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 April 1, 2001 Commission file number 1-6682

HASBRO, INC.
(Name of Registrant)

Rhode Island — (State of Incorporation)

05-0155090 — (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 April 29, 2001 was 172,461,389.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)
(Unaudited)

Assets	Apr. 1, 2001	Apr. 2, 2000	Dec. 31, 2000
Current assets			
Cash and cash equivalents	$ 180,766	343,643	127,115
Accounts receivable, less allowance for doubtful accounts of $55,300, $67,300 and $55,000	255,450	455,374	685,975
Inventories:			
Finished products	257,447	381,574	285,884
Work in process	22,508	25,634	19,071
Raw materials	26,669	34,942	30,538
Total inventories	306,624	442,150	335,493
Deferred income taxes	153,583	117,475	155,291
Prepaid expenses	237,013	334,121	276,339
Total current assets	1,133,436	1,692,763	1,580,213
Property, plant and equipment, net	279,184	315,091	296,729

Other assets			
Cost in excess of acquired net assets, less accumulated amortization of $236,203, $201,844 and $225,770	791,409	811,922	803,189
Other intangibles, less accumulated amortization of $336,696, $287,484 and $347,149	872,809	931,336	902,893
Other	286,120	255,574	245,435
Total other assets	1,950,338	1,998,832	1,951,517
Total assets	$3,362,958	4,006,686	3,828,459

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets, Continued

(Thousands of Dollars Except Share Data)
(Unaudited)

Liabilities and Shareholders' Equity	Apr. 1, 2001	Apr. 2, 2000	Dec. 31, 2000
Current liabilities			
Short-term borrowings	$ 92,229	79,597	228,085
Accounts payable	129,591	156,739	191,749
Accrued liabilities	583,443	981,690	819,978
Total current liabilities	805,263	1,218,026	1,239,812
Long-term debt, excluding current installments	1,167,528	1,169,406	1,167,838
Deferred liabilities	116,784	105,180	93,403
Total liabilities	2,089,575	2,492,612	2,501,053
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	463,468	469,708	464,084
Deferred compensation	(5,391)	(9,884)	(6,889)
Retained earnings	1,553,199	1,768,990	1,583,394
Accumulated other comprehensive earnings	(69,967)	(43,011)	(44,718)
Treasury stock, at cost, 37,229,915, 37,330,934 and 37,253,164 shares	(772,773)	(776,576)	(773,312)
Total shareholders' equity	1,273,383	1,514,074	1,327,406
Total liabilities and shareholders' equity	$3,362,958	4,006,686	3,828,459

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(Thousands of Dollars Except Share Data)
(Unaudited)

	Quarter Ended	
	Apr. 1, 2001	Apr. 2, 2000
Net revenues	$463,286	773,481
Cost of sales	189,805	300,301
Gross profit	273,481	473,180
Expenses		
Amortization	29,421	32,856

Royalties, research and development	56,735	126,039
Advertising	47,613	69,359
Selling, distribution and administration	153,819	204,736
Total expenses	287,588	432,990
Operating profit (loss)	(14,107)	40,190
Nonoperating (income) expense		
Interest expense	25,890	21,443
Other (income) expense, net	(4,765)	(3,176)
Total nonoperating (income) expense	21,125	18,267
Earnings (loss) before income taxes and cumulative effect of accounting change	(35,232)	21,923
Income taxes	(11,274)	6,796
Earnings (loss) before cumulative effect of accounting change	(23,958)	15,127
Cumulative effect of accounting change	(1,066)	-
Net earnings (loss)	$(25,024)	15,127
Basic and diluted per common share		
Earnings (loss) before cumulative effect of accounting change	$ (.14)	.08
Cumulative effect of accounting change	(.01)	-
Net earnings (loss)	$ (.15)	.08
Cash dividends declared	$ .03	.06

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Three Months Ended April 1, 2001 and April 2, 2000
(Thousands of Dollars)
(Unaudited)

