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 quarterly period ended March 28, 2004 Commission file number 1-6682

HASBRO, INC.
(Exact Name of Registrant, As Specified in its Charter)

Rhode Island
(State of Incorporation)

05-0155090
(I.R.S. Employer Identification No.)

1027 Newport Avenue, Pawtucket, Rhode Island 02862
(Address of Principal Executive Offices, Including Zip Code)

(401) 431-8697
(Registrant's Phone Number, Including Area Code)

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 __

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes X or No __

The number of shares of Common Stock, par value $.50 per share, outstanding as of April 23, 2004 was 176,382,147.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

(Thousands of Dollars Except Share Data)
Unaudited

Assets	March 28, 2004	March 30, 2003	Dec. 28, 2003

Assets	2004	2003	2003
Current assets			
Cash and cash equivalents	$ 631,720	310,526	520,747
Accounts receivable, less allowance for doubtful accounts of $38,900, $52,000 and $39,200	206,201	286,576	607,556
Inventories:			
Finished products	170,500	203,680	155,180
Work in process	6,133	8,103	5,144
Raw materials	11,624	10,513	8,655
Total inventories	188,257	222,296	168,979
Deferred income taxes	118,727	110,145	119,664
Prepaid expenses	123,639	118,155	92,317
Total current assets	1,268,544	1,047,698	1,509,263
Property, plant and equipment, net	197,793	210,264	199,854
Other assets			
Goodwill	473,056	460,888	463,680
Other intangibles, less accumulated amortization of $449,809, $386,537 and $435,014	695,617	767,581	710,639
Other	270,893	317,575	279,940
Total other assets	1,439,566	1,546,044	1,454,259
Total assets	$2,905,903	2,804,006	3,163,376

(continued)

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (continued)

(Thousands of Dollars Except Share Data)
Unaudited

Liabilities and Shareholders' Equity	March 28, 2004	March 30, 2003	Dec. 28, 2003
Current liabilities			
Short-term borrowings	$ 15,835	18,014	23,354
Current installments of long-term debt	1,315	1,121	1,333
Accounts payable	100,323	111,883	158,969
Accrued liabilities	555,065	420,524	746,399
Total current liabilities	672,538	551,542	930,055
Long-term debt	686,191	856,936	686,871
Deferred liabilities	142,926	133,165	141,210
Total liabilities	1,501,655	1,541,643	1,758,136
Shareholders' equity			

	March 28, 2004	March 30, 2003	December 28, 2003
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	104,847	104,847	104,847
Additional paid-in capital	391,566	524,742	397,878
Deferred compensation	(589)	(258)	(679)
Retained earnings	1,563,649	1,426,895	1,567,693
Accumulated other comprehensive earnings	21,187	(38,525)	30,484
Treasury stock, at cost, 33,462,722 shares at March 28, 2004, 36,597,585 at March 30, 2003 and 34,195,301 at December 28, 2003	(676,412)	(755,338)	(694,983)
Total shareholders' equity	1,404,248	1,262,363	1,405,240
Total liabilities and shareholders' equity	$2,905,903	2,804,006	3,163,376

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

(Thousands of Dollars Except Per Share Data)
(Unaudited)

	Quarter Ended	
	March 28, 2004	March 30, 2003
Net revenues	$474,247	461,768
Cost of sales	186,723	172,237
Gross profit	287,524	289,531
Expenses		
Amortization	15,241	16,178
Royalties	32,639	33,820
Research and product development	31,683	30,500
Advertising	55,330	53,178
Selling, distribution and administration	137,959	139,899
Total expenses	272,852	273,575
Operating profit	14,672	15,956
Nonoperating (income) expense		
Interest expense	8,307	15,022
Other income, net	(2,046)	(695)
Total nonoperating (income) expense	6,261	14,327
Earnings before income taxes	8,411	1,629
Income taxes	1,879	440
Net earnings	$ 6,532	1,189

Net earnings per common share		
Basic	$ .04	.01
	=======	=======
Diluted	$ .03	.01
	=======	=======
Cash dividends declared per common share	$ .06	.03
	=======	=======

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Quarters Ended March 28, 2004 and March 30, 2003
(Thousands of Dollars)
(Unaudited)

	2004	2003
	------	------
Cash flows from operating activities		
Net earnings	$ 6,532	1,189
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	13,739	14,569
Other amortization	15,241	16,178
Change in fair value of liabilities potentially settleable in common stock	(1,700)	-
Deferred income taxes	4,476	3,711
Compensation earned under restricted stock plans	90	(14)
Change in operating assets and liabilities (other than cash and cash equivalents):		
Decrease in accounts receivable	401,569	273,581
Increase in inventories	(18,379)	(30,362)
Increase in prepaid expenses	(32,493)	(35,979)
Decrease in accounts payable and accrued liabilities	(258,220)	(209,476)
Other	3,217	3,110
	------------	------------
Net cash provided by operating activities	134,072	36,507
	------------	------------
Cash flows from investing activities		
Additions to property, plant and equipment	(13,855)	(9,228)
Investments and acquisitions	(9,564)	-
Other	1,091	(5,389)
	------------	------------
Net cash utilized by investing activities	(22,328)	(14,617)
	------------	------------
Cash flows from financing activities		
Repayments of borrowings with original maturities of more than three months	(324)	(200,288)
Net repayments of other short-term borrowings	(7,256)	(2,882)
Stock option transactions	12,259	224
Dividends paid	(5,267)	(5,195)
	------------	------------
Net cash utilized by financing activities	(588)	(208,141)
	------------	------------
Effect of exchange rate changes on cash	(183)	1,405
	------------	------------
Increase (decrease) in cash and cash equivalents	110,973	(184,846)

Cash and cash equivalents at beginning of year	520,747	495,372
	------------	------------
Cash and cash equivalents at end of period	$631,720	310,526
	=======	=======

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
Quarters Ended March 28, 2004 and March 30, 2003

(Thousands of Dollars)
(Unaudited)

	2004	2003
	-------	------
Supplemental information		
Cash paid during the period for:		
Interest	$ 11,082	26,002
Income taxes	$ 14,951	7,650

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings

(Thousands of Dollars)
(Unaudited)

	Quarter Ended	
	March 28, 2004	March 30, 2003
	--------	--------
Net earnings	$ 6,532	1,189
Other comprehensive earnings (loss)	(9,297)	8,289
	------------	------------
Total comprehensive earnings (loss)	$ (2,765)	9,478
	=======	=======

See accompanying condensed notes to consolidated financial statements.

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

(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(1) In the opinion of management, the accompanying unaudited interim financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the Company as of March 28, 2004 and March 30, 2003, and the results of its operations and cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The quarters ended March 28, 2004 and March 30, 2003 are thirteen week periods.

The results of operations for the quarter ended March 28, 2004 are not necessarily indicative of results to be expected for the full year.

These condensed consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company filed audited financial statements for the year ended December 28, 2003 in its annual report on Form 10-K, which includes all such information and disclosures, and accordingly, should be read in conjunction with the financial information included herein.

The Company's accounting policies are the same as those described in Note 1 to the Company's consolidated financial statements for the fiscal year ended December 28, 2003.

