UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C.   20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 30, 2008   Commission file number 1-6682

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X or No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer X   Accelerated filer __
Non-accelerated filer __ (Do not check if a smaller reporting company)   Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes __ or No X

The number of shares of Common Stock, par value $.50 per share, outstanding as of April 21, 2008 was 138,636,922.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(Thousands of Dollars Except Share Data)
(Unaudited)

Assets		March 30, 2008	April 1, 2007	Dec. 30, 2007
Current assets				
Cash and cash equivalents	$	832,180	688,594	774,458
Short-term investments		-	15,000	-
Accounts receivable, less allowance for doubtful accounts of $33,100, $28,400 and $30,600		388,693	327,124	654,789
Inventories		291,199	265,402	259,081
Deferred income taxes		60,522	80,420	53,040
Prepaid expenses and other current assets		150,217	171,488	146,872
Total current assets		1,722,811	1,548,028	1,888,240
Property, plant and equipment, less accumulated depreciation of $415,200, $382,400 and $401,300		201,682	184,272	187,960
Other assets				
Goodwill		479,542	470,119	471,177
Other intangibles, less accumulated amortization of $743,400, $676,200 and $726,200		538,430	514,325	486,232
Other		184,014	175,387	203,454
Total other assets		1,201,986	1,159,831	1,160,863
Total assets	$	3,126,479	2,892,131	3,237,063

(continued)

HASBRO, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (continued)
(Thousands of Dollars Except Share Data)
(Unaudited)

Liabilities and Shareholders' Equity	March 30, 2008	April 1, 2007	Dec. 30, 2007
Current liabilities			
Short-term borrowings	$ 171,249	7,396	10,201
Current portion of long-term debt	135,311	-	135,348
Accounts payable	163,608	100,336	186,202
Accrued liabilities	425,713	514,301	555,920
Total current liabilities	895,881	622,033	887,671
Long-term debt, excluding current portion	709,723	494,864	709,723
Other liabilities	254,164	242,983	254,577
Total liabilities	1,859,768	1,359,880	1,851,971
Shareholders' equity			
Preference stock of $2.50 par value. Authorized 5,000,000 shares; none issued	-	-	-
Common stock of $.50 par value. Authorized 600,000,000 shares; issued 209,694,630	104,847	104,847	104,847
Additional paid-in capital	381,330	330,511	369,092
Retained earnings	2,271,427	2,033,834	2,261,561
Accumulated other comprehensive earnings	82,022	19,350	74,938
Treasury stock, at cost; 70,089,465 shares at March 30, 2008, 49,716,463 at April 1, 2007 and 64,487,616 at December 30, 2007	(1,572,915)	(956,291)	(1,425,346)
Total shareholders' equity	1,266,711	1,532,251	1,385,092
Total liabilities and shareholders' equity	$ 3,126,479	2,892,131	3,237,063

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(Thousands of Dollars Except Per Share Data)
(Unaudited)

	Quarter Ended	
	March 30, 2008	April 1, 2007
Net revenues	$ 704,220	625,267
Cost of sales	271,161	243,452
Gross profit	433,059	381,815
Expenses		
Amortization	18,438	17,958
Royalties	58,422	50,260
Research and product development	41,770	35,310
Advertising	76,983	67,635
Selling, distribution and administration	176,193	156,925
Total expenses	371,806	328,088
Operating profit	61,253	53,727
Nonoperating (income) expense		
Interest expense	11,428	6,184
Interest income	(7,706)	(8,939)
Other expense, net	1,861	6,882
Total nonoperating expense	5,583	4,127
Earnings before income taxes	55,670	49,600
Income taxes	18,200	16,710
Net earnings	$ 37,470	32,890
Net earnings per common share		
Basic	$ 0.26	0.20
Diluted	$ 0.25	0.19
Cash dividends declared per common share	$ 0.20	0.16

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Thousands of Dollars)
(Unaudited)

	Quarter Ended	
	March 30, 2008	April 1, 2007
Cash flows from operating activities		
Net earnings	$ 37,470	32,890
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	15,313	16,860
Other amortization	18,438	17,958
Change in fair value of liabilities potentially settleable in common stock	-	7,920
Deferred income taxes	(606)	1,587
Stock-based compensation	9,917	7,160
Change in operating assets and liabilities:		
Decrease in accounts receivable	282,789	226,784
Increase in inventories	(18,413)	(60,585)
Decrease in prepaid expenses and other current assets	11,902	12,124
Decrease in accounts payable and accrued liabilities	(197,889)	(210,431)
Other	(5,069)	1,370
Net cash provided by operating activities	153,852	53,637
Cash flows from investing activities		
Additions to property, plant and equipment	(24,764)	(19,289)
Investments and acquisitions, net of cash acquired	(67,166)	-
Purchases of short-term investments	(42,000)	(15,000)
Proceeds from sales of short-term investments	42,000	-
Other	(2,282)	1,896
Net cash utilized by investing activities	(94,212)	(32,393)
Cash flows from financing activities		
Net proceeds (repayments) of other short-term borrowings	159,829	(3,089)
Purchases of common stock	(151,997)	(65,370)
Stock option transactions	10,245	32,215
Excess tax benefits from stock-based compensation	480	7,233
Dividends paid	(22,917)	(19,297)
Net cash utilized by financing activities	(4,360)	(48,308)
Effect of exchange rate changes on cash	2,442	258
Increase (decrease) in cash and cash equivalents	57,722	(26,806)
Cash and cash equivalents at beginning of year	774,458	715,400
Cash and cash equivalents at end of period	$ 832,180	688,594

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (continued)
(Thousands of Dollars)
(Unaudited)

	Quarter Ended	
	March 30, 2008	April 1, 2007
Supplemental information		
Cash paid during the period for:		
Interest	$19,454	8,030
Income taxes	$ 1,931	27,907

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Earnings
(Thousands of Dollars)
(Unaudited)

	Quarter Ended	
	March 30, 2008	April 1, 2007
Net earnings	$ 37,470	32,890
Other comprehensive earnings	7,084	385
Total comprehensive earnings	$ 44,554	33,275

See accompanying condensed notes to consolidated financial statements.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

(1) In the opinion of management, the accompanying unaudited interim financial statements contain all normal and recurring adjustments necessary to present fairly the financial position of Hasbro, Inc. and all majority-owned subsidiaries (“Hasbro” or the “Company”) as of March 30, 2008 and April 1, 2007, and the results of its operations and cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Actual results could differ from those estimates.

The quarters ended March 30, 2008 and April 1, 2007 are both thirteen week periods.

The results of operations for the quarter ended March 30, 2008 are not necessarily indicative of results to be expected for the full year.

These condensed consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The Company filed audited consolidated financial statements for the year ended December 30, 2007 in its annual report on Form 10-K, which includes all such information and disclosures, and accordingly, should be read in conjunction with the financial information included herein.

The Company's accounting policies are the same as those described in Note 1 to the Company's consolidated financial statements for the fiscal year ended December 30, 2007.

Substantially all of the Company's inventories consist of finished goods.

Certain amounts in the 2007 consolidated financial statements have been reclassified to conform to the 2008 presentation.

(Thousands of Dollars and Shares Except Per Share Data)

(2) Net earnings per share data for the fiscal quarters ended March 30, 2008 and April 1, 2007 were computed as follows:

	2008		2007	
Quarter	Basic	Diluted	Basic	Diluted
Net earnings	$ 37,470	37,470	32,890	32,890
Effect of dilutive securities:				
Interest expense on contingent convertible debentures due 2021	-	1,059	-	1,065
Adjusted net earnings	$ 37,470	38,529	32,890	33,955
Average shares outstanding	142,314	142,314	160,924	160,924
Effect of dilutive securities:				
Contingent convertible debentures due 2021	-	11,566	-	11,572
Options and warrants	-	2,366	-	4,165
Equivalent shares	142,314	156,246	160,924	176,661
Net earnings per common share	$ 0.26	0.25	0.20	0.19

Certain warrants containing a put feature that may be settled in cash or common stock were required to be accounted for as a liability at fair value. These warrants were repurchased by the Company in May of 2007. Prior to their repurchase, the Company was required to assess if these warrants, classified as a liability, had a more dilutive impact on earnings per share when treated as an equity contract. For the quarter ended April 1, 2007 the warrants had a more dilutive impact on earnings per share assuming they were treated as a liability. Accordingly, the shares issuable under this contract are not included in the denominator and there is no adjustment to net earnings to exclude the expense included therein related to the fair market value adjustment.

For the quarters ended March 30, 2008 and April 1, 2007, the effect of the Company's contingent convertible debt was dilutive and, accordingly, for the diluted earnings per share calculation, the numerator includes an adjustment to earnings to exclude the interest expense incurred for these debentures and the denominator includes an adjustment to include the shares issuable upon conversion.

Options to acquire shares totaling 6,768 at March 30, 2008 and 1,683 at April 1, 2007 were excluded from the calculation of diluted earnings per share because to include them would have been antidilutive.

(Thousands of Dollars and Shares Except Per Share Data)

(3) At April 1, 2007, the Company had invested $15,000 in auction rate securities, which were recorded as short-term investments on the consolidated balance sheet. These securities were being accounted for as an available-for-sale security and were reflected at par value, which approximates fair value. There are no such investments at March 30, 2008.

(4) Other comprehensive earnings for the quarters ended March 30, 2008 and April 1, 2007 consist of the following:

	2008	2007
Foreign currency translation adjustments	$ 19,548	2,411
Changes in value of available-for-sale securities, net of tax	(900)	(1,162)
Net losses on cash flow hedging activities, net of tax	(14,460)	(784)
Reclassifications to earnings, net of tax	2,896	(80)
Other comprehensive earnings	$ 7,084	385

In the first quarter of 2007, in accordance with SFAS No. 158, the Company changed its measurement date for certain of its defined benefit pension plans and its postretirement plan from September 30 to the Company's fiscal year-end date. As a result of this change, the assets and liabilities of these plans were remeasured as of December 31, 2006, the 2006 fiscal year end date of the Company. This remeasurement resulted in an adjustment to accumulated other comprehensive earnings of $7,779 during the first quarter of 2007.

The reclassification adjustment from other comprehensive earnings to net earnings of $(80) for the quarter ended April 1, 2007 includes a realized gain of $(664) on the sale of available-for-sale securities. The reclassification adjustments for the quarter ended March 30, 2008, and the remainder of the reclassification adjustments for the quarter ended April 1, 2007 represent net losses on cash flow hedging derivatives for which the related transaction has impacted earnings and was reflected in cost of sales. The losses on cash flow hedging derivatives for the quarter ended April 1, 2007 include losses reclassified to earnings as the result of hedge ineffectiveness of $13. There were no reclassifications to earnings as a result of hedge ineffectiveness in the first quarter of 2008. At March 30, 2008, the Company had recorded deferred losses on hedging instruments, net of tax, of $22,644 in accumulated other comp rehensive earnings. These instruments hedge anticipated inventory purchases and other cross-border transactions through 2010. Of the amount included in accumulated other comprehensive earnings at March 30, 2008, the Company expects approximately $13,000 to be reclassified to earnings within the next twelve months.

(Thousands of Dollars and Shares Except Per Share Data)

(5) The components of the net periodic cost of the Company's defined benefit pension and other postretirement plans for the quarters ended March 30, 2008 and April 1, 2007 are as follows:

	Pension		Postretirement	
	2008	2007	2008	2007
Service cost	$ 1,215	3,210	142	149
Interest cost	5,417	5,054	517	526
Expected return on assets	(7,058)	(6,705)	-	-
Net amortization and deferrals	375	656	29	91
Net periodic benefit cost (income)	$ (51)	2,215	688	766

In 2007, for the Company’s two major U.S. plans covering its non-union employees, the Company froze benefits being accrued effective December 30, 2007. The pension benefits have been replaced by additional employer contributions to the Company’s defined contribution plan beginning in 2008.

In the first quarter of fiscal 2008, the Company made cash contributions to its pension plans of approximately $1,900. The Company expects to contribute approximately $7,300 during the remainder of fiscal 2008.

