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 June 30, 1996 Commission file number 1-6682

HASBRO, INC.
(Name of Registrant)

Rhode Island (State of Incorporation)

O5-0155090 (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 August 9, 1996 was 86,323,230.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)
(Unaudited)

Assets	Jun. 30, 1996	Jul. 2, 1995	Dec. 31, 1995
Current assets			
Cash and cash equivalents	$ 69,998	86,213	161,030
Accounts receivable, less allowance for doubtful accounts of $51,200, $45,800 and $48,800	683,906	654,216	791,111
Inventories:			
Finished products	290,769	272,182	240,126
Work in process	26,619	29,987	22,093
Raw materials	80,711	61,873	53,401
Total inventories	398,099	364,042	315,620
Deferred income taxes	83,115	81,173	85,849
Prepaid expenses	77,721	79,920	71,888
Total current assets	1,312,839	1,265,564	1,425,498

Property, plant and equipment, net	305,772	309,571	313,240
Other assets			
Cost in excess of acquired net assets, less accumulated amortization of $107,321, $91,499 and $99,404	473,594	486,034	473,388
Other intangibles, less accumulated amortization of $90,281, $68,363 and $79,648	370,129	351,852	343,624
Other	65,180	46,747	60,638
Total other assets	908,903	884,633	877,650
Total assets	$2,527,514	2,459,768	2,616,388

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets, Continued

(Thousands of Dollars Except Share Data)
(Unaudited)

Liabilities and Shareholders' Equity	Jun. 30, 1996	Jul. 2, 1995	Dec. 31, 1995
Current liabilities			
Short-term borrowings	$ 288,872	353,051	119,987
Trade payables	106,444	115,321	198,328
Accrued liabilities	293,937	314,563	433,567
Income taxes	79,891	57,905	117,982
Total current liabilities	769,144	840,840	869,864
Long-term debt, excluding current installments	149,920	149,993	149,991
Deferred liabilities	72,066	66,292	70,921
Total liabilities	991,130	1,057,125	1,090,776
Shareholders' equity			
Preference stock of $2.50 par value. Authorized 5,000,000 shares; none issued	-	-	-
Common stock of $.50 par value. Authorized 300,000,000 shares; issued 88,088,526, 88,086,040 and 88,086,108	44,044	44,043	44,043
Additional paid-in capital	305,915	279,933	279,288
Retained earnings	1,211,565	1,064,150	1,201,242
Cumulative translation adjustments	17,137	24,464	23,450
Treasury stock, at cost; 1,251,853, 335,435 and 741,237 shares	(42,277)	(9,947)	(22,411)
Total shareholders' equity	1,536,384	1,402,643	1,525,612
Total liabilities and shareholders' equity	$2,527,514	2,459,768	2,616,388

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Earnings

(Thousands of Dollars Except Share Data)
(Unaudited)

	Quarter Ended		Six Months Ended	
	Jun. 30, 1996	Jul. 2, 1995	Jun. 30, 1996	Jul. 2, 1995

Net revenues	$511,609	481,854	1,050,294	1,008,357
Cost of sales	234,184	214,085	471,955	446,657
Gross profit	277,425	267,769	578,339	561,700
Expenses				
Amortization	10,007	9,725	19,806	18,968
Royalties, research and development	64,356	62,085	118,778	117,169
Discontinued development project	-	31,100	-	31,100
Advertising	66,171	68,164	136,447	138,397
Selling, distribution and administration	124,909	119,005	250,274	239,808
Total expenses	265,443	290,079	525,305	545,442
Operating profit (loss)	11,982	(22,310)	53,034	16,258
Nonoperating (income) expense				
Interest expense	5,353	7,384	10,259	13,207
Other (income), net	(2,514)	(5,477)	(5,477)	(7,989)
Total nonoperating expense	2,839	1,907	4,782	5,218
Earnings (loss) before income taxes	9,143	(24,217)	48,252	11,040
Income taxes	3,157	(9,324)	17,901	4,250
Net earnings (loss)	$ 5,986	(14,893)	30,351	6,790
Per common share				
Net earnings (loss)	$ .07	(.17)	.34	.08
Cash dividends declared	$ .10	.08	.20	.16

