timely manner and customers' and consumers' acceptance of those products at prices that will be sufficient to profitably recover development, manufacturing, marketing, royalty and other costs of the products; economic conditions including higher fuel prices and availability of electronic components, 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 the 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, including the ability to secure, maintain and renew popular licenses and the ability to attract and retain talented employees in a competitive environment; the assessment by the Company of its 2001 product line and of the impact of discontinued product lines and product lines with reduced expectations has not been completed and charges, primarily non-cash, are likely to be incurred when the assessment is completed; the impact of market conditions, third party actions or approvals and the impact of competition that could delay or increase the cost of implementation of the consolidation program or alter planned actions and reduce actual results; the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization; with respect to the Company's online game site initiative, in addition to the factors set forth above, technical difficulties in adapting games to online format and establishing the online game site that could delay or increase the cost of the site becoming operational; the acceptance by customers of the games and other products and services to be offered at the online game site; competition from other online game sites and other game playing formats; and the fact that online game revenues may not be sufficient to cover the significant advertising and other expenditures required or the support, service and product enhancement demands of online users; and other risks and uncertainties as are or may be detailed from time to time in the Company's public announcements and filings with the SEC such as Forms 8-K, 10-Q and 10-K. The Company undertakes no obligation to revise the forward-looking statements contained in this discussion or to update the forward-looking statements to reflect events or circumstances occurring after the date of this discussion.

RECENT INFORMATION

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133). SFAS 133 was amended by SFAS 138 in June 2000. The Company will adopt this statement on January 1, 2001. SFAS 133 will require that the Company record all derivatives, such as foreign exchange contracts, in the balance sheet at fair value. Changes in derivative fair values will either be recognized in earnings as an offset to the changes in the fair value of the related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a component of other shareholders' equity until the hedged transactions occur and are recognized in earnings. The ineffective portion of a hedging

derivative's change in fair value will be immediately recognized in earnings. The impact of SFAS 133 on the Company's financial statements will depend on several factors, including interpretive guidance issued from the FASB, the extent of the Company's hedging activities and use of equity and other financial derivatives, the Company's ability to forecast foreign currency transactions compared to actual results and the effectiveness of the hedging instruments used. However, the Company does not believe adoption of SFAS 133 will have a material impact on either the Company's financial condition or its results of operations.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements (SAB 101) which addresses certain criteria for revenue recognition. SAB 101, as amended by SAB 101A and SAB 101B, outlines the criteria that must be met to recognize revenue and provides guidance for disclosures related to revenue recognition policies. The Company must implement any applicable provisions of SAB 101 no later than the fourth quarter of the fiscal year ending December 31, 2000. Management is currently evaluating the effects of SAB 101 on the Company's financial statements and current disclosures.

In September 2000, the Emerging Issues Task Force reached a consensus on Issue 00-10, Accounting for Shipping and Handling Fees and Costs (Issue 00-10). Issue 00-10, requires that all amounts billed to customers related to shipping and handling should be classified as revenues. In addition, Issue 00-10, specifies that the classification of shipping and handling cost is an accounting policy decision that should be disclosed pursuant to APB 22, Disclosure of Accounting Policies. A company may adopt a policy of including shipping and handling costs in cost of sales. If shipping and handling costs are not included in cost of sales, a company should disclose both the amount of such cost and the line item on the income statement which includes those costs. Issue 00-10 will be effective for the Company no later than the fourth quarter of the fiscal year ending December 31, 2000. The Company currently estimates the impact of adopting Issue 00-10 on Net Revenues and on Selling, Distribution and Administration Expense to be immaterial for 2000 and 1999.

PART II. Other Information

Item 1. Legal Proceedings.

In October 2000, Galoob Toys, Inc. (Galoob), which was acquired by the Company in the fourth quarter of 1998, entered into a settlement agreement order with the U.S. Consumer Product Safety Commission (CPSC) relating to Galoob SKY DANCERS product, which was subject to a voluntary recall by Galoob in 2000. The CPSC alleged that Galoob failed to timely report incident data in connection with SKY DANCERS. Following the acquisition, Galoob promptly reported the data to the CPSC. Without admitting any liability or wrongdoing or that the recalled product was defective or dangerous, Galoob, to avoid incurring additional legal costs and expenses, agreed to pay a $400,000 civil penalty in connection with the matter.

Item 2. Changes in Securities.

