SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the fiscal year ended December 26, 1993 Commission file number 1-6682

Hasbro, Inc.
(Name of registrant)

Rhode Island	05-0155090
(State of Incorporation)	(I.R.S. Employer Identification No.)

1027 Newport Avenue, Pawtucket, Rhode Island 02861
(Address of Principal Executive Offices)

(401) 431-8697

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	American Stock Exchange
Preference Share Purchase Rights	American Stock Exchange
Common Stock Purchase Warrants Expiring July 12, 1994	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part II of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the stock was sold on March 18, 1994 was $2,865,624,732.

The number of shares of Common Stock outstanding as of March 18, 1994 was 87,977,666.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant's definitive proxy statement for its 1994 Annual Meeting of Shareholders are incorporated by reference into Part III of this Report.

Selected information contained in registrant's Annual Report to Shareholders for the fiscal year ended December 26, 1993, is included as Exhibit 13, and incorporated by reference into Parts I and II of this Report.

PART I

ITEM 1. BUSINESS

(a) General Development of Business

The Company designs, manufactures and markets a diverse line of toy products and related items including games and puzzles, preschool, boys' action and girls' toys, dolls, plush products and infant products, including infant apparel, throughout the world. The Company also licenses various tradenames, characters and other property rights for use in connection with the sale by others of noncompeting toys and non-toy products.

Except as expressly indicated or unless the context otherwise requires, as used herein, the "Company" means Hasbro, Inc., a Rhode Island corporation organized on January 8, 1926, and its subsidiaries.

(b) Description of Business Products

The Company designs, manufactures and markets a diverse line of toy products and related items categorized for marketing purposes as follows:

(i) Infant and Preschool

The Playskool line of products is specifically designed for preschool children, toddlers and infants.

The Playskool toy line includes such well known products as Lincoln Logs(R), Tinkertoys(R), Mr. Potato Head(R), In-Line Skates, Play-Doh(R), Raggedy Ann(R) and Raggedy Andy(R) rag dolls, Magic Tea Party(TM), the "Busy" line of toys and electronic items including Alphie(R) II, Talking Barney(R) and Teddy Ruxpin(R). The line also includes toys utilizing the "Sesame Street(R)" character motifs sold domestically and internationally by the Company under licenses from The Children's Television Workshop. New items for 1994 include the Playskool Dollhouse Stable, Magic Smoking Grill(TM), Cool Tools(TM) and 4 in 1 Busy(TM) Center.

Playskool's line of infant and juvenile items consists of products for very young children, including the Pur(R) line of silicone nipples and pacifiers, bibs and other infant accessories such as the Hugger(R) toothbrush, a full line of health care and safety products, Tommee Tippee(TM) training cups and feeding items, water-filled teething rings, soft toys, rattles, inflatable and squeeze toys and infant apparel including the Scootees(R) line of soft shoes for babies. New products in 1994 include the 1-2-3 High Chair(TM).

(ii) Promotional Brands

The Hasbro Toy product line includes innovative new products, traditional classics and contemporary favorites for both boys and girls. In the girls' toy category it offers items including the Cabbage Patch Kids(R) family of dolls and accessories, and the Puppy Surprise(R) line of products. In boys' toys it offers such products as G.I. Joe(R), The TransFormers(R) and the Tonka(R) line of trucks and vehicles, including the Electronic Talk'n Play(TM) Fire Truck(TM). It also offers activity items for both girls and boys including Fashion Plates(R), Fashion Faces(TM), the Fantastic Flowers(R) flower making machine and the Real Power Toolshop(TM). Among its new introductions for 1994 in the girls' line are the Fantastic Sticker Maker(TM), Treasure Rocks(TM) and the Make-up Beauty(TM) doll. In boys' toys, new introductions include the Stargate(TM) and Street Fighter(TM) action figures.

Kenner Products offers a wide range of products. A leader in toys tied to entertainment properties, Kenner's offerings for 1994 include The Shadow(TM), Jurassic Park(TM), Batman(R), Aliens(TM) and Predator(TM) action figures and accessories, as well as Shaq Attack(TM) and Starting Lineup(R) sports action figures. Other boys' toys include the CLAW(TM) monster vehicles, Carzillas(TM) motorized vehicles and the Nerf(R) line of soft action play equipment. For girls, Kenner markets Baby Check-Up(R), Baby All Gone(R) and the Baby Sitters Club(R) dolls, Beethoven's 2nd(TM) plush pups and the Littlest Pet Shop(TM) figures and playsets. In addition, Kenner offers a selection for at home activity play including the E Z 2 Do(TM) line of items, the Spirograph(R) family of products, the Colorblaster(TM) series of design toys and the classic Easy Bake(R) Oven.

(iii) Games

Milton Bradley manufactures and sells quality games and puzzles, including board, strategy and word games, skill and action games and travel games. It maintains a diversified line of more than 200 games and puzzles for children and adults. Its staple items include Battleship(R), The Game of Life(R), Scrabble(R), Chutes and Ladders(R), Candy Land(R), Lite-Brite(R), Trouble(R), Mousetrap(R), Operation(R), Hungry Hungry Hippos(R), Connect Four(R), Twister(R) and Big Ben(R) Puzzles. The Company also manufactures and sells games for the entire family, including such games as Yahtzee(R), Parcheesi(R), Aggravation(R), Jenga(R) and Scattergories(R). Games added to the Milton Bradley line for 1994 include 13 Dead End Drive(TM), Don't Get Rattled(TM) and Slobberin' Sam(TM).

Parker Brothers markets a full line of games for families, children and adults. Its classic line of family board games includes Monopoly(R), Clue(R), Sorry!(R), Risk(R), Boggle(R), Ouija(R) and Trivial Pursuit(R). Some of these classics have been in the Parker Brothers' line for more than 50 years. The Company also markets traditional card games such as Mille Bornes(R), Rook(R), Rack-O(R), Old Maid and Go Fish. Its line of travel games includes travel editions of Monopoly(R) Junior, Clue(R), Sorry!(R) and Boggle(R) Jr. New to the Parker Brothers' line in 1994 are Willy Go Boom(TM), Swinging Snakes(TM), Bottle Topps(R) and, in the electronic talking game line, Sounds of Fun(TM), a new item featuring licensed characters from Disney's The Lion King.

(iv) International

The Company conducts its international operations through subsidiaries which sell a representative range of the products marketed in the United States together with some items which are sold only internationally.

Products sold by subsidiaries in the United Kingdom, The Netherlands, Germany, France, Italy, Spain, Portugal, Belgium, Austria, Switzerland, Hungary and Greece are manufactured at plants located in Ireland, The Netherlands and Spain and also supplied by a Hong Kong subsidiary. In early 1994, the Company announced the planned closure of its manufacturing operation in The Netherlands with the transfer of its production to plants in Ireland and Spain. Certain products sold by the Canadian subsidiary are assembled in Canada, although the U.S. and Mexican operations and a Hong Kong subsidiary supply some component parts as well as finished goods. The Mexican marketing unit sells products supplied primarily by the domestic operations and a Hong Kong subsidiary. The Company also has a manufacturing operation in Mexico which supplies certain products, primarily for distribution through the North American operations. The New Zealand and Australian subsidiaries sell products manufactured by the New Zealand unit and also supplied by a Hong Kong subsidiary. The Company also markets certain products, primarily supplied by a Hong Kong subsidiary, in Japan, Hong Kong, Taiwan, China and other areas in the Far East. A Hong Kong subsidiary sources product for the Company's U.S. and foreign operations working primarily through unrelated manufacturers in various Far East countries. The Company also has small investments in joint ventures in India and The Peoples Republic of China which manufacture and sell products to both the Company and non-affiliated customers. In early 1993, the Company established a new Hong Kong subsidiary which markets directly to retailers a line of high quality, low priced toys, games and related products, primarily on a direct import basis.

In addition, certain toy products are licensed to other toy companies to manufacture and sell product in selected foreign markets where the Company does not otherwise have a presence.

Working Capital Requirements

The Company's shipments of products are greater in each of the third and fourth quarters than shipments in each of the first and second quarters. During the past several years, the Company has experienced a gradual 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 and the Company expects this trend to continue. Production has been financed historically by means of short-term borrowings which reach peak levels during September through November of each year when receivables also generally reach peak levels. The toy business is also characterized by customer order patterns which vary from year to year largely because of differences each year 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. As a result, comparisons of unshipped orders on any date with those at the same date in a prior year are not necessarily indicative of sales for that entire given year. In addition, as more retailers move to just-in-time inventory management practices, fewer orders are being placed in advance of shipment and more orders, when placed, are for immediate delivery. The Company's unshipped orders at March 11, 1994 and March 12, 1993 were approximately $205,000,000 and $265,000,000, respectively. Also, it is a general industry practice that orders are subject to amendment or cancellation by customers prior to shipment. The backlog at any date in a given year can be affected by programs the Company may employ to induce its customers to place orders and accept shipments early in the year. This method is a general industry practice. The programs the Company is employing to promote sales in 1994 are not substantially different from those employed in 1993.

As part of the traditional marketing strategies of the toy industry, many sales made early in the year are not due for payment until the fourth quarter, thus making it necessary for the Company to borrow significant amounts pending collection of these receivables. The Company relies on internally generated funds and short-term borrowing arrangements, including commercial paper, to finance its working capital needs. Currently, the Company has available to it unsecured lines of credit, which it believes are adequate, of approximately $1,550,000,000 including a $500,000,000 revolving credit agreement with a group of banks which is also used as a back-up to commercial paper issued by the Company.

Research and Development

The Company's business is based to a substantial extent on the continuing development of new products and the redesigning of existing items for continuing market acceptance. In 1993, 1992 and 1991, approximately $125,566,000, $109,655,000 and $78,983,000, respectively, were incurred on activities relating to the development, design and engineering of new products and their packaging (including items brought to the Company by independent designers) and to the improvement or modification of ongoing products. Much of this work is performed by the Company's staff of designers, artists, model makers and engineers.

In addition to its own staff, the Company deals with a number of independent toy designers for whose designs and ideas the Company competes with many other toy manufacturers. Rights to such designs and ideas, when acquired by the Company, are usually exclusive under agreements requiring the Company to pay the designer a royalty on the Company's net sales of the item. These designer royalty agreements in some cases provide for advance royalties and minimum guarantees.

The Company also produces a number of toys under trademarks and copyrights utilizing the names or likenesses of Sesame Street, Walt Disney, Barney(R) and other familiar movie, television and comic strip characters. Licensing fees are paid as a royalty on the Company's net sales of the item. Licenses for the use of characters are generally exclusive for specific products or product lines in specified territories. In many instances, advance royalties and minimum guarantees are required by character license agreements.

Marketing and Sales

The Company's products are sold nationally and internationally to a broad spectrum of customers including wholesalers, distributors, chain stores, discount stores, mail order houses, catalog stores, department stores and other retailers, large and small. The Company and its subsidiaries employ their own sales forces which account for nearly all of the sales of their products. Remaining sales are generated by independent distributors who sell the Company's products principally in areas of the world where the Company does not otherwise maintain a presence. The Company maintains showrooms in New York and selected other major cities world-wide as well as at most of its subsidiary locations. In the United States and Canada, the Company had more than 2,000 customers, most of which are wholesalers, distributors or large chain stores, although there has been significant consolidation at the retail level over the last several years. In other countries, the Company has in excess of 20,000 customers, many of which are individual retail stores. During 1993, sales to the Company's two largest customers represented 20% and 11%, respectively, of consolidated net revenues.

The Company advertises its toy and game products extensively on television. The Company generally advertises selected items in its product groups in a manner designed to promote the sale of other specific items in those product groups. Each year, the Company introduces its new products at its New York City showroom at the time of the American International Toy Fair in February. It also introduces some of its products to major customers during the last half of the prior year.

In 1993, the Company spent approximately $383,918,000 in advertising, promotion and marketing programs compared to $377,219,000 in 1992 and $325,282,000 in 1991.

Manufacturing and Importing

The Company manufactures its products in facilities within the United States and various foreign countries (see "Properties"). Most of its toy products are manufactured from basic raw materials such as plastic and cardboard which are readily available. The Company's manufacturing process includes injection molding, blow molding, metal stamping, printing, box making, assembly and wood processing. The Company purchases certain components and accessories used in its toys and some finished items from domestic manufacturers as well as from manufacturers in the Far East, which is the largest manufacturing center of toys in the world, and other foreign countries. The Company believes that the manufacturing capacity of its facilities and the supply of components, accessories and completed products which it purchases from unaffiliated manufacturers is adequate to meet the foreseeable demand for the products which it markets. The Company's reliance on external sources of manufacturing can be shifted, over a period of time, to alternative sources of supply for products it sells, should such changes be necessary. However, if the Company is prevented from obtaining products from a substantial number of its current Far East suppliers due to political, labor and other factors beyond its control, the Company's operations would be disrupted while alternative sources of product were secured. In addition, the loss by the People's Republic of China of "most favored nation" trading status as granted by the United States, could significantly increase the cost of the Company's products imported into the United States from China

The Company makes its own tools and fixtures but purchases dies and molds principally from independent domestic and foreign sources. Several of the Company's domestic production departments operate on a two-shift basis and its molding departments operate on a continuous basis through most of the year.

Competition

The Company's business is highly competitive. The Company competes with several large and hundreds of small domestic and foreign manufacturers in such areas as design, development and marketing of product. The Company is the largest toy company in the world.