(2) Earnings per share data for the fiscal quarters ended March 28, 2004 and March 30, 2003 were computed as follows:

	2004		2003	
	Basic	Diluted	Basic	Diluted
Net earnings	$ 6,532	6,532	1,189	1,189
Effect of dilutive securities:				
Change in fair value of liabilities potentially settleable in common stock	-	(1,700)	-	-
Adjusted net earnings	$ 6,532	4,832	1,189	1,189
Average shares outstanding	175,742	175,742	172,918	172,918
Effect of dilutive securities:				
Liabilities potentially settleable in common stock	-	5,006	-	-
Options and warrants	-	3,205	-	5,771
Equivalent shares	175,742	183,953	172,918	178,689
Net earnings per share	$ .04	.03	.01	.01

Certain warrants containing a put feature that may be settled in cash or common stock are required to be accounted for as a liability at fair value. The Company is required to assess if these warrants, which are classified as a liability, have a more dilutive impact on earnings per share when treated as an equity contract. For the 2004 first quarter, the warrants had a more dilutive impact on earnings per share, assuming they were treated as an equity contract. Accordingly, the numerator includes an adjustment to earnings for the income included therein related to the fair market value adjustment and the denominator includes an adjustment for the shares issuable as of quarter end.

Options and warrants to acquire shares totaling 3,439 at March 28, 2004 and 19,337 at March 30, 2003, were excluded from the calculation of diluted earnings per share because to include them would have been antidilutive. The Company also has convertible debt under which potentially issuable shares were not included as the contingency features were not met. If the contingent conversion features are met, the impact of conversion of the debentures would result in an additional 11,574 shares being included in the calculation of diluted earnings per share, to the extent those shares would be dilutive.

(3) Hasbro uses the intrinsic-value method of accounting for stock options granted to employees. As required by the Company's existing stock plans, stock options are granted at, or above, the fair market value of the Company's stock, and, accordingly, no compensation expense is recognized for these grants in the consolidated statements of operations. The Company records compensation expense related to other stock-based awards, such as restricted stock grants, over the period the award vests, typically three years. Had compensation expense been recorded under the fair value method as set forth in the provisions of Statement of Financial Accounting Standards No. 123 for stock options awarded, the impact on the Company's net earnings and net earnings per share for the fiscal quarters ended March 28, 2004 and March 30, 2003 would have been:

	2004	2003
Reported net earnings	$ 6,532	1,189
Add:		
Stock-based employee compensation expense included in reported net earnings, net of related tax effects	61	22
Deduct:		
Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(2,643)	(3,197)
Pro forma compensation expense, net of tax	(2,582)	(3,175)
Pro forma net earnings (loss)	$ 3,950	(1,986)
Reported net earnings per share		
Basic	$ .04	.01
Diluted	$ .03	.01
Pro forma net earnings (loss) per share		
Basic	$ .02	(.01)
Diluted	$ .01	(.01)

(4) Other comprehensive earnings (loss) for the quarters ended March 28, 2004 and March 30, 2003 consist of the following:

	2004	2003
Foreign currency translation adjustments	$(9,324)	10,368
Changes in value of available-for-sale securities, net of tax	(3,088)	(931)
Gains (losses) on cash flow hedging activities, net of tax	224	(2,546)

Reclassifications to earnings	2,891	1,398
	$(9,297)	8,289

Reclassification adjustments from other comprehensive earnings (loss) to net earnings of $2,891 and $1,398 for the quarters ended March 28, 2004 and March 30, 2003, respectively, represent net losses on cash flow hedging derivatives for which the related transaction has impacted earnings and was reflected in cost of sales. These losses on cash flow hedging derivatives include losses (gains) on cash flows reclassified to earnings as the result of hedge ineffectiveness of $160 and $(1) for the quarters ended March 28, 2004 and March 30, 2003, respectively. The Company expects the remaining deferred losses on derivative hedging instruments at March 28, 2004 of $6,659 in accumulated other comprehensive earnings to be reclassified to earnings within the next twelve months.

(5) The components of the net periodic cost of the Company's defined benefit pension and other postretirement plans for the quarters ended March 28, 2004 and March 30, 2003 are as follows:

	Pension		Postretirement	
	2004	2003	2004	2003
Service cost	$ 2,160	2,066	151	132
Interest cost	3,659	3,507	571	571
Expected return on assets	(3,624)	(3,088)	-	-
Net amortization and deferrals	695	765	134	162
Net periodic benefit cost	$ 2,890	3,250	856	865

In April 2004, the Company made a cash contribution to its pension plans of approximately $12,400. The Company does not expect to make any further contributions in 2004.

(6) Hasbro is a worldwide leader in children's and family leisure time and entertainment products and services, including the design, manufacture and marketing of games and toys ranging from traditional to high-tech. The Company's main reportable segments are U.S. Toys, Games, and International. The Company has one other segment, Operations, which meets the quantitative thresholds for reportable segments.

In the United States, the U.S. Toys segment includes the design, marketing and selling of boys' action figures, vehicles and playsets, girls' toys, preschool toys and infant products, creative play products, electronic interactive products, children's consumer electronics, electronic learning aids, and toy-related specialty products. The Games segment includes the development, manufacturing, marketing and selling of traditional board games and puzzles, handheld electronic games, and 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. The Operations segment sources finished product for the majority of the Company's segments. The Company also has other segments that primarily license out certain toy and game properties and a retail segment, which operated retail stores in 2003. The Company announced the closure of these stores in December 2003. These other segments do not mee t 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 certain assets benefiting more than one segment. Intersegment sales and transfers are reflected in management reports at amounts approximating cost. Certain shared costs are allocated to segments based upon foreign exchange rates fixed at the beginning of the year, with adjustment to actual foreign exchange rates included in corporate and eliminations.

The accounting policies of the segments are the same as those referenced in Note 1.

Results shown for the quarter are not necessarily representative of those which may be expected for the full year 2004 nor were those of the 2003 first quarter representative of those actually experienced for the full year 2003. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

Information by segment for the quarters ended March 28, 2004 and March 30, 2003 is as follows:

	Quarter Ended March 28, 2004		Quarter Ended March 30, 2003	
	External	Affiliate	External	Affiliate
Net revenues				
U.S. Toys	$ 152,390	701	153,444	1,446
Games	127,598	6,537	112,210	6,445
International	180,741	12,883	175,383	22,026
Operations (a)	521	112,662	446	106,070
Other segments	12,997	-	20,285	-
Corporate and eliminations	-	(132,783)	-	(135,987)
	$ 474,247	-	461,768	-

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

(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

	Quarter ended March 28, 2004	Quarter ended March 30, 2003
Operating profit (loss)		
U.S. Toys	$ 1,035	5,326
Games	19,584	18,009
International	(10,032)	(5,975)
Operations (a)	714	190
Other segments	3,254	(805)
Corporate and eliminations	117	(789)
	$ 14,672	15,956

	March 28, 2004	March 30, 2003
Total assets		
U.S. Toys	$ 887,041	847,337
Games	1,451,620	1,268,574
International (b)	1,249,747	1,066,384
Operations	607,950	571,301
Other segments	180,658	81,566
Corporate and eliminations	(1,471,113)	(1,031,156)
	$ 2,905,903	2,804,006

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

(b) Included in the International assets at March 28, 2004 is an increase to goodwill of $9,130 related to the Company's acquisition of the remaining unowned interest in its Latin America operations in the first quarter of 2004.

