

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 25, 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 October 28, 1994 was 87,619,877.

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)  
(Unaudited)

Assets	Sep. 25, 1994	Sep. 26, 1993	Dec. 26, 1993
	-----	-----	-----
Current assets			
Cash and cash equivalents	\$ 43,234	48,466	186,254
Marketable securities available for sale	16,810	-	-
Accounts receivable, less allowance for doubtful accounts of \$52,500, \$58,300 and \$54,200	1,118,622	1,087,653	720,442
Inventories:			
Finished products	260,407	244,289	183,899
Work in process	20,163	29,359	22,486
Raw materials	52,519	59,883	43,682
	-----	-----	-----
Total inventories	333,089	333,531	250,067

Deferred income taxes	89,165	81,429	78,413
Prepaid expenses	58,002	64,463	65,959
	-----	-----	-----
Total current assets	1,658,922	1,615,542	1,301,135
Property, plant and equipment, net	296,986	258,919	279,803
	-----	-----	-----
Other assets			
Cost in excess of acquired net assets, less accumulated amortization of \$79,926, \$63,736 and \$68,122	553,745	481,507	475,607
Other intangibles, less accumulated amortization of \$99,499, \$80,520 and \$85,290	170,695	190,818	185,953
Other	35,966	48,256	50,520
	-----	-----	-----
Total other assets	760,406	720,581	712,080
	-----	-----	-----
Total assets	\$2,716,314	2,595,042	2,293,018
	=====	=====	=====

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Balance Sheets, Continued

(Thousands of Dollars Except Share Data)  
(Unaudited)

Liabilities and Shareholders' Equity	Sep. 25, 1994	Sep. 26, 1993	Dec. 26, 1993
	-----	-----	-----
Current liabilities			
Short-term borrowings	\$ 486,252	469,355	62,242
Current installments of long-term debt	3,204	141	3,236
Trade payables	133,060	134,307	170,309
Accrued liabilities	413,741	412,964	420,476
Income taxes	108,515	93,635	92,051
	-----	-----	-----
Total current liabilities	1,144,772	1,110,402	748,314
Long-term debt, excluding current installments	150,437	203,642	200,510
Deferred liabilities	73,057	69,170	67,511
	-----	-----	-----
Total liabilities	1,368,266	1,383,214	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 88,085,802, 87,635,774 and 87,795,251	44,043	43,818	43,898
Additional paid-in capital	283,872	294,670	296,823
Retained earnings	1,001,730	855,511	920,956
Cumulative translation adjustments	32,049	17,829	15,006
Treasury stock, at cost, 451,900 shares in 1994	(13,646)	-	-
	-----	-----	-----
Total shareholders' equity	1,348,048	1,211,828	1,276,683
	-----	-----	-----
Total liabilities and shareholders' equity	\$2,716,314	2,595,042	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		Thirty-Nine Weeks Ended	
	Sep. 25, 1994	Sep. 26, 1993	Sep. 25, 1994	Sep. 26, 1993
Net revenues	\$796,222	812,393	1,729,679	1,814,980
Cost of sales	352,129	351,064	763,507	780,605
Gross profit	444,093	461,329	966,172	1,034,375
Expenses				
Amortization	9,598	8,797	27,196	26,173
Royalties, research and development	75,359	81,991	180,781	185,274
Advertising	116,307	111,868	241,294	247,480
Selling, distribution and administrative	123,067	126,364	343,337	349,730
Restructuring charges	12,500	-	12,500	-
Total expenses	336,831	329,020	805,108	808,657
Operating profit	107,262	132,309	161,064	225,718
Nonoperating (income) expense				
Interest expense	8,776	9,111	18,821	19,659
Other (income), net	(23,710)	333	(26,053)	(3,468)
Total nonoperating expense	(14,934)	9,444	(7,232)	16,191
Earnings before income taxes and cumulative effect of change in accounting principles	122,196	122,865	168,296	209,527
Income taxes	47,045	47,317	64,794	80,249
Net earnings before cumulative effect of change in accounting principles	75,151	75,548	103,502	129,278
Cumulative effect of change in accounting principles	-	-	(4,282)	-
Net earnings	\$ 75,151	75,548	99,220	129,278
Per common share				
Net earnings before cumulative effect of change in accounting principles	\$ .85	.84	1.16	1.44
Net earnings	\$ .85	.84	1.11	1.44
Cash dividends declared	\$ .07	.06	.21	.18

