

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 March 27, 1994

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  or No  
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The number of shares of Common Stock, par value \$.50 per share, outstanding as of April 29, 1994 was 88,051,294

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)  
(Unaudited)

Assets	Mar. 27, 1994	Mar. 28, 1993	Dec. 26, 1993
	-----	-----	-----
Current assets			
Cash and cash equivalents	\$ 250,262	100,250	186,254
Marketable securities, at cost which approximates market	-	50,000	-
Accounts receivable, less allowance for doubtful accounts of \$53,500, \$53,900 and \$54,200	449,981	420,057	720,442
Inventories:			
Finished products	203,757	172,871	183,899
Work in process	23,274	21,924	22,486
Raw materials	44,288	42,753	43,682
Total inventories	271,319	237,548	250,067
Deferred income taxes	86,933	77,047	78,413
Prepaid expenses	63,571	70,716	65,959
Total current assets	1,122,066	955,618	1,301,135
Property, plant and equipment, net	282,978	252,521	279,803
Other assets			
Cost in excess of acquired net assets, less accumulated amortization of \$71,768, \$56,826 and \$68,122	472,367	486,509	475,607
Other intangibles, less accumulated amortization of \$89,609, \$69,970 and \$85,290	180,839	201,370	185,953
Other	55,100	25,786	50,520
Total other assets	708,306	713,665	712,080
Total assets	\$2,113,350	1,921,804	2,293,018
	=====	=====	=====

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets, Continued

(Thousands of Dollars Except Share Data)  
(Unaudited)

Liabilities and Shareholders' Equity	Mar. 27, 1994	Mar. 28, 1993	Dec. 26, 1993
	-----	-----	-----
Current liabilities			
Short-term borrowings	\$ 53,091	51,851	62,242
Current installments of long-term debt	3,230	690	3,236
Trade payables	102,050	107,090	170,309
Accrued liabilities	293,557	277,980	420,476
Income taxes	92,906	85,337	92,051
	-----	-----	-----
Total current liabilities	544,834	522,948	748,314
Long-term debt, excluding current installments	200,479	206,152	200,510
Deferred liabilities	73,171	70,823	67,511
	-----	-----	-----
Total liabilities	818,484	799,923	1,016,335
	-----	-----	-----
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 87,981,176, 87,306,626 and 87,795,251	43,991	43,653	43,898
Additional paid-in capital	299,064	289,592	296,823
Retained earnings	937,227	763,335	920,956
Cumulative translation adjustments	14,584	25,301	15,006
	-----	-----	-----
Total shareholders' equity	1,294,866	1,121,881	1,276,683
	-----	-----	-----
Total liabilities and shareholders' equity	\$2,113,350	1,921,804	2,293,018
	=====	=====	=====

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Statements of Earnings

(Thousands of Dollars Except Share Data)  
(Unaudited)

	Thirteen Weeks Ended	
	Mar. 27, 1994	Mar. 28, 1993
Net revenues	\$489,133	487,036
Cost of sales	208,200	208,021
Gross profit	280,933	279,015
Expenses		
Amortization	8,793	8,659
Royalties, research and development	50,320	47,403
Advertising	64,559	67,837
Selling, distribution and administrative	110,290	109,559
Total expenses	233,962	233,458
Operating profit	46,971	45,557
Nonoperating (income) expense		
Interest expense	5,436	4,415
Other (income), net	(1,908)	(1,729)
Total nonoperating expense	3,528	2,686
Earnings before income taxes and cumulative effect of change in accounting principles	43,443	42,871
Income taxes	16,726	16,291
Net earnings before cumulative effect of change in accounting principles	26,717	26,580
Cumulative effect of change in accounting principles	(4,282)	-
Net earnings	\$ 22,435	26,580
Per common share		
Net earnings before cumulative effect of change in accounting principles	\$ .30	.30
Net earnings	\$ .25	.30
Cash dividends declared	\$ .07	.06

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
Thirteen Weeks Ended March 27, 1994 and March 28, 1993

(Thousands of Dollars)  
(Unaudited)