Employees

The Company employs approximately 12,500 persons worldwide, approximately 8,000 of whom are located in the United States.

Trademarks, Copyrights and Patents

The Company's products are protected, for the most part, by registered trademarks, copyrights and patents to the extent that such protection is available and meaningful. The loss of such rights concerning any particular product would not have a material adverse effect on the Company's business, although the loss of such protection for a number of significant items might have such an effect.

Government Regulation

The Company's toy products sold in the United States are subject to the provisions of the Consumer Product Safety Act (the "CPSA"), The Federal Hazardous Substances Act (the "FHSA") and the regulations promulgated thereunder. The CPSA empowers the Consumer Product Safety Commission (the "CPSC") to take action against hazards presented by consumer products, including the formulation and implementation of regulations and uniform safety standards. The CPCS has the authority to seek to declare a product "a banned hazardous substance" under the CPSA and to ban it from commerce. The CPSC can file an action to seize and condemn an "imminently hazardous consumer product" under the CPSA and may also order equitable remedies such as recall, replacement, repair or refund for the product. The FHSA provides for the repurchase by the manufacturer of articles which are banned. Similar laws exist in some states and cities and in Canada, Australia and Europe. The Company maintains a laboratory which has testing and other procedures intended to maintain compliance with the CPSA and FHSA. Notwithstanding the foregoing, there can be no assurance that all of the Company's products are or will be hazard free. While the Company neither has had any material product recalls nor knows of any currently, should any such problem arise, it could have an effect on the Company depending on the product and could affect sales of other products.

The Children's Television Act of 1990 and the rules promulgated thereunder by the Federal Communications Commission as well as the laws of certain foreign countries place certain limitations on television commercials during children's programming.

(c) Financial Information About Foreign and Domestic Operations and Export Sales

The information required by this item is included in note 16 of Notes to Consolidated Financial Statements in Exhibit 13 to this Report and is incorporated herein by reference.

ITEM 2. PROPERTIES

Location	Use	Square Feet	Type of Possession	Lease Expiration Dates
Rhode Island				
Pawtucket	Executive Offices & Product Development	343,000	Owned(1)	--
Pawtucket	Marketing Office	23,000	Owned	--
Pawtucket	Manufacturing	306,500	Owned	--
Central Falls	Manufacturing	261,500	Owned	--
West Warwick	Warehouse	402,000	Leased	1994
East Providence	Administrative & Sales Offices	120,000	Leased	1994
Massachusetts				
East Longmeadow	Office, Manufacturing & Warehouse	1,147,500	Owned	--
East Longmeadow	Office, Manufacturing & Warehouse	254,400	Owned	--
East Longmeadow	Warehouse	500,000	Leased	1998
Beverly	Office	100,000	Owned	--
Salem	Manufacturing & Warehouse	344,000	Owned	--
Danvers	Warehouse	125,000	Leased	1996
Holyoke	Warehouse	15,000	Leased	1994
New Jersey				
Northvale	Office & Manufacturing	75,000	Leased	2002
Wayne	Manufacturing	65,000	Leased	1995
New York				
New York	Office & Showroom	70,300	Leased	2000
New York	Office & Showroom	32,300	Leased	1999
Arcade	Manufacturing	15,000	Leased	1998
Amsterdam	Manufacturing	297,400	Owned	--
Orangeburg	Warehouse	51,000	Leased	2002
Ohio				
Cincinnati	Office	161,000	Leased	2007
Cincinnati	Warehouse	33,000	Leased	1999

Location	Use	Square Feet	Type of Possession	Lease Expiration Dates
Pennsylvania				
Lancaster	Warehouse	150,000	Owned(2)	--
South Carolina				
Easley	Manufacturing	31,500	Leased	1997
Easley	Manufacturing	75,000	Owned	--
Easley	Manufacturing	29,000	Owned	--
Texas				
El Paso	Manufacturing & Warehouse	373,000	Owned	--
El Paso	Manufacturing & Warehouse	487,000	Leased	1998
El Paso	Warehouse	48,800	Leased	1994
Vermont				
Fairfax	Manufacturing	43,000	Owned	--
Washington				
Seattle	Office & Warehouse	125,100	Leased(3)	1994
Australia				
Rydalmere	Office & Warehouse	68,000	Leased	1994
Rydalmere	Office & Warehouse	22,300	Leased	1994
Austria				
Vienna	Office	2,505	Leased	1997
Belgium				
Brussels	Office & Showroom	16,700	Leased	1995
Canada				
Montreal	Office, Manufacturing & Showroom	133,900	Leased	1997
Montreal	Warehouse	88,100	Leased	1997
Boucherville	Warehouse	110,000	Leased	1994
Mississauga	Sales Office & Showroom	16,300	Leased	1998
Peoples Republic of China				
Guangzhou	Warehouse	32,900	Leased	1994
Guangzhou	Manufacturing	22,900	Leased	1995

Location	Use	Square Feet	Type of Possession	Lease Expiration Dates
England				
Uxbridge	Office & Showroom	94,500	Leased	2013
Coalville	Office & Warehouse	141,200	Owned	--
France				
Le Bourget du Lac	Office, Manufacturing & Warehouse	108,300	Owned	--
Savoie Technolac	Office	33,500	Owned	--
Pantin	Office	20,900	Leased	2001
Creutzwald	Warehouse	108,700	Owned	--
Germany				
Fuerth	Office & Warehouse	28,400	Owned	--
Soest	Warehouse	78,800	Owned	--
Dietzenbach	Office	30,400	Leased	1998
Greece				
Athens	Office & Warehouse	134,400	Leased	1995
Zakynthos Island	Manufacturing	57,500	Owned	--
Athens	Office	26,900	Leased	1995
Hong Kong				
Kowloon	Office	36,700	Leased	1994
Kowloon	Office & Warehouse	14,900	Leased	1994
Harbour City	Office	11,000	Leased	1996
Hungary				
Budapest	Office	3,700	Leased	1996
Ireland				
Waterford	Office, Manufacturing & Warehouse	184,400	Owned	--
Italy				
Milan	Office & Showroom	12,100	Leased	1998
Japan				
Tokyo	Office	10,800	Leased	1995

Location	Use	Square Feet	Type of Possession	Lease Expiration Dates
Malaysia				
Selangor Darul Ehsan	Office	6,800	Leased	1995
Mexico				
Tijuana	Office & Manufacturing	144,000	Leased	1995
Tijuana	Warehouse	45,000	Leased	1994
Tijuana	Warehouse	69,800	Leased	1994
Reyna	Office	61,000	Leased	1996
Espana	Warehouse	53,700	Leased	1996
Venados	Warehouse	59,100	Leased	1995
The Netherlands				
Ter Apel	Office, Manufacturing & Warehouse	139,300	Owned	--
Utrecht	Sales Office & Showroom	17,000	Leased	1996
Emmen	Warehouse	40,800	Leased	1994
Emmen	Warehouse	21,500	Leased	1994
New Zealand				
Auckland	Office, Manufacturing & Warehouse	110,900	Leased	2005
Singapore				
Singapore	Office & Warehouse	12,900	Leased	1994
Spain				
Valencia	Office, Manufacturing & Warehouse	115,100	Leased	1999
Valencia	Office	46,300	Leased	1995
Valencia	Manufacturing & Warehouse	161,700	Leased	1997
Valencia	Warehouse	94,400	Owned	--
Valencia	Warehouse	38,700	Leased	1994
Valencia	Warehouse	43,000	Leased	1996
Switzerland				
Mutschellen	Office & Warehouse	23,400	Leased	1994
Taiwan				
TPE County	Warehouse	9,800	Leased	1996
Wales				
Newport	Warehouse	76,000	Leased	2003
Newport	Warehouse	52,000	Owned	--

(1) Although this property is leased pursuant to industrial revenue bond financing, the Company has an option to purchase the property for $1 at any time upon making all rental and other payments required under terms of the lease.

(2) In addition, the Company owns an additional 316,000 square feet at this location which is not currently being utilized and is included in the unused property noted below.

(3) In addition, at this location the Port of Seattle operates a 400,000 square foot distribution facility pursuant to an agreement with the Company.

In addition to the above listed facilities, the Company either owns or leases various other properties approximating 200,000 square feet which are utilized in its operations. The Company also either owns or leases an aggregate of approximately 650,000 square feet not currently being utilized in its operations. Most of these properties are being leased, subleased or offered for sublease or sale. A portion of this space not used in the Company's operations represent facilities used by the Tonka Corporation units prior to their acquisition by the Company and integration into its existing operations.

The foregoing properties consist, in general, of brick, cinder block or concrete block buildings which the Company believes are in good condition and well maintained. The Company is continuing the renovation of its principal offices in Pawtucket, Rhode Island.

ITEM 3. LEGAL PROCEEDINGS

The Company is currently proceeding with an environmental clean-up at its former manufacturing facility in Lancaster, Pennsylvania. This facility, a portion of which is being utilized for limited warehousing operations in 1994, was acquired in 1986 from the CBS Toys Division of CBS Inc. (CBS) in conjunction with the purchase of rights to selected products formerly marketed by CBS. CBS has acknowledged its responsibility with respect to some areas of contamination and some of the remedial actions needed to facilitate this clean-up, but has not yet funded any of these obligations. The Company believes that CBS has full responsibility and is engaged in legal action against CBS to recover all of the costs associated with the environmental clean-up. While it is impossible to assure the outcome of the court action, the Company believes that it will prevail. The Consolidated Financial Statements reflect, pursuant to Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, certain costs that the Company expects to ultimately recover from CBS.

Preston Robert Tisch, a director of the Company, is also a director of CBS and President and Co-Chief Executive Officer of Loews Corporation, a major shareholder of CBS. By virtue of the foregoing, Mr. Tisch may be deemed to have an interest adverse to the Company with respect to the above-described action.

The Company is party to certain other legal proceedings involving routine litigation incidental to the Company's business, none of which, individually or in the aggregate, is deemed to be material.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following persons are the executive officers of the Company and its subsidiaries and divisions. Such executive officers are elected annually. The position and office listed below are the principal position(s) and office(s) held by such person with the Company, subsidiary or divisions employing such person. The persons listed below generally also serve as officers and directors of the Company's various subsidiaries at the request and convenience of the Company.

Name	Age	Position and Office Held	Period Serving in Current Position
Alan G. Hassenfeld (1)	45	Chairman of the Board, President and Chief Executive Officer	Since 1989
Barry J. Alperin (2)	53	Vice Chairman	Since 1990
George R. Ditomassi, Jr.(3)	59	Chief Operating Officer, Games and International	Since 1990
Alfred J. Verrecchia (4)	51	Chief Operating Officer, Domestic Toy Operations	Since 1990
John T. O'Neill (5)	49	Executive Vice President and Chief Financial Officer	Since 1989
Norman C. Walker (6)	55	Executive Vice President and President, International	Since 1990
Lawrence H. Bernstein (7)	51	Executive Vice President and President, Hasbro Toy	Since 1989
Dan D. Owen (8)	45	President, Playskool	Since 1990
Bruce L. Stein (9)	39	President, Kenner Products	Since 1990
Robert F. S. Wann (10)	43	President, Parker Brothers	Since 1992
E. David Wilson (11)	56	President, Milton Bradley	Since 1990
Richard B. Holt (12)	52	Senior Vice President and Controller	Since 1992

Name	Age	Position and Office Held	Period Serving in Current Position
Donald M. Robbins (13)	58	Senior Vice President General Counsel and Corporate Secretary	Since 1992
Phillip H. Waldoks (14)	41	Senior Vice President-Corporate Legal Affairs	Since 1992
Russell L. Denton (15)	49	Vice President and Treasurer	Since 1989

(1) Prior thereto, President and Chief Operating Officer.

(2) Prior thereto, Co-Chief Operating Officer from 1989 to 1990; prior thereto, Executive Vice President.

(3) Prior thereto, Group Vice President and President, Milton Bradley.

(4) Prior thereto, Co-Chief Operating Officer from 1989 to 1990; prior thereto, Executive Vice President and President, Hasbro Manufacturing Services Division.

(5) Prior thereto, Senior Vice President - Finance, Chief Financial Officer and Treasurer during 1989; prior thereto, Senior Vice President - Finance and Chief Financial Officer.

(6) Prior thereto, Senior Vice President and President - European Operations.

(7) Prior thereto, Senior Vice President - Sales.

(8) Prior thereto, Senior Vice President - Sales, Playskool.

(9) Prior thereto, Executive Vice President - Marketing and Design, Kenner Products.

(10) Prior thereto, Chief Operating Officer, Parker Brothers from 1991 to 1992; prior thereto, Executive Vice President - Marketing and R & D, Playskool from 1990 to 1991; prior thereto, Senior Vice President - Marketing, Playskool.

(11) Prior thereto, Senior Vice President - Sales, Milton Bradley.

(12) Prior thereto, Vice President and Controller.

(13) Prior thereto, Vice President/General Counsel and Secretary.

(14) Prior thereto, Vice President - Corporate Legal Affairs.

(15) Prior thereto, independent financial consultant.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required by this item is included in Market for the Registrant's Common Equity and Related Stockholder Matters in Exhibit 13 to this Report and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is included in Selected Financial Data in Exhibit 13 to this Report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is included in Management's Review in Exhibit 13 to this Report and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is included in Financial Statements and Supplementary Data in Exhibit 13 to this Report and is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 and 13.

