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 September 29, 1996   Commission file number 1-6682

HASBRO, INC.

(Name of Registrant)

Rhode Island	O5-0155090
(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 November 8, 1996 was 86,222,330.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)
(Unaudited)

Assets	Sep. 29, 1996	Oct.1, 1995	Dec. 31, 1995
Current assets			
Cash and cash equivalents	$ 57,753	53,785	161,030
Accounts receivable, less allowance for doubtful accounts of $54,300, $49,000 and $48,800	1,184,615	1,128,119	791,111
Inventories:			
Finished products	315,227	296,358	240,126
Work in process	25,042	28,374	22,093
Raw materials	62,435	65,363	53,401
Total inventories	402,704	390,095	315,620
Deferred income taxes	80,661	84,175	85,849
Prepaid expenses	75,280	74,089	71,888
Total current assets	1,801,013	1,730,263	1,425,498

Property, plant and equipment, net	301,453	306,464	313,240
Other assets			
Cost in excess of acquired net assets, less accumulated amortization of $111,367, $95,438 and $99,404	469,522	480,749	473,388
Other intangibles, less accumulated amortization of $96,172, $73,959 and $79,648	364,340	346,383	343,624
Other	63,147	53,650	60,638
Total other assets	897,009	880,782	877,650
Total assets	$2,999,475	2,917,509	2,616,388

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets, Continued

(Thousands of Dollars Except Share Data)
(Unaudited)

Liabilities and Shareholders' Equity	Sep. 29, 1996	Oct. 1, 1995	Dec. 31, 1995
Current liabilities			
Short-term borrowings	$ 553,136	566,820	119,987
Trade payables	136,587	140,743	198,328
Accrued liabilities	417,338	448,243	433,567
Income taxes	101,022	84,635	117,982
Total current liabilities	1,208,083	1,240,441	869,864
Long-term debt, excluding current installments	149,907	149,991	149,991
Deferred liabilities	70,556	65,143	70,921
Total liabilities	1,428,546	1,455,575	1,090,776
Shareholders' equity			
Preference stock of $2.50 par value. Authorized 5,000,000 shares; none issued	-	-	-
Common stock of $.50 par value. Authorized 300,000,000 shares; issued 88,088,968, 88,086,108 and 88,086,108	44,044	44,043	44,043
Additional paid-in capital	304,409	279,320	279,288
Retained earnings	1,270,758	1,120,707	1,201,242
Cumulative translation adjustments	18,631	25,588	23,450
Treasury stock, at cost; 1,930,844, 262,653 and 741,237 shares	(66,913)	(7,724)	(22,411)
Total shareholders' equity	1,570,929	1,461,934	1,525,612
Total liabilities and shareholders' equity	$2,999,475	2,917,509	2,616,388

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	
	Sep. 29, 1996	Oct. 1, 1995	Sep. 29, 1996	Oct. 1, 1995
Net revenues	$845,148	826,165	1,895,442	1,834,522
Cost of sales	372,273	360,852	844,228	807,509
Gross profit	472,875	465,313	1,051,214	1,027,013
Expenses				
Amortization	9,939	9,718	29,745	28,686
Royalties, research and development	85,929	78,318	204,707	195,487
Discontinued development project	-	-	-	31,100
Advertising	116,446	123,537	252,893	261,934
Selling, distribution and administration	146,941	142,977	397,215	382,785
Total expenses	359,255	354,550	884,560	899,992
Operating profit	113,620	110,763	166,654	127,021
Nonoperating (income) expense				
Interest expense	9,419	10,932	19,678	24,139
Other (income), net	(733)	(3,539)	(6,210)	(11,528)
Total nonoperating expense	8,686	7,393	13,468	12,611
Earnings before income taxes	104,934	103,370	153,186	114,410
Income taxes	34,465	39,798	52,366	44,048
Net earnings	$ 70,469	63,572	100,820	70,362
Per common share				
Net earnings	$ .81	.72	1.15	.80
Cash dividends declared	$ .10	.08	.30	.24

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Nine Months Ended September 29, 1996 and October 1, 1995

(Thousands of Dollars)
(Unaudited)