	1994	1993
	----	----
Cash flows from operating activities		
Net earnings	\$ 22,435	26,580
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	16,424	17,845
Other amortization	8,793	8,659
Deferred income taxes	(11,023)	(1,079)
Change in current assets and liabilities (other than cash and cash equivalents):		
Decrease in accounts receivable	268,687	217,639
(Increase) in inventories	(21,178)	(15,226)
(Increase) decrease in prepaid expenses	2,075	(13,015)
(Decrease) in trade payables and accrued liabilities	(193,199)	(154,151)
Other	4,129	(2,124)
	-----	-----
Net cash provided by operating activities	97,143	85,128
	-----	-----
Cash flows from investing activities		
Additions to property, plant and equipment	(19,590)	(19,376)
Purchase of marketable securities	-	(141,411)
Proceeds from sale of marketable securities	-	91,689
Investments and acquisitions, net of cash acquired	-	(4,580)
Other	198	237
	-----	-----
Net cash utilized by investing activities	(19,392)	(73,441)
	-----	-----
Cash flows from financing activities		
Net repayment of short-term borrowings	(10,551)	(22,909)
Repayment of long-term debt	(37)	(11,168)
Stock option and warrant transactions	2,334	2,179
Dividends paid	(5,271)	(4,363)
	-----	-----
Net cash utilized by financing activities	(13,525)	(36,261)
	-----	-----
Effect of exchange rate changes on cash	(218)	(1,129)
	-----	-----
Increase (decrease) in cash and cash equivalents	64,008	(25,703)
Cash and cash equivalents at beginning of year	186,254	125,953
	-----	-----
Cash and cash equivalents at end of period	\$250,262	100,250
	=====	=====
Supplemental information		
Cash paid during the period for:		
Interest	\$ 2,859	4,572
Income taxes	\$ 20,893	14,806

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 March 27, 1994 and March 28, 1993, and the results of operations and cash flows for the periods then ended.

The results of operations for the thirteen week period ended March 27, 1994, are not necessarily indicative of results to be expected for the full year.

(2) The Company has several plans covering certain groups of employees which may provide benefits to such employees following their period of active employment but prior to their retirement. These plans include certain severance plans which provide benefits to employees involuntarily terminated and certain plans which continue the Company's health and life insurance contribution for employees who have left the Company's employ under terms of its long-term disability plan.

The Company adopted the provisions of Statement of Financial Accounting Standards No. 112, Employers' Accounting for Postemployment Benefits (SFAS 112) as of the beginning of the current fiscal year. SFAS 112 requires that the cost of certain postemployment benefits be accrued over the employee service period, which is a change from the Company's prior practice of recording such benefits when incurred. The effect of initially applying SFAS 112, net of a deferred tax benefit of \$2,513, has been reported as the cumulative effect of a change in accounting principles, negatively impacting the Company's first quarter 1994 earnings by \$4,282. The adoption of SFAS 112 is not expected to have a future significant effect on either the Company's earnings or its financial condition.

(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 were assumed to be exercised at the beginning of the period or at issuance, if later. The assumed proceeds were then used to purchase common stock at the average market price during the period.

For each of the reported periods the difference between primary and fully diluted earnings per share was not significant.

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 quarter ended March 27, 1994 were \$489,133, compared to the \$487,036 reported in the first quarter of 1993. Internationally, the Company had a successful quarter, experiencing revenue growth in virtually all countries. International revenues increased by approximately 15% over those of the first quarter of 1993 and absent the effect of the strengthened U.S. dollar increased in excess of 20%. Particularly noteworthy this quarter were the Netherlands and the U.K., up more than 50% and 30%, respectively, from first quarter 1993 levels. Domestically, the Company's customers reported increased consumer purchases of many of its products in comparison to 1993. The ongoing efforts of the those customers to minimize their inventory levels, however, adversely affected the volume of replacement orders. Within the promotional toy group, Kenner had a successful quarter essentially matching their 1993 revenues, which had increased more than 80% from the prior year. In the games area, Milton Bradley exceeded its 1993 volume, while Parker Brothers, also feeling the effect of a comparison against a strong 1993 first quarter, fell short. The infant and preschool group, while continuing to face significant competition in its market, was marginally above the comparable 1993 level.

COST OF SALES

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The gross profit margin, expressed as a percentage of net revenues, improved slightly to 57.4% from the 1993 level of 57.3%.