The information required by these items is included in registrant's definitive proxy statement for the 1994 Annual Meeting of Shareholders and is incorporated herein by reference, except that the sections under the headings (a) "Comparison of Five Year Cumulative Total Shareholder Return Among Hasbro, S&P 500 and Russell 1000 Consumer Discretionary Economic Sector" and accompanying material and (b) "Report of the Compensation and Stock Option Committee of the Board of Directors" in the definitive proxy statement shall not be deemed "filed" with the Securities and Exchange Commission or subject to Section 18 of the Securities Exchange Act of 1934.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements

Included in PART II of this report:

Independent Auditors' Report

Consolidated Balance Sheets at December 26, 1993 and December 27, 1992

Consolidated Statements of Earnings for the Three Fiscal Years Ended in December 1993, 1992 and 1991

Consolidated Statements of Shareholders' Equity for the Three Fiscal Years Ended in December 1993, 1992 and 1991

Consolidated Statements of Cash Flows for the Three Fiscal Years Ended in December 1993, 1992 and 1991

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules

Included in PART IV of this Report:

Report on Financial Statement Schedules of Independent Certified Public Accountants

For the Three Fiscal Years Ended in December 1993, 1992 and 1991:

Schedule V - Property, Plant and Equipment

Schedule VI - Accumulated Depreciation and Amortization of Property, Plant and Equipment

Schedule VIII - Valuation and Qualifying Accounts and Reserves

Schedule IX - Short-Term Borrowings

Schedules other than those listed above are omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto. Columns omitted from schedules filed have been omitted because the information is not applicable.

(3) Exhibits

The Company will furnish to any shareholder, upon written request, any exhibit listed below upon payment by such shareholder to the Company of the Company's reasonable expenses in furnishing such exhibit.

Exhibit
- -------

3. Articles of Incorporation and Bylaws
   (a) Restated Articles of Incorporation of the Company. (Incorporated by reference to Exhibit (c)(2) to the Company's Current Report on Form 8-K, dated July 15, 1993, File No. 1-6682.)

   (b) Amended and Restated Bylaws of the Company. (Incorporated by reference to Exhibit (c)(3) to the Company's Current Report on Form 8-K, dated July 15, 1993, File No. 1-6682.)

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(l) Amendment No. 3 to Employee Incentive Stock Option Plan. (Incorporated by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K for the Fiscal Year Ended December 25, 1988, File No. 1-6682.)

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(x) Form of Employment Agreement, dated July 5, 1989, between the Company and seven executive officers of the Company. (Incorporated by reference to Exhibit 10(v) to the Company's Annual Report on Form 10-K for the Fiscal Year Ended December 31, 1989, File No. 1-6682.)

(y) Change in Control Agreement dated as of December 13, 1990 between Tonka and Bruce L. Stein. (Incorporated by reference to Exhibit 10.2 to Tonka's Annual Report on Form 10-K for the Fiscal Year Ended December 29, 1990, File No. 1-4683.)

(z) Letter Agreement between Tonka and Bruce L. Stein, dated March 21, 1994.

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(ee) Hasbro, Inc. Senior Management Annual Performance Plan. (Incorporated by reference to Appendix B to the Company's definitive proxy statement for its 1994 Annual Meeting of Shareholders, File No.1-6682.)

11. Statement re computation of per share earnings

12. Statement re computation of ratios

13. Selected information contained in Annual Report to Shareholders

22. Subsidiaries of the registrant

24. Consents of experts and counsel
    (a) Consent of KPMG Peat Marwick.

The Company agrees to furnish the Securities and Exchange Commission, upon request, a copy of each agreement with respect to long-term debt of the Company, the authorized principal amount of which does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

(b) Reports on Form 8-K

A current report on Form 8-K dated February 10, 1994 was filed to announce the Company's results of the quarter and year ended December 26, 1993. Consolidated statements of earnings (without notes) for the quarter and year ended December 26, 1993 and December 27, 1992 and consolidated condensed balance sheets (without notes) as of said dates were also filed.

(c) Exhibits

See (a)(3) above

(d) Financial Statement Schedules

See (a)(2) above

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hasbro, Inc.:

Under date of February 8, 1994, we reported on the consolidated balance sheets of Hasbro, Inc. and subsidiaries as of December 26, 1993 and December 27, 1992 and the related consolidated statements of earnings, shareholders' equity, and cash flows for each of the fiscal years in the three-year period ended December 26, 1993, as contained in the 1993 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1993. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related supporting schedules listed in Item 14 (a)(2). These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits.

In our opinion, such schedules when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ KPMG Peat Marwick

Providence, Rhode Island

February 8, 1994

SCHEDULE V

HASBRO, INC. AND SUBSIDIARIES

Property, Plant and Equipment

Fiscal Years Ended in December

(Thousands of Dollars)

Description	Balance at Beginning of Year	Additions	Disposals/ Retirements	Translation Adjustments and Other(a)	Balance at End of Year
1993					
Land and improvements	$ 13,585	1,022	(1,195)	(1,402)	$ 12,010
Buildings and improvements	170,220	22,062	(4,339)	770	188,713
Machinery and equipment	150,851	33,282	(7,527)	(3,556)	173,050
	$334,656	56,366	(13,061)	(4,188)	$373,773
Tools, dies and molds	$ 28,485	43,426	(32,627)(b)	(72)	$ 39,212
1992					
Land and improvements	$ 13,548	1,556	(1,235)	(284)	$ 13,585
Buildings and improvements	160,604	11,773	(7,255)	5,098	170,220
Machinery and equipment	122,074	44,167	(13,748)	(1,642)	150,851
	$296,226	57,496	(22,238)	3,172	$334,656
Tools, dies and molds	$ 28,819	32,935	(33,593)(b)	324	$ 28,485
1991					
Land and improvements	$ 8,586	446	(3)	4,519	$ 13,548
Buildings and improvements	129,607	11,061	(2,375)	22,311	160,604
Machinery and equipment	101,307	16,650	(8,003)	12,120	122,074
	$239,500	28,157	(10,381)	38,950	$296,226
Tools, dies and molds	$ 13,335	27,847	(26,742)(b)	14,379	$ 28,819

(a) 1992 includes $8,665 and $1,746 of buildings and improvements and machinery and equipment, respectively, relating to the gross-up of assets acquired in prior business combinations as required by SFAS 109. 1992 also includes $622 and $415 of machinery and equipment and tools, dies and molds, respectively, of acquired companies. 1991 includes $4,434, $21,789, $12,449 and $14,549 of land and improvements, buildings and improvements, machinery and equipment and tools, dies and molds, respectively, of acquired company.

(b) Primarily represents amortization which is credited directly against the cost of the assets.

SCHEDULE VI

HASBRO, INC. AND SUBSIDIARIES

Accumulated Depreciation and Amortization of Property, Plant and Equipment

Fiscal Years Ended in December

(Thousands of Dollars)

Description	Balance at Beginning of Year	Additions	Disposals/ Retirements	Translation Adjustments	Balance at End of Year
1993					
Land improvements	$ 638	121	-	(6)	$ 753
Buildings and improvements	42,734	11,601	(2,536)	(877)	50,922
Machinery and equipment	68,429	20,933	(5,787)	(2,068)	81,507
	$111,801	32,655	(8,323)	(2,951)	$133,182
1992					
Land improvements	$ 533	118	(9)	(4)	$ 638
Buildings and improvements	39,184	7,534	(3,327)	(657)	42,734
Machinery and equipment	60,136	20,842	(11,134)	(1,415)	68,429
	$ 99,853	28,494	(14,470)	(2,076)	$111,801
1991					
Land improvements	$ 418	119	(3)	(1)	$ 533
Buildings and improvements	32,012	9,453	(1,551)	(730)	39,184
Machinery and equipment	51,216	16,210	(7,038)	(252)	60,136
	$ 83,646	25,782	(8,592)	(983)	$ 99,853

SCHEDULE VIII

HASBRO, INC. AND SUBSIDIARIES

Valuation and Qualifying Accounts and Reserves

Fiscal Years Ended in December

(Thousands of Dollars)

	Balance at Beginning of Year	Provision Charged to Costs and Expenses	Other Additions(a)	Write-Offs Allowances Taken(b)	Balance at End of Year
Valuation accounts deducted from assets to which they apply - for doubtful accounts receivable:					
1993	$52,200	13,078	-	(11,078)	$54,200
1992	$60,500	10,674	-	(18,974)	$52,200
1991	$43,100	15,024	29,285	(26,909)	$60,500

(a) Doubtful accounts reserve of acquired company.

(b) Includes write-offs, recoveries of previous write-offs and translation adjustments.

SCHEDULE IX

HASBRO, INC. AND SUBSIDIARIES

Short-Term Borrowings

Fiscal Years Ended in December

(Thousands of Dollars)

Category of Short-Term Borrowings(b)	Balance at End of Year	Weighted Average Interest Rate at End of Year	Maximum Amount Outstanding During Year	Average Amount Outstanding During Year (a)	Weighted Average Interest Rate During Year (a)
1993					
Bank	$ 62,242	9.0%	$182,588	$152,004	7.6%
Commercial Paper	-	-	$385,160	$134,944	3.4%
1992					
Bank (b)	$ 64,174	11.8%	$401,956	$254,036	6.8%
Commercial Paper	-	-	$154,748	$ 65,704	3.7%
1991					
Bank (b)	$186,084	8.5%	$568,391	$238,410	7.5%
Commercial Paper	-	-	$332,278	$135,384	6.1%

(a) Computed daily.

(b) Includes short-term borrowings (none at end of 1992 and $150,000 at end of 1991) classified as long-term debt reflecting the Company's ability and intent to refinance such borrowings on a long-term basis.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

By: /s/Alan G. Hassenfeld — Date: March 25, 1994

Alan G. Hassenfeld
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/Alan G. Hassenfeld Alan G. Hassenfeld	Chairman of the Board, President,Chief Executive Officer and Director (Principal Executive Officer)	March 25, 1994
/s/John T. 0'Neill John T. 0'Neill	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 25, 1994
/s/Barry J. Alperin Barry J. Alperin	Director	March 25, 1994
/s/Alan R. Batkin Alan R. Batkin	Director	March 25, 1994
/s/George R. Ditomassi, Jr. George R. Ditomassi, Jr.	Director	March 25, 1994
/s/Harold P. Gordon Harold P. Gordon	Director	March 25, 1994

/s/Alex Grass - ---------------------------- Alex Grass	Director	March 25, 1994
/s/Sylvia K. Hassenfeld - ---------------------------- Sylvia K. Hassenfeld	Director	March 25, 1994
/s/Claudine B. Malone - ---------------------------- Claudine B. Malone	Director	March 25, 1994
/s/James R. Martin - ---------------------------- James R. Martin	Director	March 25, 1994
/s/Norma T. Pace - ---------------------------- Norma T. Pace	Director	March 25, 1994
/s/E. John Rosenwald, Jr. - ---------------------------- E. John Rosenwald, Jr.	Director	March 25, 1994
/s/Carl Spielvogel - ---------------------------- Carl Spielvogel	Director	March 25, 1994
/s/Henry Taub - ---------------------------- Henry Taub	Director	March 25, 1994
/s/Preston Robert Tisch - ---------------------------- Preston Robert Tisch	Director	March 25, 1994
/s/Alfred J. Verrecchia - ---------------------------- Alfred J. Verrecchia	Director	March 25, 1994

HASBRO, INC.

Annual Report on Form 10-K

for the Year Ended December 26, 1993

Exhibit Index

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24. Consents of experts and counsel
(a) Consent of KPMG Peat Marwick.

EXHIBIT 10(z)

TONKA CORPORATION
1027 Newport Avenue
Pawtucket, Rhode Island 02862

March 21, 1994

Bruce L. Stein
1026 Hatch Street
Cincinnati, Ohio 45202

Dear Bruce:

On behalf of Tonka Corporation, I am pleased to confirm that, in recognition of the superlative 1993 performance of the Kenner Products Division of Tonka Corporation and your outstanding leadership as President of that division, you have been awarded a special and extraordinary bonus in the amount of $1,000,000, payable as follows:

1) $250,000 paid on or before March 15, 1994, receipt of which you hereby acknowledge;
2) $250,000 payable on March 15, 1995, together with accrued interest;
3) $250,000 payable on March 15, 1996, together with accrued interest; and
4) $250,000 payable on March 15, 1997, together with accrued interest;

provided, however, that you shall be eligible to receive the payments described in clauses 2, 3 and 4 above (collectively the "Installments" and individually an "Installment") only if you are employed by Tonka Corporation or an affiliate thereof (the "Corporation") on the date the Installment is otherwise payable. Interest shall accrue on the unpaid portion of the bonus from March 15, 1994 at the Prime Rate, as reported in the Wall Street Journal, and all such accrued and unpaid interest shall be paid annually as part of an Installment.

Notwithstanding the foregoing, if you cease to be employed by the Corporation as a result of:

(a) your being afflicted with any physical or mental condition which would qualify you for a disability benefit under the Corporation's long term disability plan, or

(b) your death,

unpaid Installments will still continue to be paid to you, your personal or legal representatives, executors, administrators, heirs, distributees, devisees and legatees, as the case may be.

In addition, if you cease to be an employee of the Corporation as a result of the involuntary termination of your employment by the Corporation, you shall receive, within 30 days of such termination, payment in full of all unpaid Installments, except if such involuntary termination was based upon (a) your wilful and continued failure substantially to perform your duties and obligations (other than any such failure resulting from your incapacity due to physical or mental illness) or (b) your wilful misconduct which is materially injurious to the Corporation, monetarily or otherwise. For purposes of the previous sentence, no act, or failure to act, on your part shall be considered "wilful" unless done, or omitted to be done, by you in bad faith and without reasonable belief that your act or omission was in the best interest of the Corporation.