The following table presents consolidated net revenues by class of principal products for the quarters ended March 28, 2004 and March 30, 2003. Certain 2003 amounts have been reclassified to conform to the current period presentation.

	2004	2003
Boys toys	$136,300	164,400
Games and puzzles	193,100	169,900
Preschool toys	40,700	28,400
Creative play	29,300	29,700
Electronic toys	22,000	21,800
Girls toys	23,800	12,000
Other	29,047	35,568
Net revenues	$474,247	461,768

(7) In April 2003, the Financial Accounting Standards Board ("FASB") announced that it would mandate the fair value method of accounting for all stock-based awards. The FASB issued an Exposure Draft of a proposed statement on March 31, 2004, which is subject to a comment period. If enacted, the change in accounting is not expected to be effective for the Company until fiscal 2005. Until a final statement is issued, the Company cannot estimate the effect that this change in accounting would have on its consolidated statement of operations.

On December 8, 2003, Congress expanded Medicare to include coverage for prescription drugs. The Company sponsors retiree medical programs for certain of its locations and the Company expects that this legislation will eventually reduce the Company's costs for some of these programs. The financial impact is uncertain pending regulatory guidance from Medicare. The Company is also awaiting final guidance from the Financial Accounting Standards Board as to the appropriate accounting methodology for this event. When issued, that final guidance could require the company to change previously reported information.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

(Thousands of Dollars Except Per Share Data)

EXECUTIVE SUMMARY

The Company earns revenue and generates cash through the sale of a variety of toy and game products both within the United States and in international markets. Most of the Company's products are either internally developed or licensed from outside inventors. In addition to products based on its own brands and products licensed from outside vendors, the Company also offers internally developed products tied to licensed entertainment properties.

The Company's principal business strategies focus on:

- Growing its core brands,
- Developing new and innovative toy and game products, and
- Increasing operating margins by optimizing efficiencies within the Company.

Management views the Company's principal product opportunities as falling into three general categories: core brands, innovative new products and licensed entertainment-based products. Although the Company intends to continue to offer products based on licensed entertainment properties, in the past three years the Company has actively sought to reduce its reliance on products based on theatrical properties and to achieve more consistent performance by focusing greater resources on the development and growth of its core brands and on producing innovative products which are not based on movies.

The Company's core brands represent Company-owned or Company-controlled brands, such as G.I. JOE, TRANSFORMERS, MY LITTLE PONY, MONOPOLY, MAGIC: THE GATHERING, PLAY-DOH, PLAYSKOOL and TONKA, which the Company views as presenting potential to be successful over the long-term. By focusing on core brands, the Company is working to build a more consistent revenue stream and basis for future growth. However, the volatility of consumer preferences and the high level of competition in the family entertainment industry make it difficult to maintain the long-term success of existing product lines and consistently introduce successful new products.

In addition to its focus on core brands, the Company's strategy also involves trying to meet ever changing consumer preferences by identifying and offering innovative products based on market opportunities. In 2003, innovative products such as BEYBLADE, FURREAL FRIENDS, and VIDEONOW contributed significantly to the Company's success. The Company believes its strategy of focusing on the development of its core brands and continuing to identify opportunistic new products will prevent the Company from being dependent on the success of any one product line.

While the Company's strategy focuses on growing its core brands and the development of innovative, new products, the Company continues to evaluate and enter into strategic arrangements to license entertainment-based properties when the Company believes it is economically beneficial. Major movie-based properties in 2004 will include products based on DISNEY/PIXARS' THE INCREDIBLES, DREAMWORKS' SHREK II, and LUCASFILM'S STAR WARS.

Although gross profits of entertainment-based products are generally higher, this increased gross margin is offset by royalty expenses incurred on these sales, as well as amortization expense of property rights paid to the licensor of such properties.

In recent years, the Company has also focused on reducing its fixed costs and increasing its operating margins. In 2003 and 2004, the Company continued this focus with a number of business efficiency initiatives. Two major initiatives in late 2003 were the cessation of manufacturing at the Company's Valencia, Spain facility and the announced closure of the remaining retail stores operated under the Wizards of the Coast and Game Keeper names, both of which occurred in the fourth quarter of 2003. The Company continues to review its operations in order to determine areas where greater efficiency can be achieved.

The Company's strategy for the near-term also focuses on the reduction of long-term debt. The goal of management is to reduce the Company's debt-to-capitalization ratio, defined as total debt, both short-term and long-term, as a percentage of total equity plus total debt, to 25-30%. In the fourth quarter of 2003, the Company initiated a tender offer, pursuant to which the Company repurchased $167,257 of aggregate principal amount of the 8.50% notes due 2006 previously issued by the Company. At March 28, 2004, the Company's debt-to-capitalization ratio was approximately 33%, which compared to approximately 41% at March 30, 2003.

2003 was a year of continuing consolidation in the toy and game industry, with further store closings and the bankruptcy of two notable toy and game retailers. As a result, the Company's customer base continues to become more concentrated. While the consolidation of customers may provide certain benefits to the Company, such as potentially more efficient product distribution and other decreased costs of sales and distribution, this consolidation also creates additional risks to the Company's business associated with a major customer having financial difficulties or reducing its business with the Company. In addition, customer concentration may decrease the prices the Company is able to obtain for some of its products. The Company believes that its strategy of offering strong brands and innovative products, which provide value to both consumers and the Company's customers, will help protect the Company from any negative impact resulting from an environment of increasing retail consolidation.

RESULTS OF OPERATIONS

Net earnings for the first quarter of 2004 were $6,532 compared with net earnings of $1,189 in the first quarter of 2003. Basic and diluted earnings per share for the quarter were $.04 and $.03, respectively, in 2004 compared with basic and diluted earnings per share of $.01 in 2003.

Consolidated net revenues for the quarter ended March 28, 2004 increased 3% to $474,247 compared with $461,768 for the quarter ended March 30, 2003. Operating profit for the quarter ended March 28, 2004 was $14,672 compared to $15,956 in 2003. Most of the Company's revenues and operating profit are derived from its three principal segments, U.S. Toys, Games and International.

U.S. TOYS
U.S. Toys segment net revenues for the quarter ended March 28, 2004 of $152,390 decreased 1% compared to $153,444 for the quarter ended March 30, 2003. The decrease was primarily due to decreased sales of BEYBLADE and ZOIDS products. These decreases were partially offset by increased shipments of core brand products, principally MY LITTLE PONY, which was reintroduced in the third quarter of 2003, PLAYSKOOL and TRANSFORMERS.

U.S. Toys segment operating profit of $1,035 for the quarter ended March 28, 2004 compares to an operating profit of $5,326 for the quarter ended March 30, 2003. The decrease in operating profit was primarily due to decreased gross margin primarily as a result of a change of mix of products sold in 2004. The decrease in operating profit was partially offset by decreased royalties, driven by lower sales of BEYBLADE products.