EXPENSES

- - - - -

Royalties, research and development expenses, although increasing in both dollars and as a percentage of revenues compared to the first quarter of 1993, approximates the full year 1993 rate. The increase over the comparable period in 1993 is attributable to both royalties, where the Company has experienced greater sales, particularly within the international group, of products carrying relatively high royalty rates, and expanded product development efforts domestically.

As a percentage of net revenues, advertising expense has decreased to 13.2% from 13.9% a year ago. This decrease is the composite of an increase internationally and a decrease domestically. Internationally, the Company's continuing efforts to establish certain brands is the primary cause of the increase, while domestically the decrease results primarily from a planned reduction in certain promotional toy advertising.

Selling, distribution and administrative expenses for the quarter remained constant at the 1993 level of 22.5% of net revenues.

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

(Thousands of dollars)

NONOPERATING (INCOME) EXPENSE

The increase of approximately \$1,000 in interest expense during the first quarter of 1994 is attributable to a combination of factors including an increase in average borrowing requirements during the quarter and the 1993 early redemption of a portion of the Company's long-term debt.

INCOME TAXES

Income tax expense, as a percentage of pretax earnings, was 38.5% for the first quarter of 1994, an increase from the 38.0% for the same period in 1993. This increase was primarily the result of the U.S. federal tax rate which increased from 34% to 35% during 1993.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES

At the beginning of the quarter, the Company adopted Statement of Financial Accounting Standards No. 112, Employers' Accounting for Postemployment Benefits (SFAS 112). SFAS 112 requires that the cost of certain postemployment benefits be accrued over the employee service period, which is a change from the Company's prior practice of recording such benefits when incurred. The recognition of the Company's obligation relating to prior service, net of a deferred tax benefit of \$2,513, (the cumulative effect of the change in accounting principles) reduced net earnings by \$4,282. Additionally, this recognition required the recording of a long-term liability approximating \$6,000 and a long-term deferred tax asset approximating \$2,000. The adoption of SFAS 112 is not expected to have a future significant effect on either the Company's earnings or its financial condition.

OTHER INFORMATION

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 of shipment 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. The Company's unshipped orders were approximately \$350,000 at April 24, 1994 compared to \$575,000 at April 25, 1993. During the past several years the Company has experienced a gradual 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.

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

(Thousands of dollars)

LIQUIDITY AND CAPITAL RESOURCES

Several of the major balance sheet categories, including cash and cash equivalents, marketable securities, accounts receivable, inventories and short-term borrowings, fluctuate significantly from quarter to quarter. This reflects the seasonality of the Company's business coupled with certain customer incentives, mainly in the form of extended payment terms. Generally, accounts receivable, inventories and short-term debt are lower at the end of December or March than at the end of the other quarters while cash and related amounts are higher. As a result, 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 and cash equivalents at \$250,262 were approximately \$100,000 higher than the aggregate of it and marketable securities at the same time in 1993. This increase is reflective of the cash generated during the prior twelve months and will be used for working capital requirements as the year progresses. Receivables, at \$449,981, were above their comparable 1993 level due to a combination of factors including the mix of first quarter sales with a greater percentage being made to customers with extended payment terms. Inventories increased approximately \$34,000, largely due to the lower volume of domestic sales during the first quarter and the Company's continuing efforts to have product available for immediate delivery to its customers.

Short-term borrowings at \$53,091 were approximately the same as in 1993. While the Company attempts to keep its borrowings at the lowest level possible, especially when it has excess cash, the cash available and the borrowing required may be in different countries and currencies and may make it impractical to substitute one for the other. Other current liabilities increased approximately \$20,500 from those of a year ago, primarily due to timing differences on payments.

As part of the traditional marketing strategies of the toy industry, many sales made early in the year are not due for payment until the fourth quarter, thus making it necessary for the Company to borrow significant amounts pending collection of these receivables. Currently, the Company has available committed unsecured lines of credit totaling approximately \$450,000. It also has available uncommitted lines exceeding \$850,000. The Company believes that these amounts are adequate for its needs. Of these available lines, at March 27, 1994, approximately \$65,000 was in use.

RECENT INFORMATION

On April 1, 1994, the Company amended its existing revolving credit agreement. The amendment decreases the available amount to \$440,000, extends the maturity of the agreement to May 31, 1997, removes certain compliance requirements and reduces the commitment rate and margin, making the facility more economical for the Company.