You hereby acknowledge that the extraordinary bonus described herein is in lieu of, and substitution for, any bonus to which you may have otherwise been entitled to receive with respect to fiscal 1993 under the Corporation's normal management incentive bonus program.

You hereby acknowledge that you understand and agree that if you voluntary terminate your employment with the Corporation prior to the date any Installment is otherwise payable hereunder, you shall not be entitled to receive such Installment or any future Installments from the Corporation.

All payments made by the Corporation pursuant to this letter agreement shall have deducted or withheld therefrom all amounts as shall be required by applicable law and regulation.

Hasbro, Inc. (the "Guarantor") hereby guarantees the obligations of Tonka Corporation set forth in this letter.

If the foregoing is acceptable to you, please so signify by signing a copy of this letter below and returning it to the Corporation.

Again, let me offer my congratulations on a job very well done.

Very truly yours,

TONKA CORPORATION

By: /s/ Alfred J. Verrecchia

Alfred J. Verrecchia
Executive Vice President

HASBRO, INC., as Guarantor

By: /s/ Alan G. Hassenfeld

Alan G. Hassenfeld
Chairman and Chief
Executive Officer

ACCEPTED AND AGREED:

/s/ Bruce L. Stein
- ------------------
Bruce L. Stein

EXHIBIT 10(cc)

HASBRO, INC. DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

Article I - Purpose and Participation

1.1 The purpose of this Plan is to enhance the ability of Hasbro, Inc. ("Hasbro") to attract and retain as members of its Board of Directors ("Board") individuals of outstanding competence.

1.2 Non-employee members ("Directors") of the Board of Hasbro may elect to defer receipt of all or any portion of earned Director's fees into either a stock unit account (the "Stock Unit Account") or an interest-bearing account (the "Interest Account"). (A Director must, however, defer a minimum of 20% of the annual Board retainer fee into the Stock Unit Account.) All other amounts deferred are at the election of the Director. One-Quarter of a Director's annual Board (and Committee Chair, if applicable) retainer fee shall be deemed earned on the last business day of each calendar quarter and all Board and Board committee attendance fees shall be deemed earned on the last business day of the calendar quarter in which the meeting is attended by the Director.

1.3 Each Director must file with Hasbro by December 15 in any year a Deferral Election Form (Exhibit 1) indicating deferrals during the following calendar year.

1.4 If any individual initially becomes a Director during a calendar year, he or she may elect to defer Director's fees for that calendar year at any time before the start of such Director's term.

Article II - Deferred Compensation Accounts

2.1 For record-keeping purposes only, Hasbro shall maintain a Stock Unit Account and an Interest Account.

2.2 <u>Stock Unit Account</u>

The Stock Unit Account shall consist of fictional shares ("Stock Units") of Hasbro common stock ("Common Stock") accumulated and accounted for the sole purpose of determining the cash payout of any distribution under this portion of deferred compensation.

As of the end of each calendar quarter, Hasbro shall credit to the Stock Unit Account 110% (which includes a 10% deemed matching contribution by Hasbro (the "Hasbro Contribution")) of the amount deferred into this account (whether voluntarily or mandatorily) by the Director during the quarter.

2.2 Stock Unit Account (con't)

Deferred Director's retainers and fees will be applied on the last business day of the calendar quarter to the hypothetical purchase of whole shares of Common Stock. Amounts remaining after purchase of whole shares shall be carried forward to the next quarter.

For purposes of determining the number of shares of Common Stock which shall be credited to the Stock Unit Account, the hypothetical purchase shall be deemed to be made on the last day of such quarter at a price equal to the closing price of such shares as reported in the Wall Street Journal for the last trading day in that quarter.

The equivalent of any cash dividends paid with respect to the shares of Common Stock shall be applied on the last business day of the quarter in which such dividends are paid, based on the hypothetical number of shares of Common Stock in the Stock Unit Account as of the record date for such dividend, to the hypothetical purchase of shares of Common Stock in accordance with the foregoing formula and credited to the Stock Unit Account.

In the event the Company pays a stock dividend or reclassifies or divides or combines its outstanding Common Stock then an appropriate adjustment shall be made in the hypothetical number of shares of Common Stock held in the Stock Unit Account.

Half of the 10% Hasbro Contribution shall vest (become nonforfeitable) on December 31 of the calendar year in which the deferred compensation otherwise would have been paid and the remaining half on the next December 31, but only to the extent that the participant is a Director on such vesting date. Unvested Hasbro Contributions shall vest immediately upon the death or total disability of the Director as determined by the Board or retirement by the Director at or after the mandatory retirement age then in effect.

2.3 Interest Account

As of the end of each calendar quarter Hasbro shall credit to the Interest Account 100% of the amount deferred into this account by the Director during the quarter together with an amount equal to interest on the balance in the Interest Account during such quarter. Interest will be credited at a rate per annum for each calendar quarter fixed by the Chief Financial Officer of Hasbro based upon the average quoted rate for five year U.S. Treasury Notes for the last full week of the preceding calendar quarter and compounded quarterly.

Article III - Payments

3.1 Payments or withdrawals from either the Stock Unit Account or the Interest Account or transfers between the two accounts shall not be allowed while the individual remains a Director of Hasbro.

3.2 As of the last day of the calendar quarter in which a Director dies, resigns, retires or is removed from, or does not otherwise stand for reelection to, the Board, all amounts in the Stock Unit Account will automatically be converted to the Interest Account. The cash amount transferred will be determined by multiplying the then current value of the Common Stock by the number of whole Stock Units in the Stock Unit Account plus any amounts remaining to be carried forward. The current value shall be the price equal to the closing price, as reported in the Wall Street Journal, for the last trading day of the calendar quarter in which the participant is no longer a Director.

3.3 At the time of filing a Deferral Election Form, a Director must also file a Payment Election Form (Exhibit 2), indicating an election to receive (1) the entire amount in the Interest Account immediately following the end of the quarter in which the participant is no longer a Director, (2) the entire amount in the following January, or (3) payments annually over a period of up to ten years with the initial payment paid in the following January. If no Payment Election Form is filed by the Director or is in effect at the time a participant is no longer a Director, the balance of the Interest Account will be paid in installments over five years. Annual installments shall be calculated each year by dividing the unpaid amount as of January 1 of that year by the remaining number of unpaid installments.

3.4 During the installment period, the unpaid balance in the Interest Account will continue to earn interest at the same rate as if the participant had continued as a Director.

3.5 If the Director or former Director dies before all payments have been made, payment(s) shall be made to the beneficiary designated on the Designation of Beneficiary Form (Exhibit 3). The designated beneficiary may be changed from time to time by delivering a new Designation of Beneficiary Form to Hasbro. If no designation is made, or if the named beneficiary predeceases the Director, payment shall be made to the Director's estate.

At the discretion of the Board (without the participation of the affected Director), the payments to be made after the participant is no longer a Director pursuant to this Article III may be accelerated as to such amounts and at such times as the Board determines.

Article IV - Miscellaneous

4.1 Benefits provided under this Plan are unfunded obligations of Hasbro. Nothing contained in this Plan shall require Hasbro to segregate any monies from its general funds with respect to such obligations. This Plan is not an employee benefit plan as defined in the Employee Retirement Income Security Act of 1974, as amended, and is not intended for the benefit of any common law employee of the Company.

4.2 The Board shall be the plan administrator of this Plan and shall be solely responsible for its general administration and interpretation and for carrying out the provisions hereof, and shall have all such powers as may be necessary to do so. The Board shall have the right to delegate from time to time the administration of the Plan, in whole or in part, to any committee of the Board. The decisions made, and the actions taken, by the Board or any committee thereof in the administration of the Plan shall be final and conclusive on all persons, and no member of the Board or any committee thereof shall be subject to individual liability with respect to the Plan.

4.3 Neither the Director nor any beneficiary nor any next-of-kin shall have the right to assign or otherwise alienate the right to receive payments hereunder, in whole or in part, which payments are expressly non-assignable and non-transferable, whether voluntarily or involuntarily. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such amount, whether presently or thereafter payable, shall be void. Except as required by law, no benefit payable under this Plan shall in any manner be subject to garnishment, attachment, execution or other legal process, or be liable for or subject to the debts or liability of any Director.

4.4 Hasbro shall withhold from amounts paid under this Plan any taxes or other amounts required to be withheld by law.

4.5 The Board may at any time amend or terminate the Plan for whatever reasons it may deem appropriate. No amendment or termination shall (a) impair the rights of a participant with respect to amounts then in the participant's account or (b) be effective without the written consent of the Continuing Directors. A "Continuing Director" means a director of Hasbro serving continuously as a director of Hasbro from and including December 6, 1993 or a person designated (before or simultaneously with initially becoming a Director) as a Continuing Director by at least a majority of the then Continuing Directors. All references to action by the Continuing Directors shall mean a vote of a majority of the total number of the then Continuing Directors.

4.6 Each participant in the Plan will receive an annual statement indicating the amount credited to the participant's account as of the end of the preceding calendar year.

4.7 This Plan shall become effective with respect to retainer and attendance fees earned on and after January 1, 1994, with all elections and designations filed by the Directors prior to January 1, 1994 becoming effective as of such date.

4.8 Nothing contained in the Plan shall be construed as a commitment by Hasbro to nominate any person for election or re-election to the Board. Nothing contained in this Plan shall be construed to create a right in any person to be elected or continued as a Director.

4.9 This Plan shall be governed by the laws of the State of Rhode Island.

4.10 The adoption of this Plan shall have no effect on the existing Hasbro, Inc. Retirement Plan for Directors. Nothing contained in this Plan shall prevent Hasbro from adopting other or additional compensation plans or arrangements for its non-employee Directors.

ADOPTED AND APPROVED BY THE BOARD OF DIRECTORS OF HASBRO, INC. this 6th day of December, 1993.

BY ORDER OF THE BOARD OF DIRECTORS

Exhibit 1

HASBRO, INC.

Deferred Compensation Plan
for
Non-Employee Directors
Deferral Election Form
[1993]

In accordance with the provisions of the Deferred Compensation Plan for Non-Employee Directors, I hereby elect to defer fees payable to me for [1994] and following years as indicated below. The percentage deferral set forth below shall remain in effect until I shall have filed an election superseding this election. I understand that, although a superseding election will become effective to alter the deferral percentages for future fees payable beginning in the year following the election, the amounts already deferred in the aAccounts set forth below may not be transferred or withdrawn so long as I remain a Director of Hasbro.

	Annual Retainer (including Annual Chair Retainer, if any)	All Other Fees
Mandatory Deferral to Stock Unit Account	20%	N.A.
Voluntary Deferral to Stock Unit Account	---%	---%
Voluntary Deferral to Interest Account	---%	---%
	=== TOTAL*	=== TOTAL**

* Total may not exceed 100% and must not be less than 20%
** Total may not exceed 100%

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Signature   Date

Exhibit 2

HASBRO, INC.

Deferred Compensation Plan
for
Non-Employee Directors
Payment Election Form

Select one:

(   )   Pay full amount immediately following the end of the quarter in which I no longer serve as a Hasbro Director.

(   )   Pay full amount in the January following the end of the quarter in which I no longer serve as a Hasbro Director.

(   )   Pay annually over _________________ (2 to 10) years beginning in the January following the end of the quarter in which I no longer serve as a Hasbro Director.

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Signature   Date

Exhibit 3

HASBRO, INC.

Deferred Compensation Plan
for
Non-Employee Directors
Designation of Beneficiary

I hereby designate the following person to receive from the Hasbro, Inc. Deferred Compensation Plan for Non-Employee Directors any amounts payable in the event of my death.

Name	Social Security Number	Address
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This designation is intended to replace all prior designations made by me.

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Signature Date

EXHIBIT 11

HASBRO, INC. AND SUBSIDIARIES

Computation of Earnings Per Share

(Thousands of Dollars and Shares Except Per Share Data)

	1993		1992		1991	
	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings applicable to common shares:						
Net earnings	$200,004	200,004	179,164	179,164	81,654	81,654
Interest and amortization on 6% convertible notes, net of taxes (a)	-	5,745	-	5,826	-	-
Total	$200,004	205,749	179,164	184,990	81,654	81,654
Average number of shares outstanding (b):						
Beginning balance	87,176	87,176	86,184	86,184	84,743	84,743
Exercise of stock options and warrants:						
Actual	304	304	530	530	698	698
Assumed	2,551	2,647	2,372	2,790	1,542	2,700
Assumed conversion of 6% convertible notes (a)	-	5,114	-	5,114	-	-
Total	90,031	95,241	89,086	94,618	86,983	88,141
Earnings per common share	$ 2.22	2.16	2.01	1.96	.94	.93

(a) The effect of these notes, issued in November 1991, was anti-dilutive in 1991 and as such was 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

Fiscal Years Ended in December

(Thousands of Dollars)

	1993	1992	1991	1990	1989
Earnings available for fixed charges:					
Net earnings	$200,004	179,164	81,654	89,182	92,194
Fixed charges	42,839	48,050	52,801	23,185	30,817
Taxes on income	125,206	113,212	63,897	63,266	64,599
Total	$368,049	340,426	198,352	175,633	187,610
Fixed charges:					
Interest on long-term debt	$ 10,178	16,932	22,913	6,856	13,888
Other interest charges	19,636	18,959	19,417	9,620	10,135
Amortization of debt expense	386	623	267	47	265
Rental expense representative of interest factor	12,639	11,536	10,204	6,662	6,529
Total	$ 42,839	48,050	52,801	23,185	30,817
Ratio of earnings to fixed charges	8.59	7.08	3.76	7.58	6.09

EXHIBIT 13

HASBRO, INC. AND SUBSIDIARIES

Selected Information Contained in
Annual Report to Shareholders

for the Year Ended December 26, 1993

MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock, Par Value $.50 per share (the "Common Stock"), is traded on the American and London Stock Exchanges. The following table sets forth the high and low sales prices as reported on the Composite Tape of the American Stock Exchange and the cash dividends declared per share of Common Stock for the periods listed.