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Six Months Ended June 30, 1996 and July 2, 1995

(Thousands of Dollars)
(Unaudited)

	1996	1995
Cash flows from operating activities		
Net earnings	$ 30,351	6,790
Adjustments to reconcile net earnings to net cash utilized by operating activities:		
Depreciation and amortization of plant and equipment	45,843	40,415
Other amortization	19,806	18,968
Deferred income taxes	2,882	(3,521)
Change in operating assets and liabilities (other than cash and cash equivalents):		
Decrease in accounts receivable	101,284	79,057
Increase in inventories	(83,079)	(108,054)
Increase in prepaid expenses	(6,145)	(8,323)
Decrease in trade payables and accrued liabilities	(266,450)	(208,513)
Other	3,553	12,016
Net cash utilized by operating activities	(151,955)	(171,165)
Cash flows from investing activities		
Additions to property, plant and equipment	(40,943)	(38,752)
Investments and acquisitions, net of cash acquired	(21,300)	(102,413)
Other	(8,310)	2,215
Net cash utilized by investing activities	(70,553)	(138,950)
Cash flows from financing activities		
Proceeds from borrowings with original maturities of more than three months	96,026	185,000
Repayments of borrowings with original maturities of more than three months	(30,990)	(10)

Net proceeds of other short-term borrowings	106,278	76,332
Purchase of common stock	(28,869)	(312)
Stock option transactions	7,991	4,866
Dividends paid	(15,688)	(13,147)
Net cash provided by financing activities	134,748	252,729
Effect of exchange rate changes on cash	(3,272)	6,571
Decrease in cash and cash equivalents	(91,032)	(50,815)
Cash and cash equivalents at beginning of year	161,030	137,028
Cash and cash equivalents at end of period	$ 69,998	86,213

Supplemental information		
Cash paid during the period for:		
Interest	$ 8,799	10,279
Income taxes	$ 48,790	45,982

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 June 30, 1996 and July 2, 1995, and the results of operations and cash flows for the periods then ended.

The six months ended June 30, 1996 consisted of 26 weeks while the six months ended July 2, 1995 consisted of 27 weeks.

The results of operations for the six months ended June 30, 1996, are not necessarily indicative of results to be expected for the full year.

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

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

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

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

(Thousands of dollars)

NET REVENUES

Net revenues for the second quarter and six months of 1996 were $511,609 and $1,050,294, respectively, up from the $481,854 and $1,008,357 reported for the same periods of 1995. Continuing the first quarter 1996 trends, the increased volumes were primarily attributable to growth in boys' toys and games experienced within the United States. During the quarter, the Company's international operations reported increased local currency revenues in most of the major markets, although these were insufficient to overcome the approximate $7,000 adverse impact of the strengthened U.S. dollar and the decreased revenues in France and Germany.

COST OF SALES

The Company is receiving the anticipated benefits from reduced prices on certain raw material commodities, including plastics and paper. In spite of this, the 1996 gross profit margin, expressed as a percentage of net revenues, decreased in comparison to the 1995 levels; for the quarter to 54.2% from 55.6%, and for the six months to 55.1% from 55.7%. During the quarter, the Company had an increased amount of sales made at less than normal margins. Absent the impact of such second quarter sales in the major markets, the gross profit margins for the quarter and six months of 1996 were 57.3% and 56.5%, respectively, up from 56.7% and 56.2% for the same periods of 1995.

EXPENSES

Royalties, research and development expenses for both the second quarter and six months decreased when expressed as a percentage of net revenues although increasing in amount. The royalty component increased in both percentage and amount. In addition to reflecting the Company's revenue growth, the increases can also be attributed to the mix of products sold with more revenue being derived from items carrying higher royalty rates. Research and development was $35,391 and $65,510 for the quarter and six months of 1996, respectively, compared with $34,864 and $67,428 for the same periods of 1995.