	2001	2000
Cash flows from operating activities		
Net earnings (loss)	$(25,024)	15,127
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	19,113	22,425
Other amortization	29,421	32,856
Deferred income taxes	40,810	19,253
Compensation earned under restricted stock plans	1,088	-
Change in operating assets and liabilities (other than cash and cash equivalents):		
Decrease in accounts receivable	419,897	620,452
Decrease (increase) in inventories	18,671	(39,299)
Increase in prepaid expenses	(23,422)	(93,628)
Decrease in accounts payable and accrued liabilities	(278,491)	(201,215)
Other	(8,291)	(8)
Net cash provided by operating activities	193,772	375,963
Cash flows from investing activities		
Additions to property, plant and equipment	(10,424)	(25,081)
Investments and acquisitions, net of cash acquired	-	(20,790)
Other	13,945	(9,429)
Net cash provided (utilized) by investing activities	3,521	(55,300)
Cash flows from financing activities		
Proceeds from borrowings with original maturities of more than three months	-	750,000
Repayments of borrowings with original maturities of more than three months	(25,000)	(148,324)
Net repayments of other short-term borrowings	(107,688)	(478,609)
Purchase of common stock	-	(363,413)
Stock option transactions	472	128
Dividends paid	(5,173)	(11,484)
Net cash utilized by financing activities	(137,389)	(251,702)
Effect of exchange rate changes on cash	(6,253)	(5,477)

Increase in cash and cash equivalents	53,651	63,484
Cash and cash equivalents at beginning of year	127,115	280,159
Cash and cash equivalents at end of period	$180,766	343,643

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
Three Months Ended April 1, 2001 and April 2, 2000
(Thousands of Dollars)
(Unaudited)

	2001	2000
Supplemental information		
Cash paid (received) during the period for:		
Interest	$ 42,539	20,025
Income taxes	$(58,986)	33,210

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings

(Thousands of Dollars)
(Unaudited)

	Quarter Ended	
	Apr. 1, 2001	Apr. 2, 2000
Net earnings (loss)	$ (25,024)	15,127
Cumulative effect of accounting change	(753)	-
Other comprehensive earnings (loss)	(24,496)	(10,029)
Total comprehensive earnings (loss)	$ (50,273)	5,098

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 April 1, 2001 and April 2, 2000, and the results of operations and cash flows for the periods then ended.

The quarter ended April 1, 2001 is a thirteen week period. The quarter ended April 2, 2000 is a fourteen week period.

The results of operations for the quarter ended April 1, 2001 are not necessarily indicative of results to be expected for the full year.

(2) Earnings per share data for the fiscal quarters ended April 1, 2001 and April 2, 2000 were computed as follows:

	2001		2000	
	Basic	Diluted	Basic	Diluted
Earnings (loss) before cumulative effect of accounting change	$(23,958)	(23,958)	15,127	15,127
Average shares outstanding (in				

(Thousands of Dollars)

thousands)	171,933	171,933	189,563	189,563
Effect of dilutive securities;				
Options and warrants	-	-	-	778
Equivalent shares	171,933	171,933	189,563	190,341
Earnings (loss) per share before cumulative effect of accounting change	$ (.14)	(.14)	.08	.08

(3) The Company's other comprehensive earnings (loss) primarily results from foreign currency translation adjustments, changes in value of the Company's available-for-sale investments, and the impact of deferred gains or losses on changes in the fair value of foreign currency contracts.

(4) In January 2001, the Company closed on the sale (commenced in 2000) of certain business units comprising Hasbro Interactive, as well as its internet portal, Games.com, to Infogrames Entertainment SA (Infogrames) for Infogrames securities and cash, resulting in a loss of $43,965 that was recognized at December 31, 2000. The sale is subject to certain post closing adjustments which are expected to be finalized in 2001.

The Infogrames securities received in the sale have been classified as available-for-sale and are included in other assets. Net revenues and operating losses of the business units sold for the quarter ended April 2, 2000 were $24,995 and $(34,730), respectively.