Period	Sales Prices High	Sales Prices Low	Cash Dividends Declared
1992			
1st Quarter	$28 1/4	23 3/4	$.05
2nd Quarter	29 3/4	23 1/8	.05
3rd Quarter	34 3/8	26 1/2	.05
4th Quarter	35 7/8	31 1/2	.05
1993			
1st Quarter	$34 7/8	28 1/8	$.06
2nd Quarter	38 3/8	29 7/8	.06
3rd Quarter	39 5/8	34	.06
4th Quarter	40 1/8	35 1/8	.06

The approximate number of holders of record of the Company's Common Stock as of March 18, 1994 was 6,000.

Dividends

Declaration of dividends is at the discretion of the Company's Board of Directors and will depend upon the earnings, financial condition of the Company and such other factors as the Board of Directors deems appropriate. Payment of dividends is further subject to restrictions contained in agreements relating to the Company's outstanding long-term debt. At December 26, 1993, under the most restrictive agreement the full amount of retained earnings is free of restrictions.

On February 18, 1994 the Company's Board of Directors declared a quarterly cash dividend on the Company's Common Stock of $.07 per share payable on May 20, 1994 to holders of record on May 6, 1994.

SELECTED FINANCIAL DATA

(Thousands of Dollars and Shares Except per share Data and Ratios)

	Fiscal Year 1993	1992	1991	1990	1989
Statement of Earnings Data:					
Net revenues	$2,747,176	2,541,055	2,141,096	1,520,032	1,409,678
Net earnings	$ 200,004	179,164	81,654	89,182	92,194
Per Common Share Data:					
Earnings	$ 2.22	2.01	.94	1.02	1.04
Cash dividends declared	$ .24	.20	.16	.13	.11
Balance Sheet Data:					
Working capital	$ 552,821	415,586	431,441	504,001	422,825
Total assets	$2,293,018	2,082,766	1,950,127	1,284,765	1,246,485
Long-term debt	$ 200,510	206,189	380,304	56,912	57,633
Ratio of Earnings to Fixed Charges (1)	8.59	7.08	3.76	7.58	6.09
Weighted Average Number of Common Shares	90,031	89,086	86,983	87,119	88,603

(1) For purposes of calculating the ratio of earnings to fixed charges, fixed charges include interest, amortization of debt expense and one-third of rentals, and earnings available for fixed charges represent earnings before fixed charges and income taxes.

MANAGEMENT'S REVIEW

Summary

A percentage analysis of results of operations follows:

	1993	1992	1991
Net revenues	100.0%	100.0%	100.0%
Cost of sales	43.0	43.1	45.2
Gross profit	57.0	56.9	54.8
Amortization	1.3	1.3	1.3
Royalties, research and development	10.2	9.8	9.0
Advertising	14.0	14.8	15.2
Selling, distribution and administrative	18.1	18.2	18.2
Restructuring	.6	-	2.8
Interest expense	1.1	1.4	2.0
Other income, net	(.1)	(.1)	(.5)
Earnings before income taxes	11.8	11.5	6.8
Income taxes	4.5	4.5	3.0
Net earnings	7.3%	7.0%	3.8%

(Thousands of Dollars Except Share Data)

Results of Operations

Revenue growth continued to be very strong during 1993, up 8% from the 1992 level which had increased 19% over 1991. Net revenues for 1993 were $2,747,176 compared to $2,541,055 and $2,141,096 for 1992 and 1991, respectively. Domestically, revenues grew by approximately 11%, with the growth relatively evenly spread across the Company's three major product categories, promoted brands, games and puzzles and infant and preschool. Within the promoted brands area, Kenner's new Jurassic Park(TM) products based on the movie of the same name were very well received by retailers and consumers alike while its Batman(R) action figures, Littlest Pet Shop(R) items and many of the more traditional products such as Nerf(R) and Easy Bake(R) Oven continued to be very strong. Hasbro Toy, after a difficult period during the year, ended the year positively, in part due to an up-turn in several products including Tonka's Talking Fire Truck(TM) and The Real Power Tool Shop(TM). The revenue growth in the games group occurred in both Milton Bradley and Parker Brothers. Again in 1993, both units had success with new products, including Forbidden Bridge(TM) and Snardvark(TM), revived items such as Cootie(R) and Sorry(R), and their classics like Monopoly(R) and Scrabble(R). The infant and preschool group were led by the success of its new Barney(R) line, although many other items including In-Line Skates, Playskool Dollhouse, Tinkertoy(R) and Play-Doh(R) also were strong. Internationally, 1993 revenues increased approximately 4% to $1,076,904 from $1,034,533 in 1992 and $867,599 in 1991. Absent the approximate $107,000 negative effect of changed foreign currency rates during the year, 1993 international growth would have approached 15%. During 1992, the effect of changed foreign currency translation rates marginally increased revenues. While we experienced solid growth in Germany, the U.K., Canada and Mexico, our acquisitions in Southeast Asia and the Pacific Rim will require more time to reach their full potential.

Also affecting 1992 growth was the 1991 acquisition of Tonka Corporation (Tonka). This acquisition, which occured on May 7, 1991 and brought with it the products marketed under the Tonka, Kenner and Parker Brothers names, was accounted for as a purchase and as such, the results of the Tonka units are included from that date.

The Company's gross profit margin remained stable at 57.0% after increasing to 56.9% in 1992 from 54.8% in 1991. The 1992 margin improvement was the result of a combination of factors including the significant revenue increase within the promoted brands group, whose products generally return a higher gross profit percentage, and the positive impact resulting from the successful restructuring and integration of the Tonka units into the Company's operations.

Amortization expense, which includes amortization of both intellectual property rights and cost in excess of net assets acquired, of $35,366 compares with $33,528 in 1992 and $29,330 in 1991. The increases in both the current year and in 1992 are largely attributable to the acquisitions during 1991 and 1992.

Expenditures for royalties, research and development increased to $280,571 from $249,851 in 1992 and $192,451 in 1991. Included in these amounts are expenditures for research and development of $125,566 in 1993, $109,655 in 1992 and $78,983 in 1991. As percentages of net revenues, research and development was 4.6% in 1993, 4.3% in 1992 and 3.7% in 1991. The significantly increased percentage in 1992 was largely attributable to the efforts involved in rejuvenating many of the products acquired in the Tonka acquisition, while the current year's increase reflects the Company's efforts to remain competitive in a changing technological environment. The revenue growth of the promotional brands was a major cause of the increased royalties in both 1993 and 1992 as these products generally have higher than average royalty rates.

Advertising, which also includes promotion and programming costs, was $383,918 in 1993 compared with $377,219 in 1992 and $325,282 in 1991. As a percentage of net revenues in 1993, 1992 and 1991, however, it was 14.0%, 14.8% and 15.2%, respectively. The lower sales volume of the Tonka product lines and the need to re-establish them in the marketplace following their acquisition by the Company were the primary reasons for the higher 1991 percentage. The subsequent year's decreases also reflect the strength of several of the Company's promoted product lines which have not required the traditional level of advertising support.

Selling, distribution and administrative expense of $498,066 in 1993 compares with $461,888 and $389,301 in 1992 and 1991, respectively. While increasing in dollars, as a percentage of net revenues it has decreased to 18.1% in 1993 from 18.2% in each of 1992 and 1991.

In early 1994, after an intensive study and analysis of its European manufacturing capacity, the Company announced that, subject to negotiations with local trade unions and authorities, it would close its Netherlands manufacturing facility and transfer its production to the Company's larger manufacturing facilities in Ireland and Spain. The cost of this closure and other non-recurring reorganization expenses, classified as restructuring charges, including facility costs, severance and other related costs have been estimated at $15,500.

Interest expense was $29,814 during 1993 compared to $35,891 during 1992 and $42,597 in 1991. The decrease in 1993 is largely reflective of the lower interest rates experienced during the year while the 1992 decrease results from lower interest rates partially offset by the increased working capital needs during the year.

The restructuring charge of $59,000 in 1991 included facility costs, severance and other items related to the integration of the Tonka units with those of the Company following its acquisition in mid-1991.

Income tax expense as a percentage of pretax earnings in 1993 decreased to 38.5% from 38.7% in 1992, which had decreased from 43.9% in 1991. The current year decrease is primarily attributable to two factors; an increase resulting from the U.S. federal rate changing from 34% to 35%, partially offset by the impact of this change on domestic net deferred tax assets, and a decrease resulting from lower effective state tax rates. The 1992 percentage decrease was primarily attributable to the increased earnings in 1992 which reduced the impact of non-deductible amortization.

Liquidity and Capital Resources

Working capital increased to $552,821 at the end of 1993 from $415,586 at the end of 1992. The current ratio also increased to 1.74 from 1.59. The 1992 amounts were adversely affected by the Company's repayment of $150,000 of short-term borrowings, classified as long-term, incurred to finance the Tonka acquisition. This repayment reduced 1992 working capital by $150,000 and also negatively affected the current ratio.

Receivables, at $720,442 were approximately $82,000 higher at the end of 1993 than at the end of 1992. This increase is primarily attributable to the approximate $100,000 of increased sales made during the fourth quarter of 1993.

Property, plant and equipment increased approximately $28,000 to $279,803. The Company had no material capital commitments at December 26, 1993. Other assets decreased by approximately $2,000. This net decrease includes the current year amortization expense, partially offset by the Company's $25,000 investment for approximately 15% of Virgin Interactive Entertainment, plc, a video game and software company, and several smaller acquisitions.

Substantially all of the short-term borrowings, which at the end of 1993 and 1992 amounted to $62,242 and $64,174, respectively, represented bank borrowings of the Company's foreign subsidiaries. As part of the traditional marketing strategies of the toy industry, many sales made early in the year are not due for payment until the fourth quarter or early in the first quarter of the subsequent year, thus making it necessary for the Company to borrow significant amounts pending these collections. During the year the Company borrowed through the issuance of commercial paper and short-term lines of credit to fund its seasonal working capital requirements in excess of funds available from operations. During 1994, the Company expects to fund these needs in a similar manner and believes that the funds available to it are adequate to meet its needs. At February 27, 1994, the Company's unused committed and uncommitted lines of credit, including a $500,000 revolving credit agreement, were in excess of $1,000,000. Trade payables and other accrued liabilities increased to $594,021 at December 26, 1993 from $551,211 at the end of 1992. A significant portion of this increase results from timing differences in the payment of fourth quarter advertising costs and the provision for restructuring costs previously discussed.

During August 1990, the Board of Directors authorized a program to purchase up to 4,500,000 shares of the Company's common stock. Through the end of 1993, 2,445,300 shares remained under this authorization. The shares acquired under this program were issued in the exercise of stock options and warrants.

Foreign Currency Activity

The Company manages its foreign exchange exposure in various ways including forward exchange contracts, currency options, agreements with vendors for rate protection and the netting of foreign exchange exposure. In addition, where possible, the Company minimizes its foreign asset exposure by borrowing in foreign currencies.

Cumulative translation adjustments decreased to $15,006 at December 26, 1993 from $32,568 at December 27, 1992. This decrease was principally due to the relationship of the U.S. dollar relative to currencies in foreign countries in which the Company operates.

The Economy and Inflation

The strong year experienced by the Company occurred in spite of the difficult economic environment throughout most of the world. The principal market for the Company's products is the retail sector where certain customers have experienced economic difficulty. The Company closely monitors the credit worthiness of its customers and adjusts credit policies and limits as it deems appropriate.

The effect of inflation on the Company's operations during 1993 was not significant and the Company will continue its policy of monitoring costs and adjusting prices accordingly.

Other Information

During 1993, the Company continued to experience a gradual shift in its revenue pattern so that 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 believes that this trend will continue in 1994.

The Company is currently proceeding with an environmental clean-up at its former manufacturing facility in Lancaster, Pennsylvania. This facility, a portion of which is being utilized for limited warehousing operations in 1994, was acquired in 1986 from the CBS Toys Division of CBS Inc. (CBS) in conjunction with the purchase of rights to selected products formerly marketed by CBS. CBS has acknowledged its responsibility with respect to some areas of contamination and some of the remedial actions needed to facilitate this clean-up, but has not yet funded any of these obligations. The Company believes that CBS has full responsibility and is engaged in legal action against CBS to recover all of the costs associated with the environmental clean-up. While it is impossible to assure the outcome of the court action, the Company believes that it will prevail. The Consolidated Financial Statements reflect, pursuant to Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, certain costs that the Company expects to ultimately recover from CBS.

During November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, Employers' Accounting for Postemployment Benefits (SFAS 112). The Company must adopt the provisions of SFAS 112 in 1994, but believes that the adoption will not have a material effect on its financial statements.