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.

4 Amendment No. 1 to Revolving Credit Agreement, dated as of April 1, 1994, among the Company, certain banks (the "Banks") and The First National Bank of Boston, as agent for the Banks.

11 Computation of Earnings Per Common Share - Thirteen Weeks Ended March 27, 1994 and March,28,1993.

12 Computation of Ratio of Earnings to Fixed Charges - Thirteen Weeks Ended March 27, 1994.

(b) Reports on Form 8-K

A current Report on Form 8-K dated April 13, 1994 was filed by the Company and included the Press Release dated April 13, 1994 announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters ended March 27, 1994 and March 28, 1993 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: May 11, 1994

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 March 27, 1994

Exhibit Index

Exhibit No. -----	Exhibits -----
4	Amendment No. 1 to Revolving Credit Agreement
11	Statement re computation of per share earnings - thirteen weeks
12	Statement re computation of ratios



AMENDMENT NO. 1  
TO  
REVOLVING CREDIT AGREEMENT

This Amendment (the "Amendment"), dated as of April 1, 1994, among Hasbro, Inc., a Rhode Island corporation (the "Borrower") and The First National Bank of Boston, The Bank of Nova Scotia, Citibank, N.A., Fleet National Bank, Continental Bank, N.A., Mellon Bank, N.A., Union Bank of Switzerland, Credit Lyonnais New York Branch, and The Toronto Dominion Bank (collectively, the "Banks") and The First National Bank of Boston, as agent for the Banks (the "Agent"), amends the Revolving Credit Agreement dated as of June 22, 1992, among the Borrower, the Banks and the Agent (as so amended and as may be further amended and in effect from time to time, the "Credit Agreement"). Capitalized terms used herein unless otherwise defined shall have the meanings set forth in the Credit Agreement.

WHEREAS, the Borrower has requested that the Banks and the Agent make certain amendments to the Credit Agreement and the Banks and the Agent are agreeable thereto upon the terms and conditions described herein; and

WHEREAS, Credit Lyonnais New York Branch and The Toronto Dominion Bank (collectively, the "Declining Banks") have determined that they do not wish to extend the Maturity Date and agree to the requested amendments to the Credit Agreement, and the Declining Banks wish to terminate their Commitments under the Credit Agreement and to have all obligations owing to them repaid in full;

NOW, THEREFORE, in consideration of the foregoing premises, the parties hereby agree as follows:

1. DEFINITIONS. Section 1 of the Credit Agreement is hereby amended as follows:

1.1.COMMITMENT FEE RATE. The following new definition shall be inserted immediately after the definition of "Commitment":

"COMMITMENT FEE RATE. (a) With respect to the Revolving Credit Commitment Fee, effective April 1, 1994, the applicable annual percentage rate set forth in the table below opposite the Debt Ratings with respect to Long Term Senior Debt of the Company then in effect, subject to the provisions set forth in clauses (i) through (iv) of the definition of "Margin":

DEBT RATING	APPLICABLE COMMITMENT FEE RATE
-----	-----

Standard & Poor's	Moody's	
-----	-----	
A- or better	A3 or better	0.125%
BBB+	Baa1	0.15%
BBB	Baa2	0.1875%
BBB- or below	Baa3 or below	0.225%

(b) The Commitment Fee Rate will be subject to the provisions relating to Successor Rating Agency and changes in rating terminology by Standard & Poor's or Moody's as provided in the definitions of Debt Rating and Margin.

1.2.FINAL MATURITY DATE. The definition of Final Maturity Date shall be amended by substituting the date "May 31, 1997" for the date "May 31, 1996" appearing therein.

1.3.MARGIN. The definition of Margin shall be amended (a) by substituting the following table for the table appearing therein:

"DEBT RATING	APPLICABLE MARGIN			
-----	-----			
Standard & Poor's	Moody's	Base Rate Amounts	Eurocurrency Rate Amounts	CD Rate Amounts
-----	-----	-----	-----	-----
AA- or better	Aa3 or better	0%	0.30%	0.425%
A or better	A2 or better	0%	0.325%	0.45%
A-	A3	0%	0.35%	0.475%
BBB+	Baa1	0%	0.35%	0.475%
BBB	Baa2	0%	0.41%	0.535%
BBB-	Baa3	0%	0.50%	0.625%
Below BBB-	Below Baa3	The applicable Margins for Debt Ratings of BBB-/Baa3 subject to clause (vii) below"		

(b) by deleting the text of clause (v) thereof and substituting therefor the following: "notwithstanding the foregoing, at all times that the outstanding principal amount of the Loans exceeds \$250,000,000 and the Debt Ratings with respect to Long Term Senior Debt of the Company are BBB+/Baa1 or below, the applicable margins with respect to Eurocurrency Rate Amounts and CD Rate Amounts will increase by 0.125%.