GAMES
Games segment net revenues increased 14% to $127,598 for the quarter ended March 28, 2004 from $112,210 for the quarter ended March 30, 2003. The increase primarily relates to the introduction of DUEL MASTERS in the first quarter of 2004. Decreased sales of TRIVIAL PURSUIT 20th ANNIVERSARY EDITION were substantially offset by increased sales of core products, such as MAGIC: THE GATHERING and MONOPOLY.

Games segment operating profit increased to $19,584 for the quarter ended March 28, 2004 from $18,009 for the quarter ended March 30, 2003. The increased gross profit resulting from increased revenues was partially offset by increased advertising expense as a result of the Company's ongoing initiative to raise awareness of its core brands as well as increased shipping costs resulting from the increased revenues.

INTERNATIONAL
International segment net revenues increased by 3% to $180,741 for the quarter ended March 28, 2004 from $175,383 for the quarter ended March 30, 2003. International net revenues were positively impacted by currency translation of approximately $20,800, as the result of the weaker U.S. dollar. Excluding the favorable impact of foreign exchange, International net revenues decreased 9% in local currency. The decrease in local currency revenue for the quarter was primarily the result of decreased sales of BEYBLADE products, partially offset by revenues from MY LITTLE PONY products, which were introduced in the third quarter of 2003. To a lesser extent, 2004 sales were also positively impacted by increased sales of FURREAL FRIENDS products, as well as increased sales of TRIVIAL PURSUIT and TRANSFORMERS products.

International segment operating loss increased to $10,032 for the quarter ended March 28, 2004 from $5,975 for the quarter ended March 30, 2003. Although revenues were positively impacted by the weaker U.S. dollar, as noted above, operating expenses were also impacted, with a resulting net unfavorable translation impact to International operating profit of approximately $1,800 for the quarter ended March 28, 2004. Absent the impact of foreign exchange rates, the increase in operating loss was primarily due to decreased gross profit as the result of decreased sales in local currency. The decrease in gross profit was partially offset by lower operating expenses as the result of the Company's cost reduction initiatives.

GROSS PROFIT
- ------------------------
The Company's gross profit margin decreased to 60.6% for the quarter ended March 28, 2004 from 62.7% for the quarter ended March 30, 2003. This decrease was due to changes in product mix, primarily in the U.S. Toys segment. The Company aggressively monitors its levels of inventory, attempting to avoid unnecessary expenditures of cash and potential charges related to obsolescence. The Company's failure to accurately predict and respond to consumer demand could result in overproduction of less popular items, which could result in higher obsolescence costs, causing a reduction in gross profit.

EXPENSES
- ------------------
Amortization expense was $15,241 or 3.2% of net revenues in the first quarter of 2004 compared to $16,178 or 3.5% of net revenues in the first quarter of 2003. A portion of amortization expense relates to licensing rights and is based on expected sales of products related to those licensing rights. The decrease in amortization expense in 2004 primarily relates to decreased sales of these licensed products in the first quarter of 2004.

Royalty expense for the quarter ended March 28, 2004 decreased to $32,639, or 6.9% of net revenues from $33,820, or 7.3% of net revenues in the first quarter of 2003. This decrease is primarily the result of decreased sales of licensed products resulting from the Company's business strategy to continue to focus on its core brands.

Research and product development expenses for the quarter ended March 28, 2004 remained relatively consistent in dollars and as a percentage of sales at $31,683, or 6.7% of net revenues, compared to $30,500, or 6.6% of net revenues, for the quarter ended March 30, 2003. Investment in research and product development costs is an important component to the Company's strategy to grow core brands and to create new and innovative toy and game products. The Company expects research and product development expenses as a percentage of revenue to remain consistent with 2003 levels.

Advertising expense increased in dollars to $55,330 in 2004 from $53,178 in 2003, but remained consistent as a percentage of net revenues of 11.7% in 2004, compared to 11.5% in 2003. These increases reflect the Company's

continued focus on marketing as a means to increase and sustain awareness of its core brands, as well as to introduce new products. The Company expects advertising expense in 2004 to be higher than 2003 levels as it continues to follow this strategy of focusing on core brands and offering new, innovative products.

The Company's selling, distribution and administration expenses decreased in dollars and as a percentage of net revenues in 2004 to $137,959 or 29.1% of net revenues from $139,899, or 30.3% of net revenues in the first quarter of 2003. The decrease reflects lower expenses resulting from the Company's cost reduction initiatives, which were partially offset by higher distribution expenses due to increased sales volume and costs and higher international expenses in translated U.S. dollars as the result of the weaker U.S. dollar.

NONOPERATING (INCOME) EXPENSE
- ---
Interest expense for the first quarter of 2004 was $8,307 compared with $15,022 in the first quarter of 2003. Approximately 70% of this decrease is attributable to lower levels of short-term and long-term debt in the first quarter 2004. This mainly reflects the Company's strategy to reduce its long-term debt. In the first quarter of 2003, the Company repurchased and repaid $200,288 in aggregate principal amount of 7.95% Notes, due in March 2003, using cash from operations. In the fourth quarter of 2003, the Company repurchased $167,257 in principal amount of 8.50% Notes due 2006, in conjunction with a tender offer. The remaining 30% decrease in interest expense as compared to 2003 is due to lower effective interest rates, partially the result of interest rate swap agreements that reduce the amount of the Company's debt subject to fixed interest rates.

Other income, net, of $2,046 for the first quarter of 2004 compares to other income, net, of $695 in 2003. Other income for the first quarter of 2004 includes non-cash income of $1,700 related to the decrease in the fair value during the first quarter of certain warrants required to be classified as a liability. These warrants are required to be adjusted to their fair value each quarter through earnings. The fair value of these warrants is primarily affected by the stock price of the Company but is also affected by the Company's stock price volatility, dividends, and risk-free interest rates. Assuming the Company's stock volatility, dividend payments, and risk-free interest rates remain constant, the fair value of the warrants will increase and the Company will recognize a charge to earnings if the price of the Company's stock increases. If the price of the Company's stock decreases and the Company's stock volatility, dividend payments, and risk-free interest rates remain constant, the fair value of the warrants will decrease and the Company will recognize income. Based on a hypothetical increase in the Company's stock price to $25.00 per share at March 28, 2004 from its actual price of $21.24 a share on that date, the Company would have recognized a non-cash charge to earnings of approximately $18,900 to adjust the warrants to their fair value.

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

(Thousands of Dollars Except Per Share Data)

INCOME TAXES
- -----------------------
Income tax expense as a percentage of pretax earnings in the first quarter of 2004 was 22.3%, compared to 27% in the first quarter of 2003. Absent the effect of the adjustment of certain warrants to their fair value, which has no tax effect, the first quarter 2004 effective tax rate would have been 28%. The increase in the rate from the first quarter of 2003 to the first quarter of 2004 is primarily due to increased operating profit in jurisdictions with higher tax rates. The income tax rate for the full year 2003 was 28.3% and, excluding the effect of the adjustment of the above warrants to their fair value, would have been 26.8%.