(6) On December 31, 2007, the first day of fiscal 2008, the Company adopted Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (“SFAS No. 157”), for financial assets and liabilities and No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”). SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. The SFAS No. 157 fair value hierarchy consists of three levels: Level 1 fair values are valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access; Level 2 fair values are those valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities; and Level 3 fair values are valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair values and establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar assets and liabilities. The adoption of SFAS No. 157 and SFAS No. 159 did not have an impact on the Company’s consolidated balance sheet or statement of operations. SFAS No. 157 is not required to be adopted for certain non-financial assets and liabilities until the first day of fiscal 2009. The Company’s assets for which SFAS No. 157 was not adopted include the Company’s goodwill and property rights, including the pr operty rights recorded in connection with the Company’s acquisition of Cranium, Inc. (see note 8).

(Thousands of Dollars and Shares Except Per Share Data)

At March 30, 2008, the Company had the following assets (liabilities) measured at fair value in its consolidated balance sheet:

		Fair Value Measurements at March 30, 2008 Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale securities	$ 8,261	1,047	-	7,214
Derivatives	(25,877)	-	(25,877)	-
Total	$(17,616)	1,047	(25,877)	7,214

The following is reconciliation of the beginning and ending balances of the fair value measurements of the Company’s available-for-sale securities that use significant unobservable inputs:

Balance at December 30, 2007	$8,580
Loss included in other comprehensive income	(1,366)
Balance at March 30, 2008	$7,214

For a portion of the Company’s available-for-sale securities, the Company is able to obtain quoted prices from stock exchanges to measure the fair value of these securities. The remaining available-for-sale securities consist of warrants to purchase common stock. The Company uses the Black-Scholes model to value these warrants. One of the inputs used in the Black-Scholes model, historical volatility, is considered an unobservable input in that it reflects the Company’s own assumptions about the inputs that market participants would use in pricing the asset or liability. The Company believes that this is the best information available for use in the fair value measurement. The Company’s derivatives are measured using inputs that are observable indirectly through corroboration with readily available market data, in this case foreign exchange and interest rates. The Company’s derivatives consist predominantly of forei gn currency forward contracts. The Company uses current forward rates of the respective foreign currencies to measure the fair value of these contracts. A small portion of the Company’s derivatives represent interest rate swap contracts. The fair value of these contracts is determined by calculating the discounted cash flows of these contracts based on the current effective interest rates. There were no changes in these valuation techniques during the first quarter of 2008.

(7) Hasbro is a worldwide leader in children's and family leisure time and entertainment products and services, including the development, manufacture, and marketing of games and toys ranging from traditional to high-tech. At the beginning of 2008, the Company reorganized the reporting structure of its operating segments and moved its Mexican operations, previously reported in the North American segment, to the International segment. As a result, the North American segment has been renamed the U.S. and Canada segment. In 2008, the Company has three principal segments, U.S. and Canada, International, and Global Operations. Segment data for 2007 has been reclassified to reflect the 2008 segment structure.

The U.S. and Canada segment includes the development, marketing and selling of boys' action figures, vehicles and playsets, girls' toys, electronic toys and games, plush products, preschool toys and infant products, electronic interactive products, tween electronic products, toy-related specialty products, traditional board games and puzzles, DVD- based games, and trading card and role-playing games within the United States and Canada. In the International segment, the Company develops, markets and sells both toy and certain game products in markets outside of the U.S. and Canada, primarily the European, Asia Pacific, and Latin and South American regions. The Global Operations segment is responsible for manufacturing and sourcing finished product for the Company's U.S. and Canada and International segments. The Company's other segment licenses out certain toy and game properties.

Segment performance is measured at the operating profit level. Included in Corporate and eliminations are certain corporate expenses, the elimination of intersegment transactions and certain assets benefiting more than one segment. Intersegment sales and transfers are reflected in management reports at amounts approximating cost. Certain shared costs are allocated to segments based upon foreign exchange rates fixed at the beginning of the year, with adjustments to actual foreign exchange rates included in Corporate and eliminations. The accounting policies of the segments are the same as those referenced in Note 1.

Results shown for the quarter are not necessarily representative of those which may be expected for the full year 2008, nor were those of the comparable 2007 first quarter representative of those actually experienced for the full year 2007. Similarly, such results are not necessarily those which would be achieved were each segment an unaffiliated business enterprise.

HASBRO, INC. AND SUBSIDIARIES
Condensed Notes to Consolidated Financial Statements (continued)
(Thousands of Dollars and Shares Except Per Share Data)
(Unaudited)

Information by segment and a reconciliation to reported amounts for the quarters ended March 30, 2008 and April 1, 2007 are as follows.

	Quarter Ended			
	March 30, 2008		April 1, 2007	
Net revenues	External	Affiliate	External	Affiliate
U.S. and Canada	$ 428,522	4,290	406,076	3,954
International	248,255	196	202,684	200
Global Operations (a)	1,157	249,463	1,342	268,155
Other Segment	26,286	-	15,165	-
Corporate and eliminations	-	(253,949)	-	(272,309)
	$ 704,220	-	625,267	-

	Quarter ended March 30, 2008	Quarter ended April 1, 2007
Operating profit (loss)		
U.S. and Canada	$ 37,311	45,750
International	13,027	(1,800)
Global Operations (a)	270	4,428
Other Segment	12,393	6,055
Corporate and eliminations	(1,748)	(706)
	$ 61,253	53,727

	March 30, 2008	April 1, 2007
Total assets		
U.S. and Canada	$3,212,892	3,024,600
International	1,089,948	868,210
Global Operations	1,301,466	1,060,535
Other Segment	201,867	140,446
Corporate and eliminations (b)	(2,679,694)	(2,201,660)
	$3,126,479	2,892,131

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

(Thousands of Dollars and Shares Except Per Share Data)

(b) Certain intangible assets, primarily goodwill, which benefit operating segments are reflected as Corporate assets for segment reporting purposes. For application of SFAS 142, these amounts have been allocated to the reporting unit which benefits from their use. In addition, allocations of certain expenses related to these assets to the individual operating segments are done at the beginning of the year based on budgeted amounts. Any difference between actual and budgeted amounts is reflected in the Corporate segment.

The following table presents consolidated net revenues by class of principal products for the quarters ended March 30, 2008 and April 1, 2007.

	2008	2007
Boys toys	$220,764	171,593
Games and puzzles	208,579	191,166
Girls toys	144,964	117,220
Preschool toys	69,911	65,779
Tweens toys	46,409	54,954
Other	13,593	24,555
Net revenues	$704,220	625,267

(8) In January 2008, the Company acquired Cranium, Inc. ("Cranium"), a developer and marketer of children's and adult board games, in order to supplement its existing game portfolio. The initial purchase price of $77,500 was reduced to approximately $70,000 at closing and further reduced to $67,900 based on Cranium's final audited net assets at the date of the sale. At March 30, the Company had paid approximately $70,000 ($67,166 net of acquired cash). The adjustment to the final balance sheet of approximately $2,100 was recorded in other current assets at March 30, 2008. Based on the preliminary allocation of the purchase price, property rights related to acquired product lines of approximately $68,500 were recorded in the acquisition. These property rights are being amortized over a fifteen year life. Goodwill of approximately $7,800 was also recorded as a result of the transaction. The consolidated statem ent of operations of the Company for the first quarter includes the operations of Cranium from the closing date of January 25, 2008.

(9) Subsequent to March 30, 2008, the Company purchased all of the intellectual property rights related to the Trivial Pursuit brand from Horn Abbot Ltd. and Horn Abbot International Limited (the "Seller") for an aggregate purchase price of $80,000. Previous to this asset purchase, the Company licensed these rights from the Seller. The entire purchase price will be recorded as property rights and included in other intangibles in the 2nd quarter of 2008.

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

HASBRO, INC. AND SUBSIDIARIES
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Thousands of Dollars and Shares Except Per Share Data)

This Quarterly Report on Form 10-Q, including the following section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements expressing management's current expectations, goals, objectives and similar matters. These forward-looking statements may include statements concerning the Company’s product plans, anticipated product performance, business opportunities and strategies, financial goals and expectations for achieving the Company’s objectives. See Item 1A, in Part II of this report, for a discussion of factors which may cause the Company's actual results or experience to differ materially from these forward-looking statements. The Company undertakes no obligation to revise the forward-looking statements in this report after the date of the filing.

EXECUTIVE SUMMARY

The Company earns revenue and generates cash primarily through the sale of a variety of toy and game products, as well as through the out-licensing of its properties for use in connection with non-competing products offered by third-parties. The Company sells its products both within the United States and in a number of international markets. The Company's business is highly seasonal with a significant amount of revenues occurring in the second half of the year and within that half, the fourth quarter. In 2007, 66% of the Company's net revenues were generated in the second half of the year with 34% of annual net revenues generated in the fourth quarter. In 2006 and 2005, the percentages were 68% and 67% for the second half, respectively, and comparable at 35% for the fourth quarter. While many of the Company's products are based on brands the Company owns or controls, the Company also offers products which are licensed from outside in ventors. In addition, the Company licenses rights to produce products based on movie, television, music and other family entertainment properties, such as MARVEL and STAR WARS properties.

The Company's business is primarily separated into two business segments, U.S. and Canada and International. The U.S. and Canada segment develops, markets and sells both toy and game products in the U.S. and Canada. The International segment consists of the Company's European, Asia Pacific and Latin and South American marketing operations. In addition to these two primary segments, the Company's world-wide manufacturing and product sourcing operations are managed through its Global Operations segment. The Company’s other segment is responsible for the worldwide out-licensing of the Company's intellectual properties and works closely with the U.S. and Canada and International segments on the development and out-licensing of the Company's brands. Prior to 2008, the Company’s Mexican operations were included with the U.S. and Canada in the North American segment. At the beginning of 2008 the Company reorganized the reporting st ructure of its operating segments and moved the Mexican operations, previously reported in the North American segment, into the International segment and the North American segment was renamed the U.S. and Canada segment.

The Company’s focus remains on growing core owned and controlled brands, developing new and innovative products which respond to market insights and optimizing efficiencies within the Company to reduce costs, increase operating profits and strengthen its balance sheet. While the Company believes it has achieved a more sustainable revenue base by developing and maintaining its core brands and avoiding reliance on licensed entertainment properties, it continues to opportunistically enter into or leverage existing strategic licenses which complement its brands and key strengths. In 2007, the Company had significant sales of products related to the Company's license with Marvel Entertainment, Inc. and Marvel Characters, Inc. (collectively "Marvel"), primarily due to the theatrical release of SPIDERMAN-3 in May of 2007. In 2008 the Company expects to continue to have significant revenues from entertainment-based licens ed properties with products related to the theatrical releases of IRON MAN, THE INCREDIBLE HULK, INDIANA JONES AND THE KINGDOM OF THE CRYSTAL SKULL and STAR WARS: CLONE WARS as well as television programming based on TRANSFORMERS, SPIDER-MAN, and STAR WARS.

The Company also seeks to drive product-related revenues by increasing the visibility of its core brands through entertainment-based theatrical venues. As an example of this, in July of 2007, the TRANSFORMERS motion picture was released and the Company developed and marketed products based on the motion picture. As a result of pairing this core brand with this type of entertainment, both the movie and the product line benefited. The Company expects to continue this strategy and anticipates the theatrical releases of both TRANFORMERS 2 and G.I. JOE motion pictures during 2009. In addition, the Company has entered into a six-year strategic partnership with Universal Pictures to produce at least four motion pictures based on Hasbro’s core brands. The first movie is expected to be released in 2010 or 2011, followed by anticipated releases of at least one movie per year thereafter.

The Company's core brands represent Company-owned or Company-controlled brands, such as TRANSFORMERS, MY LITTLE PONY, MONOPOLY, MAGIC: THE GATHERING, PLAYSKOOL, G.I. JOE and TONKA, which have been successful over the long term. The Company has a large portfolio of owned and controlled brands, which can be introduced in new formats and platforms over time. These brands may also be further extended by pairing a licensed concept with a core brand. By focusing on core brands, the Company is working to build a more consistent revenue stream and basis for future growth. During the first quarter of 2008 the Company had strong sales of core brand products, namely TRANSFORMERS, LITTLEST PET SHOP, MY LITTLE PONY, PLAYSKOOL, MONOPOLY and NERF.

In addition to its focus on core brands, the Company’s strategy also involves trying to meet ever-changing consumer preferences by identifying and offering innovative products based on market opportunities and insights. The Company believes its strategy of focusing on the development of its core brands and continuing to identify innovative new products will help to prevent the Company from being dependent on the success of any one product line.

