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 28, 1997   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 October 31, 1997 was 133,920,853.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)
(Unaudited)

Assets	Sep. 28, 1997	Sep. 29, 1996	Dec. 29, 1996
Current assets			
Cash and cash equivalents	$ 80,030	57,753	218,971
Accounts receivable, less allowance for doubtful accounts of $52,700, $54,300 and $46,600	1,153,910	1,184,615	807,149
Inventories:			
Finished products	285,135	315,227	209,903
Work in process	13,273	25,042	16,810
Raw materials	49,371	62,435	46,534
Total inventories	347,779	402,704	273,247

Deferred income taxes	80,730	80,661	78,031
Prepaid expenses	94,804	75,280	109,191
Total current assets	1,757,253	1,801,013	1,486,589
Property, plant and equipment, net	279,916	301,453	313,545
Other assets			
Cost in excess of acquired net assets, less accumulated amortization of $128,187, $111,367 and $115,312	504,426	469,522	460,467
Other intangibles, less accumulated amortization of $121,316, $96,172 and $102,387	412,641	364,340	364,987
Other	69,715	63,147	75,921
Total other assets	986,782	897,009	901,375
Total assets	$3,023,951	2,999,475	2,701,509

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets, Continued

(Thousands of Dollars Except Share Data)
(Unaudited)

Liabilities and Shareholders' Equity	Sep. 28, 1997	Sep. 29, 1996	Dec. 29, 1996
Current liabilities			
Short-term borrowings	$ 462,894	553,136	120,736
Trade payables	120,775	136,587	174,337
Accrued liabilities	469,944	417,338	399,896
Income taxes	117,559	101,022	135,849
Total current liabilities	1,171,172	1,208,083	830,818
Long-term debt, excluding current installments	148,751	149,907	149,382
Deferred liabilities	68,924	70,556	69,263
Total liabilities	1,388,847	1,428,546	1,049,463
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 132,191,745, 88,088,968 and 132,160,293	66,096	44,044	66,080
Additional paid-in capital	279,588	304,409	282,922
Retained earnings	1,446,515	1,270,758	1,362,791
Foreign currency translation	(4,203)	18,631	21,487
Treasury stock, at cost; 5,760,479, 1,930,844 and 3,297,628 shares	(152,892)	(66,913)	(81,234)
Total shareholders' equity	1,635,104	1,570,929	1,652,046
Total liabilities and shareholders' equity	$3,023,951	2,999,475	2,701,509

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. 28, 1997	Sep. 29, 1996	Sep. 28, 1997	Sep. 29, 1996
Net revenues	$915,533	845,148	2,055,203	1,895,442
Cost of sales	403,027	372,273	891,315	844,228
Gross profit	512,506	472,875	1,163,888	1,051,214
Expenses				
Amortization	11,741	9,939	32,967	29,745
Royalties, research and development	102,583	85,929	254,339	204,707
Advertising	116,208	116,446	254,418	252,893
Selling, distribution and administration	156,215	146,941	433,285	397,215
Total expenses	386,747	359,255	975,009	884,560
Operating profit	125,759	113,620	188,879	166,654
Nonoperating (income) expense				
Interest expense	9,197	9,419	19,120	19,678
Other (income) expense, net	1,121	(733)	(6,112)	(6,210)
Total nonoperating expense	10,318	8,686	13,008	13,468
Earnings before income taxes	115,441	104,934	175,871	153,186
Income taxes	38,041	34,465	59,796	52,366
Net earnings	$ 77,400	70,469	116,075	100,820
Per common share				
Net earnings	$ .60	.54	.89	.76
Cash dividends declared	$ .08	.07	.24	.21

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Nine Months Ended September 28, 1997 and September 29, 1996

(Thousands of Dollars)
(Unaudited)