	1996	1995
Cash flows from operating activities		
Net earnings	$100,820	70,362
Adjustments to reconcile net earnings to net cash utilized by operating activities:		
Depreciation and amortization of plant and equipment	71,016	65,652
Other amortization	29,745	28,686
Deferred income taxes	2,388	(6,652)
Change in operating assets and liabilities (other than cash and cash equivalents):		
Increase in accounts receivable	(400,077)	(397,487)
Increase in inventories	(87,392)	(137,331)
Increase in prepaid expenses	(3,573)	(3,227)
Decrease in trade payables and accrued liabilities	(88,530)	(8,437)
Other	1,839	12,346
Net cash utilized by operating activities	(373,764)	(376,088)
Cash flows from investing activities		
Additions to property, plant and equipment	(62,504)	(62,813)
Investments and acquisitions, net of cash acquired	(21,313)	(112,531)
Other	(4,540)	4,912
Net cash utilized by investing activities	(88,357)	(170,432)
Cash flows from financing activities		
Proceeds from borrowings with original maturities of more than three months	230,788	413,953
Repayments of borrowings with original maturities of more than three months	(30,990)	(32,071)
Net proceeds of other short-term borrowings	231,603	89,733
Purchase of common stock	(58,350)	(312)
Stock option transactions	11,318	6,476
Dividends paid	(24,329)	(20,170)
Net cash provided by financing activities	360,040	457,609
Effect of exchange rate changes on cash	(1,196)	5,668
Decrease in cash and cash equivalents	(103,277)	(83,243)
Cash and cash equivalents at beginning of year	161,030	137,028
Cash and cash equivalents at end of period	$ 57,753	53,785
Supplemental information		
Cash paid during the period for:		
Interest	$ 12,892	15,558
Income taxes	$ 59,165	60,320

See accompanying condensed notes to consolidated financial statements.

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

(Thousands of Dollars)
(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 September 29, 1996 and October 1, 1995, and the results of operations and cash flows for the periods then ended.

The nine months ended September 29, 1996 consisted of 39 weeks while the nine months ended October 1, 1995 consisted of 40 weeks.

The results of operations for the nine months ended September 29, 1996, are not necessarily indicative of results to be expected for the full year.

(2) During the second quarter of 1995, the Company discontinued its efforts, begun in 1992, related to the development of a mass-market virtual reality game system. The impact of this decision on the quarter was a pretax charge of $31,100. (See further discussion in Management's Discussion and Analysis of Financial Condition and Results of Operations.)

(3) Earnings per common share are based on the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during each period. Common stock equivalents include stock options and warrants for the period prior to their exercise. Under the treasury stock method, the unexercised options and warrants are assumed to be exercised at the beginning of the period or at issuance, if later. The assumed proceeds are then used to purchase common stock at the average market price during the period.

For each of the reported periods except the quarter ended September 29, 1996, the difference between primary and fully diluted earnings per share was not significant. For the quarter ended September 29, 1996, the primary and fully diluted earnings per share were $.81 and $.78, respectively.

HASBRO, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial
Condition and Results of Operations

(Thousands of dollars)

NET REVENUES

Net revenues for the third quarter and nine months of 1996 were $845,148 and $1,895,442, respectively, up from the $826,165 and $1,834,522 reported for the same periods of 1995. Continuing the trend experienced during the first half of 1996, the increased volume during the quarter was primarily attributable to growth in games and boys' toys in the United States. During the quarter, the Company's revenues from its international operations remained flat although absent the adverse impact of the strengthened U.S. dollar they increased marginally. For the nine months, again absent the impact of currency, they were essentially flat.

COST OF SALES

For both the quarter and nine months, the Company's gross margin percentages showed a moderate decline. Contributing to this was the adverse impact of excess manufacturing capacity. As the Company has moved certain of its production requirements to lower-cost regions and contract manufacturers, excess capacity has resulted, a situation which led to the recently announced closing of a manufacturing facility. Also contributing to the reduced margins was the impact of sales made at less than normal margins. The aforementioned were partially offset by reduced prices on certain raw material commodities, most notably plastics and paper.

EXPENSES

Royalties, research and development expenses for both the third quarter and nine months increased both in amount and as a percentage of net revenues. The increase in the royalty component reflected both the Company's revenue growth and the mix of products sold with more revenue being derived from items carrying higher royalty rates. Research and development was $36,583 and $102,093 for the quarter and nine months of 1996, respectively, compared with $34,576 and $102,004 for the same periods of 1995.

During the second quarter of 1995, the Company discontinued its efforts, begun in 1992, related to the development of a mass-market virtual reality game system. The impact of this decision on the nine months of 1995 was a pretax charge of $31,100, the estimated costs associated with such action. Substantially all of these costs have now been paid.