On February 18, 1994, the Company announced a 17% increase in its quarterly cash dividend from that previously in effect. The first dividend at the increased rate of $.07 per share is payable on May 20, 1994 to shareholders of record on May 6, 1994.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See attached pages.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hasbro, Inc.:

We have audited the accompanying consolidated balance sheets of Hasbro, Inc. and subsidiaries as of December 26, 1993 and December 27, 1992 and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the fiscal years in the three-year period ended December 26, 1993. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hasbro, Inc. and subsidiaries at December 26, 1993 and December 27, 1992 and the results of their operations and their cash flows for each of the fiscal years in the three-year period ended December 26, 1993 in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick

Providence, Rhode Island

February 8, 1994

HASBRO, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 26, 1993 and December 27, 1992

(Thousands of Dollars Except Share Data)

Assets	1993	1992
Current assets		
Cash and cash equivalents	$ 186,254	125,953
Accounts receivable, less allowance for doubtful accounts of $54,200 in 1993 and $52,200 in 1992	720,442	638,282
Inventories	250,067	217,918
Prepaid expenses and other current assets	144,372	134,776
Total current assets	1,301,135	1,116,929
Property, plant and equipment, net	279,803	251,340
Other assets		
Cost in excess of acquired net assets, less accumulated amortization of $68,122 in 1993 and $53,514 in 1992	475,607	484,278
Other intangibles, less accumulated amortization of $85,290 in 1993 and $65,497 in 1992	185,953	206,628
Other	50,520	23,591
Total other assets	712,080	714,497
Total assets	$2,293,018	2,082,766

HASBRO, INC. AND SUBSIDIARIES

Consolidated Balance Sheets, Continued

December 26, 1993 and December 27, 1992

(Thousands of Dollars Except Share Data)

Liabilities and Shareholders' Equity	1993	1992
Current liabilities		
Short-term borrowings	$ 62,242	64,174
Trade payables	173,545	183,545
Accrued liabilities	420,476	367,666
Income taxes	92,051	85,958
Total current liabilities	748,314	701,343
Long-term debt, excluding current installments	200,510	206,189
Deferred liabilities	67,511	69,613
Total liabilities	1,016,335	977,145
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 87,795,251 shares in 1993 and 87,176,079 shares in 1992	43,898	43,588
Additional paid-in capital	296,823	287,478
Retained earnings	920,956	741,987
Cumulative translation adjustments	15,006	32,568
Total shareholders' equity	1,276,683	1,105,621
Total liabilities and shareholders' equity	$2,293,018	2,082,766

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

Fiscal Years Ended in December

(Thousands of Dollars Except Share Data)

	1993	1992	1991
Net revenues	$2,747,176	2,541,055	2,141,096
Cost of sales	1,182,567	1,094,031	967,359
Gross profit	1,564,609	1,447,024	1,173,737
Expenses			
Amortization	35,366	33,528	29,330
Royalties, research and development	280,571	249,851	192,451
Advertising	383,918	377,219	325,282
Selling, distribution and administrative	498,066	461,888	389,301
Restructuring charges	15,500	-	-
Total expenses	1,213,421	1,122,486	936,364
Operating profit	351,188	324,538	237,373
Nonoperating (income) expense			
Interest expense	29,814	35,891	42,597
Acquisition restructuring costs	-	-	59,000
Other (income), net	(3,836)	(3,729)	(9,775)
Total nonoperating expense	25,978	32,162	91,822
Earnings before income taxes	325,210	292,376	145,551
Income taxes	125,206	113,212	63,897
Net earnings	$ 200,004	179,164	81,654
Per common share			
Earnings	$ 2.22	2.01	.94
Cash dividends declared	$ .24	.20	.16

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity

Fiscal Years Ended in December

(Thousands of Dollars)

	1993	1992	1991
Common stock			
Balance at beginning of year	$ 43,588	43,397	28,931
Stock option and warrant transactions	310	191	-
Three-for-two stock split	-	-	14,466
Balance at end of year	43,898	43,588	43,397
Additional paid-in capital			
Balance at beginning of year	287,478	276,725	286,433
Stock option and warrant transactions	9,345	10,753	4,758
Three-for-two common stock split	-	-	(14,466)
Balance at end of year	296,823	287,478	276,725
Retained earnings			
Balance at beginning of year	741,987	580,211	512,291
Net earnings	200,004	179,164	81,654
Dividends declared	(21,035)	(17,388)	(13,734)
Balance at end of year	920,956	741,987	580,211
Cumulative translation adjustments			
Balance at beginning of year	32,568	60,297	58,233
Equity adjustments from foreign currency translation	(17,562)	(27,729)	2,064
Balance at end of year	15,006	32,568	60,297
Treasury stock			
Balance at beginning of year	-	(5,361)	(18,061)
Stock option and warrant transactions	-	5,361	12,700
Balance at end of year	-	-	(5,361)
Total shareholders' equity	$1,276,683	1,105,621	955,269

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Fiscal Years Ended in December

(Thousands of Dollars)

	1993	1992	1991
Cash flows from operating activities			
Net earnings	$200,004	179,164	81,654
Adjustments to reconcile net earnings to net cash provided (utilized) by operating activities:			
Depreciation and amortization of plant and equipment	65,282	62,087	52,524
Other amortization	35,366	33,528	29,330
Deferred income taxes	2,281	2,228	(20,148)
Change in current assets and liabilities (other than cash and cash equivalents):			
(Increase) in accounts receivable	(90,833)	(132,935)	(53,564)
(Increase) decrease in inventories	(34,088)	(15,182)	23,773
(Increase) decrease in prepaid expenses and other current assets	(8,434)	9,555	(8,135)
Increase in trade payables and accrued liabilities	52,761	94,820	15,242
Other	(5,102)	(3,455)	(622)
Net cash provided by operating activities	217,237	229,810	120,054
Cash flows from investing activities			
Additions to property, plant and equipment	(99,792)	(90,431)	(56,004)
Acquisitions, net of cash acquired	(32,171)	(13,516)	(343,392)
Purchase of marketable securities	(141,411)	(144,000)	-
Sale of marketable securities	141,839	144,000	-
Other	5,534	9,953	(5,004)
Net cash utilized by investing activities	(126,001)	(93,994)	(404,400)
Cash flows from financing activities			
Net (payments) proceeds of short-term borrowing	(9,054)	38,397	(67,609)
Proceeds from long-term debt	-	-	300,000
Repayment of long-term debt	(11,705)	(161,413)	(112,513)
Stock option and warrant transactions	9,655	16,305	17,458
Dividends paid	(20,125)	(16,476)	(13,104)
Other	-	-	(2,646)
Net cash provided (utilized) by financing activities	(31,229)	(123,187)	121,586

HASBRO, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued

Fiscal Years Ended in December

(Thousands of Dollars)

	1993	1992	1991
Effect of exchange rate changes on cash	294	(7,290)	(5,923)
Increase (decrease) in cash and cash equivalents	60,301	5,339	(168,683)
Cash and cash equivalents at beginning of year	125,953	120,614	289,297
Cash and cash equivalents at end of year	$186,254	125,953	120,614
Supplemental information			
Cash paid during the year for			
Interest	$ 31,842	41,665	43,743
Income taxes	$107,716	83,160	91,562

See accompanying notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Thousands of Dollars Except Share Data)

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Hasbro, Inc. and all significant majority-owned subsidiaries (the Company). Investments in affiliates representing 20% to 50% ownership interest are accounted for using the equity method. All significant intercompany balances and transactions have been eliminated.

During 1992, the Company reported a net $214 of income from the cumulative effect of changes in accounting principles. For current year presentation, this amount has been reclassified to other (income), net. Certain other prior year data have also been reclassified to conform with current presentation.

Fiscal Year

The Company's fiscal year ends on the last Sunday in December. Each of the three fiscal years reported are fifty-two week periods.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments purchased with a maturity to the Company of three months or less.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market.

Cost in Excess of Net Assets Acquired and Other Intangibles

The Company continually monitors its cost in excess of net assets acquired (goodwill) and its other intangibles to determine whether any impairment of these assets has occurred. In making such determination with respect to goodwill, the Company evaluates the performance of the underlying entities which gave rise to such amount. With respect to other intangibles, which include the cost of license agreements, trademarks and copyrights and cost in excess of net assets acquired through the purchase of product rights and licenses, the Company bases its determination on the performance of the related products or product lines. In excess of 90% of the Company's goodwill and other intangibles result from the 1984 acquisition of Milton Bradley Company, including its Playskool and international subsidiaries, and the 1991 acquisition of Tonka Corporation, including its Kenner, Parker Brothers and international units. The assets acquired in these transactions continue to contribute a significant portion of the Company's net revenues and earnings.

Substantially all costs in excess of net assets (goodwill) of subsidiaries acquired are being amortized on the straight-line method over forty years.

Other intangibles, which include the cost of license agreements, trademarks and copyrights and cost in excess of net assets acquired through the purchase of product rights and licenses, are being amortized over five to twenty years using the straight-line method.

Depreciation and Amortization

Depreciation and amortization are computed using accelerated and straight-line methods to amortize the cost of property, plant and equipment over their estimated useful lives. The principal lives, in years, used in determining depreciation rates of various assets are: land improvements 15 to 19, buildings and improvements 15 to 25 and machinery and equipment 3 to 12.

Tools, dies and molds are amortized over a three year period or their useful lives, whichever is less, using an accelerated method. Amortization is credited directly against the cost of the assets.

Income Taxes

At the beginning of 1992, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109), which required the asset and liability approach for financial accounting and reporting for income taxes, a change from the deferred method previously used.

Prior to 1992, deferred income taxes were recorded for timing differences between tax and financial statement accounting, pursuant to the gross change method under Opinion 11 of the Accounting Principles Board.

Deferred income taxes have not been provided on undistributed earnings of foreign subsidiaries as substantially all of such earnings are indefinitely reinvested by the Company.

Foreign Currency Translation

Foreign currency assets and liabilities are translated into dollars at current rates, and revenues, costs and expenses are translated at average rates during each reporting period. Gains or losses resulting from foreign currency transactions are included in earnings currently, while those resulting from translation of financial statements are shown as a separate component of shareholders' equity.

Pension Plans and Postretirement Benefits

The Company, except for certain foreign subsidiaries, has pension plans covering substantially all of its full-time employees. Pension expense is based on actuarial computations of current and future benefits. The Company's policy is to fund amounts which are required by applicable regulations and which are tax deductible. The estimated amounts of future payments to be made under other retirement programs are being accrued currently over the period of active employment and are also included in pension expense.

The Company has a contributory postretirement health and life insurance plan covering substantially all employees who retire under any of the Company's domestic defined benefit pension plans and meet certain age and length of service requirements. At the beginning of 1992, the Company adopted Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions (SFAS 106), which required that the cost of such benefits be accrued over the employee service period, a change from the Company's prior practice of recording those costs when incurred.

Research and Development

Research and product development costs for 1993, 1992 and 1991 were $125,566, $109,655 and $78,983, respectively.

Advertising

Production costs of commercials and programming are charged to operations in the year first aired. The costs of other advertising, promotion and marketing programs are charged to operations in the year incurred.

Earnings Per Common Share

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

The weighted average number of shares outstanding used in the computation of earnings per common share was 90,030,568, 89,085,751 and 86,983,019 in 1993, 1992 and 1991, respectively.

The difference between primary and fully diluted earnings per share was not significant in any year.

(2) Investment and Acquisition

Investment

On September 3, 1993, the Company acquired approximately 15% of Virgin Interactive Entertainment, plc (VIE), a video game and software company, for approximately $25,000. The Company and VIE also agreed to establish a joint operation within VIE to develop and market software based on the Company's existing product lines and other jointly selected properties.

Beginning in 1994, the Company will be required to account for this investment under Statement of Financial Accounting Standards No. 115, Accounting for Investments in Certain Debt and Equity Securities (SFAS 115), if VIE proceeds with its announced plans to have its shares, represented by American Depository Receipts, admitted for quotation on the NASDAQ National Market System. SFAS 115 will require that the investment be reported at fair value with the unrealized gain or loss shown as a separate component of shareholders' equity.

Acquisition

Pursuant to tender offers in 1991, the Company acquired Tonka Corporation (Tonka). The net purchase price of $343,392 was comprised of $283,261 for its debentures and $64,360 for its common shares, reduced by $4,229 of cash acquired.

Accounting for this acquisition using the purchase method, the Company allocated the purchase price to assets and liabilities based on fair values at the date of acquisition. These fair values, adjusted for the 1992 adoption of SFAS 109, were comprised of intellectual property rights of $147,447, net tangible liabilities assumed of $145,752 and goodwill of $341,697.

The intellectual property rights are being amortized over twenty years and the goodwill is being amortized over forty years, both using the straight-line method. The Consolidated Statements of Earnings include the results of Tonka from the acquisition date, May 7, 1991.

Following the acquisition, the Company integrated the Tonka operations through the restructuring and consolidation of certain operations. The cost of this restructuring, including facility costs, severance and other related items, was recorded as a nonrecurring charge of $59,000 during the second quarter of 1991. The amount was classified as nonoperating as it related to facilities and operations which had not previously been included as part of the Company's operations.

(Thousands of Dollars Except Share Data)

On a pro-forma basis, reflecting this acquisition as if it had taken place at the beginning of fiscal 1991, net revenues, net earnings and earnings per common share for the year ended December 29, 1991, would have been $2,282,776, $30,593 and $.35, respectively. These pro-forma results are not indicative of either future financial performance or actual results which would have occurred had the acquisition taken place at that time.