During the second quarter of 1995, the Company discontinued its efforts, begun in 1992, related to the development of a mass-market virtual reality game system. The impact of this decision on the second quarter of 1995 was a charge of $31,100, the estimated costs associated with such action. Approximately half of the charge resulted from the expensing of software development costs related to both the operating system and games for the system. These costs were previously capitalized under the provisions of Statement of Financial Accounting Standards No. 86. The remaining amount represented provisions for discontinuation costs, including the termination of contractual agreements relating to the development of the system and games, the write-off of certain fixed assets and various other cancellation/termination costs. Substantially all of these costs have now been paid.

Advertising expense for both the quarter and six months decreased in amount and also when expressed as a percentage of net revenues. For the second quarter and six months of 1996, the amounts were $66,171 and $136,447, respectively, compared with $68,164 and $138,397 in the same periods of 1995. Expressed as a percentage of net revenues, 1996 was 12.9% and 13.0% while 1995 was 14.1% and 13.7%. The decreases in the current year reflect the lower proportion of the Company's revenues arising from the international marketing units, which generally have a higher advertising to sales ratio than the domestic groups, as well as the impact of sales made at less than normal margins, which products are generally not advertised.

The Company's selling distribution and administration expenses increased in amount during both the second quarter and six months of 1996, when compared with the same periods of 1995. When expressed as a percentage of net revenues, in the second quarter of 1996 it decreased from the 1995 level and for the six months, remained constant. The decrease in percentage reflects the Company's efforts to better leverage these costs.

NONOPERATING (INCOME) EXPENSE

Interest expense during the second quarter and six months of 1996 decreased from the comparable 1995 levels reflecting both lower interest rates and the Company's reduced borrowing requirements.

Other income, net, also declined during both the quarter and six months, again reflecting the lower interest rates being experienced. Also impacting the comparison of this category of expense during the quarter was the negative impact of foreign currency transactions.

INCOME TAXES
- - ------------

Income tax expense as a percentage of pretax earnings for the six months of 1996 and 1995 was 37.1% and 38.5%, respectively. The decrease in the effective rate in 1996 reflects changes in the Company's operations as well as the impact of certain strategies implemented during 1996. The lower rate for the second quarter results from the adjustment to the new effective tax rate.

OTHER INFORMATION
- - -----------------

During the past several years the Company has experienced a shift in its revenue pattern wherein the second half of the year has grown in significance to its overall business and within that half the fourth quarter has become more prominent. The Company expects that this trend will continue. This concentration increases the risk of (a) underproduction of popular items, (b) overproduction of less popular items and (c) failure to achieve tight and compressed shipping schedules. The business of the Company is characterized by customer order patterns which vary from year to year largely because of differences in the degree of consumer acceptance of a product line, product availability, marketing strategies and inventory levels of retailers and differences in overall economic conditions. Also, more retailers are using quick response inventory management practices which results in fewer orders being placed in advance and more orders, when placed, for immediate delivery. As a result, comparisons of unshipped orders on any date in a given year with those at the same date in a prior year are not necessarily indicative of sales for the entire year. In addition, it is a general industry practice that orders are subject to amendment or cancellation by customers prior to shipment. At the end of its fiscal July (July 28, 1996 and July 30, 1995) the Company's unshipped orders were approximately $890,000 and $930,000, respectively.

LIQUIDITY AND CAPITAL RESOURCES
- - -------------------------------

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

As a result, management believes that on an interim basis, rather than discussing its cash flows, a better understanding of its liquidity and capital resources can be obtained through a discussion of the various balance sheet categories. Also, as several of the major categories, including cash and cash equivalents, accounts receivable, inventories and short-term borrowings, fluctuate significantly from quarter to quarter, again due to the seasonality of its business and the extended payment terms offered, management believes that a comparison to the comparable period in the prior year is generally more meaningful than a comparison to the prior year-end.