While the Company's strategy has continued to focus on growing its core brands and developing innovative new products, it will continue to evaluate and enter into arrangements to license properties when the Company believes it is economically attractive. In 2006, the Company entered into a license agreement with Marvel to produce toys and games based on Marvel's portfolio of characters. The Company had significant sales of products related to this license during 2007, primarily due to the theatrical release of SPIDER-MAN 3 in May of 2007. The Company has also incurred royalty expenses on products based on the 2007 theatrical and DVD releases of TRANSFORMERS. In addition to continuing revenues from SPIDER-MAN and TRANSFORMERS products, the Company expects to have significant revenues during 2008 based on products related to the theatrical releases of IRON MAN and THE INCREDIBLE HULK, related to the Marvel license, STAR WARS: THE CLONE WARS, and INDIANA JONES AND THE KINGDOM OF THE CRYSTAL SKULL. While gross profits of theatrical entertainment-based products are generally higher than many of the Company's other products, sales from these products also incur royalty expenses payable to the licensor. Such royalties reduce the impact of these higher gross margins. In certain instances, such as with Lucasfilm's STAR WARS, the Company may also incur amortization expense on property right-based assets acquired from the licensor of such properties, further impacting profit made on these products.

The Company's long-term strategy also focuses on extending its brands further into the digital world. As part of this strategy the Company entered into a multi-year strategic agreement with Electronic Arts Inc. ("EA"). The agreement gives EA the exclusive worldwide rights, subject to existing limitations on the Company's rights and certain other exclusions, to create digital games for all platforms, such as mobile phones, gaming consoles and personal computers, based on a broad spectrum of the Company's intellectual properties, including MONOPOLY, SCRABBLE, YAHTZEE, NERF, TONKA and LITTLEST PET SHOP. As part of this agreement, the Company has also obtained the rights to create toys and non-digital games based on EA's intellectual properties. The first major game releases under this agreement are expected to be launched by EA during the second half of 2008.

While the Company remains committed to investing in the growth of its business, it also continues to be focused on reducing fixed costs through efficiencies and on profit improvement. Over the last 5 years the Company has improved its full year operating margin from 7.8% in 2002 to 13.5% in 2007. The Company reviews its operations on an ongoing basis and seeks to reduce its cost structure to promote efficiency. The Company is also investing to grow its business in emerging markets and will continue to evaluate strategic alliances and acquisitions which may complement its current product offerings or allow it entry into an area which is adjacent to and complementary to the toy and game business. For example, in January of 2008, the Company acquired Cranium, Inc., a developer and marketer of CRANIUM branded games and related products. In 2008 the Company expects to leverage revenue to offset the impact of these investments on its operat ing margins.

(Thousands of Dollars and Shares Except Per Share Data)

In recent years, the Company has been seeking to return excess cash to its shareholders through share repurchases and dividends. As part of this initiative, over the last three years, the Company's Board of Directors (the "Board") has adopted four repurchase authorizations with a cumulative authorized repurchase amount of $1,700,000. After fully exhausting the prior three authorizations, the fourth authorization was approved on February 7, 2008 for $500,000. During the first quarter of 2008, $155,974 of common stock was repurchased under these authorizations. At March 30, 2008, the Company had $453,809 remaining under the February 2008 authorization. For the years ended 2007, 2006 and 2005, the Company invested $587,004, $456,744 and $48,030, respectively, in the repurchase of 20,795, 22,767 and 2,386 shares, respectively, in the open market. Also, in 2007, the Company paid $200,000 in cash to repurchase exercisable warrants to purchase 15,750 shares of the Company's common stock. The Company intends to opportunistically repurchase shares in the future subject to market conditions. In addition, in February 2008, the Company announced an increase in its quarterly dividend to $0.20 per share. This was the fifth consecutive year that the Board has increased the dividend.

SUMMARY OF FINANCIAL PERFORMANCE

The components of the results of operations, stated as a percent of net revenues, are illustrated below for the first quarters of 2008 and 2007.

	2008	2007
Net revenues	100.0 %	100.0 %
Cost of sales	38.5	38.9
Gross profit	61.5	61.1
Amortization	2.7	2.9
Royalties	8.3	8.0
Research and product development	5.9	5.7
Advertising	10.9	10.8
Selling, distribution and administration	25.0	25.1
Operating profit	8.7	8.6
Interest expense	1.6	1.0
Interest income	(1.1)	(1.4)
Other (income) expense, net	0.3	1.1
Earnings before income taxes	7.9	7.9
Income taxes	2.6	2.7
Net earnings	5.3 %	5.2 %

(Thousands of Dollars and Shares Except Per Share Data)

RESULTS OF OPERATIONS

The quarters ended March 30, 2008 and April 1, 2007 were both thirteen week periods. Net earnings for the first quarter of 2008 were $37,470, compared to $32,890 for the first quarter of 2007. Basic and diluted earnings per share for the first quarter of 2008 were $0.26 and $0.25, respectively, compared to basic and diluted earnings per share in the first quarter of 2007 of $0.20 and $0.19, respectively.

Consolidated net revenues for the quarter ended March 30, 2008 increased 13% to $704,220 compared to $625,267 for the quarter ended April 1, 2007. Consolidated net revenues were positively impacted by foreign currency translation in the amount of $25,400 as the result of the weaker U.S. dollar in 2008. Operating profit for the quarter ended March 30, 2008 was $61,253 compared to $53,727 for the quarter ended April 1, 2007.

In January 2008 the Company acquired Cranium, Inc. (“Cranium”). The results of operations for the first quarter of 2008 include the operations of Cranium from the acquisition closing date of January 25, 2008.

Most of the Company's revenues and operating profit are derived from its two principal segments: the U.S. and Canada segment and the International segment, which are discussed in detail below. The following table presents net revenues and operating profit data for the Company's two principal segments for the first quarter of fiscal years 2008 and 2007.

	2008	2007	% Change
Net Revenues			
U.S. and Canada segment	$428,522	406,076	6 %
International segment	248,255	202,684	22 %
Operating Profit (Loss)			
U.S. and Canada segment	$ 37,311	45,750	(18)%
International segment	13,027	(1,800)	N/A

U.S. AND CANADA SEGMENT

The U.S. and Canada segment’s net revenues for the quarter ended March 30, 2008 increased 6% to $428,522 from $406,076 for the quarter ended April 1, 2007. The increase was primarily due to higher revenues in the boys’ toys category driven by increased sales of TRANSFORMERS products and, to a lesser extent, increased sales of STAR WARS products, partially offset by decreased sales of MARVEL products. The increase in revenues was also due to increased sales in the girls’ toys category primarily as the result of higher sales of LITTLEST PET SHOP products as well as increased revenues in the games and puzzles category driven primarily by board games and, to a lesser extent, the impact of Cranium. These increases were partly offset by decreases in the tweens and preschool categories as a result of lower sales of I-DOG and PLAYSKOOL products, respectively.

U.S. and Canada segment operating profit decreased to $37,311 for the quarter ended March 30, 2008 compared to $45,750 for the quarter ended April 1, 2007. Increased gross profit as a result of higher revenues in the first quarter of 2008 was more than offset by higher levels of expenses. The higher expenses were primarily product development, royalties and selling, distribution and administrative. Product development expenses increased as the result of investments the Company is making in the digital initiative of its Wizards of the Coast subsidiary as well as increased expenses related to the Cranium acquisition. Increased selling, distribution and administrative expenses reflect higher shipping and distribution costs associated with both increased revenues and higher transportation costs, higher sales and marketing expenses to support the growth of the business, as well as expenses relating to the Cranium bus iness. The increase in royalties primarily reflects increased sales of entertainment-based products.

INTERNATIONAL
International segment net revenues increased by 22% to $248,255 for the quarter ended March 30, 2008 from $202,684 for the quarter ended April 1, 2007. International segment net revenues were positively impacted by currency translation of approximately $21,900, as the result of the weaker U.S. dollar in the first quarter of 2008. Excluding the favorable impact of foreign exchange, International segment net revenues increased 12% in local currency to $226,335. The increase in local currency net revenues for the quarter was primarily the result of increased product sales in the girls' toys and preschool categories, primarily relating to LITTLEST PET SHOP and PLAYSKOOL products, respectively. Net revenues were also positively impacted by increased revenues in the boys' toys category as a result of higher sales of TRANSFORMERS products partially offset by lower sales of MARVEL products, as well as higher revenues in the games and puzzles category primarily as a result of higher sales of board games , principally MONOPOLY. Revenues from the tweens category also increased as a result of higher sales of SUPERSOAKER and NERF products.

The International segment had an operating profit of $13,027 for the quarter ended March 30, 2008 compared to an operating loss of $(1,800) for the quarter ended April 1, 2007. For the quarter ended March 30, 2008, International segment operating profits were positively impacted by currency translation of approximately $700 as the result of the weaker U.S. dollar. The increase in operating profit for the quarter was due to the higher revenues discussed above, partially offset by higher advertising and promotional expenses in the first quarter of 2008. International operating profit in the first quarter of 2008 was also positively impacted by the recognition of a pension surplus in the United Kingdom.

GROSS PROFIT
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The Company's gross profit margin increased to 61.5% for the quarter ended March 30, 2008 from 61.1% for the quarter ended April 1, 2007. This increase was due to changes in both revenue and product mix primarily due to the positive impact from increased royalty income and higher sales of licensed products. Although licensed products generally carry a higher gross margin, the increased gross margin is largely offset by higher royalty expense associated with these products.

(Thousands of Dollars and Shares Except Per Share Data)

EXPENSES
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The Company's operating expenses, stated as percentages of net revenues, are illustrated below for the quarters ended March 30, 2008 and April 1, 2007.

	2008	2007
Amortization	2.7%	2.9%
Royalties	8.3	8.0
Research and product development	5.9	5.7
Advertising	10.9	10.8
Selling, distribution and administration	25.0	25.1

Amortization expense increased to $18,438 in the first quarter of 2008 from $17,958 in the first quarter of 2007. The slight increase is primarily the result of the acquisition of Cranium. As a result of this acquisition, property rights of $68,500 were recorded, which are being amortized over a fifteen year life. A portion of amortization expense also relates to licensing rights attributable to STAR WARS, and is based on expected sales of products related to those licensed rights.

Royalty expense for the quarter ended March 30, 2008 increased to $58,422, or 8.3% of net revenues from $50,260, or 8.0% of net revenues in the first quarter of 2007. The increase is primarily due to increased sales of entertainment-based products, primarily TRANSFORMERS movie-related products as well as increased sales of STAR WARS products.

Research and product development expenses for the quarter ended March 30, 2008 increased to $41,770, or 5.9% of net revenues from $35,310 or 5.7% of net revenues for the quarter ended April 1, 2007. The increase reflects higher investments in the Company’s core brands as well as the Company’s Cranium acquisition.

Advertising expense for the quarter ended April 1, 2008 increased to $76,983, or 10.9% of net revenues from $67,635, or 10.8% of net revenues, for the quarter ended April 1, 2007. The increase is primarily the result of the impact of foreign exchange as well as increased spending to support the growth of the business.

For the quarter ended March 30, 2008, the Company's selling, distribution and administration expenses were $176,193 or 25.0% of net revenues compared to $156,925 or 25.1% of net revenues in the quarter ended April 1, 2007. The increase in dollars reflects the impact of foreign exchange; increased shipping and distribution costs associated with both increased revenues and higher transportation costs; increased sales and marketing expenses to support the growth in the business; increased expenses as the result of the Company’s acquisition of Cranium; increased investment in the expansion into international emerging markets, including Brazil; and increased investment in the Company’s digital initiative of its Wizards of the Coast subsidiary. These increases were partially offset by the recognition of a pension surplus in the United Kingdom.

NONOPERATING (INCOME) EXPENSE
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Interest expense for the first quarter of 2008 was $11,428 compared with $6,184 in the first quarter of 2007. The increase was primarily the result of higher average borrowings in the first quarter of 2008 as a result of the issuance of $350,000 of notes in September 2007 as well as increased short-term borrowings to fund the Company's share repurchases and acquisition of Cranium.

Interest income for the quarter ended March 30, 2008 was $7,706 compared to $8,939 in 2007. The decrease in interest income in the first quarter of 2008 from the first quarter of 2007 was primarily the result of lower returns on invested cash, partially offset by higher average cash balances.