(3) Inventories

	1993	1992
Finished products	$183,899	161,192
Work in process	22,486	16,315
Raw materials	43,682	40,411
	$250,067	217,918

(4) Property, Plant and Equipment

	1993	1992
Land and improvements	$ 12,010	13,585
Buildings and improvements	188,713	170,220
Machinery and equipment	173,050	150,851
	373,773	334,656
Less accumulated depreciation	133,182	111,801
	240,591	222,855
Tools, dies and molds, less accumulated amortization	39,212	28,485
	$279,803	251,340

Expenditures for maintenance and repairs which do not materially extend the life of the assets are charged to operations.

(Thousands of Dollars Except Share Data)

(5) Short-Term Borrowings

The Company has available unsecured committed and uncommitted lines of credit from various banks approximating $525,000 and $1,025,000, respectively. Substantially all of the short-term borrowings outstanding at the end of 1993 and 1992 represent bank borrowings of foreign units made under these lines of credit. The Company's working capital needs were fulfilled by borrowing under these lines of credit and through the issuance of commercial paper, both of which were on terms and at interest rates generally extended to companies of comparable credit worthiness. Included as part of the committed line is $500,000 available from a revolving credit agreement. This agreement contains certain restrictive covenants with which the Company is in compliance. Compensating balances and facility fees were not material.

(6) Accrued Liabilities

	1993	1992
Royalties	$ 83,820	73,982
Advertising	116,243	99,550
Payroll and management incentives	37,438	36,814
Other	182,975	157,320
	$420,476	367,666

(7) Long-Term Debt

	1993	1992
6% Convertible Subordinated Notes Due 1998. Interest is paid semi-annually.(a)	$150,000	150,000
Subordinated variable rate notes (4.5% rate at December 26, 1993) due 1995. Interest is paid quarterly. (b)	50,000	50,000
Other (excluding current installments).	510	6,189
	$200,510	206,189

(a) These notes are convertible into common stock at a conversion price of $29.33 per share and are not redeemable by the Company prior to November 21, 1994.

(b) This borrowing agreement contains certain restrictions on the payment of cash dividends. Under the agreement, the full amount of retained earnings is free of restrictions.

(Thousands of Dollars Except Share Data)

Current installments aggregated $3,236 and $11,821 at December 26, 1993 and December 27, 1992, respectively, and are included in trade payables. The aggregate maturities of long-term debt in 1995 and in the succeeding three years are $50,093, $83, $83 and $150,083, respectively.

(8) Income Taxes

The adoption of SFAS 109 resulted in a change in accounting principles. The cumulative effect of this change, for years prior to 1992, increased 1992 net earnings by $12,349. Information prior to 1992 was not restated.

Certain tax benefits are not reflected in income taxes on the Consolidated Statements of Earnings. Such benefits include; $4,235 in 1993 and $4,546 in 1992 which were allocated to shareholders' equity, $2,064 in 1993 and $715 in 1992 which were allocated to goodwill, and $7,322 in 1992 which was allocated to cumulative effect of changes in accounting principles.

Income taxes attributable to earnings before income taxes are:

	1993	1992	1991
Current			
Federal	$ 81,770	64,825	24,673
Foreign	28,614	33,147	40,370
State and local	12,541	13,012	5,543
	122,925	110,984	70,586
Deferred			
Federal	315	2,612	(6,855)
Foreign	1,817	(663)	(168)
State and local	149	279	334
	2,281	2,228	(6,689)
	$125,206	113,212	63,897

(Thousands of Dollars Except Share Data)

A reconciliation of the statutory United States federal income tax rate to the Company's effective income tax rate is as follows:

	1993	1992	1991
Statutory income tax rate	35.0%	34.0%	34.0%
State and local income taxes, net of federal income tax effect	2.6	3.0	2.7
Amortization of goodwill (1991 also includes amortization of other intangibles)	1.4	1.4	5.0
Foreign earnings taxed at rates other than the United States statutory rate	-	(.6)	(.5)
Other, net	(.5)	.9	2.7
	38.5%	38.7%	43.9%

The components of earnings before income taxes are as follows:

	1993	1992	1991
Domestic	$243,820	190,268	48,821
Foreign	81,390	102,108	96,730
	$325,210	292,376	145,551

The components of deferred income tax expense in 1993 and 1992 arise from various temporary differences which are all attributable to earnings before income taxes. Domestic deferred tax assets and liabilities were adjusted for the effect of legislation enacted during 1993 increasing the United States federal tax rate from 34% to 35%. The adjustment decreased deferred tax expense by $1,266. In 1991, the deferred income tax benefits resulted from timing differences between tax and financial statement accounting. These timing differences originated from various income and expense items and depreciation of tangible and intangible property.

(Thousands of Dollars Except Share Data)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 26, 1993 and December 27, 1992 are:

	1993	1992
Deferred tax assets:		
Accounts receivable	$ 30,049	29,644
Inventories	12,090	10,379
Net operating loss and other loss carryovers	11,073	4,712
Operating expenses	32,393	36,626
Postretirement benefits	8,675	8,140
Other	39,554	41,569
Total gross deferred tax assets	133,834	131,070
Valuation allowance	(10,376)	(4,712)
Net deferred tax assets	123,458	126,358
Deferred tax liabilities:		
Property rights and property, plant and equipment	68,614	71,078
Other	6,468	3,731
Total gross deferred tax liabilities	75,082	74,809
Net deferred income taxes	$ 48,376	51,549

The Company has a valuation allowance for deferred tax assets at December 26, 1993 of $10,376, which is an increase of $5,664 from the $4,712 at December 27, 1992. These allowances pertain to certain foreign and state operating loss carryforwards, all of which will expire over various periods of time. If fully realized, $1,142 will reduce goodwill and the balance will reduce income tax expense.

Based on the Company's history of taxable income and the anticipation of sufficient taxable income in years when the temporary differences are expected to become tax deductions, the Company believes that it will realize the benefit of the deferred tax assets, net of the existing valuation allowance. More than 70% of the deferred tax assets are expected to be realized during the next two years.

Deferred income taxes of $78,413 and $76,093 at the end of 1993 and 1992, respectively, are included as a component of prepaid expenses and other current assets.

The cumulative amounts of undistributed earnings of the Company's foreign subsidiaries (after considering distributions made subsequent to year end) amounted to approximately $271,000 and $239,000 at December 26, 1993 and December 27, 1992, respectively.

(9) Capital Stock

Preference Share Purchase Rights

The Company maintains a Preference Share Purchase Right plan (the Rights Plan). Under the terms of the Rights Plan, each share of common stock is accompanied by a Preference Share Purchase Right. Each Right is only exercisable under certain circumstances and, until exercisable, the Rights are not transferable apart from the Company's common stock. When exercisable, each Right will entitle its holder to purchase until June 30, 1999, in certain merger or other business combination or recapitalization transactions, at the Right's then current exercise price, a number of the acquiring company's or the Company's, as the case may be, common shares having a market value at that time of twice the Right's exercise price. Under certain circumstances, the rightholder may, at the option of the Board of Directors of the Company (the Board), receive shares of the Company's stock in exchange for Rights.

Prior to the acquisition by the person or group of beneficial ownership of a certain percentage of the Company's common stock, the Rights are redeemable for two-thirds of a cent per Right. The Rights Plan contains certain exceptions with respect to the Hassenfeld family and related entities.

Common Stock

At the Company's Annual Meeting of Shareholders held on May 12, 1993, the Company's shareholders approved an amendment of the Company's corporate charter to increase the total number of shares of common stock which the Company is authorized to issue from 150,000,000 to 300,000,000.

In August 1990, the Board authorized the purchase of up to 4,500,000 shares of the Company's common stock. At December 26, 1993, a balance of 2,445,300 shares remained under this authorization.

(10) Employee Stock Options and Warrants

The Company has a Non-Qualified Stock Option Plan, an Incentive Stock Option Plan and a 1992 Stock Incentive Plan (the plans).

The Company has reserved 7,579,423 shares of its common stock for issuance upon exercise of options granted or to be granted under the plans. These options generally vest in equal annual amounts over three to five years beginning one year after grant. The plans provide that options be granted at exercise prices not less than market value on the date the option is granted and options are adjusted for such changes as stock splits and stock dividends. No options are exercisable for periods of more than ten years after date of grant. Although the plans may permit the granting of awards in the form of stock options, stock appreciation rights, stock awards and cash awards, to date, only stock options have been granted.

Additionally, the Company has reserved 1,461,112 shares of its common stock for issuance upon exercise of 5,844,448 outstanding warrants. The warrants expire on July 12, 1994 and carry an exercise price of $18.92 per share. The Company, at its option, may pay the exercising warrantholder an amount in cash equal to the closing price of the common stock on the date prior to exercise in lieu of issuing any shares of common stock.

The changes in outstanding options and warrants for the three years ended December 26, 1993 follow:

	Shares (In Thousands)	Exercise Price Per Share
Outstanding at December 30, 1990	6,704	$ 1.48 - 18.92
Granted (a)	103	19.00 - 53.88
Exercised	(1,616)	1.48 - 18.92
Expired and cancelled	(247)	7.58 - 43.49
Outstanding at December 29, 1991	4,944	1.48 - 53.88
Granted	1,333	25.00 - 31.88
Exercised	(1,012)	1.48 - 25.00
Expired and cancelled	(61)	7.58 - 53.88
Outstanding at December 27, 1992	5,204	7.58 - 43.49
Granted	2,712	31.62 - 37.44
Exercised	(730)	7.58 - 31.62
Expired and cancelled	(63)	10.25 - 38.29
Outstanding at December 26, 1993	7,123	$ 7.58 - 43.49

(Thousands of Dollars Except Share Data)

(a) 1991 grants principally represent conversion of Tonka options into those of the Company, computed at the date of merger in accordance with the merger agreement.

The number of shares exercisable at the end of 1993, 1992 and 1991 were 2,919,654, 2,831,801 and 3,073,824, respectively. The prices at which these shares may be exercised are those shown for outstanding options and warrants in the preceding table.

(11) Pension, Postretirement and Postemployment Benefits

Pension Benefits

Domestic Plans

Substantially all of the Company's domestic employees are members of one of three non-contributory defined benefit plans. In addition, the Company has a supplementary unfunded pension plan providing benefits otherwise due employees under the benefit formula but which are in excess of those permitted for such plan under the Internal Revenue Code. Benefits under the major plan, covering non-union employees, are based primarily on salary and years of service. Benefits under plans covering members of collective bargaining units are based primarily on fixed amounts for specified years of service. The Company also has an unfunded plan covering those members of its Board who are not covered by employee plans. Benefits for this plan are based on the annual retainer paid to Board members.

The net periodic pension cost of these plans included the following components:

	1993	1992	1991
Benefits earned during the year	$ 5,630	5,248	3,816
Interest cost on projected benefits	7,243	5,438	4,674
Actual return on plan assets	(10,834)	(5,183)	(22,260)
Net amortization and deferral	3,190	(1,099)	16,894
	$ 5,229	4,404	3,124

The funded status and the amounts recognized in the Company's balance sheets relating to these plans are:

(Thousands of Dollars Except Share Data)

	1993		1992	
	Plans With Assets Exceeding Accumulated Benefits	Plans With Accumulated Benefits Exceeding Assets	Plans With Assets Exceeding Accumulated Benefits	Plans With Accumulated Benefits Exceeding Assets
Actuarial present value of:				
Vested benefits	$14,144	58,581	56,934	2,109
Nonvested benefits	409	1,447	951	275
Accumulated benefit obligation	14,553	60,028	57,885	2,384
Effect of assumed increase in compensation level	-	30,301	17,941	2,509
Projected benefit obligation	14,553	90,329	75,826	4,893
Net assets available for benefits	23,159	80,413	95,271	508
Plan assets in excess of (less than) projected benefits	$ 8,606	(9,916)	19,445	(4,385)
Consisting of:				
Unrecognized net asset	$ 782	1,618	2,742	-
Unrecognized prior service cost	(841)	(2,204)	(1,168)	(2,251)
Unrecognized net gain	5,864	2,146	19,092	161
Prepaid (accrued) pension recognized in the balance sheet	2,801	(11,476)	(1,221)	(2,295)
	$ 8,606	(9,916)	19,445	(4,385)

The assets of the funded plans are managed by investment advisors and consist primarily of pooled indexed and actively managed bond and stock funds. The projected benefits have been determined using assumed discount rates of 7.2% for 1993 and 8% for 1992 and 1991, assumed long-term rates of compensation increase of 5% for 1993 and 5.5% for 1992 and 1991 and an assumed long-term rate of return on plan assets of 9% for all years.

(Thousands of Dollars Except Share Data)

The Company also has a profit sharing plan covering substantially all of its domestic non-union employees. The plan provides for an annual discretionary contribution by the Company which for 1993, 1992 and 1991 was approximately $6,100, $5,400 and $3,800, respectively.

Foreign Plans

Pension coverage for employees of the Company's foreign subsidiaries is provided, through separate plans, to the extent deemed appropriate. These plans are not significant either individually or in the aggregate.

Consolidated

On a consolidated basis, net pension and profit sharing cost for 1993, 1992 and 1991 was approximately $12,900, $11,400 and $9,400, respectively.