(c) by deleting the text of clause (vi) thereof and substituting therefor the phrase "intentionally omitted".

1.4. DELETION OF CERTAIN DEFINITIONS. The definitions of "Consolidated Current Assets", Consolidated Current Liabilities", "Consolidated Working Capital", and "Qualifying Debt to Capitalization Ratio" shall be deleted in their entirety.

2. COMMITMENT TO LEND. Section 2.1(c) of the Credit Agreement is hereby amended by deleting the table in said Section 2.1(c) and substituting therefor the following:

Bank	Amount of Commitment	Commitment Percentage
-----	-----	-----
FNBB	\$100,000,000	22.7272728%
The Bank of Nova Scotia	\$ 60,000,000	13.6363636%
Citibank, N.A.	\$ 60,000,000	13.6363636%
Fleet National Bank	\$ 60,000,000	13.6363636%
Mellon Bank, N.A.	\$ 60,000,000	13.6363636%
Continental Bank, N.A.	\$ 50,000,000	11.3636364%
Union Bank of Switzerland	\$ 50,000,000	11.3636364%
	-----	-----
	\$440,000,000	100%

3. REVOLVING CREDIT COMMITMENT FEE. Section 2.9(a) of the Credit Agreement is hereby amended by substituting the following for the first sentence of said Section 2.9(a):

"The Company agrees to pay to the Agent for the accounts of the Banks in accordance with their respective Commitment Percentages a revolving credit commitment fee ("Revolving Credit Commitment Fee") determined on a quarterly basis, with respect to the period from the Closing Date to the Final Maturity Date (or to the date of termination in full of the Commitments if earlier) at the annual rate equal to the Commitment Fee Rate from time to time in effect, calculated on the average daily unutilized portion of the Revolving Credit Commitment."

4. FINANCIAL STATEMENTS, CERTIFICATES AND INFORMATION. Section 7.5(c) is hereby amended by deleting the phrase "and evidencing the Qualifying Debt to Capitalization Ratio, if any, for the applicable period" in said Section 7.5(c).

5. FISCAL YEAR. Section 7.15 of the Credit Agreement is hereby amended by inserting the following phrase immediately after "(b)" in the fifth line thereof, "in the case of a change in fiscal year where the new fiscal year end is not within 45 days of the fiscal year end specified in the first sentence of this 7.15,".

6. CONSOLIDATED WORKING CAPITAL. Section 8.5 is hereby deleted in its entirety and the phrase "intentionally omitted" is substituted therefor.

7. TERMINATION OF COMMITMENTS. The Commitments of each of The Toronto Dominion Bank and Credit Lyonnais New York Branch (the "Declining Banks") is hereby terminated, and from and after the effectiveness of this Amendment the Declining Banks shall not have any obligations under or in respect of, or be parties to, the

Credit Agreement or any other Loan Documents, and all references to the Banks in the Loan Documents shall be deemed not to refer to the Declining Banks. The Banks, the Borrower and the Agent all consent and agree to the termination of the Commitments of the Declining Banks, and to continuing the credit under the Credit Agreement with a reduced Total Commitment as provided in Section 2.1(b) of the Credit Agreement. The Banks and the Agent acknowledge and agree that payments shall be made to the Declining Banks to satisfy all outstanding obligations of the Borrower to the Declining Banks under the Credit Agreement, including principal, interest and fees, and that such payments shall not be shared pro rata with the Remaining Banks; provided, however, that no such payment shall discharge the liability of the Borrower with respect to any of its obligations to any Declining Bank which are expressly stated to survive the termination of the Credit Agreement.