(5) The Company is exposed to market risks attributable to fluctuations in foreign currency exchange rates primarily as a result of sourcing products in four currencies while marketing those products in more than thirty currencies. Results of operations will be affected primarily by changes in the value of the U.S. dollar, Hong Kong dollar, British pound, Euro, Canadian dollar and Mexican peso versus other currencies, principally in Europe and the United States. To manage this exposure, the Company hedges a portion of its estimated future foreign currency transactions using a combination of forward foreign exchange contracts and purchased foreign currency options.

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by Statement of Accounting Standards No. 138, (collectively "SFAS 133") which require that the Company record all derivatives, such as foreign exchange products, on the balance sheet at fair value. Changes in the derivative fair values that are designated, effective and qualify as cash flow hedges are deferred and recorded as a component of accumulated other comprehensive earnings (AOCE) until the hedged transactions occur and are recognized in the consolidated statements of operations. The Company's foreign currency contracts hedging anticipated cash flows are designated as cash flow hedges. The ineffective portion of a hedging derivative is immediately recognized in the consolidated statements of operations. As a result of adopting SFAS 133 and in accordance with the transition provisions, the Company recorded a one-time after tax charge of $1,066 during the quarter ended April 1, 2001 representing the cumulative effect of the adoption in its consolidated statements of operations and an after tax unrealized loss of $753 to AOCE, which the Company expects to be reclassified to the consolidated statements of operations during the remainder of fiscal 2001.

For the quarter ended April 1, 2000, changes in fair value which the Company excludes from its assessment of hedge effectiveness, which are included in the consolidated statement of operations were $60. A summary of the after tax activity in AOCE relating to the Company's hedging program is as follows:

Balance, December 31, 2000	$ -
Cumulative effect of accounting change	(753)
Change in fair value of cash flow hedges	3,810
Change in fair value transferred to earnings as a result of ineffectiveness	32
Balance, April 1, 2001	$3,089

(Thousands of Dollars)
(Unaudited)

The remaining balance in AOCE at April 1, 2001 represents a net unrealized gain on hedges of 2001 inventory purchases either purchased in the first quarter or forecasted to be purchased during the remainder of fiscal 2001. This amount will be transferred to the consolidated statements of operations upon the sale of the related inventory. The Company expects the entire balance in AOCE to be reclassified to the consolidated statements of operations within the next 12 months.

The Company recorded a net gain to other (income) expense of $840 relating to the change in fair value of foreign currency derivatives that were not designated as accounting hedges. Changes in the fair value of these derivatives offset changes in fair value of the underlying transactions to which they relate, which are also included in other (income) expense.

The Company formally documents all relationships between hedging instruments and hedged items as well as its risk management objectives and strategies for undertaking various hedge transactions. All hedges designated as cash flow hedges are linked to forecasted transactions and the Company assesses, both at the inception of the hedge and on an on-going basis, the effectiveness of the derivatives used in hedging transactions in offsetting changes in the cash flows of the hedged items. When it is determined that a derivative is not highly effective as a hedge under the requirements of SFAS 133, the Company discontinues hedge accounting prospectively. Any gain or loss deferred through that date remains in AOCE until the forecasted transaction occurs at which time it is reclassified into the consolidated statements of operations. To the extent the transaction is no longer deemed probable of occurring, hedge accounting treatment is discontinued prospectively and amounts deferred would be reclassified to the consolidated statements of operations.

(6) On October 12, 2000, the Company announced a plan to consolidate its U.S. Toy group into Rhode Island, significantly reduce overhead through reductions in product development, sales and marketing, and administrative functions across the Company and to increase its development of the Company's core brands. Costs associated with this consolidation program, recorded in the fourth quarter of 2000, amounted to $152,270, of which $70,079 was recorded as a restructuring charge and $82,191 in various other operating expense categories.

The significant components of the plan included the closing of offices in Cincinnati, Ohio, the Napa, California office and warehouse and a small office in San Francisco, California, thereby essentially consolidating the U.S. Toy group in Rhode Island. These actions were substantially completed at December 31, 2000.