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
Thirty-Nine Weeks Ended September 25, 1994 and September 26, 1993

(Thousands of Dollars)  
(Unaudited)

	1994	1993
	----	----
Cash flows from operating activities		
Net earnings	\$ 99,220	129,278
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	59,710	48,953
Other amortization	27,196	26,173
Deferred income taxes	(11,102)	(6,006)
Gain on investments	(23,291)	-
Change in operating assets and liabilities (other than cash and cash equivalents):		
(Increase) in accounts receivable	(368,304)	(450,621)
(Increase) in inventories	(73,557)	(114,140)
(Increase) decrease in prepaid expenses	9,318	(6,540)
(Decrease) increase in trade payables and accrued liabilities	(41,936)	11,201
Other	(786)	(3,158)
Net cash utilized by operating activities	(323,532)	(364,860)
	-----	-----
Cash flows from investing activities		
Additions to property, plant and equipment	(73,019)	(60,955)
Purchase of marketable securities	-	(141,411)
Proceeds from sale of investments	24,449	141,839
Acquisitions, net of cash acquired	(98,411)	(30,644)
Other	444	2,520
Net cash utilized by investing activities	(146,537)	(88,651)
	-----	-----
Cash flows from financing activities		
Net proceeds of short-term borrowings	418,409	394,313
Repayment of long-term debt	(50,105)	(11,668)
Stock option and warrant transactions	(8,498)	7,422
Purchase of common stock	(17,954)	-
Dividends paid	(17,577)	(14,865)
Net cash provided by financing activities	324,275	375,202
	-----	-----
Effect of exchange rate changes on cash	2,774	822
	-----	-----
Decrease in cash and cash equivalents	(143,020)	(77,487)
Cash and cash equivalents at beginning of year	186,254	125,953
	-----	-----
Cash and cash equivalents at end of period	\$ 43,234	48,466
	=====	=====
Supplemental information		
Cash paid during the period for:		
Interest	\$ 16,636	18,053
Income taxes	\$ 45,931	69,105

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 25, 1994 and September 26, 1993, and the results of operations and cash flows for the periods then ended.

The results of operations for the thirty-nine week period ended September 25, 1994, are not necessarily indicative of results to be expected for the full year.

(2) 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 except the thirteen weeks ended September 25, 1994 and September 26, 1993, the difference between primary and fully diluted earnings per share was not significant. For the thirteen weeks ended September 25, 1994, the primary and fully diluted earnings per share were \$.85 and \$.82, respectively. For the thirteen weeks ended September 26, 1993, the primary and fully diluted earnings per share were \$.84 and \$.81, respectively.

(3) During October 1994, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 119, Disclosure About Derivative Financial Instruments and Fair Value of Financial Instruments (SFAS 119). SFAS 119 requires disclosures about derivative financial instruments including futures, forward, swap and option contracts and other financial instruments with similar characteristics and is effective for fiscal years ending after December 15, 1994.

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

(Thousands of dollars)

NET REVENUES

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Net revenues for the third quarter and nine months of 1994 were \$796,222 and \$1,729,679, compared to the \$812,393 and \$1,814,980 reported for the same periods of 1993. For the quarter, the Company's revenues returned to a level comparable with those of a year ago. This occurred in spite of the loss of approximately \$80,000 of worldwide volume from two successful 1993 product ranges, Barney(R) and Jurassic Park(TM). Internationally, most of the Company's units showed modest growth from their 1993 levels and also benefited from a \$9,000 favorable effect of the weakened U.S. dollar. Domestically, the record volume of the third quarter of 1993, buoyed by the two product ranges noted above, could not be sustained.

COST OF SALES

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The gross profit margin, expressed as a percentage of net revenues, for the quarter decreased to 55.8% from the 1993 level of 56.8% and for the nine months to 55.9% from 57.0%. This deterioration is largely attributable to the effect of the decreased domestic volume, principally in the promotional product area. Generally, promotional items, which carry higher royalty rates, provide a higher gross margin than do games and other items.