Postretirement Benefits

The Company provides certain postretirement health care and life insurance benefits to eligible domestic employees who retire and have either attained age 65 with 5 years of service or age 55 with 10 years of service. The cost of providing these benefits on behalf of employees who retired prior to 1993 is and will continue to be substantially borne by the Company. The cost of providing benefits on behalf of employees who retire after 1992 is shared, with the employee contributing an increasing percentage of the cost, resulting in an employee-paid plan after the year 2002. The plan is not funded.

Upon adoption of SFAS 106, the Company recognized the accumulated liability for such benefits measured at that date (transition obligation). The cumulative effect of this change in accounting principles, for years prior to 1992, reduced 1992 earnings by $19,457 ($12,135 after tax).

The accrued postretirement benefits (actuarial present value of accumulated benefit obligation) recognized in the Company's balance sheets relating to this plan consist of:

	1993	1992
Retired employees	$16,265	15,121
Fully eligible active employees	1,329	3,064
Other active employees	5,898	3,446
	$23,492	21,631

(Thousands of Dollars Except Share Data)

The net periodic postretirement benefit cost included the following components:

	1993	1992
Benefits earned during the period	$ 338	290
Interest cost on projected benefits	1,783	1,640
	2,121	1,930
Recognition of transition obligation	-	19,457
	$ 2,121	21,387

For measuring the expected postretirement benefit obligation, a 10.4% and 12% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1993 and 1992, respectively. These rates were further assumed to decrease gradually to 5% and 6%, respectively, in 2012 and remain level thereafter. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 7.2% in 1993 and 8% in 1992.

If the health care cost trend rate were increased one percentage point in each year, the accumulated postretirement benefit obligation at December 28, 1992 would have increased by approximately 11% and the aggregate of the benefits earned during the period and the interest cost would have each increased by approximately 9%.

Prior to 1992, the Company recognized the expense in the year the benefits were provided. On that basis, the cost of postretirement health care and life insurance benefits in 1991 was $1,100.

Postemployment Benefits

During November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, Employers' Accounting for Postemployment Benefits (SFAS 112), which requires that the cost of such benefits be accrued over the employee service period. The Company has reviewed its policies and practices to determine the applicability of SFAS 112 and believes that the adoption of SFAS 112 in 1994 will not have a material effect on its financial statements.

(12) Leases

The Company occupies certain manufacturing facilities and sales offices and uses certain equipment under various operating lease arrangements. The rent expense under such arrangements, net of sublease income which is not material, for 1993, 1992 and 1991 amounted to $37,917, $34,609 and $30,611, respectively.

(Thousands of Dollars Except Share Data)

Minimum rentals, net of minimum sublease income which is not material, under long-term operating leases for the five years subsequent to 1993 and in the aggregate are as follows:

1994	$ 30,721
1995	22,541
1996	15,976
1997	13,789
1998	10,584
Later years	67,655
	$161,266

All leases expire prior to 2014. Real estate taxes, insurance and maintenance expenses are generally obligations of the Company. It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other properties; thus, it is anticipated that future minimum lease commitments will not be less than the amounts shown for 1993.

In addition, the Company leases certain facilities which, as a result of the 1991 restructuring of operations, are no longer in use. Future costs relating to these facilities were included as a component of the restructuring charge and thus are not included in the table above.

(13) Restructuring

In January 1994, after a study and analysis of its European manufacturing capacity, the Company announced that, subject to negotiations with local trade unions and authorities, it will close its Netherlands manufacturing facility. Production at the facility, which employs approximately 160 people, will be transferred to the Company's larger manufacturing facilities in Ireland and Spain. The cost of this closure and other non-recurring restructuring expenses, including facility, severance and other related costs approximates $15,500.

(14) Commitments and Contingencies

The Company had unused open letters of credit of approximately $19,000 and $13,900 at December 26, 1993 and December 27, 1992, respectively.

The Company uses forward exchange contracts to purchase various currencies and had the equivalent of approximately $65,000 and $50,000 outstanding at December 26, 1993 and December 27, 1992, respectively. Such contracts have been determined to be hedges of foreign currency commitments and as such any gain or loss has been deferred and will be included in the measurement of the related transaction. The aggregate amount of gains and losses resulting from foreign currency transactions was not material.

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's future results of operations or liquidity.

(15) Fair Value of Financial Instruments

The fair value of cash and cash equivalents, accounts receivable, short-term borrowings, accounts payable and accrued liabilities are estimated to approximate their carrying cost because of the short maturity of these instruments.

The fair value of the Company's convertible notes, based on the year-end market price, approximates $198,000 compared to a carrying value of $150,000. The fair value of the remaining long-term debt approximates its carrying value of $50,510 as substantially all is variable rate and is repriced quarterly. The estimated fair value of the Company's foreign exchange contracts, based on dealer quotations, is approximately $65,000, substantially the same as the notional value.

Estimates of the fair values of financial instruments are subjective in nature and involve uncertainties and judgments and, as such, cannot be determined with precision. Any changes in assumptions would affect these estimates.

(16) Segment Reporting

Industry and Geographic Information

The Company operates primarily in one industry segment which includes the development, manufacture and marketing of toys and related items and the licensing of certain related properties.

Information about the Company's operations in different geographic locations for each of the fiscal years in the three-year period ended December 1993 follows. The Company's primary operations in areas outside of the United States include Europe, Canada, Mexico, Australia and New Zealand and Hong Kong. As the foreign areas have similar business environments and the Company's operations in those areas are similar, they are presented as one category. Revenues from unaffiliated customers represent total net revenues from the respective geographic areas after elimination of intercompany transactions. Operating profit is net revenues less operating costs and expenses pertaining to specific geographic areas. Identifiable assets are those assets used in the geographic areas and are reflected after elimination of intercompany balances.

(Thousands of Dollars Except Share Data)

	1993	1992	1991
Revenues from unaffiliated customers:			
United States	$1,670,272	1,506,522	1,273,497
Foreign	1,076,904	1,034,533	867,599
	$2,747,176	2,541,055	2,141,096
Operating profit:			
United States	$ 242,038	193,466	120,242
Foreign	109,150	131,072	117,131
	$ 351,188	324,538	237,373
Identifiable assets:			
United States	$1,540,887	1,451,951	1,374,126
Foreign	752,131	630,815	576,001
	$2,293,018	2,082,766	1,950,127
Capital expenditures:			
United States	$ 55,666	64,203	31,279
Foreign	44,126	26,228	24,725
	$ 99,792	90,431	56,004
Depreciation and amortization:			
United States	$ 73,264	74,814	64,253
Foreign	27,384	20,801	17,601
	$ 100,648	95,615	81,854

Other Information

The Company markets its products primarily to customers in the retail sector. Although the Company closely monitors the credit worthiness of its customers, adjusting credit policies and limits as deemed appropriate, a substantial portion of its customers' ability to discharge amounts owed is dependent upon the retail economic environment.

Sales to the Company's two largest customers, Toys R Us, Inc. and Wal-Mart Stores, Inc., amounted to 20% and 11%, respectively, of consolidated net revenues during 1993, 17% and 9%, respectively, in 1992 and 17% and 8%, respectively, in 1991.

(Thousands of Dollars Except Share Data)

(17) Quarterly Financial Data (Unaudited)

1993	Quarter: First	Second	Third	Fourth	Full Year
Net revenues	$487,036	515,551	812,393	932,196	2,747,176
Gross profit	$279,015	294,031	461,329	530,234	1,564,609
Earnings before income taxes	$ 42,871	43,791	122,865	115,683(a)	325,210
Net earnings	$ 26,580	27,150	75,548	70,726	200,004
Per common share					
Earnings	$ .30	.30	.84	.78	2.22
Market price					
High	$ 34 7/8	38 3/8	39 5/8	40 1/8	40 1/8
Low	$ 28 1/8	29 7/8	34	35 1/8	28 1/8
Cash dividends declared	$ .06	.06	.06	.06	.24

(a) Includes the effect of a nonrecurring charge of $15,500 relating to restructuring of operations. (See note 13)

1992	Quarter: First	Second	Third	Fourth	Full Year
Net revenues	$452,569	485,958	771,192	831,336	2,541,055
Gross profit	$256,609	276,545	437,373	476,497	1,447,024
Earnings before income taxes	$ 38,552	37,540	111,415	104,869	292,376
Net earnings	$ 23,408	22,712	67,406	65,638	179,164
Per common share					
Earnings	$ .26	.26	.75	.73	2.01
Market price					
High	$ 28 1/4	29 3/4	34 3/8	35 7/8	35 7/8
Low	$ 23 3/4	23 1/8	26 1/2	31 1/2	23 1/8
Cash dividends declared	$ .05	.05	.05	.05	.20

(Thousands of Dollars Except Share Data)

1991	Quarter First	Second	Third	Fourth	Full Year
Net revenues	$306,557	368,501	704,833	761,205	2,141,096
Gross profit	$173,800	197,738	382,349	419,850	1,173,737
Earnings (loss) before income taxes	$ 34,094	(41,726)(a)	80,071	73,112	145,551
Net earnings (loss)	$ 20,456	(31,149)	47,501	44,846	81,654
Per common share					
Earnings (loss)	$ .24	(.36)	.55	.51	.94
Market price					
High	$ 16 5/8	20 5/8	20	25 5/8	25 5/8
Low	$ 10	15 3/4	16 1/4	19	10
Cash dividends declared	$ .04	.04	.04	.04	.16

(a) Includes the effect of a nonrecurring acquisition restructuring charge of $59,000 relating to Tonka. (See note 2)

EXHIBIT 22

HASBRO, INC. AND SUBSIDIARIES

Subsidiaries of the Registrant (a)

Name Under Which Subsidiary Does Business	State or Other Jurisdiction of Incorporation or Organization
Claster Television, Inc.	Maryland
Hasbro Foreign Sales Corp.	U.S. Virgin Islands
Hasbro International, Inc.	Massachusetts
Hasbro Australia Pty. Limited	Australia
Hasbro Far East Limited	Hong Kong
Hasbro Canada Inc.	Canada
Hasbro Sales Inc./Les Ventes Hasbro Inc.	Canada
Hasbro de Mexico S.A. de C.V.	Mexico
Hasbro Deutschland GmbH	Germany
Hasbro S.A.	France
Hasbro U.K. Limited	United Kingdom
Hasbro Industries (U.K.) Limited	United Kingdom
Milton Bradley Limited	United Kingdom
Milton Bradley Storage Limited	United Kingdom
MB France S.A.	France
Hasbro Asia-Pacific Marketing Ltd	Hong Kong
HMS Juquetes S.A. de C.V.	Mexico
MB International B.V.	The Netherlands
Hasbro B.V.	The Netherlands
MB Nederland B.V.	The Netherlands
S.A. Hasbro N.V.	Belgium
Hasbro Magyarorszag Kft	Hungary
MB Espana, S.A.	Spain
Hasbro Hellas S.A.	Greece
Hasbro Importacao e Exportacao de Jogos Brinquedos Lds	Portugal
Hasbro Israel Ltd.	Israel
MB Ireland Limited	Ireland
Hasbro Italy S.r.l.(b)	Italy
M.B.(New Zealand) Limited	New Zealand
Hasbro New Zealand Limited	New Zealand
Hasbro Schweiz AG (c)	Switzerland
Nomura Toys Limited	Japan
Palmyra Holding Pte. Ltd.	Singapore
Palmyra (Hong Kong) Limited	Hong Kong
Palson Toys (Hong Kong) Limited	Hong Kong
Palmyra (Malaysia) Sdn. Bhd.	Malaysia
Palmyra (Singapore) Pte. Ltd.	Singapore
Hasbro Managerial Services, Inc.	Rhode Island
Hasbro Promotions and Direct, Inc.	Delaware
Kid Dimension, Inc.	Delaware
Kid Dimension Far East Ltd	Hong Kong
Milton Bradley Wood Products Co., Inc.	Delaware
Playskool, Inc.	Delaware
Playskool Baby, Inc.	New Jersey
Pant-Ease Infant Wear Company, Inc.	New York

Name Under Which Subsidiary Does Business	State or Other Jurisdiction of Incorporation or Organization
Tonka Corporation	Minnesota
Hasbro Osterreich Ges.m.b.H	Austria
Juguetrenes S.A. de C.V.	Mexico
Kenner Parker Australia Limited	Australia
Kenner Parker Tonka Products Limited	Delaware
Kenner Parker France S.A.	France

(a) Inactive subsidiaries and subsidiaries with minimal operations have been omitted. Such subsidiaries, if taken as a whole, would not constitute a significant subsidiary.

(b) Formerly named MB Italy S.r.l.

(c) Formerly named MB (Switzerland) AG

EXHIBIT 24(a)

ACCOUNTANTS' CONSENT

The Board of Directors
Hasbro, Inc.:

We consent to incorporation by reference in the Registration Statements Nos. 2-78018, 2-93483 and 33-57344 on Form S-8 and No. 33-41548 on Form S-3 of Hasbro, Inc. of our reports dated February 8, 1994 relating to the consolidated balance sheets of Hasbro, Inc. and subsidiaries as of December 26, 1993 and December 27, 1992 and the related consolidated statements of earnings, shareholders' equity and cash flows and related schedules for each of the fiscal years in the three-year period ended December 26, 1993, which report on the consolidated financial statements incorporated by reference and which report on the related schedules is included in the Annual Report on Form 10-K of Hasbro, Inc. for the fiscal year ended December 26, 1993.

/s/ KPMG Peat Marwick

Providence, Rhode Island

March 25, 1994