8. CONDITIONS TO EFFECTIVENESS. The effectiveness of this Amendment No. 1 shall be conditioned upon the satisfaction of the following conditions precedent:

8.1. DELIVERY OF DOCUMENTS. (a) The Borrower shall have delivered to the Agent, contemporaneously with the execution hereof, the following, in form and substance satisfactory to the Banks:

(i) this Amendment signed by the Borrower;

(ii) certified copies of the resolutions of the Borrower approving this Amendment No. 1 and the other documents referred to herein together with Officer's Certificates as to the incumbency and true signatures of officers; and

(iii) Officer's Certificates of the Borrower certifying as to the legal existence, good standing, and qualification to do business of the Borrower.

(b) each Bank shall have delivered to the Agent this Amendment, signed by such Bank.

8.2. LEGALITY OF TRANSACTION. No change in applicable law shall have occurred as a consequence of which it shall have become and continue to be unlawful on the date this Amendment is to become effective (a) for the Agent or any Bank to perform any of its obligations under any of the Loan Documents or (b) for the Borrower to perform any of its agreements or obligations under any of the Loan Documents.

8.3. PERFORMANCE. The Borrower shall have duly and properly performed, complied with and observed in all material respects its covenants, agreements and obligations contained in the Loan Documents required to be performed, complied with or observed by it on or prior to the date this Amendment is to become effective. No event shall have occurred on or prior to the date this Amendment is to become effective and be continuing, and no condition shall exist on the date this Amendment is to become effective which constitutes a Default or Event of Default under any of the Loan Documents.

8.4. ASSIGNMENTS AND ACCEPTANCES. (i) The Toronto Dominion Bank ("TD") shall have assigned and sold to each of Mellon Bank, N.A. and Union Bank of Switzerland a portion of its Commitment in the amount of \$10,000,000, and Mellon Bank, N.A. and Union Bank of Switzerland shall have assumed and accepted from TD, such portion of TD's interests, rights and obligations under the Credit Agreement pursuant to Assignments and Acceptances in form satisfactory to the parties thereto, the Borrower and the Agent, (ii) each such Assignment and Acceptance shall be in full force and effect, (iii) TD shall have delivered its Note to the Borrower for cancellation, (iv) the Borrower shall have issued to each of Mellon Bank, N.A. and Union Bank of Switzerland a Note in accordance with the terms of the Assignment and Acceptance to which such Bank is a party.

8.5. PROCEEDINGS AND DOCUMENTS. All corporate, governmental and other proceedings in connection with the transactions contemplated by this Amendment and all instruments and documents incidental thereto shall be in the form and substance reasonably satisfactory to the Agent and the Agent shall have received all such counterpart originals or certified or other copies of all such instruments and documents as the Agent shall have reasonably requested.

9. REPRESENTATIONS AND WARRANTIES. The Borrower hereby represents and warrants to the Banks as follows:

(a) The representations and warranties of the Borrower contained in the Credit Agreement, as amended hereby, were true and correct in all material respects when made and continue to be true and correct in all material respects on the date hereof, except that the financial statements referred to therein shall be the financial statements of the Borrower most recently delivered to the Agent, and except as such representations and warranties are affected by the transactions contemplated hereby;

(b) The execution, delivery and performance by the Borrower of this Amendment and the consummation of the transactions contemplated hereby; (i) are within the corporate powers of the Borrower and have been duly authorized by all necessary corporate action on the part of the Borrower, (ii) do not require any approval, consent of, or filing with, any governmental agency or authority, or any other person, association or entity, which bears on the validity of this Amendment and which is required by law or the regulation or rule of any agency or authority, or other person, association or entity, (iii) do not violate any provisions of any order, writ, judgment, injunction, decree, determination or award presently in effect in which the Borrower is named, or any provision of the charter documents or by-laws of the Borrower, (iv) do not result in any breach of or constitute a default under any agreement or instrument to which the Borrower is a party or to which it or any of its properties are bound, including without limitation any indenture, loan or credit agreement, lease, debt instrument or mortgage, except for such breaches and defaults

which would not have a material adverse effect on the Borrower and its subsidiaries taken as a whole, and (v) do not result in or require the creation or imposition of any mortgage, deed of trust, pledge or encumbrance of any nature upon any of the assets or properties of the Borrower; and

(c) This Amendment, the Credit Agreement as amended hereby, and the other Loan Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, provided that (i) enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors, and (ii) enforcement may be subject to general principles of equity, and the availability of the remedies of specific performance and injunctive relief may be subject to the discretion of the court before which any proceeding for such remedies may be brought.