EXPENSES

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Royalties, research and development expenses for the third quarter and nine months decreased in amount and, for the third quarter, as a percentage of revenues from 1993 levels. The royalty component decreased in both categories, reflecting both the effect of reduced revenues and rates on certain 1993 products which carried higher than traditional royalty rates. Research and development was \$35,193 and \$96,655 for the third quarter and nine months of 1994 compared to \$33,423 and \$87,524 in the same periods of 1993. These increases were largely attributable to the Company's domestic units whose development efforts have been expanded.

The current quarter advertising increased approximately \$4,400 from the comparable 1993 level while for the nine months it decreased approximately \$6,200. As a percentage of net revenues, for the quarter and nine months it increased to 14.6% from 13.8% and to 14.0% from 13.6%, respectively. The increased percentages are largely the result of higher spending to establish selected core brands in certain international markets coupled with the lower than normal advertising requirements of Jurassic Park and Barney in 1993, reflecting the amount of exposure given these two brands by other parties.

Both in dollars and as a percentage of net revenues, third quarter selling, distribution and administrative expenses showed a minor decrease from the respective 1993 amounts, which is partially the result of lower distribution costs resulting from the lower revenues, coupled with a reduced requirement for doubtful accounts. The nine month decrease in amount can be attributed to the same causes while the increase in percentage is reflective of the fact that most other expenses in this category are relatively fixed.

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

(Thousands of dollars)

The Company recently completed a restructuring of its Domestic Toy group, merging its Hasbro Toy, Playskool, Playskool Baby, Kenner and Kid Dimension units into one organization, the Hasbro Toy Group, and also announced a consolidation of its domestic manufacturing facilities. To provide for these and other immaterial restructuring costs, the Company recorded a \$12,500 pretax charge during the quarter.

NONOPERATING (INCOME) EXPENSE

Interest expense decreased approximately 4% from 1993 levels in both the third quarter and the nine months. This decrease reflects the Company's lower borrowing requirements, partially offset by higher interest rates. During the quarter, the Company liquidated its investment in J.W. Spear & Sons PLC (Spear) and sold its investment in Virgin Interactive Entertainment plc (Virgin) to Blockbuster Entertainment (Blockbuster). The Company realized an aggregate pretax gain of approximately \$23,000 from these transactions, which is responsible for the large change in other income, net. Also included are various other items, none of which are material, of both income and expense.

INCOME TAXES

Income tax expense, as a percentage of pretax earnings, was 38.5% for both the third quarter and nine months of 1994, compared with 38.5% and 38.3% in the third quarter and nine months of 1993. This increase in the nine month rate primarily results from the third quarter 1993 increase in the U. S. federal income tax rate from 34% to 35%.

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 \$490,000 at October 23, 1994 compared to \$520,000 at October 24, 1993. 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.

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

(Thousands of dollars)

During the fourth quarter of 1993, the Company recorded a restructuring charge of \$15,500, primarily relating to the planned closure of the Company's manufacturing facility in The Netherlands, as announced on January 13, 1994. The Company had initially planned to cease production at this facility during the second quarter of 1994 but has not yet been able to do so. The actions necessary to comply with local regulations relating to such a closure have taken longer than anticipated and the Company now believes that the shut down of production at this facility will take place late in the fourth quarter of 1994. As a result, no anticipated benefits have yet been obtained and only minimal amounts of the liability accrued for this closure have been satisfied. The remaining amount provided in 1993 related to several items, none of which were significant, either in cost or anticipated benefits. A majority of the liabilities established for such items has been satisfied and the expected benefits are being obtained.

Included in the restructuring charges recorded during the current quarter, noted above, for the Domestic Toy restructuring, was a provision of approximately \$4,400 for the costs associated with the termination of approximately 100 management employees. Substantially all of these employees have been terminated and approximately \$921 of the liability has been satisfied. It is anticipated that no material benefits from this restructuring will be experienced until 1995. Also included, and related to the consolidation of domestic manufacturing operations as announced on November 8, 1994, and further discussed below, was a provision of approximately \$3,400 for costs associated with the termination of approximately 485 manufacturing employees. These terminations will occur during the fourth quarter of 1994 and the first quarter of 1995. As a result, none of the liability has been satisfied and the Company expects that no material benefits from this consolidation will be experienced until 1995.

LIQUIDITY AND CAPITAL RESOURCES

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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. While a large portion of these receivables are of a quality which would allow their sale, alleviating the need for much of its interim financing, the Company believes it to be more cost effective to use its available funds and short-term borrowings to finance them. Late in its fourth quarter and through the first quarter of the subsequent year, as receivables are collected, cash flow from operations becomes positive and is used to repay a significant portion of the short-term borrowings.