Other expense, net, was $1,861 for the first quarter of 2008, compared to $6,882 for the quarter ended April 1, 2007. Other expense, net, for the quarter ended April 1, 2007 included a charge of $7,920 related to the increase in the fair value of certain warrants required to be classified as a liability. These warrants were required to be adjusted to their fair value each quarter through earnings. The Company repurchased these warrants in May of 2007.

INCOME TAXES
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Income tax expense totaled 32.7% of pretax earnings in the first quarter 2008 compared with 33.7% in the first quarter 2007. Both quarterly rates are impacted by certain discrete tax events, primarily the accrual of potential interest and penalties on uncertain tax positions. The first quarter 2007 rate is also impacted by the effect of the adjustment of certain warrants to their fair value, which has no tax effect. Absent these items the first quarter 2008 effective tax rate would have been 31.3% compared with the first quarter of 2007 effective tax rate of 27.9%. The increase in the adjusted income tax rate to 31.3% in 2008 from 27.9% in 2007 is primarily due to the decision to repatriate a portion of 2008 international earnings to the U.S.

The first quarter 2008 adjusted income tax rate of 31.3% compares to an adjusted 2007 full year income tax rate of 30.5%. The adjusted 2007 full year income tax rate excludes certain discrete events, the accrual for potential interest and penalties on uncertain tax positions, and the effect of the adjustment of certain warrants to their fair value. The increase in the adjusted first quarter 2008 income tax rate to 31.3% compared with the adjusted full year 2007 income tax rate of 30.5% is primarily due to the impact of higher expected earnings in tax jurisdictions with higher statutory tax rates.

OTHER INFORMATION
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The Company's revenue pattern continues to show the second half of the year, and within that half, the fourth quarter, to be more significant to its overall business for the full year. The Company expects that this concentration will continue, particularly as more of its business shifts to larger customers with order patterns concentrated in the second half of the year. In years where the Company introduces products in the first half of the year tied to major motion picture releases, such as in 2007 with the releases of SPIDER-MAN 3 in May of 2007 and TRANSFORMERS in July of 2007, this concentration is not expected to be as pronounced due to the higher level of sales that occur around the time of the motion picture theatrical release. The concentration of sales in the second half of the year and, specifically, the fourth quarter increases the risk of (a) underproduction of popular items, (b) overproduction of less popular items, and (c) failure to achieve tight and compressed shipping schedules.

The toy and game business is characterized by customer order patterns which vary from year to year largely because of differences each year in the degree of consumer acceptance of product lines, product availability, marketing strategies and inventory policies of retailers, the dates of theatrical releases of major motion pictures for which we have product licenses, and changes in overall economic conditions. As a result, comparisons of our unshipped orders on any date with those at the same date in a prior year are not necessarily indicative of our sales for that year. Moreover, quick response inventory management practices result in fewer orders being placed significantly in advance of shipment and more orders being placed for immediate delivery. Unshipped orders at March 30, 2008 and April 1, 2007 were approximately $314,418 and $300,100, respectively. It is a general industry practice that orders are subject to amendment or cancel lation by customers prior to shipment. The backlog of unshipped orders at any date in a given year can also be affected by programs that we may employ to incent customers to place orders and accept shipments early in the year. These programs follow general industry practices.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (Revised 2007), “Business Combinations”, (“SFAS 141R”), which makes certain modifications to the accounting for business combinations. These changes include (1) the requirement for an acquirer to recognize all assets acquired and liabilities assumed at their fair value on the acquisition date; (2) the requirement for an acquirer to recognize assets or liabilities arising from contingencies at fair value as of that acquisition date; and (3) the requirement that an acquirer expense all acquisition related costs. This Statement is required to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of fiscal 2009.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, “Noncontrolling Interests in Consolidated Financial Statements”, (“SFAS 160”), which requires noncontrolling (minority) interests in subsidiaries to be initially measured at fair value and presented as a separate component of shareholders’ equity. Current practice is to present noncontrolling interests as a liability or other item outside of equity. This Statement is required to be applied prospectively after the beginning of fiscal 2009, although the presentation and disclosure requirements are required to be applied on a retrospective basis. The Company does not expect the adoption of SFAS No. 160 to have a material impact on its consolidated balance sheet or results of operations.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, “Disclosures about Derivative Instruments and Hedging Activities”, (“SFAS 161”), which requires enhanced disclosures related to derivative instruments and hedging activities. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, and the disclosure requirements will be applicable for the Company’s 2009 consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically generated a significant amount of cash from operations. In 2007, the Company primarily funded its operations and short-term liquidity needs through cash flows from operations, and, when needed, proceeds from its accounts receivable securitization program and borrowings under its unsecured credit facilities. During 2008, the Company has continued to fund its working capital needs primarily through cash flows from operations and, when needed, using proceeds from its accounts receivable securitization program and borrowings under its available lines of credit. The Company believes that the funds available to it, including cash expected to be generated from operations and funds available through its accounts receivable securitization program and other available lines of credit are adequate to meet its working capital needs for 2008.

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

Cash flows provided by operating activities were $153,852 and $53,637 for the first quarter of 2008 and 2007, respectively. The increase in cash provided by operating activities was primarily a result of increased collections of accounts receivable which had resulted from higher sales in the fourth quarter of 2007.

At March 30, 2008, accounts receivable increased to $388,693 from $327,124 at April 1, 2007, reflecting higher sales volume in the first quarter of 2008 compared to the first quarter of 2007. In addition, approximately $22,400 of the increase relates to higher translation of international balances due to the currency impact of the weaker U.S. dollar. Days sales outstanding increased to 50 days at March 30, 2008 compared to 47 days at April 1, 2007 as a result of an increase in the percentage of sales occurring later in the quarter and higher accounts receivable balances in international markets with longer payment terms.

Inventories increased to $291,199 at March 30, 2008 from $265,402 at April 1, 2007. Approximately $14,800 of this increase is a result of higher translation of international balances due to the currency impact of the weaker U.S. dollar. The remaining increase reflects the growth of the Company’s business.

Prepaid expenses decreased to $150,217 at March 30, 2008 compared to $171,488 at April 1, 2007. This decrease is primarily due to utilization of MARVEL and Lucas royalty advances. Generally when the Company enters into a licensing agreement for entertainment-based properties, an advance royalty payment is required at the inception of the agreement. This payment is then recognized in the consolidated statement of operations as the related sales are made. Each reporting period, the Company reflects as current assets the amount of prepaid royalties it expects to recognize in the statement of operations in the upcoming twelve months. The decrease in prepaid royalties is partially offset by an increase of approximately $7,100 as a result of higher translation of international balances due to the currency impact of the weaker U.S. dollar.

Accounts payable and accrued expenses decreased to $589,321 at March 30, 2008 from $614,637 at April 1, 2007. The decrease is primarily due to the Company exercising its call option related to warrants required to be classified as a liability and repurchasing these warrants in May of 2007. At April 1, 2007, these warrants had a fair value of $163,550. This decrease was partially offset by an increase in accounts payable due to higher levels of inventory and expenses as of March 30, 2008 as a result of the growth of the Company’s business. The overall decrease in accounts payable and accrued expenses was also partially offset by an increase in current deferred income related to the Company’s licensing agreement with EA as well as an increase in accrued royalties, primarily due to increased sales of TRANSFORMERS movie-related products.

Collectively, property, plant and equipment and other assets at March 30, 2008 increased $59,565 from April 1, 2007. The increase is primarily the result of an increase in intangible assets and goodwill of $33,528 mainly reflecting the acquisition of Cranium which resulted in $68,500 in property rights related to acquired product lines as well as goodwill of approximately $7,800, partially offset by amortization. In addition, other non-current assets increased primarily as a result of increased pension contributions in the prior year.

At March 30, 2008, cash and cash equivalents, net of short-term borrowings, were $660,931 compared to $681,198 at April 1, 2007. This decrease reflects cash expenditures of approximately $671,000 to repurchase shares of the Company’s common stock, the repurchase of certain warrants in May 2007 for $200,000, $67,166 in cash used to acquire Cranium in January of 2008 and dividends paid of approximately $97,700. These decreases were almost entirely offset by cash generated from operations and the issuance of $350,000 of notes in September 2007.

Cash utilized by investing activities was $94,212 in the first quarter of 2008 compared to $32,393 in the first quarter of 2007. This reflects $67,166 in cash, net of cash acquired, used to acquire Cranium in January 2008. As a result of the final balance sheet adjustment, the purchase price decreased by approximately $2,100, which was recorded in other current assets at March 30, 2008. Additions to property, plant and equipment increased to $24,764 in 2008 compared to $19,289 in 2007.

Cash utilized by financing activities was $4,360 in the first quarter of 2008 compared to $48,308 in the first quarter of 2007. The decrease in net utilization reflects an increase in short-term borrowings in 2008 to fund repurchases of the Company's common stock and the acquisition of Cranium. In addition, proceeds from stock option transactions decreased to $10,245 in the first quarter of 2008 compared to $32,215 in the first quarter of 2007 as a result of decreased stock option exercises attributed to the overall lower Company stock price during the first quarter of 2008 compared to the first quarter of 2007. Dividends paid increased to $22,917 in 2008 from $19,297 in 2007 due to an increase in the dividend rate, partially offset by a lesser amount of shares outstanding due to the Company's share repurchase program. Cash payments related to purchases of the Company's common stock increased to $151,997 in 2008 from $6 5,370 in 2007. In 2008 the Company repurchased 6,087 shares at an average price of $25.60. In the first quarter of 2008, the repurchase authorization of $500,000 adopted by the Board in August 2007 was fully utilized. In February 2008 the Company's Board of Directors authorized the repurchase of an additional $500,000 of the Company's common stock. At March 30, 2008, the Company had $453,809 remaining available under the February 2008 authorization.

The Company has a revolving credit agreement, which provides it with a $300,000 committed borrowing facility. The Company has the ability to request increases in the committed facility in additional increments of at least $50,000 up to a total committed facility of $500,000. The agreement contains certain financial covenants setting forth leverage and coverage requirements, and certain other limitations typical of an investment grade facility, including with respect to liens, mergers and incurrence of indebtedness. The Company was in compliance with all covenants as of and for the quarter ended March 30, 2008. The Company had $160,000 outstanding under its committed revolving credit facility at March 30, 2008. In addition, the Company has letters of credit outstanding under this facility of $2,400. Amounts available and unused under the committed line at March 30, 2008 were approximately $137,600. The Company also has othe r uncommitted lines from various banks, of which approximately $32,298 was utilized at March 30, 2008.

The Company is party to an accounts receivable securitization program whereby the Company sells, on an ongoing basis, substantially all of its U.S. trade accounts receivable to a bankruptcy remote special purpose entity, Hasbro Receivables Funding, LLC ("HRF"). HRF is consolidated with the Company for financial reporting purposes. The securitization program then allows HRF to sell, on a revolving basis, an undivided interest of up to $250,000 in the eligible receivables it holds to certain bank conduits. During the period from the first day of the October fiscal month through the last day of the following January fiscal month, this limit is increased to $300,000. The program provides the Company with a source of working capital. Based on the amount of eligible accounts receivable as of March 30, 2008, the Company had availability under this program to sell approximately $187,500, of which approximately $98,000 was util ized.

The Company has principal amounts of long-term debt at March 30, 2008 of approximately $844,815 due at varying times through 2028. Of this amount, $135,092 is due in July 2008. The Company had letters of credit and other similar instruments of approximately $64,400 and purchase commitments of $302,392 outstanding at March 30, 2008. Contractual obligations and commercial commitments, as detailed in the Company’s annual report on Form 10-K for the year ended December 30, 2007, did not materially change outside of payments made in the normal course of business. The table detailed in the Company’s annual report on Form 10-K does not include certain tax liabilities recorded in accordance with FASB Interpretation No. 48 because the Company does not know the ultimate resolution of these liabilities and as such, does not know the ultimate timing of payments related to this liability. These liabilities were $70,257 and $70,571 at Mar ch 30, 2008 and December 30, 2007, respectively, and are included as a component of other liabilities in the accompanying balance sheets.