	1997	1996
Cash flows from operating activities		
Net earnings	$116,075	100,820
Adjustments to reconcile net earnings to net cash utilized by operating activities:		
Depreciation and amortization of plant and equipment	79,232	71,016
Other amortization	32,967	29,745
Deferred income taxes	(3,815)	2,388
Change in operating assets and liabilities (other than cash and cash equivalents):		
Increase in accounts receivable	(354,339)	(400,077)
Increase in inventories	(60,721)	(87,392)
Decrease (Increase) in prepaid expenses	15,099	(3,573)
Increase (Decrease) in trade payables and accrued liabilities	17,009	(88,530)
Other	874	1,839
Net cash utilized by operating activities	(157,619)	(373,764)
Cash flows from investing activities		
Additions to property, plant and equipment	(61,071)	(62,504)
Investments and acquisitions, net of cash acquired	(164,153)	(21,313)
Other	4,069	(4,540)
Net cash utilized by investing activities	(221,155)	(88,357)
Cash flows from financing activities		
Proceeds from borrowings with original maturities of more than three months	272,167	230,788
Repayments of borrowings with original maturities of more than three months	(71,322)	(30,990)
Net proceeds of other short-term borrowings	147,453	231,603
Purchase of common stock	(99,983)	(58,350)
Stock option transactions	24,376	11,318
Dividends paid	(28,971)	(24,329)
Net cash provided by financing activities	243,720	360,040
Effect of exchange rate changes on cash	(3,887)	(1,196)
Decrease in cash and cash equivalents	(138,941)	(103,277)
Cash and cash equivalents at beginning of year	218,971	161,030
Cash and cash equivalents at end of period	$ 80,030	57,753

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows, Continued
Nine Months Ended September 28, 1997 and September 29, 1996

(Thousands of Dollars)
(Unaudited)

	1997	1996
Supplemental information		
Cash paid during the period for:		
Interest	$ 13,449	12,892
Income taxes	$ 85,861	59,165

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 28, 1997 and September 29, 1996, and the results of operations and cash flows for the periods then ended.

The results of operations for the nine months ended September 28, 1997, are not necessarily indicative of results to be expected for the full year.

(2) On May 2, 1997, the Company purchased certain assets of OddzOn Products, Inc. and Cap Toys, Inc. (OddzOn/Cap Toys). The consideration for this purchase is currently estimated by the Company to be $161,434. This acquisition is being accounted for using the purchase accounting method and, based on preliminary estimates of fair market value, the Company has allocated $40,610 to net tangible assets, $63,100 to property rights and licenses and $57,724 to cost in excess of net assets acquired. The Consolidated Statements of Earnings include the results of OddzOn/Cap Toys from date of acquisition.

(3) Per share data have been adjusted to reflect the three-for-two stock split paid March 21, 1997.

(4) 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 the nine months ended September 28, 1997 and September 29, 1996, the difference between primary and fully diluted earnings per share was not significant. For the quarter ended September 28, 1997, the primary and fully diluted earnings per share were $.60 and $.57, respectively and for the quarter ended September 29, 1996, they were $.54 and $.52, respectively.

(5) As more fully described in Part II, Item 2 of this Form 10-Q, on October 8, 1997, the Company announced the redemption of all of its outstanding 6% Convertible Subordinated Notes Due 1998 on November 5, 1997. Substantially all of these notes were converted into shares of common stock prior to the redemption date.

(Thousands of dollars)

NET REVENUES

Net revenues for the third quarter and nine months of 1997 each increased more than 8% to $915,533 and $2,055,203, respectively, from the $845,148 and $1,895,442 reported for the same periods of 1996. Absent the approximate $27,000 and $46,000 adverse impact of the stronger U.S. dollar during the quarter and nine months, respectively, revenue growth approximated 11% in each period. This growth was primarily driven by the Company's United States operations, including its growing interactive CD-ROM business, the recently acquired OddzOn/Cap Toys units and products associated with its three major entertainment properties, Star Wars(R), Jurassic Park(TM) and Batman(TM). Internationally, significant local currency growth was experienced in Canada, Mexico and in Latin America as well as more moderate growth in several other countries.

GROSS PROFIT

The Company's gross profit margin, expressed as a percentage of net revenues, approximated 56% for the third quarters of both 1997 and 1996, while it increased for the nine months to 56.6% from 55.5%. The impact of unfavorable changes in currency rates, both with respect to the dollar and certain European cross-rates, adversely impacted both periods of 1997 and absent such impact, margins for the quarter and nine months would each have been greater. Additionally, a less favorable mix of products was sold during the third quarter which contributed to the third quarter margin being less than that of the nine months.