Receivables were approximately $30,000 greater than at the same time in 1995, largely reflecting the Company's increased revenues in 1996. When expressed as days sales outstanding, current year receivables are the same as those of a year ago, which is an improvement from the first quarter when days sales outstanding were almost 10% greater than 1995. The growth in inventories which has been evident during the past year moderated somewhat during the second quarter. The approximate $34,000 increase from the prior year reflects the Company's planned actions necessary to have available product to provide faster and more complete shipment of customer orders. Other assets, as a group, increased from their level of a year ago, primarily resulting from the Company's acquisitions of product rights and licenses during the most recent twelve months, partially offset by twelve additional months of amortization expense.

The Company attempts to keep its cash and cash equivalents at the lowest level possible whenever it has short-term borrowings, although at times the cash available and the borrowing requirement may be in different countries and currencies which may make it impractical to substitute one for the other. The Company's net borrowings (short-term borrowings less cash and cash equivalents), at $218,874 were approximately $48,000, or 18% less than last year, again reflecting funds generated from operations within the most recent twelve months available to reduce such borrowings. This decrease occurred even after the repurchase of approximately 1,300,000 shares of the Company's common stock during the past twelve months. At June 30, 1996, the Company had committed unsecured lines of credit totaling approximately $440,000 available to it. It also had available uncommitted lines approximating $900,000. The Company believes that these amounts are adequate for its needs. Of these available lines, approximately $315,000 was in use at June 30, 1996.

RECENT EVENT

On July 30, 1996, the Company announced two steps taken to provide strategic direction as it moves to become more brands driven and globally focused. First, the establishment of an Office of the Chairman and second, plans for a new Global Brands Board and a Global Operations Board. To this point, the Company has been structured as a multi-national company, with the focus on developing product and programs for individual countries and regions. The new focus will allow the development of brands globally, while still recognizing regional differences. The new Global Brands Board will provide greater coordination of key brands from a world-wide perspective while the Global Operations Board will develop a blueprint for the global coordination of production and sourcing requirements.

In addition to Chairman and Chief Executive Officer, Alan G. Hassenfeld, the Office of the Chairman will consist of: Alfred J. Verrecchia, Executive Vice President and President of Global Operations, who will also chair the Global Operations Board; George Ditomassi, Executive Vice President and President Global Innovation; Harold P. Gordon, Vice Chairman; John T. O'Neill, Executive Vice President and Chief Financial Officer, and Norman Walker, Executive Vice President and President International, who will also chair the Global Brands Board. Another member of the Office of the Chairman is Adam Klein, who has been elected Executive Vice President of Corporate Strategy. Mr Klein comes to the Company after eighteen years of strategy consulting, including time with the Boston Consulting Group and teaching at Harvard Business School. Also to become a member of the Office of the Chairman will be the President of Global Marketing, a new position for which an executive search is in progress.

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.

At the Company's Annual Meeting of Shareholders held on May 15, 1996, the Company's Shareholders reelected the following persons to the Board of Directors of the Company: Sylvia K. Hassenfeld (72,124,405 votes for, 3,349,819 votes withheld); Norma T. Pace (72,122,434 votes for, 3,351,790 votes withheld); E. John Rosenwald, Jr. (71,416,036 votes for, 4,058,188 votes withheld; and Alfred J. Verrecchia (72,152,743 votes for, 3,321,481 votes withheld). There were no votes against any nominee and no broker nonvotes.