At March 30, 2008, the Company has outstanding $249,828 in principal amount of senior convertible debentures due 2021. The senior convertible debentures bear interest at 2.75%, which could be subject to an upward adjustment in the rate, not to exceed 11%, should the price of the Company's stock trade at or below $9.72 per share for 20 of 30 trading days preceding the fifth day prior to an interest payment date. This contingent interest feature represents a derivative instrument that is recorded on the balance sheet at its fair value, with changes in fair value recognized in the statement of operations. If the closing price of the Company's stock exceeds $23.76 for at least 20 trading days within the 30 consecutive trading day period ending on the last trading day of the calendar quarter, or upon other specified events, the debentures will be convertible at an initial conversion price of $21.60 in the next calendar quarter. At December 31, 2007, this conversion feature was met and the bonds were convertible during the first quarter of 2008. There were no bonds converted during the first quarter of 2008. At March 30, 2008, this contingent feature was again met and the bonds will remain convertible through June 30, 2008, at which time the requirements of the conversion feature will be reevaluated. In addition, if the closing price of the Company's stock exceeds $27.00 for at least 20 trading days in any 30 day period, the Company has the right to call the debentures by giving notice to the holders of the debentures. During a prescribed notice period, the holders of the debentures have the right to convert their debentures in accordance with the conversion terms described above. The holders of these debentures may also put the notes back to Hasbro in December 2011 and December 2016 at the original principal amount. At that time, the purchase price may be paid in cash, shares of common stock or a combination of the two, at t he Company's discretion. While the Company's current intent is to settle in cash any puts exercised, there can be no guarantee that the Company will have the funds necessary to settle this obligation in cash.

The Company believes that cash from operations, including the securitization facility, and, if necessary, its committed line of credit, will allow the Company to meet these and other obligations listed.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATES

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. As such, management is required to make certain estimates, judgments and assumptions that it believes are reasonable based on the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. The significant accounting policies which management believes are the most critical to aid in fully understanding and evaluating the Company's reported financial results include sales allowances, recoverability of goodwill and intangible assets, recoverability of royalty advances and commitments, pension costs and obligations, stock-based compensation and income taxes. These critical accounting policies are the same as those detailed in the Annual Report on Form 10-K for the year ended December 30, 2007.

FINANCIAL RISK MANAGEMENT

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

To manage this exposure, the Company has hedged a portion of its forecasted foreign currency transactions for fiscal years 2008, 2009 and 2010 using foreign exchange forward contracts. The Company is also exposed to foreign currency risk with respect to its net cash and cash equivalents or short-term borrowing positions in currencies other than the U.S. dollar. The Company believes, however, that the on-going risk on the net exposure should not be material to its financial condition. In addition, the Company's revenues and costs have been, and will likely continue to be, affected by changes in foreign currency rates. From time to time, affiliates of the Company may make or receive intercompany loans in currencies other than their functional currency. The Company manages this exposure at the time the loan is made by using foreign exchange contracts. Other than as set forth above, the Company does not hedge foreign currency exposures. The Company reflects all derivatives at their fair value as an asset or liability on the balance sheet. The Company does not speculate in foreign currency exchange contracts. At March 30, 2008, these contracts had unrealized losses of $26,096, of which $15,135 are recorded in accrued liabilities and $10,961 are recorded in other liabilities. Included in accumulated other comprehensive income at March 30, 2008 are deferred losses, net of tax, of $22,644.

At March 30, 2008, the Company had fixed rate long-term debt, including current portions and excluding fair value adjustments, of $844,815. At March 30, 2008, the Company had fixed-for-floating interest rate swaps with notional amounts of $75,000. The interest rate swaps are designed to adjust a portion of the Company's debt subject to a fixed interest rate. The interest rate swaps are matched with specific long-term debt issues and are designated and effective as hedges of the change in the fair value of the associated debt. Changes in fair value of these contracts are wholly offset in earnings by changes in the fair value of the related long-term debt. At March 30, 2008, these contracts had a fair value of $219, which was included in other current assets, with a corresponding fair value adjustment to increase the current portion of long-term debt.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

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

Item 4. Controls and Procedures.

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 30, 2008. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There were no changes in the Company's internal control over financial reporting, as defined in Rule 13a-15(f) promulgated under the Exchange Act, during the quarter ended March 30, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are currently party to certain legal proceedings, none of which we believe to be material to our business or financial condition.

Item 1A. Risk Factors.

This Quarterly Report on Form 10-Q contains “forward-looking statements,” within the meaning of the Private Securities Litigation Reform Act of 1995, concerning management's expectations, goals, objectives, and similar matters. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "look forward," "may," "planned," "potential," "should," "will," and "would" or any variations of words with similar meanings. These forward-looking statements are inherently subject to known and unknown risks and uncertainties.

The Company's actual results or experience may differ materially from those expected or anticipated in the forward-looking statements. The Company has included, under Item 1A. of its Annual Report on Form 10-K, for the year ended December 30, 2007 (the "Annual Report"), a discussion of factors which may impact these forward-looking statements. In furtherance, and not in limitation, of the more detailed discussion set forth in the Annual Report, specific factors that might cause such a difference include, but are not limited to:

- the Company's ability to manufacture, source and ship new and continuing products on a timely and cost-effective basis and customers' and consumers' acceptance of those products in quantities and at prices that will be sufficient to profitably recover development, manufacturing, marketing, royalty and other costs of products;
- economic and public health conditions in the various markets in which the Company and its customers and suppliers operate throughout the world, including factors which impact the retail market, disposable income or consumer demand for the Company's products or the Company's ability to manufacture and deliver products, higher fuel and other commodity prices, higher transportation costs and potential transportation delays, higher labor costs, currency fluctuations, political or economic instability and government regulation;
- the concentration of the Company's customers;
- the Company's ability to generate sales during the fourth quarter, particularly during the relatively brief holiday shopping season, which is the period in which the Company derives a substantial portion of its revenues;
- the inventory policies of the Company's retail customers, including the concentration of the Company's revenues in the second half and fourth quarter of the year, together with the increased reliance by retailers on quick response inventory management techniques, which increases the risk of underproduction of popular items, overproduction of less popular items and failure to achieve tight and compressed shipping schedules;
- work stoppages, slowdowns or strikes, which may impact the Company's ability to manufacture or deliver product in a timely and cost-effective manner;
- concentration of manufacturing of many of the Company's products in the People's Republic of China and the associated impact to the Company of health conditions and other factors affecting social and economic activity in China, affecting the movement of people and products into and out of China, impacting the cost of producing products in China and the cost of exporting them to the Company’s other markets or affecting the exchange rates for the Chinese Renminbi, including, without limitation, the impact of tariffs or other trade restrictions being imposed upon goods manufactured in China;
- the costs of complying with product safety and consumer protection requirements worldwide, including the risk that greater regulation in the future may increase such costs, may require changes in the Company’s products and/or may impact the Company’s ability to sell some products in particular markets in the absence of making changes to such products;
- the risk that one of the Company’s third-party manufacturers will not comply with the labor, consumer, product safety or other aspects of the Company’s Global Business Ethics Principles and that such noncompliance will not be immediately detected which could cause damage to the Company’s reputation, harm sales of its products and potentially create liability for the Company;
- an adverse change in purchasing policies or the bankruptcy or other lack of success of one or more of the Company's significant retailers comprising its relatively concentrated retail customer base, which could negatively impact the Company's revenues or bad debt exposure;
- the risk that the market appeal of the Company's licensed products will be less than expected or that sales revenue generated by these products will be insufficient to cover the minimum guaranteed royalties;
- the risk that the Company may face product recalls or product liability suits relating to products it manufactures or distributes; which may have significant direct costs to the Company and which may also harm the reputation of the Company and its products, potentially harming future product sales;
- the impact of competition on revenues, margins and other aspects of the Company's business, including the ability to secure, maintain and renew popular licenses and the ability to attract and retain employees in a competitive environment;
- the risk that anticipated benefits of acquisitions may not occur or be delayed or reduced in their realization;
- the Company's ability to obtain and enforce intellectual property rights both in the United States and other worldwide territories;
- the risk that any litigation or arbitration disputes or regulatory investigations could entail significant expense and result in significant fines or other harm to the Company's business;

- the Company's ability to obtain external financing on terms acceptable to it in order to meet working capital needs;
- the Company's ability to generate sufficient available cash flow to service its outstanding debt;
- restrictions that the Company is subject to under its credit agreement;
- unforeseen circumstances, such as severe softness in or collapse of the retail environment that may result in a significant decline in revenues and operating results of the Company, thereby causing the Company to be in non-compliance with its debt covenants and the Company being unable to utilize borrowings under its revolving credit facility, a circumstance likely to occur when operating shortfalls would result in the Company being in the greatest need of such supplementary borrowings;
- market conditions, third party actions or approvals, the impact of competition and other factors that could delay or increase the cost of implementation of the Company's programs, or alter the Company's actions and reduce actual results;
- the risk that the Company may be subject to governmental sanctions for failure to comply with applicable regulations
- the risk that the Company's reported goodwill may become impaired, requiring the Company to take a charge against its income;

- other risks and uncertainties as are or may be detailed from time to time in the Company's public announcements and filings with the SEC, such as filings on Forms 8-K, 10-Q and 10-K.

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

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

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 2008 12/31/07 - 1/27/08	1,800,000	$23.5864	1,800,000	$67,145,434
February 2008 1/28/08 - 3/2/08	2,298,500	$26.1996	2,298,500	$506,925,624
March 2008 3/3/08 - 3/30/08	1,988,300	$26.7145	1,988,300	$453,809,157
Total	6,086,800	$25.5950	6,086,800	$453,809,157

In August 2007 the Company's Board of Directors authorized the repurchase of up to $500 million in common stock after two previous authorizations dated May 2005 and July 2006 of $350 million each were fully utilized. This authorization was fully utilized in February 2008. In February 2008 the Company's Board of Directors authorized the repurchase of up to an additional $500 million in common stock. Purchases of the Company's common stock may be made from time to time, subject to market conditions. These shares may be repurchased in the open market or through privately negotiated transactions. The Company has no obligation to repurchase shares under the authorization, and the timing, actual number, and value of the shares that are repurchased will depend on a number of factors, including the price of the Company's stock. The Company may suspend or discontinue the program at any time and there is no expiratio n date.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

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

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

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

3.4 Amended and Restated Bylaws of the Company, as amended. (Incorporated by reference to Exhibit 3(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, File No. 1-6682.)

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

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

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

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

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

4.4 First Supplemental Indenture, dated as of September 17, 2007, between the Company and the Bank of Nova Scotia Trust Company of New York. (Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed September 17, 2007, File No. 1-6682.)

Item 6. Exhibits (continued)

4.5 Revolving Credit Agreement, dated as of June 23, 2006, by and among Hasbro, Inc., Hasbro SA, Bank of America, N.A. Citibank, N.A., Citizens Bank of Massachusetts, Commerzbank AG, New York and Grand Cayman Branches, BNP Paribas, Banc of America Securities LLC and the other banks party thereto. (Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K dated June 23, 2006, File No. 1-6682.)

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

4.7 First Amendment to Rights Agreement, dated as of December 4, 2000, between the Company and the Rights Agent. (Incorporated by reference to

Exhibit 4(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, File No. 1-6682.)

4.8 Second Amendment to Rights Agreement, dated as of February 13, 2007, between the Company and Computershare Trust Company N.A. as the Rights Agent. (Incorporated by reference to Exhibit 4(g) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, File No. 1-6682.)

10.1 Hasbro, Inc. 2008 Management Incentive Plan

10.2 Form of Fair Market Value Stock Option Agreement under the 2003 Stock Incentive Performance Plan.

10.3 Form of Contingent Stock Performance Award under the 2003 Stock Incentive Performance Plan.

12 Computation of Ratio of Earnings to Fixed Charges Quarter Ended March 30, 2008.

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

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

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

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

SIGNATURES

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

HASBRO, INC.
- ---------------------
(Registrant)

Date: May 2 , 2008

By: /s/ David D.R. Hargreaves

David D. R. Hargreaves
Executive Vice President, Finance
and Global Operations and
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

HASBRO, INC. AND SUBSIDIARIES
Quarterly Report on Form 10-Q
For the Period Ended March 30, 2008

Exhibit Index

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Hasbro, Inc.

Management Incentive Plan
2008

Hasbro, Inc.
Management Incentive Plan

1.0 Background

1.1 The Management Incentive Plan (MIP)

- Establishes standard criteria to determine plan eligibility, and overall company, business unit and individual performance objectives.

- Establishes target awards as a percent of annual earned salary based on worldwide band level.

- Plan pay-out is based on a combination of company, individual, and/or business unit performance.