EXPENSES

Royalties, research and development expenses for the third quarter and nine months increased in both amount and when expressed as a percentage of net revenues. The increases were primarily attributable to the royalty component, reflecting the increased revenues and the change in the mix of the products sold. Research and development was $37,868 and $106,301 for the quarter and nine months of 1997, respectively, compared with $36,583 and $102,093 for the same periods of 1996.

Advertising expense for both the third quarter and nine months was essentially flat in amount but decreased as a percentage of net revenues. As in the earlier quarters, the decreased percentage is the result of several factors including the lower portion of the Company's revenues coming from its international marketing units, which generally have higher advertising to sales ratios than do the United States groups. Also contributing was the leverage resulting from the major entertainment properties, particularly with respect to the United States boys' products.

(Thousands of dollars)

The Company's selling, distribution and administration expense for the third quarter, when expressed as a percentage of revenues, decreased from that of a year ago, while increasing in amount. For the nine months, these expenses increased in both amount and percentage. Contributing to the increases were the impact of the Company's new units as well as costs associated with shipping higher volumes.

NONOPERATING (INCOME) EXPENSE

Interest expense for both the third quarter and nine months decreased marginally from that of the same periods in 1996, reflecting both lower borrowings and borrowing rates.

INCOME TAXES

Income tax expense as a percentage of pretax earnings for the nine months of 1997 and 1996 was 34.0% and 34.2%, respectively. For the quarter the rate was 33.0% while a year ago it was 32.8%. The tax rate for the nine months of 1997 reflects a continued downward trend in the tax on international earnings, partially offset by a reduction in the deferred tax asset valuation allowance in the third quarter of 1996. The tax rate for the quarter includes the adjustment of first and second quarter earnings to the new 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, inventory levels of retailers and differences in overall economic conditions. Also, 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. 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 months of October (October 26, 1997 and October 27, 1996) the Company's unshipped orders were approximately $480,000 and $570,000.

(Thousands of dollars)

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 that 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, when measured in days sales outstanding, show a seventeen-day, or 10%, improvement over 1996, as well as being approximately $30,000 lower in amount than at the same time a year ago. This decrease in amount is significant since 1997 also includes amounts attributable to the recently acquired OddzOn/Cap Toys units and the Latin American units which began operations earlier this year. Similarly, in spite of increases related to these new units, inventories were also less than those of the same period in the prior year, as the Company continued efforts to balance reduced levels with customers' needs for prompt fulfillment of their orders. Other assets, as a group, increased substantially from their 1996 levels, largely due to the approximate $121,000 of intangible assets acquired in the OddzOn/Cap Toys transaction.

Net borrowings (short- and long-term borrowings less cash and cash equivalents) were more than $100,000 below the 1996 level, even though approximately $161,000 of cash was utilized for the OddzOn/Cap Toys acquisition and more than $125,000 during the last twelve months for the continuation of Hasbro's share repurchase program. At September 28, 1997, the Company had committed unsecured lines of credit totaling approximately $550,000 available to it. It also had available uncommitted lines approximating $700,000. The Company believes that these amounts are adequate for its needs. Of these available lines, approximately $490,000 was in use at September 28, 1997.

RECENT INFORMATION

On October 14, 1997, the Company announced that it had been awarded an extension of its exclusive rights to market certain toys and games based on three new Star Wars movies. This agreement with Lucas Licensing Ltd. continues to give the Company worldwide rights to core action figures, vehicles and games, plus additional Star Wars categories including hand-held games, die cast vehicles and creative play products. At the same time, the Company acquired long term preferential negotiation rights from Lucasfilm Ltd. for the same categories of toys based on new and certain existing Lucasfilm movies.

PART II. Other Information

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

On October 8, 1997, the Company announced the redemption of all of of its outstanding 6% Convertible Subordinated Notes Due 1998 on November 5, 1997. Notes were redeemable at $1,010.00 per $1,000.00 principal amount plus accrued interest of $28.33 from May 16, 1997 to the redemption date for a total redemption price of $1,038.33. In lieu of redemption, each $1,000.00 principal amount was convertible into approximately 51 shares of Hasbro Common Stock at a conversion price of $19.55 per share. Of the $148,751,000, outstanding on September 28, 1997, $28,000 was redeemed and the remainder was converted into 7,607,266 shares of common stock.