Additionally, the plan included the reduction of overhead, particularly in marketing and sales, product development and administration. This included a curtailment of the expansion of the retail business of Wizards, the further consolidation of certain international operating offices into regional centers and consolidation and streamlining of the Company's marketing activities. The Company is also increasing its focus on developing and marketing its core brands thereby seeking to reduce its reliance on licenses. This focus resulted in product lines which will be discontinued or for which the Company has significantly reduced expectations.

The 2000 restructuring charge of $70,079 represented approximately $31,800 of cash charges for severance benefits for termination of approximately 850 employees, which will be disbursed over the employees' entitlement period, $21,400 of cash charges for lease costs to be expended over the contractual lease term of the closed facilities and non-cash charges of $16,900 for fixed asset write-offs, arising primarily in Corporate and the U.S. Toy segment. Non-cash charges relating to fixed asset write-offs were credited to the respective line items on the balance sheet as of December 31, 2000. Details of activity in the restructuring plan for the current period follow:

	Balance at Dec. 31, 2000	Activity	Balance at Apr. 1, 2001
Severance	$ 31,800	(12,100)	19,700
Lease costs	21,400	(1,100)	20,300
	$ 53,200	(13,200)	40,000

(Thousands of Dollars)

Employee redundancies by area:			
Manufacturing activities	27	(24)	3
Research, product development, marketing sales and administration	322	(196)	126
	349	(220)	129

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 employees' entitlement period. The balance in lease costs will be expended over the contractual lease term of the closed facilities.

(7) 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's reportable segments are U.S. Toys, Games, International and Operations. In 2001, the Company has realigned its business segments to consolidate its toy-related product lines into its U.S. Toy segment. In addition, manufacturing facilities previously included in the Operations segment are now assessed as part of the segments which these facilities support. Prior year amounts have been reclassified to reflect the Company's current focus.

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 and infant products, creative play products and toy-related specialty products. The Games segment includes the development, manufacturing, marketing and selling of traditional board games and puzzles, handheld electronic games, electronic interactive products, children's consumer electronics, electronic learning aids, trading card and role-playing games. Within the International segment, the Company develops, manufactures, markets and sells both toy and certain game products in non-U.S. markets. Operations sources product for the majority of the Company's segments. The Company also has other segments which license out certain toy and game properties and which operate retail stores. 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.

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 31, 2000.

Results shown for the quarter are not necessarily representative of those which may be expected for the full year 2001 nor were those of the 2000 first quarter representative of those actually experienced for the full year 2000. 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 months ended April 1, 2001 and April 2, 2000 are as follows:

	Quarter Ended April 1, 2001		Quarter Ended April 2, 2000	
Net revenues	External	Affiliate	External	Affiliate
U.S. Toys	$ 131,028	3,114	188,506	3,173
Games	189,739	16,592	398,643	40,964
International	119,221	16,125	166,179	16,016

Operations (a)	3,486	51,391	1,700	129,234
Other segments	19,812	709	18,453	701
Corporate and eliminations	-	(87,931)	-	(190,088)
	$ 463,286	-	773,481	-

	Quarter ended April 1, 2001	Quarter ended April 2, 2000
Operating profit (loss)		
U.S. Toys	$ (3,769)	(28,337)
Games	9,517	76,659
International	(27,624)	(15,273)
Operations	(3,288)	1,781
Other segments	(850)	2,955
Corporate and eliminations	11,907	2,405
	$ (14,107)	40,190

	April 1, 2001	April 2, 2000
Total assets		
U.S. Toys	$ 477,735	625,203
Games	1,927,846	2,072,700
International	957,501	947,101
Operations	316,358	297,993
Other segments	64,495	27,673
Corporate and eliminations	(380,977)	36,016
	$3,362,958	4,006,686

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

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

(Thousands of Dollars)
(Unaudited)

The following table presents consolidated net revenues by classes of principal products for the quarters ended April 1, 2001 and April 2, 2000:

	2001	2000
Boys toys	$ 80,700	140,900
Games and puzzles	245,700	440,600
Preschool toys	28,300	38,700
Other	108,586	153,281
Net revenues	$ 463,286	773,481