- Performance objectives and goals are established to measure performance achievement and may be based on one or a combination of the following: sales (net revenues), operating margin and returns (free cash flow) for company and business unit performance, as well as an individual component.

1.2 Purpose

Hasbro, Inc., herein referred to as “the Company”, has established this plan for the purpose of providing incentive compensation to those officers, managers, and key employees who contribute significantly to the growth and success of the Company’s business; to attract and retain, in the employ of the Company, individuals of outstanding ability; and to align the interests of those who hold positions of major responsibility in the Company with the interest of the Company’s shareholders.

1.2.1 General Guideline

Amounts awarded under the Plan are discretionary at all times.

1.3 Scope

The Plan is applicable to all subsidiaries and divisions of the Company, including the Corporate group, on a worldwide basis.

1.3.1 Eligibility

Officers, managers, and key employees, as determined by Management, whose duties and responsibilities contribute significantly to the growth and success of the Company’s business, are eligible to participate in the Plan. Eligibility will be determined by an employee’s broad band in accordance with the Company’s method of job evaluation as appropriate. Worldwide employees in positions classified in broad bands 30 and above will be eligible to participate.

Eligibility to participate in the Plan does not guarantee the receipt of an award under the Plan. Notwithstanding any of the above, those executive officers of Hasbro, Inc. who are identified as participants under the Company’s 2004 Senior Management Annual Performance Plan are not eligible to participate in the Management Incentive Plan. However, executive officers who are not identified as participants in the 2004 Senior Management Annual Performance Plan are eligible to participate in the Plan. In addition, the incentive awards for executives considered part of the Senior Management Team are subject to the discretion and approval of the Compensation Committee of the Board of Directors of Hasbro, Inc.

1.3.2 Exclusion of Senior Management Performance Plan Participants

Any employee designated by the Hasbro, Inc. Compensation Committee of the Board of Directors as an eligible participant in the Hasbro, Inc. Senior Management Performance Plan (SMPP) shall not be eligible for an award under this plan for the period SMPP eligibility is designated.

1.3.3 Approval of Incentive Awards

The incentive awards for employees participating in this plan must be approved by the Chief Executive Officer & President (hereinafter, the "CEO") of the Company and, for executive officers, also by the Compensation Committee of the Board of Directors.

2.0 Incentive Award Levels

2.1 Target Incentive Award

Target awards are expressed as a percentage of earned salary for the plan year. For purposes of this Plan, earned salary means all base compensation for the participant for the year in question, which base compensation shall include all base compensation amounts deferred into the Company’s retirement savings plan, the Company’s Non-Qualified Deferred Compensation Plan, and/or any similar successor plans for the fiscal year and excludes any bonus or other benefits, other than base compensation, for the plan year. By design, these are the award levels that plan participants can expect to earn when they and their applicable business units perform as expected (i.e., achieve their goals and objectives).

2.2 Maximum Formula Incentive Award

Under this incentive plan the maximum award for employees below band WW80 is 200% of the target award. In addition, any awards that are in excess of one times salary must be reviewed and approved by the Division’s senior management and the CEO. As is provided in Section 3.3.3 of the Plan, the maximum award for employees in band WW80 or above is 300% of the target award.

2.3 The following table outlines the various incentive award targets defined above. All percentages refer to percentages of base salary earned for the incentive award period.

WW Band	**Target**
90	75%
80	60%
70	50%
60	45%
50	40%
40*	25%
30	15%

*Includes broad band 45 in European markets.

3.0 Measures of Performance for 2008

3.1 Overall Company Performance

Each MIP formula contains a performance component related to overall Hasbro performance. For 2008, this component is measured by Sales, Operating Margin, and Returns. The weighting and definition of the overall company measures are:

Measure	Definition	% of Company Measure
Sales (net revenues) Growth	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty Income	40
Operating Margin	Operating Profit divided by Net Revenues	40%
Returns (Free Cash Flow)	Net cash provided by operating activities – Capital Expenditures	20%

3.2 Individual Performance

Individual performance will be determined by the participant's supervisor and approved by the Division/Subsidiary senior executive or Corporate functional head, where appropriate. It will be based upon actual job performance consistent with goals/objectives outlined during performance reviews for the plan year.

3.3 Business Unit Performance

Each business unit, as determined under this program, will assess performance based on Sales and Operating Margin specific to the business unit. The weighting and definition of the overall company measures are:

Measure	Definition	% of Company Measure
Sales (net revenues) Growth	Third Party Gross Sales (after returns) less Sales Allowances plus Third Party Royalty income	50%
Operating Margin	Operating Profit divided by Net Revenues	50%

Hasbro Far East uses the Balanced Scorecard as approved by the CEO in lieu of Net Revenues and Operating Margin. Those jobs, which are corporate in nature, will comprise the "corporate" business unit and their performance will be based on overall company performance as described in section 3.1.

3.3.1 Bonus Formula Metrics

The following is the structure for which all incentive formulas will be derived. The formulas are used to assess performance at the overall Company level, business unit level, and individual level. Bonus formula metrics are subject to review annually by the CEO.

3.3.2 Bonus Formula Metrics WW 30 - 70

a) Corporate

75% overall Company performance
25% individual performance

b) Business Unit

25% overall Company performance
50% business unit(s) performance
25% individual performance

c) Hasbro International

25% overall Company performance
50% international, Europe, region and/or country performance
25% individual performance

d) Personal performance

25% of formula based on individual performance with a range of 0% to 150% for this component

3.3.3 Bonus Formula Metrics WW 80

a) Corporate

100% overall company performance

Personal performance modifier[1]

b) Business Unit
40% overall company performance
60% business unit performance
Personal performance modifier[1]

[1]Definition of the personal performance modifier: Management Business Objectives (MBOs) are set before the end of Q1 of the plan year. These are established between the employee and the CEO and/or COO. Performance is reviewed annually - if MBO's are exceeded, pay out can be up to 150% of formula bonus; if MBO's are met, pay out can be up to 100% of formula bonus; if MBO's are not met, pay out can be reduced to 0% of formula. Maximum bonus may not exceed 300% of the target.

4.0 Development of Formula Incentive Award

At the close of the fiscal year, the overall Company and each business unit's actual performance for each financial component will be calculated and approved by the Chief Financial Officer, ("CFO"). An acceleration or deceleration scale will be applied to the component's payout performance as shown below to develop the formula bonus*:

Performance %	Payout %*	
< 80%	0%	Minimum performance 80%
80%	60%	For every 1% increase in perf, 2% increase in award
100%	100%	For every 1% increase in perf, 3% increase in award
105%	115%	
110%	130%	For every 1% increase in perf, 4% increase in award
115%	150%	
120%	170%	
125%	190%	

Some countries outside of the US will have a separate performance and payout scale established annually.

Once the business unit has calculated the formula incentive awards, the recommended award pools by business unit are developed. These recommended pools will equal the aggregate of the formula incentive awards including the budgeted individual performance component for all eligible employees. These pools are subject to approval by the CEO and Compensation Committee of the Board of Directors.

4.1. Formula Award

The formula incentive award is a first pass calculation of an award based on actual performance achieved by the overall Company, business unit, and the estimated individual performance percentage.

Business unit incentive pool dollars are derived from the aggregated of formula awards within a business unit.

4.1.1 Recommended Awards

The recommended awards for participants of a specific business unit are submitted to the CEO and Compensation Committee for approval. These recommended awards could be modified from the formula award based on management's discretion.

4.2. The CEO of the Company and the Compensation Committee of the Board of Directors shall review, modify, and approve all recommended awards for senior management as well as the total formula pool dollars allotted for non-senior management, in their sole discretion. In addition, any awards recommended in excess of one times a participant's base salary must be reviewed and approved by the Chief Executive Officer & President.

5.0 Removals, Transfers, Terminations, Promotions and Hiring Eligibility

5.1 Participants whose employment with the Company is terminated because of retirement or disability:

§ After the close of the plan year, but prior to the actual distribution of awards for such year, may be awarded an incentive award for the plan year at the discretion of the CEO.

§ After the beginning, but prior to the close of the plan year, no award shall be granted unless authorized at the sole discretion of the CEO.

5.2 Participants whose employment with the Company is terminated because of death:

- § After the close of the plan year, but prior to the actual distribution of awards for such year, shall be awarded an incentive award for the plan year. Such payment will be made to the deceased employee's estate or designated beneficiary.

- § After the beginning, but prior to the close of the plan year, no award shall be granted unless authorized at the sole discretion of the CEO. Any such payments will be made to the deceased employee's estate or designated beneficiary.

5.3 Participants who resign for any reason after the close of the plan year but prior to the distribution of awards for such year will not receive an incentive award.

5.4 Participants who are discharged from the employ of the Company or any of its subsidiaries for cause or for any offense involving moral turpitude or an offense involving breach of the fiduciary duty owed by the individual to the Company will not be entitled to an award for any plan year.

5.5 Participants who are discharged from the employ of the Company or any of its subsidiaries due to job elimination:

- § After the close of the plan year, but prior to the actual distribution of awards for such year, may be awarded an incentive award for the plan year. No award shall be granted unless authorized at the sole discretion of the CEO.

- § After the beginning, but prior to the close of the plan year, the participant is no longer eligible for that year. However, a discretionary award may be granted by the CEO.

5.6 Participants under statutory or contractual notice:

- § On December 31st of the plan year, may be awarded an incentive award for the plan year. No award shall be granted unless authorized at the sole discretion of the CEO.

- § Which ends prior to the close of the plan year shall not be eligible for an incentive award for that plan year. However, a discretionary award may be granted by the CEO.

5.7 Participants transferred during the plan year from one division of the Company to another will be eligible to receive an award (subject to achievement of the requisite organizational and individual performance) through the division in which he or she is employed at the end of the plan year, but the award amount may be based on the performance made in each division in which the individual was employed during the year.

5.8 Employees hired during the plan year must be actively employed by July 1st of the plan year to participate in the bonus for that plan year. Awards will be made based upon the employee's earned salary during the period of their employment with the Company during the plan year.

5.9 The eligibility for an award and plan status of employees who remain employed with the Company during the plan year but whose change in employment status through promotion or reclassification affects their level of participation:

- § Prior to July 1st of the plan year, will participate at the level consistent with the promotion or reclassification.
- § After July 1st but prior to the close of the plan year, will participate at the level consistent with their classification prior to the promotion or reclassification.

5.10 The eligibility for an award and plan status of employees who remain employed with the Company during the plan year but whose change in employment status through demotion affects their level of participation will be determined by the CEO in the CEO's sole discretion.

6.0 Administration of the Plan

6.1 Amendments to the Plan (Contingency Clause)

The Chief Executive Officer and the Compensation Committee of the Board of Directors reserve the right to interpret, amend, modify, or terminate the Plan in accordance with changing conditions at any time in their sole discretion.

6.2 Incentive Award Distribution

Incentive awards, when payable, shall be paid as near to the close of the company's fiscal year as may be feasible. Participants in the Plan must be employed at the time of award distribution in order to receive bonus payments, except as provided in Section 5.0.

No individual has the rights to receive an award until it has been approved and distributed in accordance with the provisions of this plan.

6.3 Non-Assignment of Awards

Participants eligible to receive incentive awards shall not have any right to pledge, assign, or otherwise dispose of any unpaid or projected awards.

6.4 Deferral of Awards

Participants eligible to defer incentive awards through the Deferred Compensation Program (DCP) may elect to do so during the annual DCP enrollment.

EXHIBIT 10.2

HASBRO, INC.

2003 STOCK INCENTIVE PERFORMANCE PLAN

STOCK OPTION AGREEMENT FOR EMPLOYEES

[Insert date] GRANT

AGREEMENT, made effective as of ______________, by and between HASBRO, INC., a Rhode Island corporation (the "Company") and ____________, an individual residing at _________________ ("Optionee").

WHEREAS, Optionee is an employee of the Company or of a direct or indirect subsidiary of the Company and is eligible to participate in the Company's 2003 Stock Incentive Performance Plan, as amended (the "Plan"), and

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board") acting in accordance with the provisions of the Plan granted to Optionee a non-qualified stock option to purchase ______________ (____________) shares of Common Stock of the Company, par value $.50 per share (the "Common Stock"), at a price determined by said Committee to be not less than the fair market value of such Common Stock on the date of said grant, subject to and upon the terms and conditions set forth in the Plan and as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto agree as follows:

W I T N E S S E T H:

1. The Company confirms the grant by the Committee to the Optionee on ________________, pursuant to the Plan, a copy of which is annexed hereto as Appendix A and the provisions of which are incorporated herein as if set forth in full, of a stock option to purchase all or any part of the number of shares of Common Stock (the "Shares"), described in Paragraph 2 below (the "Option"), subject to and upon the terms and conditions set forth in the Plan and the additional terms and conditions hereinafter set forth. The Option is evidenced by this Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms used herein and not otherwise defined shall have the meaning set forth in the Plan.