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 28, 1997 and September 29, 1996.

11.2 Computation of Earnings Per Common Share - Quarter Ended September 28, 1997 and September 29, 1996.

12 Computation of Ratio of Earnings to Fixed Charges - Nine Months and Quarter Ended September 28, 1997.

27 Article 5 Financial Data Schedule - Third Quarter 1997

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated October 20, 1997, was filed by the Company and included the Press Release dated October 20, 1997, announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters and nine months ended September 28, 1997 and September 29, 1996 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 7, 1997

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 28, 1997

Exhibit Index

Exhibit No.	Exhibits
11.1	Computation of Earnings Per Common Share - Nine Months Ended September 28, 1997 and September 29, 1996
11.2	Computation of Earnings Per Common Share - Quarter Ended September 28, 1997 and September 29, 1996
12	Computation of Ratio of Earnings to Fixed Charges - Nine Months and Quarter Ended September 28, 1997
27	Article 5 Financial Data Schedule - Third Quarter 1997

EXHIBIT 11.1

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Nine Months Ended September 28, 1997 and September 29, 1996

(Thousands of Dollars and Shares Except Per Share Data)

	1997		1996(a)	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	$116,075	116,075	100,820	100,820
Interest and amortization on 6% convertible notes, net of taxes	-	4,307	-	4,321
Net earnings applicable to common shares	$116,075	120,382	100,820	105,141
Weighted average number of shares outstanding:(b)				
Outstanding at beginning of period	128,863	128,863	131,017	131,017
Actual exercise of stock options and warrants	738	738	326	326
Assumed exercise of stock options and warrants	2,390	2,609	1,634	1,985
Actual conversion of 6% convertible notes	13	13	2	2
Assumed conversion of 6% convertible notes	-	7,627	-	7,669
Purchase of common stock	(1,825)	(1,825)	(1,026)	(1,026)
Total	130,179	138,025	131,953	139,973
Per common share:				
Net earnings	$ .89	.87	.76	.75

(a) Adjusted to reflect the three-for-two stock split paid March 21, 1997.
(b) 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 28, 1997 and September 29, 1996

(Thousands of Dollars and Shares Except Per Share Data)

	1997		1996(a)	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	$ 77,400	77,400	70,469	70,469
Interest and amortization on 6% convertible notes, net of taxes	-	1,433	-	1,440
Net earnings applicable to common shares	$ 77,400	78,833	70,469	71,909
Weighted average number of shares outstanding:(b)				
Outstanding at beginning of period	127,441	127,441	130,255	130,255
Actual exercise of stock options and warrants	145	145	52	52
Assumed exercise of stock options and warrants	2,564	2,564	1,643	2,027
Actual conversion of 6% convertible notes	7	7	-	-
Assumed conversion of 6% convertible notes	-	7,616	-	7,667
Purchase of common stock	(670)	(670)	(831)	(831)
Total	129,487	137,103	131,119	139,170
Per common share:				
Net earnings	$ .60	.57	.54	.52

(a) Adjusted to reflect the three-for-two stock split paid March 21, 1997.
(b) 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 28, 1997

(Thousands of Dollars)

	Nine Months	Quarter
Earnings available for fixed charges:		
Net earnings	$116,075	77,400
Add:		
Fixed charges	30,852	13,245
Income taxes	59,796	38,041
Total	$206,723	128,686
Fixed Charges:		
Interest on long-term debt	$ 6,904	2,296
Other interest charges	12,216	6,901
Amortization of debt expense	255	85
Rental expense representative of interest factor	11,477	3,963
Total	$ 30,852	13,245
Ratio of earnings to fixed charges	6.70	9.72

5
1000

9-MOS
DEC-28-1997
SEP-28-1997
80,030
0
1,206,610
52,700
347,779
1,757,253
533,812
253,896
3,023,951
1,171,172
148,751
0
0
66,096
1,569,008
3,023,951
2,055,203
2,055,203
891,315
891,315
541,724
9,125
19,120
175,871
59,796
116,075
0
0
0
116,075
.89
0