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

(Thousands of dollars)

NET EARNINGS AND SEGMENT RESULTS

Net loss for the first quarter of 2001 was $(25,024) compared with net income of $15,127 in the first quarter of 2000. Diluted loss per share for the quarter was $(.15) in 2001 compared with a diluted earnings per share of $.08 in 2000. The net loss and diluted earnings per share for 2001 include a cumulative effect of accounting change of $(1,066) or $(.01) per share relating to the adoption of SFAS 133 as discussed in the condensed notes to the consolidated financial statements. Net revenues decreased in all three of the Company's major business segments, U.S. Toys, Games and International, from comparable 2000 levels. Operating loss of the U.S. Toys segment decreased from 2000 levels while the operating profit of the other two major business segments decreased from 2000 levels. The first quarter of 2001 includes 13 weeks compared to 14 weeks in the first quarter of 2000. A more detailed discussion of items impacting consolidated net earnings (loss) and segment results follows.

NET REVENUES
- ------------
Net revenues for the first quarter of 2001 decreased approximately 40% to $463,286 from $773,481 in 2000. This decrease is primarily due to reduced revenues, across all segments, from POKEMON products. In the Games segment, revenues decreased 52% to $189,739 from the comparable period of 2000. In addition to decreased sales of POKEMON products, reduced sales of FURBY products and the sale of Hasbro Interactive in January 2001 negatively impacted Games segment revenues. Revenues in the U.S. Toy segment decreased 30% to $131,028 in 2001 from $188,506 in 2000 as a result of a decrease in sales of POKEMON related products and to a lesser extent, sales of KOOSH and SUPER SOAKER products. Revenues in the International segment decreased 28% to $119,221 in 2001 from $166,179 in 2000 primarily as a result of the decrease in sales of POKEMON products. Worldwide revenues were adversely impacted by $9,790 from the stronger U.S. dollar.

GROSS PROFIT
- ------------
Decreased revenues in all three of the Company's major segments primarily from POKEMON products, resulted in an overall decrease in gross margin of the Company to 59.0% of net revenues from 61.2%. The decrease in gross profit is also due to a change in product mix as POKEMON trading cards, which constituted a significant portion of the decrease in revenues, carry higher gross margins. This decrease was partially offset by the impact of the sale of Hasbro Interactive in January 2001, which had lower gross margins in 2000.

EXPENSES
- --------
Amortization expense of $29,421 in 2001 decreased from $32,856 in 2000, primarily reflecting the sale of Hasbro Interactive in January 2001.

Royalties, research and development expenses for the quarter decreased to $56,735 or 12.2% of net revenues in 2001 from $126,039 or 16.3% of net revenues in 2000. The decrease was primarily due to a $49,831 decrease in the royalty component as a result of lower revenues derived from royalty based items, primarily POKEMON products. Research and development decreased to $30,297 in 2001 from $49,770 in 2000. The decrease is primarily the result of the Company's sale of Hasbro Interactive and its internet portal, Games.com, in January 2001.

Advertising expense decreased in amount to $47,613 in 2001 from $69,359 in 2000 but increased as a percentage of revenues to 10.3% in 2001 compared with 9.0% in 2000 due to a lower revenue base. The decrease in dollar amount reflects reduced spending due to the anticipated lower sales volume in 2001.

The Company's selling, distribution and administration expenses, which, with the exception of distribution costs, are largely fixed, decreased in amount to $153,819 in 2001 from $204,736 in 2000 but increased as a percentage of revenues to 33.2% in 2001 from 26.5% in 2000. The decrease in dollar amount is due to the sale of Hasbro Interactive and Games.com in January 2001, decreased sales volume, and the Company's 2000 consolidation program to reduce overhead in the sales and marketing and administrative functions as well as other cost reduction efforts of the Company.

NONOPERATING (INCOME) EXPENSE
- -----------------------------
Interest expense for the first quarter of 2001 was $25,890 compared with $21,443 in 2000. The increase is the result of an increase in the average outstanding debt in the first quarter of 2001 compared with the first quarter of 2000.