2. This Agreement relates to an Option to purchase () shares at an exercise price of $____________ per share (the "Exercise Price Per Share"). (Hereinafter, the term "Exercise Price" shall mean the Exercise Price Per Share multiplied by the number of shares being exercised.) Subject to the provisions of the Plan and of this Agreement, the Optionee shall be entitled to exercise the Option on a cumulative basis until the day preceding the seventh anniversary of the date of the grant in accordance with the following schedule:

Period	Cumulative Percent of Option Exercisable

In determining the number of shares exercisable in accordance with the above table, fractional shares shall be disregarded.

3. In the event that Optionee wishes to purchase any of the shares then purchasable under the Option as provided in Paragraph 2 hereof, Optionee shall deliver or shall transmit to the Company or to the Company's designee, at the Company's then principal office or such other location as is designated by the Company, a written notice, substantially in the form attached hereto as Appendix B, as the same may be amended or supplemented from time to time by the Company, signed by Optionee, together with a check payable to Hasbro, Inc., (or accompanied by wire transfer to such account of the Company as the Company may designate) in United States dollars, in the aggregate amount of the Exercise Price, or shares of Common Stock held by the Optionee for at least six (6) months (duly endorsed to the Company or accompanied by an executed stock power, in each case with si gnatures guaranteed by a bank or broker if required by the Company) having a Fair Market Value (as defined in the Plan) equal to the Exercise Price, or a combination of such shares having a Fair Market Value less than the Exercise Price and a check in United States dollars for the balance of the Exercise Price, all as more fully described in said Appendix B.

Unless an Optionee shall have made advance alternative arrangements satisfactory to the Company, or the Company's designee, each Optionee shall deliver to the Company or its designee, together with the written notice of exercise and payment of the Exercise Price as aforesaid, a check payable to Hasbro, Inc., or a wire transfer to such account of the Company as the Company may designate, in United States dollars, in the amount of any withholding required by law for any and all federal, state, local or foreign taxes payable as a result of such exercise. Each Optionee shall consult with the Company or the Company's designee in advance of the exercise so as to determine the amount of withholding taxes due. An Optionee may also elect to satisfy any withholding taxes payable as a result of such exercise (the "Taxes"), in whole or in part, either (i) by having the Company wit hhold from the shares of Common Stock to be issued upon exercise of the Option or (ii) delivering to the Company shares of Common Stock already owned by the Optionee and held by the Optionee for at least six (6) months (represented by stock certificates duly endorsed to the Company or accompanied by an executed stock power in each case with signatures guaranteed by a bank or broker to the extent required by the Company), in each case in an amount whose Fair Market Value on the date of exercise is either equal to the Taxes or less than the Taxes, provided that a check payable to Hasbro, Inc., or a wire transfer to such account of the Company as the Company may designate, in United States dollars for the balance of the Taxes is also delivered to the Secretary, or his designee, at the time of exercise, all as more fully described in said Appendix B.

In addition, the Optionee shall comply with such other requirements and provide such additional information and documentation as is reasonably required by the Company, or the Company's designee, to process any exercise of this option and resulting delivery of shares. As soon as practicable after receipt of the notice of exercise, Exercise Price, Taxes, and such other information and documentation as the Company or its designee shall require, the Company or its designee shall deliver or cause to be delivered to Optionee the shares in respect of which the Option was so exercised (less any shares deducted to pay Taxes in accordance with Optionee's election).

4. (a) If an Optionee who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at his Normal Retirement Date (as defined below), or an Optionee with at least one year of Credited Service of the Company suffers a permanent physical or mental disability (as defined below) or dies, in each case without the Optionee having fully exercised any Option granted to the Optionee, then the Optionee, the executor, administrator or trustee of the Optionee's estate, or the Optionee's legal representative, as the case may be, shall have the right to exercise any Option under the Plan, for a period of

not more than one (1) year after such retirement, such disability, or in the case of death, the appointment and qualification of such executor, administrator or trustee, unless the Committee shall extend (it being understood that any determination as to wh ether or not to extend the exercise period for an Option will be made by the Committee in its sole discretion) the time for exercise of the Option (except that in no event other than death may such Option be exercised, nor shall any such extension by the Committee allow for exercise, later than the day preceding the seventh anniversary of the date of the grant of such Option). In each such case, the Option will be exercisable with respect to all or any part of the number of shares to which the Option relates, whether or not said Option was fully exercisable in accordance with the schedule set forth in Section 2 of this Agreement as of the date of such retirement, disability or death. Optionee understands that among the factors to be considered by the Committee in making its decision hereunder is whether or not Optionee has executed a "covenant not to compete," in a form approved by the Board or the Committee, relating to the period subsequent to Optionee's retirement. Thereafter, such O ption, to the extent not so exercised during such one-year period, or any extended exercise period provided for by the Committee, shall be deemed to have expired regardless of the expiration date otherwise specified in Section 2 hereof.

(b) If an Optionee who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at an Early Retirement Date (as defined below), without the Optionee having fully exercised any Option granted to him, the Optionee shall have the right to exercise the unexercised portion of any Option theretofore granted, but only to the extent said Option was then exercisable in accordance with the schedule set forth in Section 2 of this Agreement, for a period of not more than three (3) months after the date of early retirement, unless the Committee shall extend (it being understood that any determination as to whether or not to extend the exercise period for an Option will be made by the Committee in its sole discretion) the time for exercise of the Option (but in no event shall the exercise period extend beyond the day preceding the seventh anniversary of the date of grant of th e Option) or shall approve an increase in the number of shares exercisable upon or following early retirement (it being further understood that any determination whether or not to increase the number of shares exercisable upon or following retirement will also be made by the Committee in its sole discretion), notwithstanding the schedule set forth in Section 2 hereof, or any combination of the foregoing. Optionee understands that among the factors to be considered by the Committee in making its decision hereunder is whether or not Optionee has executed a "covenant not to compete," in a form approved by the Board or the Committee, relating to the period subsequent to Optionee's early retirement. Thereafter, the Option, to the extent not exercised during such three-month period, or such longer period as may have been approved by the Committee, shall be deemed to have expired, regardless of the expiration date otherwise specified in Section 2 hereof.

(c) If an Optionee ceases to be employed by the Company or by a direct or indirect subsidiary of the Company for any reason other than the reasons set forth in subsections (a) and (b) of this Section 4, he shall have the right to exercise the unexercised portion of any Option theretofore granted to Optionee, but only to the extent said Option was then exercisable in accordance with the schedule set forth in Section 2 of this Agreement as of the date of termination, for a period of not more than three (3) months after any such termination, but not, in any event, later than the day preceding the seventh anniversary date of the grant of such Option. Thereafter, such Option, to the extent not so exercised during such three-month period, shall be deemed to have expired, regardless of the expiration date otherwise specified in Section 2 hereof.

For purposes of subsections (a) and (b) above:

* "Credited Service" shall mean: the period of an Optionee's employment considered in determining whether the Optionee is eligible to receive benefits upon termination of employment.

*

"Early Retirement Date" shall mean: the day on which an Optionee who has attained age fifty-five (55), but has not reached age sixty-five (65), with ten (l0) or more years of Credited Service, retires. An Optionee is eligible for early retirement on the first day of the calendar month coincidental with or immediately following the attainment of age fifty-five (55) and the completion of ten (l0) years of Credited Service, and "early retirement" shall mean retirement by an eligible Optionee at the Early Retirement Date.

* "Normal Retirement Date" shall mean: the day on which an Optionee who has attained age sixty-five (65) with five (5) or more years of Credited Service, retires. An Optionee is eligible for normal retirement on the first day of the calendar month coincident with or immediately following the Optionee's attainment of age sixty-five (65) and completion of five (5) or more years of Credited Service, and "normal retirement" shall mean the retirement by an eligible Optionee at the Normal Retirement Date.

* "permanent physical or mental disability" shall mean: an Optionee's inability to perform his or her job or any position which the Optionee can reasonably perform with his or her background and training by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration.

5. The adjustment provisions set forth in Section 8 of the Plan shall apply to this Option.

6. This Option shall not be transferable by the Optionee, in whole or in part, except in accordance with Section 7 of the Plan, and shall be exercisable only as hereinbefore provided. Any purported assignment, transfer, pledge, hypothecation or other disposition of the Option or any interest therein contrary to the provisions of the Plan, and the levy of any execution to, or the attachment or similar process upon, the Option or any interest therein, shall be null and void and without effect.

7. Subject to the applicable provisions of the Plan, and particularly to Section 7 of the Plan, this Agreement shall be binding upon and shall inure to the benefit of Optionee, Optionee's successors and permitted assigns, and the Company and its successors and assigns.

8. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Rhode Island and Providence Plantations and applicable Federal law.

IN WITNESS WHEREOF, the Company and the Optionee have duly executed this Agreement effective as of the day and year first above written.

ATTEST:

By: ___________________________
,
Senior Vice President,
General Counsel and Secretary

HASBRO, INC.

By: ___________________________
,
President and Chief Executive Officer

By: ___________________________
Optionee

EXHIBIT 10.3

HASBRO, INC.

2003 STOCK INCENTIVE PERFORMANCE PLAN

CONTINGENT STOCK PERFORMANCE AWARD

[Insert Date] GRANT

AGREEMENT, made effective as of _________________, by and between HASBRO, INC., a Rhode Island corporation (the "Company") and ______________, an individual residing at ________________________________ (the "Participant").

WHEREAS, the Participant is eligible to participate in the Company's 2003 Stock Incentive Performance Plan, as amended (the "Plan"), and

WHEREAS, the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"), acting in accordance with the provisions of the Plan, granted to Participant a contingent stock performance award dated _________________ designed to reward the Participant for the Participant's efforts in contributing to the Company's achievement of certain stated financial goals, and

WHEREAS, the stock performance award provides the Participant with the ability to earn shares of the Company's common stock, par value $.50 per share (the "Common Stock"), contingent on the Company's performance in achieving pre-established cumulative diluted earnings per share ("EPS") and cumulative net revenue ("Revenues") performance targets over the period beginning on _____________ and ending on _____________ (the "Performance Period"), subject to and upon the terms and conditions set forth in the Plan and as hereinafter set forth.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the parties hereto agree as follows:

W I T N E S S E T H:

1. The Company confirms the grant by the Committee to the Participant on __________________, and pursuant to the Plan, a copy of which is annexed hereto as Appendix A and the provisions of which are incorporated herein as if set forth in full, of a contingent stock performance award (the "Award") subject to and upon the terms and conditions set forth in the Plan and the additional terms and conditions hereinafter set forth. The Award is evidenced by this Agreement. In the event of any inconsistency between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms used herein and not otherwise defined shall have the meaning set forth in the Plan.

2. This Agreement relates to an Award providing the Participant with the potential ability to earn shares of the Company's common stock, par value $.50 per share (the "Common Stock"), contingent on the Company's performance in achieving its pre-established EPS and Revenues targets over the Performance Period. The EPS and Revenues targets for the Performance Period are set forth below:

EPS	$[_____________]
Revenues	$[_____________]

Except as is otherwise set forth in this Agreement, the Participant shall not have any ability to receive any shares of Common Stock pursuant to this Award until the Performance Period is completed. Following the end of the Performance Period, the Committee will determine the Company's EPS and Revenues over the Performance Period. The Committee will certify the Company's EPS and Revenues over the Performance Period as promptly as is reasonably possible following the completion of the Performance Period, but in no event later than 75 days following the completion of the Performance Period.