In addition, the Company's Shareholders ratified the selection of KPMG Peat Marwick LLP as the independent public accountants for the Company for the 1996 fiscal year by a vote of 75,286,949 for, 41,025 against, 146,250 abstentions and no broker nonvotes.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

11.1 Computation of Earnings Per Common Share - Six Months Ended June 30, 1996 and July 2, 1995.

11.2 Computation of Earnings Per Common Share - Quarter Ended June 30, 1996 and July 2, 1995.

12 Computation of Ratio of Earnings to Fixed Charges - Six Months and Quarter Ended June 30, 1996.

27 Article 5 Financial Data Schedule - Second Quarter 1996

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated July 18, 1996, was filed by the Company and included the Press Release dated July 18, 1996, announcing the Company's results for the current quarter. Consolidated Statements of Earnings (without notes) for the quarters and six months ended June 30, 1996 and July 2, 1995 and Consolidated Condensed Balance Sheets (without notes) as of said dates were also filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HASBRO, INC.

(Registrant)

Date: August 14, 1996

By: /s/ John T. O'Neill

John T. O'Neill
Executive Vice President and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

HASBRO, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
For the Period Ended June 30, 1996

Exhibit Index

Exhibit

No.	Exhibits
11.1	Computation of Earnings Per Common Share - Six Months Ended June 30, 1996 and July 2, 1995
11.2	Computation of Earnings Per Common Share - Quarter Ended June 30, 1996 and July 2, 1995
12	Computation of Ratio of Earnings to Fixed Charges - Six Months and Quarter Ended June 30, 1996
27	Article 5 Financial Data Schedule - Second Quarter 1996

EXHIBIT 11.1

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Six Months Ended June 30, 1996 and July 2, 1995

(Thousands of Dollars and Shares Except Per Share Data)

	1996		1995	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	$ 30,351	30,351	6,790	6,790
Interest and amortization on 6% convertible notes, net of taxes (a)	-	-	-	-
Net earnings applicable to common shares	$ 30,351	30,351	6,790	6,790
Weighted average number of shares outstanding:(b)				
Outstanding at beginning of period	87,345	87,345	87,528	87,528
Actual exercise of stock options and warrants	155	155	122	122
Assumed exercise of stock options and warrants	1,086	1,086	619	726
Actual conversion of 6% convertible notes	1	1	-	-
Assumed conversion of 6% convertible notes (a)	-	-	-	-
Purchase of common stock	(340)	(340)	(6)	(6)
Total	88,247	88,247	88,263	88,370
Per common share:				
Net earnings	$ .34	.34	.08	.08

(a) The effect of these notes is antidilutive and as such is not included.
(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 June 30, 1996 and July 2, 1995

(Thousands of Dollars and Shares Except Per Share Data)

	1996 Primary	1996 Fully Diluted	1995 Primary	1995 Fully Diluted
Net earnings (loss)	$ 5,986	5,986	(14,893)	(14,893)
Interest and amortization on 6% convertible notes, net of taxes (a)	-	-	-	-
Net earnings (loss) applicable to common shares	$ 5,986	5,986	(14,893)	(14,893)
Weighted average number of shares outstanding:(b)				
Outstanding at beginning of period	87,068	87,068	87,635	87,635
Actual exercise of stock options and warrants	76	76	84	84
Assumed exercise of stock options and warrants	1,313	1,313	-	-
Actual conversion of 6% convertible notes	1	1	-	-
Assumed conversion of 6% convertible notes (a)	-	-	-	-
Purchase of common stock	(71)	(71)	-	-
Total	88,387	88,387	87,719	87,719
Per common share:				
Net earnings (loss)	$ .07	.07	(.17)	(.17)

(a) The effect of these notes is antidilutive and as such is not included.
(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
Six Months and Quarter Ended June 30, 1996

(Thousands of Dollars)

	Six Months	Quarter
Earnings available for fixed charges:		
Net earnings	$ 30,351	5,986
Add:		
Fixed charges	17,949	9,328
Income taxes	17,901	3,157
Total	$ 66,201	18,471
Fixed Charges:		
Interest on long-term debt	$ 4,632	2,315
Other interest charges	5,627	3,038
Amortization of debt expense	170	85
Rental expense representative of interest factor	7,520	3,890
Total	$ 17,949	9,328
Ratio of earnings to fixed charges	3.69	1.98

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