INCOME TAXES
- ------------
Income tax expense (benefit) as a percentage of pretax earnings (loss) in the first quarter of 2001 was (32)% compared to 31% in the first quarter of 2000.

(Thousands of dollars)

OTHER INFORMATION

On January 1, 2001, the Company implemented Statement of Financial Accounting Standards No. 133, as amended by Statement of Financial Accounting Standards No. 138, which require that all derivative instruments, such as foreign exchange contracts be recorded on the balance sheet at fair value. The effect of adopting these standards on earnings, net of taxes, was $(1,066) while the effect on Accumulated Other Comprehensive Earnings was $(753).

In January 2001, the Company closed on the sale (commenced in 2000) of certain business units comprising Hasbro Interactive, as well as its internet portal, Games.com. The sale resulted in a loss of $43,965, which was recognized at December 31, 2000. The sale is subject to certain post closing adjustments which are expected to be finalized in 2001.

Due to the seasonal nature of the business and in particular the mix of products offered in 2001, 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 business for the full year. 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 April 29, 2001 and April 30, 2000, the Company's unshipped orders were approximately $287,000 and $434,000, respectively.

On October 12, 2000, the Company announced a plan approved by its Board of Directors to consolidate its U.S. Toys group into Rhode Island, significantly reduce overhead through reductions in product development, sales and marketing, and administrative functions across the Company and to increase its focus on development of the Company's core brands.

The plan began in 2000 and is expected to be completed in 2001. The cost savings achieved as a result of the restructuring plan actions for which the Company incurred a charge in 2000 were approximately $10,000 in the first quarter of 2001.

The components of activity in the plan and the balance remaining at the end of the quarter are as follows:

	Balance at Dec. 31, 2000	Activity	Balance at Apr. 1, 2001
Severance	$ 31,800	(12,100)	19,700
Lease costs	21,400	(1,100)	20,300
	$ 53,200	(13,200)	40,000
Employee redundancies by area:			
Manufacturing activities	27	(24)	3
Research, product development, sales marketing and administration	322	(196)	126
	349	(220)	129

The significant components of the plan included the closing of offices in Cincinnati, Ohio, the Napa, California office and warehouse and a small office in San Francisco, California, thereby essentially consolidating the U.S. Toys group in Rhode Island. These actions were substantially completed at December 31, 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 costs will be expended over the contractual lease terms. The Company expects to generate full year pre-tax savings of approximately $49,000 in 2001 and $53,000 in 2002 from the actions for which the Company incurred a charge in 2000.

LIQUIDITY AND CAPITAL RESOURCES

The seasonality of the Company's business results 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, the proceeds are 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 provided by operating activities were $193,772 and $375,963 for the first quarters of 2001 and 2000, respectively. Receivables were $255,450 at April 1, 2001 compared to $455,374 at April 2, 2000. The decrease in receivables is primarily the result of the 40% decrease in revenues in the first quarter of 2001 compared to the first quarter of 2000 as well as the sale of Hasbro Interactive and improved collections. Inventories decreased approximately 31% from last year's levels, primarily reflecting improved inventory management and to a lesser extent the sale of Hasbro Interactive. Other current assets decreased to $390,596 at April 1, 2001 from $451,596 at April 2, 2000. The decrease is primarily due to a decrease in advance royalties as the result of licensed products, primarily POKEMON products, comprising a higher percentage of 2000 sales and the sale of Hasbro Interactive and Games.com. These decreases were partially offset by an increase in deferred income taxes. Accounts payable and accrued liabilities decreased by $425,395 from comparable 2000 levels. Approximately 74% of the decrease was due to the impact of amounts accrued at April 1, 2000 for shares acquired under the Company's first quarter 2000 Modified Dutch Auction Tender Offer. The remainder of the decrease in accounts payable and accrued liabilities relates to a decrease in accrued income taxes as the result of a decrease in taxable income as well as decreases in accrued royalties and trade payables as the result of decreased sales volume and decreased inventory levels, respectively.