OTHER INFORMATION
- ---------------------------------
Typically, due to the seasonal nature of its business, the Company expects 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. The Company expects that this trend will generally continue. The concentration of sales in the second half of the year and, specifically, the fourth quarter 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 a greater percentage of product within or close to the fourth quarter holiday consumer selling se ason, which includes

Christmas. Quick response inventory management practices now being used result in more orders being placed for immediate delivery and fewer orders being placed well in advance of shipment. Consequently, unshipped orders on any date in a given year are not necessarily indicative of future sales. In addition, it is a general industry practice that orders are subject to amendment or cancellation by customers prior to shipment. At March 28, 2004 and March 30, 2003, the Company's unshipped orders were approximately $166,000 and $197,000, respectively.

Hasbro uses the intrinsic-value method of accounting for stock options granted to employees. As required by the Company's existing stock plans, stock options are granted at, or above, the fair market value of the Company's stock, and, accordingly, no compensation expense is recognized for these grants in the consolidated statement of operations. The Company records compensation expense related to other stock-based awards, such as restricted stock grants, over the period the award vests, typically three years. In March 2004, the Financial Accounting Standards Board ("FASB") issued an Exposure Draft of a proposed statement, subject to a comment period, which would mandate the fair value method of accounting for all stock-based awards. If enacted, the change in accounting is not expected to be effective for the Company until fiscal 2005. Until the statement is finalized, the Company cannot estimate the effect that this change in accounting would have on its consolidated statement of operati ons.

LIQUIDITY AND CAPITAL RESOURCES

- --

Hasbro has historically generated a significant amount of cash from normal operations. The Company funds its operations and liquidity needs primarily through cash flows from operations, as well as utilizing, when needed, borrowings under its secured and unsecured credit facilities. 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 outstanding short-term debt. During 2004, the Company expects to continue to fund its working capital needs primarily through operations and, when needed, through its revolving credit facility or receivables securitization program.

As an additional source of liquidity, in December 2003, the Company entered into a three-year receivables securitization program whereby undivided interests in up to $250,000 of eligible domestic trade accounts receivable may be sold, on a revolving basis, to bank conduits. In accordance with Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", receivable interests securitized are accounted for as a sale and removed from the consolidated balance sheet. The Company believes that the funds available to it, including cash expected to be generated from operations and funds available through the securitization program and committed lines of credit, are adequate to meet its needs for 2004. However, unforeseen circumstances in the toy or game industry, such as softness in the retail environment or unanticipated changes in consumer preferences could result in a significant decline in re venues and operating results of the Company, which could result in the Company being in non-compliance with its financial covenants and unable to use funding from its receivables securitization program. Non-compliance with its financial covenants could result in the Company being unable to utilize borrowings under its revolving credit facility, other bank lines and the securitization program, a circumstance most likely to occur when operating shortfalls would most require supplementary borrowings to enable the Company to continue to fund its operations. In addition, a significant deterioration in the business of a major U.S. customer could result in a decrease in eligible accounts receivable which would prevent the Company from being able to fully utilize its receivables securitization program. The Company expects to be in compliance with its borrowing and securitization financial covenants in 2004.

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 $134,072 and $36,507 for the first quarters of 2004 and 2003, respectively. The increase in cash flow provided by operating activities is primarily the result of the utilization of the accounts receivable securitization facility. Accounts receivable were $206,201 at March 28, 2004 compared to

$286,576 at March 30, 2003. The decrease in accounts receivable was principally due to the Company's securitization program, as well as increased collections, partly offset by increases resulting from higher translation of international balances due to the currency impact of the weaker U.S. dollar. Prepaid expenses were $123,639 at March 28, 2004 compared to $118,155 at March 30, 2003. Increases resulting from higher translation of international balances due to the currency impact of the weaker U.S. dollar, as well as increases in prepaid advertising, offset decreases in prepaid royalties as a result of the Company's continued focus on its core brands. Inventories de creased to $188,257 at March 28, 2004 from $222,296 at March 30, 2003. This decrease reflects the Company's continued focus on supply chain management.

Accounts payable and accrued expenses increased to $655,388 at March 28, 2004 from $532,407 at March 30, 2003. This increase is due to the Company's adoption of Statement of Financial Accounting Standards No. 150 in the third quarter of 2003. As a result of this new accounting standard, the Company reclassified certain warrants from equity to a current liability and is required to adjust the amount of this liability to its fair value on a quarterly basis. At March 31, 2004, the fair value of these warrants was approximately $137,000. In addition, international balances increased as a result of the foreign exchange impact of the weaker U.S. dollar. This increase was partly offset by decreased accrued royalties reflecting the lower level of royalty expense in the first quarter of 2004.

Collectively, property, plant and equipment and other assets decreased $118,949 from the comparable period in the prior year. The decrease is primarily due to depreciation and amortization, net of additions. In addition, deferred taxes decreased primarily as a result of utilization of loss carryforwards. These decreases were offset by an increase in goodwill of $9,130 relating to the Company's purchase of the remaining unowned interest in its Latin America operations in the first quarter of 2004. The Company paid cash of $9,564 relating to this transaction, which is included in cash utilized by investing activities.

Net borrowings (short-term borrowings, current installments of long-term debt, and long-term debt, less cash and cash equivalents) decreased to $71,621 at March 28, 2004 from $565,545 at March 30, 2003. This reflects an increase in cash of $321,194 as the result of improved earnings and utilization of the accounts receivable securitization facility, as mentioned above, as well as the repurchase of $167,257 in principal amount of 8.50% Notes due 2006 in the fourth quarter of 2003 at a total cost of $188,991. It is the Company's intent to continue to assess the desirability of using available cash from operations to reduce its outstanding long-term debt, as market conditions and the Company's committed revolving credit agreement allow.

The Company currently has an unsecured revolving credit facility of $350,000, maturing in March 2007. The credit facility reduces by $50,000 effective March 31, 2005, and by a further $50,000 effective November 30, 2005. If the Company fails to maintain certain financial ratios or if the credit rating of the Company drops below BB at Fitch Ratings or Standard & Poor's, or Ba3 at Moody's, borrowings under the amended and restated facility would be secured by substantially all domestic inventory as well as certain intangible assets. At March 28, 2004, the Company was rated BBB- by Fitch, BB by Standard & Poor's, and Baa3 by Moody's. The Company is not required to maintain compensating balances under the agreement. The agreement contains certain restrictive covenants setting forth minimum cash flow and coverage requirements, and a number of other limitations, including restrictions with respect to capital expenditures, investments, acquisitions, share repurchases and dividend payments. The Company was in compliance with all restrictive covenants as of and for the quarter ended March 28, 2004. The Company had no borrowings outstanding under its committed revolving credit facility at March 28, 2004. The Company also has other uncommitted lines from various banks, of which approximately $15,800 was outstanding at March 28, 2004. Amounts available and unused under the committed line at March 28, 2004 were approximately $331,200. The Company believes 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 in 2004.

In December 2003, the Company entered into a three-year receivables securitization program. Under this program, the Company sells on an ongoing basis, substantially all of its U.S. trade accounts receivable to a bankruptcy remote special purpose entity, Hasbro Receivables Funding, LLC ("HRF"). HRF is consolidated with the Company for financial reporting purposes. The securitization program then allows HRF to sell, on a revolving basis, an undivided interest of up to $250,000 in the eligible receivables it holds to certain bank conduits. The program provides the Company with a cost-effective source of liquidity. Based on the amount of eligible accounts receivable as of March 28, 2004, the Company had availability under this program to sell approximately $76,500, of which approximately $73,000 was utilized.