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

(Thousands of dollars)

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.

Cash and cash equivalents were approximately 10% below their 1993 level. The Company attempts to keep its cash at the lowest level possible whenever it has short-term borrowings. At times, however, the cash available and the borrowing requirement may be in different countries and currencies which may make it impractical to substitute one for the other. Marketable securities at September 25, 1994 represent shares of Blockbuster, received from the sale of the Company's investment in Virgin, which had not been liquidated. Subsequent to the balance sheet date, such shares were sold, with a resulting immaterial gain. Receivables were approximately \$31,000 greater than at the same time in 1993. More than half of the increase relates to a non-trade amount due from the Blockbuster shares sold prior to balance sheet date but having a settlement date of September 30. The remaining increase reflects the change in the Company's sales mix with a larger percentage being made to customers with extended payment terms. Inventories approximated those of a year ago. Other assets, as a group, increased approximately \$40,000 from their level a year ago. This increase reflects the Company's acquisition of the game and puzzle business of Western Publishing and its investment made in Connector Set Limited Partnership in conjunction with the joint venture to market the K'NEX(R) line of construction toys internationally, both partially offset by the disposition, or transfer to current assets, of the Company's investments in Spear and Virgin and twelve months of amortization expense.

Short-term borrowings, at \$486,252 were approximately \$16,900 greater than last year. This reflects the net of several significant items including the election by the Company to pay exercising holders of its warrants, which expired on July 12, 1994, approximately \$17,000 in cash rather than shares, the repurchase of shares of the Company's common stock in the amount of approximately \$18,000, the early redemption by the Company of its \$50,000 of Subordinated Variable Notes Due 1995, the net cash requirements of the change in other assets noted above and the funds generated from operations within the most recent twelve months. Other current liabilities increased marginally, primarily due to timing differences on payments. At September 25, 1994, the Company had committed unsecured lines of credit totaling approximately \$450,000 available to it. It also had available uncommitted lines exceeding \$950,000. The Company believes that these amounts are adequate for its needs. Of these available lines, approximately \$500,000 was in use at September 25, 1994.

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

(Thousands of dollars)

RECENT DEVELOPMENTS

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As discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Form 10-K filing for the year ended December 26, 1993, the Company was engaged in legal action against CBS Inc. (CBS) to recover all costs associated with the environmental clean-up of the Company's former manufacturing facility in Lancaster, Pennsylvania. On August 10, 1994, the U.S. District Court for the Eastern Division of Pennsylvania entered judgment in favor of the Company, awarding the Company all of its past and future costs associated with such environmental remediation. The Company and CBS are currently negotiating the manner in which this judgment will be satisfied.

On November 8, the Company announced that it would close its Wayne, New Jersey manufacturing plant, effective March 5, 1995, and was reducing the number of manufacturing jobs at its facilities in Rhode Island. The New Jersey facility employs approximately 85 employees while approximately 400 people will be affected in Rhode Island, of which approximately 280 are currently on traditional seasonal layoffs.

PART II. Other Information

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities.

On September 22, 1994, pursuant to notice given on September 7, 1994, the Company redeemed all \$50,000,000 of its outstanding Subordinated Variable Rate Notes Due 1995 (the Notes) at a redemption price of 100% of their principal amount plus accrued interest through that date. Shawmut Bank Connecticut, N.A. is the Trustee and Paying Agent for the Notes.

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 - Thirty-Nine Weeks Ended September 25, 1994 and September 26, 1993.

11.2 Computation of Earnings Per Common Share - Thirteen Weeks Ended September 25, 1994 and September 26, 1993.

12 Computation of Ratio of Earnings to Fixed Charges - Thirty-Nine and Thirteen Weeks Ended September 25, 1994.

27 Article 5 Financial Data Schedule - Third Quarter 1994

(b) Reports on Form 8-K

A current Report on Form 8-K dated October 13, 1994, as amended by Form 8-K/A of the same date, was filed by the Company and included the Press Release dated October 13, 1994 announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters and nine months ended September 25, 1994 and September 26, 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.