On September 20, 2000, the Company issued two warrants to purchase 1,000,000 and 700,000 shares of common stock, par value $.50 per share, of the Company, at exercise prices of $15.70 and $18.84 per share, respectively, to a subsidiary of The Walt Disney Company, in connection with, and as partial consideration for, a broad multi-year corporate alliance encompassing the licensing of Disney film and television properties. Under terms of the agreement, the Company will have the right to develop and market toys and games associated with upcoming Disney-branded film properties, beginning with "MONSTERS, INC.," a Disney/Pixar animated feature film scheduled for release in fall 2001. One half of each warrant is exercisable 30 days after the U.S. theatrical release of the second film and the remaining half 30 days after the release of the fourth film. The warrants expire in December 2006, subject to extension under certain circumstances.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

11.1 Computation of Earnings Per Common Share - Nine Months Ended October 1, 2000 and September 26, 1999.

11.2 Computation of Earnings Per Common Share - Quarter Ended October 1, 2000 and September 26, 1999.

12 Computation of Ratio of Earnings to Fixed Charges - Nine Months and Quarter Ended October 1, 2000.

27 Article 5 Financial Data Schedule - Third Quarter 2000.

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated October 12, 2000, was filed by the Company and included the Press Release, dated October 12, 2000, announcing the Company's expectation of second half results and plans to improve profitability.

A Current Report on Form 8-K, dated October 19, 2000, was filed by the Company and included the Press Release, dated October 19, 2000, announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters and nine months ended October 1, 2000 and September 26, 1999 and Consolidated Condensed Balance Sheets (without notes) as of said dates were also filed.

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.
(Registrant)

Date: October 30, 2000

By: /s/ Alfred J. Verrecchia

President and
Chief Operating Officer and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

HASBRO, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
For the Period Ended October 1, 2000

Exhibit Index

Exhibit No.	Exhibits
11.1	Computation of Earnings Per Common Share - Nine Months Ended October 1, 2000 and September 26, 1999
11.2	Computation of Earnings Per Common Share - Quarter Ended October 1, 2000 and September 26, 1999
12	Computation of Ratio of Earnings to Fixed Charges - Nine Months and Quarter Ended October 1, 2000
27	Article 5 Financial Data Schedule - Third Quarter 2000

EXHIBIT 11.1

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Nine Months Ended October 1, 2000 and September 26, 1999

(Thousands of Dollars and Shares Except Per Share Data)

	2000		1999	
	Basic	Diluted	Basic	Diluted
Net earnings	$ 35,459	35,459	131,254	131,254
Weighted average number of shares Outstanding:				
Outstanding at beginning of period	192,984	192,984	196,175	196,175
Exercise of stock options and warrants:				
Actual	79	79	2,641	2,641
Assumed	-	701	-	8,726
Purchase of common stock	(15,126)	(15,126)	(3,536)	(3,536)
Total	177,937	178,638	195,280	204,006
Per common share:				
Net earnings	$ .20	.20	.67	.64

EXHIBIT 11.2

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Quarter Ended October 1, 2000 and September 26, 1999

(Thousands of Dollars and Shares Except Per Share Data)

	2000		1999	
	Basic	Diluted	Basic	Diluted
Net earnings	$ 13,832	13,832	85,170	85,170
Weighted average number of shares Outstanding:				
Outstanding at beginning of period	171,709	171,709	194,834	194,834
Exercise of stock options and warrants:				
Actual	23	23	131	131
Assumed	-	209	-	5,732
Purchase of common stock	-	-	(353)	(353)
Total	171,732	171,941	194,612	200,344
Per common share:				
Net earnings	$ .08	.08	.44	.43

EXHIBIT 12

HASBRO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
Nine Months and Quarter Ended October 1, 2000

(Thousands of Dollars)

	Nine Months	Quarter
Earnings available for fixed charges:		
Net earnings	$ 35,459	13,832
Add:		
Fixed charges	94,870	36,047
Income taxes	15,931	6,214
Total	$146,260	56,093
Fixed Charges:		
Interest on long-term debt	$ 53,115	21,241
Other interest charges	27,091	9,324
Amortization of debt expense	1,213	510
Rental expense representative of interest factor	13,451	4,972
Total	$ 94,870	36,047
Ratio of earnings to fixed charges	1.54	1.56

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DEC-31-2000
OCT-1-2000
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