The Company had letters of credit of approximately $18,800 and purchase commitments of $107,636 outstanding at March 28, 2004. Other contractual obligations and commercial commitments, as detailed in the Company's annual report on Form 10-K for the year ended December 28, 2003, did not materially change outside of payments made in the normal course of business. The Company currently has $250,000 outstanding in principal amount of contingent convertible debentures due 2021. If the closing price of the Company's stock exceeds $23.76 for at least 20 trading days, within the 30 consecutive trading day period ending on the last trading day of the calendar quarter, the holders

have the right to convert the notes to shares of the Company's common stock at the initial conversion price of $21.60 in the next calendar quarter. This contingent conversion feature was not met in the first quarter of 2004. The Company believes that cash from operations, the securitization facility, and if necessary the committed line of credit, will allow the Company to meet these and its other obligations. It is the Company's current strategy to reduce its long-term debt through repurchases when it is considered economically beneficial and permitted under the Company's amended and restated revolving credit agreement.

Critical Accounting Policies and Significant Estimates
- --

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. As such, management is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. The significant accounting policies which management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results include sales allowances, inventory valuation, recoverability of goodwill and intangible assets, recoverability of royalty advances and commitments and pensions.

Sales allowances for customer promotions, discounts and returns are recorded as a reduction of revenue when the related revenue is recognized. Revenue from product sales is recognized upon passing of title to the customer, at the time of shipment. Revenue from product sales, less related sales allowances, is added to royalty revenue and reflected as net revenues in the consolidated statements of operations. The Company routinely commits to promotional sales allowance programs with customers. These allowances primarily relate to fixed programs, which the customer earns based on purchases of Company products during the year. Discounts are recorded as a reduction of related revenue at the time of sale. While many of the allowances are based on fixed amounts, certain of the allowances, such as the returns allowance, are based on market data, historical trends and information from customers and are therefore subject to estimation.

Inventory is valued at the lower of cost or market. Based upon a consideration of quantities on hand, actual and projected sales volume, anticipated product selling price and product lines planned to be discontinued, slow-moving and obsolete inventory is written down to its net realizable value. Failure to accurately predict and respond to consumer demand could result in the Company underproducing popular items or overproducing less popular items. Management estimates are monitored on a quarterly basis and a further adjustment to reduce inventory to its net realizable value is recorded, as an increase to cost of sales, when deemed necessary under the lower of cost or market standard.

Goodwill and other intangible assets deemed to have indefinite lives are tested for impairment at least annually. If an event occurs or circumstances change that indicate that the carrying value may not be recoverable, the Company will perform an interim test at that time. The impairment test begins by allocating goodwill and intangible assets to applicable reporting units. Goodwill is then tested using a two step process that begins with an estimation of the fair value of the reporting unit using an income approach, which looks to the present value of expected future cash flows.

The first step is a screen for potential impairment while the second step measures the amount of impairment if there is an indication from the first step that one exists. Intangible assets with indefinite lives are tested for impairment by comparing their carrying value to their estimated fair value, which is also calculated using an income approach. The Company's annual impairment test was performed in the fourth quarter of 2003 and no impairment was indicated. At March 28, 2004, the Company has goodwill and intangible assets with indefinite lives of $548,794 recorded on the balance sheet.

Intangible assets, other than those with indefinite lives, are reviewed for indications of impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Recoverability of the value of these intangible assets is measured by a comparison of the assets' carrying value to the estimated future undiscounted cash flows expected to be generated by the asset. If such assets were considered to be impaired, the impairment would be measured by the amount by which the carrying value of the asset exceeds its fair value based on estimated future discounted cash flows. The estimation of future cash flows requires significant judgments and estimates with respect to

future revenues related to the respective asset and the future cash outlays related to those revenues. Actual revenues and related cash flows or changes in anticipated revenues and related cash flows could result in a change in this assessment and result in an impairment charge. The estimation of discounted cash flows a lso requires the selection of an appropriate discount rate. The use of different assumptions would increase or decrease estimated discounted cash flows and could increase or decrease the related impairment charge. Intangible assets covered under this policy were $619,879 at March 28, 2004. During the first quarter of 2004, there were no impairment charges related to these intangible assets.

The recoverability of royalty advances and contractual obligations with respect to minimum guaranteed royalties is assessed by comparing the remaining minimum guaranty to the estimated future sales forecasts and related cash flow projections to be derived from the related product. If sales forecasts and related cash flows from the particular product do not support the recoverability of the remaining minimum guaranty or, if the Company decides to discontinue a product line with royalty advances or commitments, a charge to royalty expense to write-off the remaining minimum guaranty is required. The preparation of revenue forecasts and related cash flows for these products requires judgments and estimates. Actual revenues and related cash flows or changes in the assessment of anticipated revenues and cash flows related to these products could result in a change to the assessment of recoverability of remaining minimum guaranteed royalties. At March 28, 2004, the Company had $190,446 of prepaid royalties, $ 43,304 of which are included in prepaid expenses and other current assets and $147,142 which are included in other assets.

The Company, except for certain International subsidiaries, has pension plans covering substantially all of its full-time employees. Pension expense is based on actuarial computations of current and future benefits using estimates for expected return on assets, expected compensation increases, and applicable discount rates. These estimates are established for the upcoming year at the Company's measurement date of September 30. The Company estimates expected return on assets using a weighted average rate based on historical market data for the investment classes of assets held by the plan, the allocation of plan assets among those investment classes, and the current economic environment.

Based on this information, the Company's estimate of expected return on plan assets in 2004 and 2003 was 8.75%. A decrease in the estimate used for expected return on plan assets would increase pension expense, while an increase in this estimate would decrease pension expense. A decrease of 1% in the estimate of expected return on plan assets would increase pension expense by approximately $1,600. Expected compensation increases are estimated using a combination of historical compensation increases with expected compensation increases in the Company's long-term business forecasts. Based on this analysis, the Company's estimate of expected long-term compensation increases was 4.0% in 2004 and 2003. Increases in estimated compensation increases would increase pension expense while decreases would decrease pension expense. Discount rates are selected based upon rates of return on high quality fixed income investments currently available and expected to be available during the period to maturity of the pens ion benefits. The Company considers Moody's long-term Aa Corporate Bond yield at the measurement date as an appropriate guide in setting this rate. At September 30, 2003, the Company's measurement date for its pension assets and liabilities, the Moody's long-term Corporate Bond yield was 5.9%, and the Company selected a discount rate of 6%. A decrease in the discount rate would result in greater pension expense, while an increase in the discount rate would decrease pension expense. A decrease of 1% in the Company's discount rate would increase pension expense and the projected benefit obligation by approximately $3,700 and $33,000, respectively. In accordance with Statement of Financial Accounting Standards No. 87, "Employers Accounting for Pensions", actual results that differ from the actuarial assumptions are accumulated and, if in excess of a certain corridor, amortized over future periods and, therefore generally affect recognized expense and the recorded obligation in future periods. Assets in the pl an are valued on the basis of their fair market value on the measurement date.