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(Registrant)

Date: November 9, 1994

By: /s/ John T. O'Neill

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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 25, 1994

Exhibit Index

Exhibit No. -----	Exhibits -----
11.1	Computation of Earnings Per Common Share - Thirty-Nine Weeks Ended September 25, 1994 and September 26, 1993
11.2	Computation of Earnings Per Common Share - Thirteen Weeks Ended September 25, 1994 and September 26, 1993
12	Computation of Ratio of Earnings to Fixed Charges - Thirty-Nine and Thirteen Weeks Ended September 25, 1994
27	Article 5 Financial Data Schedule - Third Quarter 1994.

HASBRO, INC. AND SUBSIDIARIES  
 Computation of Earnings Per Common Share  
 Thirty-Nine Weeks Ended September 25, 1994 and September 26, 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	\$103,502	103,502	129,278	129,278
Interest and amortization on 6% convertible notes, net of taxes	-	4,323	-	4,323
Net earnings before cumulative effect of change in accounting principles applicable to common shares	103,502	107,825	129,278	133,601
Cumulative effect of change in accounting principles	(4,282)	(4,282)	-	-
Net earnings applicable to common shares	\$ 99,220 =====	103,543 =====	129,278 =====	133,601 =====
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	221	221	238	238
Assumed exercise of stock options and warrants	1,720	1,720	2,522	2,971
Assumed conversion of 6% convertible notes	-	5,114	-	5,114
Purchase of common stock	(144)	(144)	-	-
Total	89,592 =====	94,706 =====	89,936 =====	95,499 =====
Per common share:				
Earnings before cumulative effect of change in accounting principles	\$ 1.16	1.14	1.44	1.40
Cumulative effect of change in accounting principles	(.05)	(.05)	-	-
Net earnings	\$ 1.11 =====	1.09 =====	1.44 =====	1.40 =====

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

HASBRO, INC. AND SUBSIDIARIES  
 Computation of Earnings Per Common Share  
 Thirteen Weeks Ended September 25, 1994 and September 26, 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	\$75,151	75,151	75,548	75,548
Interest and amortization on 6% convertible notes, net of taxes	-	1,441	-	1,394
Net earnings before cumulative effect of change in accounting principles applicable to common shares	75,151	76,592	75,548	76,942
Cumulative effect of change in accounting principles	-	-	-	-
Net earnings applicable to common shares	\$75,151 =====	76,592 =====	75,548 =====	76,942 =====
Weighted average number of shares outstanding:(a)				
Outstanding at beginning of period	87,948	87,948	87,464	87,464
Actual exercise of stock options and warrants	42	42	114	114
Assumed exercise of stock options and warrants	1,143	1,146	2,665	2,884
Assumed conversion of 6% convertible notes	-	5,114	-	5,114
Purchase of common stock	(292)	(292)	-	-
Total	88,841 =====	93,958 =====	90,243 =====	95,576 =====
Per common share:				
Earnings before cumulative effect of change in accounting principles	\$ .85	.82	.84	.81
Cumulative effect of change in accounting principles	-	-	-	-
Net earnings	\$ .85 =====	.82 =====	.84 =====	.81 =====

(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  
 Thirty-Nine Weeks and Thirteen Weeks Ended September 25, 1994

(Thousands of Dollars)

	Thirty-Nine Weeks -----	Thirteen Weeks -----
Earnings available for fixed charges:		
Net earnings	\$ 99,220	75,151
Add:		
Cumulative effect of change in accounting principles	4,282	-
Fixed charges	28,804	12,181
Income taxes	64,794	47,045
	-----	-----
Total	\$197,100 =====	134,377 =====
 Fixed Charges:		
Interest on long-term debt	\$ 8,855	3,006
Other interest charges	9,966	5,770
Amortization of debt expense	345	152
Rental expense representative of interest factor	9,638	3,253
	-----	-----
Total	\$ 28,804 =====	12,181 =====
 Ratio of earnings to fixed charges	 6.84 =====	 11.03 =====

5  
1,000

9-MOS  
DEC-25-1994  
SEP-25-1994  
43,234  
16,810  
1,171,122  
52,500  
333,089  
1,658,922  
503,657  
206,671  
2,716,314  
1,144,772  
150,437  
44,043  
0  
0  
1,304,005  
2,716,314  
1,729,679  
1,729,679  
763,507  
804,066  
(26,053)  
1,042  
18,821  
168,296  
64,794  
103,502  
0  
0  
(4,282)  
99,220  
1.11  
1.09