Advertising expense for both the quarter and nine months again reflected decreases both in amount and when expressed as a percentage of net revenues. For the third quarter and nine months of 1996, the amounts were $116,446 and $252,893, respectively, compared with $123,537 and $261,934 in the same periods of 1995. Expressed as a percentage of net revenues, 1996 was 13.8% and 13.3% while 1995 was 15.0% and 14.3%. The decreases in the current year continue to reflect the lower proportion of the Company's revenues arising from the international marketing units, which generally have a higher advertising to sales ratio than the domestic groups.

When expressed as a percentage of net revenues, the Company's selling, distribution and administration expenses remained relatively constant during both the third quarter and nine months of 1996 when compared with the same periods of 1995, although each period showed an increase in amount. Included in this expense category for the third quarter and nine months of 1996 is a charge of approximately $2,500 for costs associated with the previously announced closure of the Company's Amsterdam, New York manufacturing facility.

NONOPERATING (INCOME) EXPENSE

Interest expense during the third quarter and nine months of 1996 decreased from the comparable 1995 levels continuing to reflect both lower interest rates and the Company's reduced borrowing requirements.

Other income, net, also declined during both the quarter and nine months, again largely reflecting the lower interest rates being earned on the Company's short-term investments.

INCOME TAXES

Income tax expense as a percentage of pretax earnings for the nine months of 1996 and 1995 was 34.2% and 38.5%, respectively. The decrease in the effective rate reflects changes in the Company's operations as well as the impact of certain strategies implemented during 1996. These strategies included a tax benefit amounting to $3,500 arising from certain prior year international operating losses which are now expected to be utilized.

The lower effective tax rate for the quarter results from the impact of the aforementioned tax benefit as well as the adjustment of first and second quarter earnings to a lower annual tax rate.

OTHER INFORMATION

During the past several years the Company has experienced a shift in its revenue pattern wherein the second half of the year has grown in significance to its overall business and within that half the fourth quarter has become more prominent. The Company expects that this trend will continue. 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 and inventory levels of retailers and differences in overall economic conditions. Also, more retailers are using quick response inventory management practices which results in fewer orders being placed in advance and more orders, when placed, for immediate delivery. As a result, comparisons of unshipped orders on any date in a given year with those at the same date in a prior 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 the end of its fiscal October (October 27, 1996 and October 29, 1995) the Company's unshipped orders were approximately $570,000 and $550,000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Because of the seasonality of the Company's business coupled with certain customer incentives, mainly in the form of extended payment terms, the interim cash flow statements are not representative of those which may be expected for the full year. As a result of these extended payment terms, 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 late in the fourth quarter and through the first quarter of the subsequent year, cash flow from operations becomes positive and is used to repay a significant portion of the short-term borrowings.

As a result, management believes that on an interim basis, rather than discussing its cash flows, a better understanding of its liquidity and capital resources can be obtained through a discussion of the various balance sheet categories. 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 and the extended payment terms offered, 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.

Receivables were approximately $55,000 greater than at the same time in 1995, largely reflecting the Company's increased revenues in 1996 and, when expressed as days sales outstanding, are marginally higher than those of a year ago. The growth in inventories which has been evident during the past year moderated somewhat during the third quarter and reflects the Company's plan to have product available during the increasingly important fourth quarter. Other assets, as a group, increased from their level of a year ago, primarily resulting from the Company's acquisitions of product rights and licenses during the most recent twelve months, partially offset by twelve additional months of amortization expense.

(Thousands of dollars)

The Company attempts to keep its cash and cash equivalents at the lowest level possible whenever it has short-term borrowings, although at times the cash available and the borrowing requirement may be in different countries and currencies which may make it impractical to substitute one for the

other. The Company's net borrowings (short-term borrowings less cash and cash equivalents), at $495,383 were approximately $18,000 less than last year. This decrease occurred even after the repurchase of approximately 2,100,000 shares of the Company's common stock during the past twelve months. At October 27, 1996, the Company had committed unsecured lines of credit totaling approximately $540,000 available to it. It also had available uncommitted lines approximating $810,000. The Company believes that these amounts are adequate for its needs. Of these available lines, approximately $575,000 was in use at October 27, 1996.