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

(Thousands of Dollars Except Per Share Data)

FINANCIAL RISK MANAGEMENT
- --

The Company is exposed to market risks attributable to fluctuations in foreign currency exchange rates primarily as the result of sourcing products priced in U.S. dollars, Hong Kong dollars and Euros while marketing those products in more than twenty currencies. Results of operations may be affected primarily by changes in the value of the U.S. dollar, Hong Kong dollar, Euro, British pound, Canadian dollar and Mexican peso and, to a lesser extent, currencies in Latin American and Asia Pacific countries.

To manage this exposure, the Company has hedged a portion of its estimated foreign currency transactions using forward foreign exchange contracts, and purchased foreign currency options.

The Company is also exposed to foreign currency risk with respect to its net cash and cash equivalents or short-term borrowing positions in other than the U.S. dollar. The Company believes, however, that the on-going risk on the net exposure should not be material to its financial condition. In addition, the Company's revenues and costs have been and will likely continue to be affected by changes in foreign currency rates. From time to time, affiliates of the Company may make or receive intercompany loans in currencies other than their functional currency. The Company manages this exposure at the time the loan is made by using foreign exchange contracts. The Company does not speculate in, and, other than set forth above, the Company does not hedge foreign currency exposures. The Company reflects all derivatives at their fair value as an asset or liability on the balance sheet.

In 2002, the Company entered into interest rate swap agreements in order to adjust the amount of total debt that is subject to fixed interest rates. At March 28, 2004, these swaps had notional amounts of $150,000. These agreements are designated and effective as hedges of the change in the fair value of the associated debt. Changes in fair value of these contracts are wholly offset in earnings by changes in the fair value of long-term debt. At March 28, 2004, these contracts had a fair value of $11,001, which is recorded in other assets, with a corresponding fair value adjustment to increase long-term debt.

FORWARD-LOOKING STATEMENTS AND
FACTORS THAT MAY AFFECT FUTURE RESULTS
- ---

This Quarterly Report on Form 10-Q contains "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, concerning management's expectations, goals, objectives, and similar matters. These statements may be identified by 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 words with similar meanings. These forward-looking statements are inherently subject to known and unknown risks and uncertainties.

The Company's actual results or experience 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 in a timely manner and customers' and consumers' acceptance of those products at prices that will be sufficient to profitably recover development, manufacturing, marketing, royalty and other costs of products;
- economic and public health conditions, including factors which impact the strength of the retail market and retail demand or the Company's ability to manufacture and deliver products, higher fuel and commodity prices, higher transportation costs, currency fluctuations, government regulation and other conditions in the various markets in which the Company operates throughout the world;
- the Company's ability to generate sales during the fourth quarter, particularly during the relatively brief holiday season, which is the period in which the Company derives a substantial portion of its revenues;
- 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;
- work stoppages, slowdowns or strikes, which may impact the Company's ability to manufacture or deliver product;
- concentration of manufacturing of many of the Company's products in the People's Republic of China and the associated impact to the Company of health conditions and other factors affecting social and economic activity in China or affecting the movement of people and products into and out of China;
- an adverse change in purchasing policies or the bankruptcy or other lack of success of one or more of the Company's significant retailers comprising its relatively concentrated retail customer base, which could negatively impact the Company's revenues, operating margins, or bad debt exposure;
- 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 employees in a competitive environment;
- the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization;
- the risk that the market appeal of the Company's licensed products will be less than expected or that the sales revenue generated by those products will be insufficient to cover the minimum guaranteed royalties;
- the Company's ability to obtain and enforce intellectual property rights both in the United States and abroad;
- the risk that any litigation or arbitration disputes or regulatory investigations could entail significant expense and result in significant fines or other harm to the Company's business;

- the Company's ability to obtain external financing on terms acceptable to it in order to meet working capital needs;
- the Company's ability to generate sufficient available cash flow to service its outstanding debt;

- restrictions that the Company is subject to under its credit agreement;

- unforeseen circumstances, such as severe softness in or collapse of the retail environment that may result in a significant decline in revenues and operating results of the Company, thereby causing the Company to be in non-compliance with its debt covenants and the Company being unable to utilize borrowings under its revolving credit facility, a circumstance likely to occur when operating shortfalls would result in the Company being in the greatest need of such supplementary borrowings;
- market conditions, third party actions or approvals, the impact of competition and other factors that could delay or increase the cost of implementation of the Company's consolidation programs, or reduce actual results;
- the risk that the Company may be subject to governmental sanctions for failure to comply with applicable regulations or to product liability suits relating to products it manufactures and distributes;
- the risk that the Company's reported goodwill may become impaired, requiring the Company to take a charge against its income;
- 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 filings on Forms 8-K, 10-Q and 10-K.

The Company undertakes no obligation to revise the forward-looking statements contained in this Quarterly Report on Form 10-Q to reflect events or circumstances occurring after the date of the filing of this report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

The information required by this item is included in Part I Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and is incorporated herein by reference.

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 28, 2004. Based on the evaluat ion of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the quarter ended March 28, 2004, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

Repurchases Made in the Quarter (in whole number of shares)

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Units)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 2004 12/29/03 - 1/25/04	12	$21.30	-	*
February 2004 1/26/04 - 2/29/04	-	-	-	*
March 2004 3/1/04 - 3/28/04	1,795	$21.74	-	*
Total	1,807	$21.74	-	

All of the shares above were repurchased upon option exercises or termination of the restrictions on deferred restricted stock units and were delivered by the award recipients to the Company to meet required tax withholdings. All shares were repurchased at the market price on the date of repurchase.

* On December 6, 1999, the Board of Directors authorized a common share repurchase program for up to $500 million in common stock. No repurchases were made under this program during the first quarter of 2004. At March 28, 2004, $204.5 million remained under this authorization.

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.

3.1 Restated Articles of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.2 Amendment to Articles of Incorporation, dated June 28, 2000. (Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.3 Amendment to Articles of Incorporation, dated May 19, 2003. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

3.4 Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

3.5 Certificate of Designations of Series C Junior Participating Preference Stock of Hasbro, Inc. dated June 29, 1999. (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)

3.6 Certificate of Vote(s) authorizing a decrease of class or series of any class of shares. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No 1-6682.)

4.1 Indenture, dated as of July 17, 1998, by and between the Company and Citibank, N.A. as Trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 14, 1998, File No. 1-6682.)

4.2 Indenture, dated as of March 15, 2000, by and between the Company and the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4(b)(i) to the Company's Annual Report on Form 10-K for the year ended December 26, 1999, File No. 1-6682.)

4.3 Indenture, dated as of November 30, 2001, by and between the Company and The Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, File No. 333-83250, filed February 22, 2002.)

4.4 Third Amended and Restated Revolving Credit Agreement dated as of November 14, 2003 by and among the Company, the Banks thereto, and Fleet National Bank, as Agent for the Banks. (Incorporated by reference to Exhibit 4(d) to the Company's Annual Report on Form 10-K for the year ended December 28, 2003, File No. 1-6682.)