10. NO OTHER AMENDMENTS. Except as expressly provided in this Amendment, all of the terms and conditions of the Credit Agreement, the Notes and the other Loan Documents shall remain in full force and effect.

11. EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Amendment, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

12. EFFECTIVE DATE. Subject to the satisfaction of the conditions precedent set forth in 8 hereof, this Amendment shall be deemed to be effective as of the date hereof.

IN WITNESS WHEREOF, the Borrower, the Banks and the Agent have duly executed this Amendment as of the date first above written.

HASBRO, INC.

By:\s\ John T. O'Neill

-----  
Title: Executive Vice  
President and Chief  
Financial Officer

THE FIRST NATIONAL BANK OF  
BOSTON, individually and  
as Agent

By:\s\ Carol A. Lovell

-----  
Title: Director

THE BANK OF NOVA SCOTIA

By:\s\ Terry M. Pitcher

-----  
Title: Vice President

CITIBANK, N.A.

By:\s\ Robert Spence

-----  
Title: Vice President

FLEET NATIONAL BANK

By:\s\ Kathleen A Fitzgerald

-----  
Title: Vice President

CONTINENTAL BANK, N.A.

By:\s\ David Noda

-----  
Title: Vice President

MELLON BANK, N.A.

By:\s\ Diane P. Durnin

-----  
Title: Vice President

UNION BANK OF SWITZERLAND

By:\s\ Paul R. Morrisson

-----  
Title: Assistant Vice  
President

By:\s\ Dieter Hoeppli

-----  
Title: Assistant Vice  
President

CREDIT LYONNAIS NEW YORK BRANCH

By:\s\ Robert Ivosevich

-----

Title: Senior Vice  
President

THE TORONTO DOMINION BANK

By:\s\ Jano Mott

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Title: Manager, Credit  
Administration



HASBRO, INC. AND SUBSIDIARIES  
 Computation of Earnings Per Common Share  
 Thirteen Weeks Ended March 27, 1994 and March 28, 1993

(Thousands of Dollars and Shares Except Per Share Data)

	1994		1993	
	----- Primary -----	Fully Diluted -----	----- Primary -----	Fully Diluted -----
Net earnings before cumulative effect of change in accounting principles	\$26,717	26,717	26,580	26,580
Interest and amortization on 6% convertible notes, net of taxes	-	1,441	-	1,464
Net earnings before cumulative effect of change in accounting principles applicable to common shares	26,717	28,158	26,580	28,044
Cumulative effect of change in accounting principles	(4,282)	(4,282)	-	-
Net earnings applicable to common shares	\$22,435 =====	23,876 =====	26,580 =====	28,044 =====
Weighted average number of shares outstanding:(a)				
Outstanding at beginning of period	87,795	87,795	87,176	87,176
Actual exercise of stock options and warrants	86	86	92	92
Assumed exercise of stock options and warrants	2,219	2,276	2,371	2,371
Assumed conversion of 6% convertible notes	-	5,114	-	5,114
Total	90,100 =====	95,271 =====	89,639 =====	94,753 =====
Per common share:				
Earnings before cumulative effect of change in accounting principles	\$ .30	.30	.30	.30
Cumulative effect of change in accounting principles	(.05)	(.05)	-	-
Net earnings	\$.25 =====	.25 =====	.30 =====	.30 =====

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



HASBRO, INC. AND SUBSIDIARIES  
 Computation of Ratio of Earnings to Fixed Charges  
 Thirteen Weeks Ended March 27, 1994

(Thousands of Dollars)

Earnings available for fixed charges:	
Net earnings	\$22,435
Add:	
Cumulative effect of change in accounting principles	4,282
Fixed charges	8,674
Income taxes	16,726
	-----
Total	\$52,117
	=====
 Fixed Charges:	
Interest on long-term debt	\$ 2,903
Other interest charges	2,533
Amortization of debt expense	97
Rental expense representative of interest factor	3,141
	-----
Total	\$ 8,674
	=====
 Ratio of earnings to fixed charges	 6.01
	=====