RECENT EVENT
- - ------------
As a part of its continuing focus on becoming a more global entity, the Company recently created two groups who will support its global brand marketing emphasis, while focusing the sales effort regionally. The first, a brands and product development group who will be responsible for the strategic marketing, management and development of all the Company's brands - - - both games and toys - with a global perspective. This group will be headed by Virginia Kent, formerly General Manager of Boys and Girls Toys. The second, an organization of regional sales and marketing teams who will help leverage brands, coordinate promotional activities and better serve customers around the world by focusing on their local market needs. This responsibility was split into three regions: The Americas, Europe (including the Middle East and Africa) and Asia/Pacific. E. David Wilson, formerly President of the Hasbro Games Group, will head the Americas, Norman Walker will continue with the European activities and a new head of Asia/Pacific will be named in the future. Both of these groups will report to the President of Global Marketing and Sales, a position for which the Company is actively recruiting.

PART II. Other Information

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

None

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 September 29, 1996 and October 1, 1995.

11.2 Computation of Earnings Per Common Share - Quarters Ended September 29, 1996 and October 1, 1995.

12 Computation of Ratio of Earnings to Fixed Charges - Nine Months and Quarter Ended September 29, 1996.

27 Article 5 Financial Data Schedule - Third Quarter 1996

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated October 21, 1996, was filed by the Company and included the Press Release dated October 21, 1996, announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters and nine months ended September 29, 1996 and October 1, 1995 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: November 14, 1996

By: /s/ John T. O'Neill

John T. O'Neill
Executive Vice President 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 September 29, 1996

Exhibit Index

Exhibit No.	Exhibits
11.1	Computation of Earnings Per Common Share - Nine Months Ended September 29, 1996 and October 1, 1995
11.2	Computation of Earnings Per Common Share - Quarters Ended September 29, 1996 and October 1, 1995
12	Computation of Ratio of Earnings to Fixed Charges - Nine Months and Quarter Ended September 29, 1996
27	Article 5 Financial Data Schedule - Third Quarter 1996

EXHIBIT 11.1

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Nine Months Ended September 29, 1996 and October 1, 1995

(Thousands of Dollars and Shares Except Per Share Data)

	1996		1995	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	$100,820	100,820	70,362	70,362
Interest and amortization on 6% convertible notes, net of taxes	-	4,321	-	4,338
Net earnings applicable to common shares	$100,820	105,141	70,362	74,700
Weighted average number of shares outstanding:(a)				
Outstanding at beginning of period	87,345	87,345	87,528	87,528
Actual exercise of stock options and warrants	217	217	169	169
Assumed exercise of stock options and warrants	1,090	1,324	600	704
Actual conversion of 6% convertible notes	1	1	-	-
Assumed conversion of 6% convertible notes	-	5,112	-	5,114
Purchase of common stock	(684)	(684)	(7)	(7)
Total	87,969	93,315	88,290	93,508
Per common share:				
Net earnings	$ 1.15	1.13	.80	.80

(a) Computation to arrive at the average number is a weighted average computation.

EXHIBIT 11.2

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Quarter Ended September 29, 1996 and October 1, 1995

(Thousands of Dollars and Shares Except Per Share Data)

	1996		1995	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	$ 70,469	70,469	63,572	63,572
Interest and amortization on 6% convertible notes, net of taxes	-	1,440	-	1,426
Net earnings applicable to common shares	$ 70,469	71,909	63,572	64,998
Weighted average number of shares outstanding:(a)				
Outstanding at beginning of period	86,837	86,837	87,751	87,751
Actual exercise of stock options and warrants	34	34	36	36
Assumed exercise of stock options and warrants	1,096	1,352	560	561
Actual conversion of 6% convertible notes	-	-	-	-
Assumed conversion of 6% convertible notes	-	5,111	-	5,114
Purchase of common stock	(554)	(554)	-	-
Total	87,413	92,780	88,347	93,462
Per common share:				
Net earnings	$ .81	.78	.72	.70

(a) Computation to arrive at the average number is a weighted average computation.

EXHIBIT 12

HASBRO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
Nine Months and Quarter Ended September 29, 1996

(Thousands of Dollars)

	Nine Months	Quarter
Earnings available for fixed charges:		
Net earnings	$100,820	70,469
Add:		
Fixed charges	31,002	13,053
Income taxes	52,366	34,465
Total	$184,188	117,987
Fixed Charges:		
Interest on long-term debt	$ 6,948	2,316
Other interest charges	12,730	7,103
Amortization of debt expense	255	85
Rental expense representative of interest factor	11,069	3,549
Total	$ 31,002	13,053
Ratio of earnings to fixed charges	5.94	9.04

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