Item 6. Exhibits and Reports on Form 8-K. (continued)

(a) Exhibits. (continued)

4.5 Rights Agreement, dated as of June 16, 1999, between the Company and Fleet National Bank (the Rights Agent). (Incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated as of June 16, 1999.)

4.6 First Amendment to Rights Agreement, dated as of December 4, 2000, between the Company and the Rights Agent. (Incorporated by reference to Exhibit 4(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, File No. 1-6682.)

10.1 First Amendment to Hasbro, Inc. Amended and Restated Nonqualified Deferred Compensation Plan.

11 Computation of Earnings Per Common Share - Quarters Ended March 28, 2004 and March 30, 2003.

12 Computation of Ratio of Earnings to Fixed Charges Quarter Ended March 28, 2004.

31.1 Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.

31.2 Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.

32.1 Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.

32.2 Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.

(b) Reports on Form 8-K

A Current Report on Form 8-K, dated February 9, 2004, was filed to announce the Company's results for the year ended December 28, 2003. Consolidated statements of earnings (without notes) for the quarters and years ended December 28, 2003 and December 29, 2002, consolidated balance sheets as of said dates, and earnings per share, major segment results, and reconciliations of EBITDA tables for the said periods 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: April 30, 2004

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 March 28, 2004

Exhibit Index

Exhibit No.	Exhibits
3.1	Restated Articles of Incorporation of the Company. (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)
3.2	Amendment to Articles of Incorporation, dated June 28, 2000. (Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)
3.3	Amendment to Articles of Incorporation, dated May 19, 2003. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)
3.4	Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 29, 2003, File No. 1-6682.)

3.5	Certificate of Designations of Series C Junior Participating Preference Stock of Hasbro, Inc. dated June 29, 1999. (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No. 1-6682.)
3.6	Certificate of Vote(s) authorizing a decrease of class or series of any class of shares. (Incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 2000, File No 1-6682.)
4.1	Indenture, dated as of July 17, 1998, by and between the Company and Citibank, N.A. as Trustee. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 14, 1998, File No. 1-6682.)
4.2	Indenture, dated as of March 15, 2000, by and between the Company and the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4(b)(i) to the Company's Annual Report on Form 10-K for the year ended December 26, 1999, File No. 1-6682.)
4.3	Indenture, dated as of November 30, 2001, by and between the Company and The Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3, File No. 333-83250, filed February 22, 2002.)
4.4	Third Amended and Restated Revolving Credit Agreement dated as of November 14, 2003 by and among the Company, the Banks thereto, and Fleet National Bank, as Agent for the Banks. (Incorporated by reference to Exhibit 4(d) to the Company's Annual Report on Form 10-K for the year ended December 28, 2003, File No. 1-6682.)
4.5	Rights Agreement, dated as of June 16, 1999, between the Company and Fleet National Bank (the Rights Agent). (Incorporated by reference to Exhibit 4 to the Company's Current Report on Form 8-K dated as of June 16, 1999.)
4.6	First Amendment to Rights Agreement, dated as of December 4, 2000, between the Company and the Rights Agent. (Incorporated by reference to Exhibit 4(f) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000, File No. 1-6682.)
10.1	First Amendment to Hasbro, Inc. Amended and Restated Nonqualified Deferred Compensation Plan.
11	Computation of Earnings Per Common Share - Quarters Ended March 28, 2004 and March 30, 2003.
12	Computation of Ratio of Earnings to Fixed Charges - Quarter Ended March 28, 2004.
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.
32.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934.

Exhibit 10.1

HASBRO, INC.

NONQUALIFIED DEFERRED COMPENSATION PLAN

FIRST AMENDMENT

Effective March 8, 2004

-

-

-

Hasbro, Inc. (the "Company") hereby amends the Hasbro, Inc. Nonqualified Deferred Compensation Plan, dated November 1, 2003 (the "Plan"), pursuant to the power of amendment reserved to the Company in Section 11.2 of the Plan, as follows:

FIRST: Section 3.7(b) is amended to read:

> (b) A Participant's Company Matching Account shall vest on the January 1 next following the Participant's completion of a Year of Service. A Participant's Discretionary Account shall vest on the January 1 next following the Participant's completion of a Year of Service, or on such other date or dates that may be set forth or incorporated in the specific corporate authorization, grant or award that provides for such Discretionary Amount.

IN WITNESS WHEREOF, the Company has caused this amendment to be executed by its duly authorized officer as of March 8, 2004.

Hasbro, Inc.

By: /s/ Alfred J. Verrecchia
Name: Alfred J.Verrecchia
Title: President and Chief Executive Officer

EXHIBIT 11

HASBRO, INC. AND SUBSIDIARIES
Computation of Earnings Per Common Share
Quarters Ended March 28, 2004 and March 30, 2003

(Thousands of Dollars and Shares Except Per Share Data)

	2004		2003	
	Basic	Diluted	Basic	Diluted
Net earnings	$ 6,532	6,532	1,189	1,189
Effect of dilutive securities:				
Change in fair value of liabilities potentially settleable in common stock	-	(1,700)	-	-
Adjusted net earnings	$ 6,532	4,832	1,189	1,189
Weighted average number of shares outstanding:				
Outstanding at beginning of period	175,479	175,479	172,805	172,805
Exercise of stock options and warrants:				
Actual exercise of options	263	263	113	113
Assumed exercise of options and warrants	-	3,205	-	5,771
Liabilities potentially settleable in common stock	-	5,006	-	-
Total	175,742	183,953	172,918	178,689
Per common share:				
Net earnings	$ 0.04	0.03	0.01	0.01

EXHIBIT 12

HASBRO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
Quarter Ended March 28, 2004

(Thousands of Dollars)

Earnings available for fixed charges:	
Net earnings	6,532
Add:	
Fixed charges	11,513
Income taxes	1,879

Total	19,924
	======
Fixed charges:	
Interest on long-term debt	7,400
Other interest charges	731
Amortization of debt expense	176
Rental expense representative of interest factor	3,206

Total	11,513
	======
Ratio of earnings to fixed charges	1.731
	======

Exhibit 31.1

CERTIFICATION

I, Alfred J. Verrecchia, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hasbro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2004

/s/ Alfred J. Verrecchia

Alfred J. Verrecchia
President and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, David D.R. Hargreaves, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hasbro, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2004

/s/ David D.R. Hargreaves

David D.R. Hargreaves

Senior Vice President and Chief

Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Executive Officer of Hasbro, Inc., a Rhode Island corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1. the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 2004, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Alfred J. Verrecchia
Alfred J. Verrecchia
President and Chief Executive Officer of Hasbro, Inc.

Dated: April 30, 2004

A signed original of this written statement required by Section 906 has been provided to Hasbro, Inc. and will be retained by Hasbro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, as Chief Financial Officer of Hasbro, Inc., a Rhode Island corporation (the "Company"), does hereby certify that to the best of the undersigned's knowledge:

1. the Company's Quarterly Report on Form 10-Q for the quarter ended March 28, 2004, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David D.R. Hargreaves
David D.R. Hargreaves
Senior Vice President and Chief Financial Officer
of Hasbro, Inc.

Dated: April 30, 2004

A signed original of this written statement required by Section 906 has been provided to Hasbro, Inc. and will be retained by Hasbro, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.