Collectively, property, plant and equipment and other assets decreased $84,401 over the comparable period in the prior year, reflecting the sale of Hasbro Interactive and Games.com as well as assets written off or written down to fair market value in connection with the Company's 2000 consolidation program offset in part by securities received from the sale of Hasbro Interactive and Games.com.

Net borrowings (short and long-term borrowings less cash and cash equivalents) increased to $1,078,991 at April 1, 2001 from $905,360 at April 2, 2000. This reflects the use of approximately $313,000 of cash in the prior twelve months for the Company's repurchase of its common stock through the Modified Dutch Auction Tender Offer. This was offset in part by cash provided by operations. In February 2001, the Company entered into amended and restated secured revolving and line of credit facility agreements with existing lenders. The facilities are secured by substantially all domestic accounts receivable and inventory, as well as certain investments and intangible assets of the Company. Amounts available for borrowing under these committed facilities of $325,000 (long-term) and $325,000 (short-term) were at their lowest point in the first quarter of 2001. At April 1, 2001, approximately $300,000 was available under the committed lines and approximately $161,000 of uncommitted lines were available. The Company expects that funds provided by operations and amounts available for borrowing from time to time under these lines of credit are adequate to meet its needs. Included in short-term borrowings is $1,746 of current installments of long-term debt.

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 to have a material effect on the results of operations or financial condition of the Company.

FORWARD-LOOKING STATEMENTS
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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," "look forward," "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. The Company's actual actions or results may differ materially from those expected or anticipated in the forward-looking statements.

Specific factors that might cause such a difference include, but are not limited to, the Company's ability to manufacture, source and ship new and continuing products on a timely basis and the acceptance of those products by customers and consumers at prices that will be sufficient to profitably recover development, manufacturing, marketing, royalty and other costs of products; economic conditions, including higher fuel prices, currency fluctuations and government regulations 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; market conditions, third party actions or approvals and the impact of competition that could delay or increase the cost of implementation of the Company's consolidation programs or alter the Company's actions and reduce actual results, and the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization; 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.

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 Computation of Earnings Per Common Share - Quarters Ended April 1, 2001 and April 2, 2000.

12 Computation of Ratio of Earnings to Fixed Charges - Quarter Ended April 1, 2001.

(b) Reports on Form 8-K

A Current Report on Form 8-K dated April 23, 2001 was filed by the Company and included the Press Release dated April 23, 2001 announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters ended April 1, 2001 and April 2, 2000 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 16, 2001

By: /s/ David D. R. Hargreaves
David D. R. Hargreaves
Senior Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

HASBRO, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
For the Period Ended April 1, 2001

Exhibit Index

Exhibit No.	Exhibits
11	Statement re computation of per share earnings - quarter
12	Statement re computation of ratios

EXHIBIT 11

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Quarters Ended April 1, 2001 and April 2, 2000

(Thousands of Dollars and Shares Except Per Share Data)

	2001		2000	
	Basic	Diluted	Basic	Diluted
Earnings (loss) before cumulative effect of accounting change	$ (23,958)	(23,958)	15,127	15,127
Weighted average number of shares Outstanding:				
Outstanding at beginning of period	171,886	171,886	192,984	192,984
Exercise of stock options and warrants:				
Actual	47	47	5	5
Assumed	-	-	-	778
Purchase of common stock	-	-	(3,426)	(3,426)
Total	171,933	171,933	189,563	190,341
Per common share:				
Earnings (loss) before cumulative effect of accounting change	$ (.14)	(.14)	.08	.08

EXHIBIT 12

HASBRO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
Quarter Ended April 1, 2001

(Thousands of Dollars)

Earnings available for fixed charges:	
Net loss	$(25,024)
Add:	
Cumulative effect of accounting change	1,066
Fixed charges	31,620
Income taxes	(11,274)
Total	$ (3,612)
Fixed Charges:	
Interest on long-term debt	$ 21,670
Other interest charges	4,220
Amortization of debt expense	511
Rental expense representative of interest factor	5,219
Total	$ 31,620
Ratio of earnings to fixed charges	(0.11)