3. For purposes of this Award, the Company's EPS and Revenues over the Performance Period will be computed on a consolidated basis in the same manner used by the Company in computing its consolidated financial performance under generally accepted accounting principles ("GAAP"), except for the following deviations from GAAP: (i) EPS and Revenues will be computed excluding the impact of any changes in accounting rules that are effective after the date of this Agreement and which impact the Company's reported net earnings or Revenues results by $10,000,000 or more in any fiscal year during the Performance Period, (ii) EPS and Revenues will exclude the impact of any acquisitions or dispositions consummated by the

Company during the Performance Period which have either a total acquisition price, or total sale price, respectively, of $100 million or more, as suc h acquisition price or sales price is determined in good faith by the Committee, (iii) EPS and Revenues will be calculated excluding the impact of any restructuring activities undertaken by the Company after the date of this Agreement which result in costs or charges to the Company of $10,000,000 or more in any fiscal year during the Performance Period, and (iv) EPS and Revenues will be calculated based on actual results translated at exchange rates established at the beginning of the Performance Period.

4. The target number of shares of Common Stock which may be issuable under this Award in the event of 100% achievement of the pre-established EPS and Revenues measures over the Performance Period is ________________ (   ) (the "Target Shares"). The following table sets forth the contingent number of shares of Common Stock which the Participant may actually earn under this Award, as a percentage of the Target Shares, based upon certain performances by the Company in achieving the EPS and Revenues targets. It is understood and agreed by the Participant, however, that the Committee retains sole and absolute discretion in all cases to reduce the number of shares of Common Stock, if any, to actually be delivered to the Participant to any number, below the number of shares otherwise called for under this Awar d, as the Committee may deem appropriate. To compute the actual number of shares of Common Stock, if any, which may be earned by the Participant (prior to any reduction in such number by the Committee) the respective EPS and Revenues performances of the Company, as certified by the Committee following completion of the Performance Period, are applied to the following table. The appropriate box in the table corresponding with the actual EPS and Revenues performance, as so certified by the Committee, sets forth the number of shares of Common Stock, if any, as a percentage of the Target Shares, which may be earned by the Participant over the Performance Period.

	Revenues Measure			
EPS Measure	Revenues 10% or more over Target	Revenues of at least Target but not 10% or more over Target	Revenues of at least 90% of Target but less than Target	Revenues of under 90% of Target
EPS 10% or more over Target	125%	115%	105%	62%
EPS of at least Target but not 10% or more over Target	115%	100%	95%	50%
EPS of at least 90% of Target but less than Target	105%	95%	85%	0%
EPS under 90% of Target	62%	50%	0%	0%

By way of illustration, if the percentage of the Revenues target achieved is 120% and the percentage of the EPS target achieved is 85%, the Participant would earn (   ) shares of Common Stock, subject to a reduction in such number at the discretion of the Committee.

5. Once the Company has determined the number of shares of Common Stock, if any, which may be earned by the Participant based on the EPS and Revenues performance of the Company, and taking into account the exercise of any discretion of the part of the Committee to reduce such number by any amount which the Committee deems appropriate, the Company will as promptly as possible thereafter, but in all events not later than the 15th day of the third month following the end of the calendar year

in which the Performance Period ends, issue any such shares of Common Stock which have been deemed earned to the Participant.

6. The Participant shall consult with the Secretary of the Company or his designee in advance of the issuance of any shares pursuant to this Award so as to designate the manner in which the Participant wishes to pay any withholding taxes due. Unless the Participant shall have made advance alternative arrangements satisfactory to the Secretary of the Company, or his designee, each Participant shall deliver to the Secretary or his designee, a check payable to Hasbro, Inc., or a wire transfer to such account of the Company as the Company may designate, in United States dollars, in the amount of any withholding required by law for any and all federal, state, local or foreign taxes payable as a result of the Participant earning any shares under this Award or being issued any shares pursuant to the provisions below based on certain other events. A Participant may also elect to satisfy the minimum withholding taxes required by law payable as a result of the issuance of any shares pursuant to this Award (the "Taxes"), in whole or in part, either (i) by having the Company withhold from the shares of Common Stock to be issued pursuant to this Award or (ii) delivering to the Company shares of Common Stock already owned by the Participant and held by the Participant for at least six (6) months (represented by stock certificates duly endorsed to the Company or accompanied by an executed stock power in each case with signatures guaranteed by a bank or broker to the extent required by the Company), in each case in an amount whose Fair Market Value on the date the Participant has become entitled to such shares pursuant to this Award is either equal to the Taxes or less than the Taxes, provided that a check payable to Hasbro, Inc., or a wire transfer to such account of the Company as the Company may designate, in United States dollars for the balance of the Taxes is also d elivered to the Secretary, or his designee, at the time of issuance. If the Participant makes no election pursuant to the preceding provisions and does not timely remit payment of the required withholding taxes, the Participant's tax withholding requirements will be satisfied through the withholding of shares of Common Stock and to the extent a fractional share needs to be withheld, the Company will withhold the next highest number of full shares and will remit the value of the fraction of a share which exceeds the required withholding to the Participant. As soon as practicable after receipt of the withholding taxes, the Company shall deliver or cause to be delivered to the Participant a certificate or certificates, or such other method of delivery as the Company shall agree to with the Participant, for the shares payable pursuant to the Award (less any shares deducted to pay Taxes).

7. Until such time, if any, that actual shares of Common Stock become due and are issued to the Participant in accordance with the terms of this Agreement, the Participant will not have any dividend or voting rights with respect to any shares which may be issuable in the future pursuant to this Award. The Participant's rights under this Award shall be no greater than those of an unsecured general creditor of the Company, and nothing herein shall be construed as requiring the Company or any other person to establish a trust or to set aside assets to meet the Company's obligations hereunder.

8. (a) If a Participant who is an employee of the Company or of a direct or indirect subsidiary of the Company dies before the Performance Period is completed, then the Company will issue the number of shares of Common Stock to the executor, administrator or trustee of the Participant's estate, or the Participant's legal representative, as the case may be, that is computed by multiplying: (i) the number of shares of Common Stock which would have been issuable to the Participant pursuant to the Award assuming completion of the Performance Period and the Company's achievement over the Performance Period of EPS and Revenues equal to target in each case by (ii) a fraction, the numerator of which is the number of days from the start of the Performance Period to the date that the Participant died and the denominator of which is the total number of days in the Performance Peri od. This pro-rated target award, as it may be reduced by the Committee in the Committee's sole and absolute discretion, will be payable as soon following the Participant's death as is reasonably practicable. If a Participant dies after the end

of the Performance Period, but prior to the delivery of any shares of Common Stock issuable pursuant to this award, then the Company will issue to the Participant's estate, or the Participant's legal representative, as the case may be, the number of shares of Common Stock, if any, which would have otherwise been issuable to the Participant if the Participant had not died.

(b) If a Participant with at least one year of Credited Service of the Company suffers a permanent physical or mental disability (as defined below), before the Performance Period is completed, then the Participant's Award will remain outstanding during the remaining portion of the Performance Period. At the end of the Performance Period the Committee will compute how many, if any, shares of Common Stock would be issuable pursuant to the Award based on the Company's performance against its EPS and Revenues targets. That actual number of shares of Common Stock which would have been earned under the Award over the entire Performance Period will then be multiplied by a fraction the numerator of which is the number of days from the start of the Performance Period to the date that the Participant became disabled and the denominator of which is the total number of da ys in the Performance Period. This pro-rated number of shares, as it may be reduced by the Committee in the Committee's sole and absolute discretion, will then be issuable to the Participant in the same manner as shares are issued to other Participants.

(c) If a Participant who is an employee of the Company or of a direct or indirect subsidiary of the Company retires at either an Early Retirement Date or a Normal Retirement Date (each as defined below), before the Performance Period is completed, provided that the Participant executes, or has previously executed, a non-compete agreement in the form established by the Committee, then the Participant's Award will remain outstanding during the remaining portion of the Performance Period. At the end of the Performance Period the Committee will compute how many, if any, shares of Common Stock would be issuable pursuant to the Award based on the Company's performance against its EPS and Revenues targets. That actual number of shares of Common Stock which would have been earned under the Award over the entire Performance Period will then be multiplied by a fraction the numerator of which is the number of days from the start of the Performance Period to the date that the Participant retired and the denominator of which is the total number of days in the Performance Period. This pro-rated number of shares, as it may be reduced by the Committee in the Committee's sole and absolute discretion, will then be issuable to the Participant in the same manner as shares are issued to other Participants.

(d) If a Participant ceases to be employed by the Company or by a direct or indirect subsidiary of the Company before the end of the Performance Period for any reason other than the reasons set forth in subsections (a), (b) and (c) of this Section 8, the Award will be forfeited and the Participant will not have any further rights under the Award, including, without limitation, any rights to receive shares of Common Stock.

For purposes of subsections (a), (b) and (c) above:

* "Credited Service" shall mean: the period of a Participant's employment considered in determining whether the Participant is eligible to receive benefits upon termination of employment under the Company's applicable retirement plan.

* "Early Retirement Date" shall mean: the day on which a Participant who has attained age fifty-five (55), but has not reached age sixty-five (65), with ten (l0) or more years of Credited Service, retires. A Participant is eligible for early retirement on the first day of the calendar month coincidental with or immediately following the attainment of age fifty-five (55) and the completion of ten (l0) years of Credited Service, and "early retirement" shall mean retirement by an eligible Participant at the Early Retirement Date.

* "Normal Retirement Date" shall mean: the day on which a Participant who has attained age sixty-five (65) with five (5) or more years of Credited Service, retires. A Participant is eligible for normal retirement on the first day of the calendar

month coincident with or immediately following the Participant's attainment of age sixty-five (65) and completion of five (5) or more years of Credited Service, and "normal retirement" shall mean the retirement by an eligible Participant at the Normal Retirement Date.

* "permanent physical or mental disability" shall mean: a Participant's inability to perform his or her job or any position which the Participant can reasonably perform with his or her background and training by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration, all as determined by the Committee in its discretion.

9. In the event of a Change in Control (as defined in the Plan) prior to the end of the Performance Period, this Award will be treated in accordance with the provisions of the Plan applicable to a Change in Control, provided, however, that for purposes of computing the payment due to the Participant as a result of the Change in Control, (i) the full number of Target Shares will be used (as opposed to the actual number of shares, if any, that may be issuable based on performance through the date of the Change in Control) and (ii) no pro-ration of the Award will be applied to account for less than the full Performance Period having had elapsed as of the date of the Change in Control.

10. The adjustment provisions set forth in Section 8 of the Plan shall apply to this Award.

11. This Award shall not be transferable by the Participant, in whole or in part, except in accordance with Section 7 of the Plan. Any purported assignment, transfer, pledge, hypothecation or other disposition of the Award or any interest therein contrary to the provisions of the Plan, and the levy of any execution to, or the attachment or similar process upon, the Award or any interest therein, shall be null and void and without effect.

12. Subject to the applicable provisions of the Plan, and particularly to Section 7 of the Plan, this Agreement shall be binding upon and shall inure to the benefit of Participant, Participant 's successors and permitted assigns, and the Company and its successors and assigns.

13. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Rhode Island and Providence Plantations and applicable Federal law.

IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement effective as of the day and year first above written.

ATTEST:

By: ___________________________
,
Senior Vice President,
General Counsel and Secretary

HASBRO, INC.

By: ___________________________
,
President and Chief Executive Officer

By: ___________________________
Participant

EXHIBIT 12

HASBRO, INC. AND SUBSIDIARIES
Computation of Ratio of Earnings to Fixed Charges
Quarter Ended March 30, 2008

(Thousands of Dollars)

Earnings available for fixed charges:	
Net earnings	37,470
Add:	
Fixed charges	14,657
Income taxes	18,200

Total	70,327
	======
Fixed charges:	
Interest expense	11,428
Rental expense representative of interest factor	3,229

Total	14,657
	======
Ratio of earnings to fixed charges	4.80
	======

Exhibit 31.1

CERTIFICATION

I, Alfred J. Verrecchia, certify that:

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

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

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

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

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

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

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

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

Date: May 2, 2008

/s/ Alfred J. Verrecchia

Alfred J. Verrecchia
President and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

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

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

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

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

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

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

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

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

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

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

Date: May 2, 2008

/s/ David D.R. Hargreaves

David D.R. Hargreaves
Executive Vice President,
Finance and Global Operations and
Chief Financial Officer

Exhibit 32.1

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

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

1) the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2008, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Dated: May 2, 2008

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

Exhibit 32.2

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

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

1) the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2008, as filed with the Securities and Exchange Commission (the "10-Q Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Company's 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David D.R. Hargreaves
David D.R. Hargreaves
Executive Vice President, Finance and Global Operations and Chief Financial Officer of Hasbro, Inc.

Dated: May 2, 2008

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